

OLD NATIONAL BANCORP /IN/  
Form S-4  
December 05, 2013  
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As filed with the Securities and Exchange Commission on December 5, 2013

Registration No.

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM S-4**

**REGISTRATION STATEMENT**

**UNDER**

**THE SECURITIES ACT OF 1933**

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**Old National Bancorp**

(Exact name of registrant as specified in its charter)

**Indiana**  
(State or other jurisdiction of  
incorporation or organization)

**6021**  
(Primary standard industrial  
classification code number)

**35-1539838**  
(I.R.S. Employer  
Identification No.)

**ONE MAIN STREET, EVANSVILLE, INDIANA 47708, (812) 464-1294**

(Address, including zip code and telephone number, including area code, of principal executive offices)

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**Jeffrey L. Knight, Esq.**

**Executive Vice President,**

**Corporate Secretary and Chief Legal Counsel**

**Old National Bancorp**

**One Main Street**

**Evansville, Indiana 47708**

**(812) 464-1294**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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**Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this Registration Statement becomes effective and upon the effective time of the merger of Tower Financial Corporation with and into Registrant pursuant to the Agreement and Plan of Merger described in the proxy statement/prospectus included in Part I of this Registration Statement.**

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

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

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

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

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(Check one):      Large accelerated filer       Accelerated filer   
                          Non-accelerated filer  (Do not check if a smaller reporting company)      Smaller reporting company

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)        
 Exchange Act Rule 14d-1(d) (Cross-Border Third Party Tender Offer)     

### CALCULATION OF REGISTRATION FEE

| Title of Each Class of Securities<br>to be Registered | Amount to be<br>Registered(1) | Proposed Maximum<br>Offering Price<br>Per Share(2) | Proposed Maximum<br>Aggregate<br>Offering Price(2) | Amount of<br>Registration Fee |
|---|-------------------------------|--|--|-------------------------------|
| Common Stock, no par value                            | 5,652,553                     | \$ 24.96   | \$ 117,573,106.56                                  | \$ 15,143.42                  |

(1) This registration statement covers the maximum number of shares of common stock of the Registrant which are expected to be issued in connection with the merger based upon applying an exchange ratio of 1.20 to the number of shares of Tower Financial Corporation ( TFC ) common stock outstanding or reserved for issuance upon the exercise of outstanding stock options.

(2) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(c) and Rule 457(f), based on the average of the high and low prices of a share of Tower Financial Corporation s common stock on November 29, 2013, multiplied by 4,710,461 shares of common stock of TFC that may be received by the Registrant and/or cancelled upon consummation of the merger.

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

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**THE INFORMATION IN THIS PROXY STATEMENT-PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. WE MAY NOT ISSUE THESE SECURITIES UNTIL THE REGISTRATION STATEMENT IS EFFECTIVE. THIS PROXY STATEMENT-PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IT IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.**

**PRELIMINARY PROXY STATEMENT/PROSPECTUS**

**DATED DECEMBER 5, 2013, SUBJECT TO COMPLETION**

[TFC LOGO]

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

and

**PROSPECTUS OF  
OLD NATIONAL BANCORP**

The Boards of Directors of Tower Financial Corporation ( TFC ) and Old National Bancorp ( Old National ) have approved an agreement to merge (the Merger ) TFC with and into Old National (the Merger Agreement ). If the Merger is approved by the shareholders of TFC and all other closing conditions are satisfied, each shareholder of TFC shall receive \$6.75 in cash and 1.20 shares of Old National common stock for each share of TFC common stock owned before the Merger, subject to certain adjustments as described in the Merger Agreement. Each TFC shareholder will also receive cash in lieu of any fractional shares of Old National common stock that such shareholder would otherwise receive in the Merger, based on the market value of Old National common stock determined shortly before the closing of the Merger. The board of directors of TFC believes that the Merger is in the best interests of TFC and its shareholders.

The Merger is conditioned upon, among other things, the approval of TFC s shareholders. This document is a proxy statement that TFC is using to solicit proxies for use at its special meeting of shareholders to be held on February 7, 2014. At the meeting, TFC s shareholders will be asked (i) to approve the Merger Agreement and the Merger, (ii) to approve, in a non-binding advisory vote, the compensation that may or will be payable to TFC s named executive officers in connection with the Merger, (iii) to adjourn the meeting if necessary to solicit additional proxies, and (iv) 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 5,652,553 shares of Old National common stock in connection with the Merger.

Old National common stock is traded on the NASDAQ Global Market under the trading symbol ONB. On September 9, 2013, the date of execution of the Merger Agreement, the closing price of a share of Old National common stock was \$13.77. On November 29, 2013, the closing price of a share of Old National common stock was \$15.55.

TFC common stock is traded on the NASDAQ Global Market under the trading symbol TOFC. On September 9, 2013, the date of execution of the Merger Agreement, the closing price of a share of TFC common stock was \$15.66. On November 29, 2013, the closing price of a share of TFC common stock was \$24.96.

**For a discussion of certain risk factors relating to the Merger Agreement, see the section captioned Risk Factors beginning on page 20.**

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

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

*This proxy statement/prospectus is dated [ ], 2013, and it*

*is first being mailed to TFC shareholders on or about [ ], 2013.*

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**AVAILABLE INFORMATION**

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

Old National Bancorp

One Main Street

P.O. Box 718

Evansville, Indiana 47705

Attn: Jeffrey L. Knight, Executive Vice President,

Corporate Secretary and Chief Legal Counsel

(812) 464-1363

**In order to ensure timely delivery of these documents, you should make your request by [ ], 2013, 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.

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**TOWER FINANCIAL CORPORATION**

**116 East Berry Street**

**Fort Wayne, Indiana 46802**

**(260) 427 7000**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON FEBRUARY 7, 2014**

To the Shareholders of Tower Financial Corporation:

We will hold a special meeting of the shareholders of Tower Financial Corporation ( TFC ) on February 7, 2014, at 9:30 a.m., Eastern Time, at the Landmark Centre, 6222 Ellison Road, Fort Wayne, Indiana 46802, to consider and vote upon:

1. *Merger Proposal.* To approve the Agreement and Plan of Merger dated September 9, 2013 (the Merger Agreement ), by and between Old National Bancorp ( Old National ) and TFC, pursuant to which TFC will merge with and into Old National (the Merger ). Simultaneous with the consummation of the Merger, Tower Bank & Trust Company will merge with Old National Bank, the wholly-owned banking subsidiary of Old National. In connection with the Merger, you will receive in exchange for each of your shares of TFC common stock:

- 1.20 shares of Old National common stock (the Exchange Ratio ), subject to adjustment as provided in the Merger Agreement;
- \$6.75 in cash, without interest; and
- in lieu of any fractional share of Old National common stock, an amount in cash equal to such fraction multiplied by the average per share closing price of a share of Old National common stock as quoted on the NASDAQ during the ten trading days preceding the fifth calendar day preceding the effective time of the Merger.

2. *Shareholder Advisory (Non-Binding) Vote on Merger-Related Compensation.* Consideration and approval, on a non-binding advisory basis, of the compensation that may or will become payable to the named executive officers of TFC in connection with the Merger.

3. *Adjournment.* To approve 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.

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

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

The board of directors of TFC recommends that TFC shareholders vote (1) FOR adoption of the Merger Agreement and the Merger, (2) FOR approval of the non-binding advisory resolution regarding the Merger-related compensation payable to our named executive officers, and (3) FOR adjournment of the special meeting, if necessary.

The board of directors of TFC fixed the close of business on November 29, 2013, 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.



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

By Order of the Board of Directors

/s/ Michael D. Cahill  
Michael D. Cahill  
President and Chief Executive Officer

[ ], 2013

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

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

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

Additionally, you are being asked to vote to approve (i) on a non-binding advisory basis, the compensation payable to the named executive officers of TFC in connection with the Merger, and (ii) a proposal to adjourn the special meeting, if necessary, to solicit additional proxies if enough votes have not been cast to approve the Merger Agreement at the time of the special meeting.

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

A: If the Merger is completed, each share of TFC common stock will be converted into the right to receive 1.20 shares of Old National common stock (the Exchange Ratio), subject to adjustment as provided below, and \$6.75 in cash (collectively, the Merger Consideration). The Exchange Ratio is subject to adjustment as follows:

- if, as of end of the month prior to the effective time, the TFC shareholders' equity (computed in accordance with the terms of the Merger Agreement) is less than \$61,117,844, 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) decreases by more than 20% in relation to a prescribed bank index, TFC will have the right to terminate the Merger Agreement unless Old National elects to increase the Exchange Ratio.

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

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

A: You should review Risk Factors beginning on page [ ].

**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 TFC shareholders at the special meeting being held for its shareholders to, among other matters, vote on the Merger. We currently expect to complete the Merger during the first quarter of 2014.

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

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

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

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

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

The advisory votes on the Merger-related compensation and the vote to adjourn the meeting, if necessary, each require more votes to be cast in favor of these proposals than against. Abstentions and broker non-votes will have no effect on these proposals.



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

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

**Q: What will happen if TFC shareholders do not approve such compensation at the special meeting?**

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

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

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

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

A: After reading this proxy statement/prospectus, you may vote in one of four ways: (1) by mail (by completing and signing the proxy card that accompanies this prospectus/proxy statement); (2) by telephone; (3) by using the Internet; and (4) in person (by either delivering the completed proxy card or by casting a ballot if attending the special meeting). In the event that you choose not to exercise your vote by telephone, internet or in person, you should mail your signed proxy card in the accompanying pre-addressed, postage-paid envelope as soon as possible so that your shares can be voted at the February 7, 2014, TFC special meeting.

The telephone and Internet voting procedures have been set up for your convenience and have been designed to authenticate your identity, to allow you to give voting instructions, and to confirm that those instructions have been properly recorded. If you would like to vote by telephone or by using the Internet, please refer to the specific instructions on the proxy card. The deadline for voting by telephone or via the Internet is 11:59 p.m. Eastern Time on February 6, 2014.



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

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

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

**Q: How do I vote shares held in TFC's 401(k) Plans?**

A: TFC maintains 401(k) Plan which owns approximately 126,437 shares of TFC's common stock. Employees of TFC and its subsidiaries may participate in the plans. Each participant instructs the trustee how to vote the shares of TFC common stock allocated to his or her account under the Plan. Principal Trust Company is the trustee of the Plan. A participant may vote in one of four ways: (1) by mail (by completing and signing the proxy card that accompanies this prospectus/proxy statement); (2) by telephone; (3) by using the Internet; and (4) in person (by either delivering the completed proxy card or by casting a ballot if attending the special meeting).

If a participant properly executes the voting instruction card distributed by the trustee, the trustee will vote such participant's shares in accordance with the shareholder's instructions. Where properly executed voting instruction cards are returned to the trustee with no specific instruction as to how to vote at the special meeting, the trustee will vote the shares FOR the proposal to approve the Merger Agreement and the Merger, FOR the approval of the Merger-related compensation that is based on or otherwise relates to the Merger, and FOR the 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. The trustee will vote the shares of TFC common stock held in the Plan but not allocated to any participant's account and shares as to which no voting instruction cards are received in the same proportion as the allocated shares in the Plan are voted with respect to the items being presented to a shareholder vote.

The telephone and Internet voting procedures have been set up for participant convenience and have been designed to authenticate each participant's identity, to allow such participants to give voting instructions, and to confirm that those instructions have been properly recorded. If a participant would like to vote by telephone or by using the Internet, please refer to the specific instructions on the proxy card. The deadline for voting by telephone or via the Internet is 11:59 p.m. Eastern Time on February 6, 2014.

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

A: Yes. You can change your vote at any time before your proxy is voted at the 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 card, dated at a date later than the first proxy card. 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. If you hold your shares in street name and have instructed your broker how to vote your shares, you must follow directions received from your broker to change those instructions.

**Q: What constitutes a quorum?**

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

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

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

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

A: No. The amount of cash and shares of Old National common stock to be issued in the Merger have been determined, subject to those adjustments set forth herein.

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

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

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Old National Bancorp  
One Main Street  
Evansville, Indiana 47708  
(812) 464-1294  
Attn: Jeffrey L. Knight

You may also contact:

Tower Financial Corporation  
116 East Berry Street  
Fort Wayne, Indiana 46802  
(260) 427-7000  
Attn: Michael D. Cahill

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**SUMMARY**

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

**The Companies** (page [ ])

*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 \$9.6 billion in assets, ranks among the top 100 banking companies in the United States. Since its founding in Evansville in 1834, Old National has focused on community banking by building long-term, highly valued partnerships with clients in its primary footprint of Indiana, Illinois and Kentucky. In addition to providing extensive services in retail and commercial banking, wealth management, investments and brokerage, Old National also owns Old National Insurance which is one of the top 100 largest agencies in the U.S. and the 10th largest bank-owned agency. Old National's common stock is traded on the NASDAQ Global Market under the symbol ONB .

*Tower Financial Corporation*

*116 East Berry Street*

*Fort Wayne, Indiana 46802*

*(260) 427 7000*

Tower Financial Corporation, headquartered in Fort Wayne, Indiana, is an Indiana financial services holding company with one subsidiary: Tower Bank & Trust Company, a growing community bank that opened in February 1999. Tower Bank & Trust Company provides a wide variety of financial services to businesses and consumers through its six full-service financial centers in Fort Wayne and a seventh in Warsaw, Indiana. Tower Bank & Trust Company has a wholly-owned subsidiary, Tower Trust Company, which is a state-chartered wealth services firm doing business as Tower Private Advisors. TFC's common stock is traded on the NASDAQ Global Market under the symbol TOFC .

**Special Meeting of Shareholders; Required Vote** (page [ ])

The special meeting of TFC shareholders is scheduled to be held at the Landmark Centre, 6222 Ellison Road, Fort Wayne, Indiana 46802 at 9:30 a.m., Eastern Time, on February 7, 2014. At the TFC special meeting, you will be asked to vote to approve the Merger Agreement and the Merger of TFC into Old National contemplated by that agreement. You will also be asked to approve, on a non-binding advisory basis, certain compensation payable to certain TFC executive officers in connection with the Merger and a proposal to adjourn the special meeting to solicit additional proxies, if necessary. Only TFC shareholders of record as of the close of business on November 29, 2013, are entitled to notice of, and to vote at, the TFC special meeting and any adjournments or postponements of the TFC special meeting.

As of the record date, there were 4,675,526 shares of TFC common stock outstanding. The directors and executive officers of TFC (and their affiliates), as a group, owned with power to vote 1,085,237 shares of TFC common stock, representing approximately 23.2% of the outstanding shares of TFC common stock as of the record date.

Adoption of the Merger Agreement requires the affirmative vote of holders of a majority of the issued and outstanding shares of TFC common stock. Approval of the proposal to adjourn the special meeting to allow extra time to solicit proxies and the advisory votes on the Merger-related compensation each require 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 [ ] and [ ])

Old National's acquisition of TFC is governed by the Merger Agreement. The Merger Agreement provides that, if all of the conditions are satisfied or waived, TFC will be merged with and into Old National, with Old National surviving. Simultaneous with the Merger, Tower Bank & Trust Company will be merged with and into Old National Bank, a wholly-

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owned subsidiary of Old National. We encourage you to read the Merger Agreement, which is included as Annex A to this proxy statement/prospectus and is incorporated by reference herein.

**What TFC Shareholders Will Receive in the Merger** (page [ ])

If the Merger is completed, each share of TFC common stock will be converted into the right to receive 1.20 shares of Old National common stock (the Exchange Ratio), subject to the following adjustments, and \$6.75 in cash:

- if, as of end of the month prior to the effective time, the TFC shareholders' equity (computed in accordance with the terms of the Merger Agreement) is less than \$61,117,844, 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) decreases by more than 20% in relation to a prescribed bank index, TFC will have the right to terminate the Merger Agreement unless Old National elects to increase the Exchange Ratio.

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

**Treatment of Options to Acquire Shares of TFC Common Stock** (page [ ])

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

**Treatment of Deferred Stock Units**

The Merger Agreement also provides that Old National and TFC will take all requisite action so that, at the effective time of the Merger, each of the deferred stock units issued and still outstanding under TFC's 2006 Equity Incentive Plan (consisting of 5,133 units) will receive cash in the amount equal to the closing price of a share of TFC common stock on the trading day immediately preceding the closing of the Merger.

**Recommendation of TFC Board of Directors** (page [ ])

The TFC board of directors approved the Merger Agreement and the proposed Merger. The TFC board believes that the Merger Agreement, including the Merger contemplated by the Merger Agreement, is advisable and fair to, and in the best interests of, TFC and its shareholders, and therefore recommends that TFC shareholders vote FOR the proposal to approve the Merger Agreement and the Merger. In reaching its decision, the TFC board of directors considered a number of factors, which are described in the section captioned Proposal 1 The Merger TFC s Reasons for the Merger and Recommendation of the Board of Directors beginning on page [ ]. Because of the wide variety of factors considered, the TFC 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 TFC Board also recommends that you vote FOR the approval of the Merger-related compensation that is based on or otherwise relates to the Merger and FOR the 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.

**No Dissenters Rights**(page [ ])

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

**Voting Agreements** (page [ ])

As of the record date, the directors of TFC beneficially owned 1,043,072 shares of TFC common stock, including shares subject to options currently exercisable but not exercised. In connection with the execution of the Merger Agreement, the directors of TFC each executed a voting agreement pursuant to which they agreed to vote their shares, and to use

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reasonable efforts to cause all shares owned by such director jointly with another person or by such director's spouse to be voted, in favor of the Merger.

**Opinion of TFC's Financial Advisor** (page [ ]) )

In connection with the Merger, the TFC board of directors received an oral and a written opinion, dated September 9, 2013, from TFC's financial advisor, Keefe, Bruyette & Woods, a Stifel Company ( KBW ), 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 was fair, from a financial point of view, to the holders of TFC common stock. The full text of KBW's written opinion, which sets forth, among other things, the assumptions made, procedures followed, matters considered, and limitations on the review undertaken by KBW in rendering its opinion, is attached to this document as Annex B. We encourage you to read the entire opinion carefully. The opinion of KBW is directed to the TFC board of directors and does not constitute a recommendation to any TFC shareholder as to how to vote at the TFC special meeting or any other matter relating to the proposed Merger.

**Reasons for the Merger** (page [ ]) )

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

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

- the business, earnings, operations, financial condition, management, prospects, capital levels, and asset quality of both Old National and TFC;
- the increased regulatory burdens on financial institutions, the effects of the expected continued operation of Tower Bank & Trust Company under applicable regulatory restrictions and the uncertainties in the regulatory climate going forward;
- Old National's access to capital and managerial resources relative to that of TFC;
- the board's desire to provide TFC shareholders with the prospects for greater future appreciation on their investments in TFC common stock than the amount the board of directors believes TFC could achieve independently;
- the financial and other terms and conditions of the Merger Agreement, including the fact that the Merger Consideration (assuming no adjustments) represents a premium of approximately 180% to TFC's tangible book value as of the date of the Merger Agreement; and
- the financial analyses prepared by KBW, TFC's financial advisor, and the opinion dated as of September 9, 2013, delivered to the TFC board by KBW, to the effect that the Merger Consideration described in the Merger Agreement is fair, from a financial point of view, to TFC's



shareholders.

- Old National's community banking orientation and its perceived compatibility with TFC.

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:

- TFC's community banking orientation and its perceived compatibility with Old National and its subsidiaries;
- a review of the demographic, economic, and financial characteristics of the markets in which TFC operates, including existing and potential competition and the history of the market areas with respect to financial institutions;
- management's review of regulatory restrictions affecting TFC and Tower Bank & Trust Company and management's assessment of the conditions giving rise to such restrictions; and
- management's review of the business, operations, earnings, and financial condition, including capital levels and asset quality, of TFC and Tower Bank & Trust Company.

**Regulatory Approvals** (page [ ]) )

Under the terms of the Merger Agreement, the Merger cannot be completed until Old National receives necessary regulatory approvals, which include the approval of the Office of the Comptroller of the Currency and the Board of Governors of the Federal Reserve System (the Federal Reserve Board). Old National has filed applications with each

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regulatory authority to obtain the approvals. Old National cannot be certain when such approvals will be obtained or if they will be obtained.

**New Old National Shares Will be Eligible for Trading** (page [ ]) )

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

**Conditions to the Merger** (page [ ]) )

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

- approval of the Merger Agreement at the special meeting by a majority of the issued and outstanding shares of TFC common stock;
- approval of the transaction by the appropriate regulatory authorities;
- the representations and warranties made by the parties in the Merger Agreement must be true and correct in all material respects as of the effective date of the Merger or as otherwise required in the Merger Agreement unless the inaccuracies do not or will not result in a Material Adverse Effect (as defined below in The Merger Agreement Conditions to the Merger );
- the covenants made by the parties must have been fulfilled or complied with in all material respects from the date of the Merger Agreement through and as of the effective time of the Merger;
- the parties must have received the respective closing deliveries of the other parties to the Merger Agreement;
- the Registration Statement on Form S-4, of which this proxy statement/prospectus is a part, relating to the Old National shares to be issued pursuant to the Merger Agreement, must have become effective under the Securities Act, and no stop order suspending the effectiveness of the Registration Statement shall have been issued or threatened by the Securities and Exchange Commission;
- Old National and TFC must have received an opinion from Krieg DeVault LLP, counsel to Old National, dated as of the effective date, to the effect that the Merger constitutes a tax-free reorganization for purposes of Section 368 and related sections of the Internal Revenue Code, as amended;
- Old National must have received a letter of tax advice, in a form satisfactory to Old National, from TFC's independent certified public accounting firm to the effect that any amounts that are paid by TFC or Tower Bank & Trust Company before the effective time of the Merger, or required under TFC's employee benefit plans or the Merger Agreement to be paid at or after the effective time, to persons who are disqualified individuals under Section 280G of the Internal Revenue Code with respect to TFC, Tower Bank & Trust Company or their successors, and that otherwise should be allowable as deductions for federal income tax purposes, should not be disallowed as deductions for such purposes by reason of Section 280G of the Code;

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- the shares of Old National common stock to be issued in the Merger shall have been approved for listing on the NASDAQ Global Market;
- there shall be no legal proceedings initiated or threatened seeking to prevent completion of the Merger; and
- TFC shall not have delinquent loans (computed in accordance with the Merger Agreement) in excess of \$24 million;
- TFC's consolidated shareholders' equity (computed in accordance with the Merger Agreement) shall not be less than \$57,117,844.

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

**Termination** (page [ ]) )

Old National or TFC may mutually agree at any time to terminate the Merger Agreement without completing the Merger, even if the TFC 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 June 30, 2014, if the required regulatory approvals are not received or if the TFC shareholders do not approve the Merger Agreement at the TFC 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 (30) days of notice of the breach. TFC also has the right to terminate the Merger Agreement if it receives a proposal which its board of directors determines is superior to the Merger with Old National.

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Further, Old National has the right to terminate the Merger Agreement if the TFC board fails to publicly reaffirm its recommendation of the Merger Agreement, the Merger or the other transactions contemplated in the Merger Agreement within five business days of a written request by Old National to provide such reaffirmation.

Additionally, TFC has the right to terminate the Merger Agreement if Old National's average common stock closing price during the ten trading days preceding the date on which all regulatory approvals approving the Merger are received is below \$10.85 per share, and the decrease in stock price is more than 20% greater than the decrease in the NASDAQ Bank Index during the same time period; provided, however, that Old National will have the right to prevent TFC's termination by agreeing to increase the Exchange Ratio pursuant to a formula set forth in the Merger Agreement.

**Termination Fee** (page [ ]) )

TFC is required to pay Old National a \$4,500,000 termination fee in the following circumstances:

- if Old National terminates the Merger Agreement because the TFC board of directors fails to include its recommendation to approve the Merger in the proxy statement/prospectus delivered to shareholders, or makes an adverse recommendation as to the Merger, or approves or publicly recommends another acquisition proposal to the TFC shareholders, or TFC enters into or publicly announces its intent to enter into a written agreement in connection with another acquisition proposal;
- if the TFC Board fails to publicly reaffirm its recommendation of the Merger Agreement, the Merger or the other transactions contemplated in the Merger Agreement within five business days of a written request by Old National to provide such reaffirmation;
- if either party terminates the Merger Agreement because the TFC shareholders fail to approve the Merger Agreement or if Old National terminates the Merger Agreement because a quorum could not be convened at TFC's shareholder meeting called to approve the Merger, and, within the twelve months following the termination, TFC or any of its subsidiaries enters into another acquisition agreement or consummates another acquisition, provided, however, that in such case TFC shall only be liable to pay Old National the amount of the termination fee less the amount of any previously paid Old National expenses; or
- if either party terminates the Merger Agreement because the Merger is not consummated by June 30, 2014 and either prior to the date of termination an acquisition proposal was made for TFC or within the next twelve months TFC or any of its subsidiaries enters into another acquisition agreement or consummates another acquisition.

In the event that the Merger Agreement is terminated by either party as a result of the failure of TFC's shareholders to approve the Merger Agreement and the Merger by the requisite vote or by Old National if a quorum could not be convened at the meeting of shareholders of TFC or at a reconvened meeting held at any time prior to or on June 30, 2014, then TFC shall promptly (but in any event within two business days) remit payment to Old National following receipt of an invoice therefor all of Old National's actual and reasonably documented out of pocket fees and expenses (including reasonable legal fees and expenses) actually incurred by Old National and its affiliates on or prior to the termination of the Merger Agreement in connection with the transactions contemplated by the Merger Agreement as directed by Old National in writing.

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

You should be aware that some of TFC's directors and executive officers may have interests in the Merger that are different from, or in addition to, their interests as shareholders. TFC's board of directors was aware of these interests and took them into account in approving the Merger Agreement. For example, Old National will assume all obligations under the Employment Agreements, Change in Control Agreements and Retention Agreements for certain employees of TFC and Tower Bank & Trust Company. Further, certain executive officers will receive retention bonuses upon reaching certain milestones.

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

**Accounting Treatment of the Merger** (page [ ]) )

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 [ ]) )

When the Merger is completed, TFC shareholders, whose rights are governed by TFC's articles of incorporation and by-laws, will become Old National shareholders, and their rights then will be governed by Old National's articles of

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incorporation and by-laws. Both Old National and TFC are organized under Indiana law. To review the differences in the rights of shareholders under each company's governing documents, see [Comparison of the Rights of Shareholders](#).

**Tax Consequences of the Merger** (page [ ]) )

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

- TFC 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 TFC shareholder's aggregate tax basis in its TFC common stock surrendered in exchange for Old National common stock; and
- a TFC shareholder will recognize gain or loss, if any, on any fractional shares of Old National common stock for which cash is received equal to the difference between the amount of cash received and the TFC shareholder's allocable tax basis in the fractional shares.

To review the tax consequences of the Merger to TFC shareholders in greater detail, please see the section [Material Federal Income Tax Consequences](#) beginning on page [ ].

**Comparative Per Share Data**

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

The information listed as [Pro Forma Equivalent TFC Share](#) was obtained by multiplying the Pro Forma Combined amounts by a fixed Exchange Ratio of 1.20. We present this information to reflect the fact that TFC shareholders will receive shares of Old National common stock for each share of TFC common stock exchanged in the Merger. We also anticipate that the combined company will derive financial benefits from the Merger that include reduced operating expenses and the opportunity to earn more revenue. The pro forma information, while helpful in illustrating the financial characteristics of the merged company under one set of assumptions, does not reflect these benefits and, accordingly, does not attempt to predict or suggest future results. Further, the pro forma information below includes 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 our companies been combined during these periods.

|                                      | Old<br>National<br>Historical |       | TFC<br>Historical |       | Pro Forma<br>Combined |       | Pro Forma<br>Equivalent<br>TFC Share |
|--------------------------------------|-------------------------------|-------|-------------------|-------|-----------------------|-------|--------------------------------------|
| Book value per share:                |                               |       |                   |       |                       |       |                                      |
| at September 30, 2013                | \$                            | 11.51 | \$                | 13.27 | \$                    | 11.65 | \$ 13.98                             |
| at December 31, 2012                 | \$                            | 11.81 | \$                | 13.46 | \$                    | 11.81 | \$ 14.17                             |
| Cash dividends per share:            |                               |       |                   |       |                       |       |                                      |
| Nine months ended September 30, 2013 | \$                            | 0.30  | \$                | 0.47  | \$                    | 0.30  | \$ 0.36                              |
| Year ended December 31, 2012         | \$                            | 0.36  | \$                | 0.61  | \$                    | 0.36  | \$ 0.43                              |
| Diluted earnings per share:          |                               |       |                   |       |                       |       |                                      |
| Nine months ended September 30, 2013 | \$                            | 0.75  | \$                | 1.21  | \$                    | 0.75  | \$ 0.90                              |
| Year ended December 31, 2012         | \$                            | 0.95  | \$                | 1.18  | \$                    | 0.88  | \$ 1.06                              |

### Market Prices and Share Information

The following table presents quotation information for Old National common stock on the NASDAQ Global Market and TFC common stock on the NASDAQ Global Market on September 6, 2013, and November 29, 2013. September 6, 2013, was the last business day prior to the announcement of the signing of the Merger Agreement. November 29, 2013, was the last practicable trading day for which information was available prior to the date of this proxy statement/prospectus.

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|                   | Old National Common Stock |          |          | TFC Common Stock |          |          |
|-------------------|---------------------------|----------|----------|------------------|----------|----------|
|                   | High                      | Low      | Close    | High             | Low      | Close    |
| September 6, 2013 | \$ 13.64                  | \$ 13.40 | \$ 13.56 | \$ 16.12         | \$ 15.64 | \$ 15.90 |
| November 29, 2013 | \$ 15.80                  | \$ 15.47 | \$ 15.55 | \$ 24.96         | \$ 24.96 | \$ 24.96 |



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

The selected consolidated financial data presented below for the nine months ended September 30, 2013 and 2012, is unaudited. The information for each of the years in the five-year period ended December 31, 2012, is derived from Old National's audited historical financial statements. Per share amounts have been adjusted to reflect all completed stock dividends and splits. This information should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and the notes thereto incorporated by reference in this proxy statement/prospectus. Results for past periods are not necessarily indicative of results that may be expected for any future period.

|   | September 30, |           | December 31,  |            |            |            |            |
|---|---------------|-----------|---|------------|------------|------------|------------|
|   | 2013          | 2012      | 2012  | 2011       | 2010       | 2009       | 2008       |
|   | (unaudited)   |           | (Dollar amounts in thousands except per share data) |            |            |            |            |
| <b>Results of Operations</b>                |               |           |   |            |            |            |            |
| Net interest income                         | \$ 236,237    | 224,396   | \$ 308,757  | \$ 272,873 | \$ 218,416 | \$ 231,399 | \$ 243,325 |
| Provision for loan losses                   | (4,572)       | 2,849     | 5,030   | 7,473      | 30,781     | 63,280     | 51,464     |
| Noninterest income                          | 140,314       | 138,542   | 189,816   | 182,883    | 170,150    | 163,460    | 166,969    |
| Noninterest expense                         | 273,757       | 266,333   | 365,758   | 348,521    | 314,305    | 338,956    | 297,229    |
| Income (loss) before income tax             | 107,366       | 93,756    | 127,785   | 99,762     | 43,480     | (7,377)    | 61,601     |
| Income tax (benefit)                        | 30,995        | 25,090    | 36,110  | 27,302     | 5,266      | (21,114)   | (877)      |
| Net income                                  | 76,371        | 68,666    | 91,675  | 72,460     | 38,214     | 13,737     | 62,478     |
| Net income available to common shareholders | 76,371        | 68,666    | 91,675  | 72,460     | 38,214     | 9,845      | 62,180     |
| Dividends paid on common stock              | 30,275        | 25,551    | 34,657  | 26,513     | 24,361     | 30,380     | 45,710     |
| <b>Per Common Share</b>                     |               |           |   |            |            |            |            |
| Earnings per share (basic)                  | 0.76          | 0.72      | 0.95  | 0.76       | 0.44       | 0.14       | 0.95       |
| Earnings per share (diluted)                | 0.75          | 0.72      | 0.95  | 0.76       | 0.44       | 0.14       | 0.95       |
| Dividends paid                              | 0.30          | 0.27      | 0.36  | 0.28       | 0.28       | 0.44       | 0.69       |
| Book value - end of period                  | 11.51         | 11.70     | 11.81   | 10.92      | 10.08      | 9.68       | 9.56       |
| Market value - end of period                | 14.20         | 13.61     | 11.87   | 11.65      | 11.89      | 12.43      | 18.16      |
| <b>At Period End</b>                        |               |           |   |            |            |            |            |
| Total assets                                | 9,652,079     | 9,383,044 | 9,543,623   | 8,609,683  | 7,263,892  | 8,005,335  | 7,873,890  |
| Investment securities                       | 3,132,491     | 2,723,310 | 2,903,612   | 2,555,866  | 2,598,432  | 2,882,228  | 2,224,687  |
| Loans, excluding held for sale              | 5,072,476     | 5,243,166 | 5,196,594   | 4,767,203  | 3,743,451  | 3,835,486  | 4,760,359  |
| Allowance for loan losses                   | 47,318        | 54,762    | 54,763  | 58,060     | 72,309     | 69,548     | 67,087     |
| Total deposits                              | 7,208,407     | 7,221,377 | 7,278,953   | 6,611,563  | 5,462,925  | 5,903,488  | 5,422,287  |
| Other borrowings                            | 633,875       | 288,502   | 237,493   | 290,774    | 421,911    | 699,059    | 834,867    |
| Shareholders' equity                        | 1,159,256     | 1,186,764 | 1,194,565   | 1,033,556  | 878,805    | 843,826    | 730,865    |
| <b>Financial Ratios</b>                     |               |           |   |            |            |            |            |
| Return on average assets                    | 1.06%         | 1.06%     | 1.04%   | 0.86%      | 0.50%      | 0.17%      | 0.82%      |

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|   |        |        |        |        |        |         |        |
|---|--------|--------|--------|--------|--------|---------|--------|
| Return on average common shareholders equity                                    | 8.58%  | 8.57%  | 8.34%  | 7.24%  | 4.40%  | 1.41%   | 9.49%  |
| Allowance for loan losses to total loans (period end) (excluding held for sale) | 0.93%  | 1.04%  | 1.05%  | 1.22%  | 1.93%  | 1.81%   | 1.41%  |
| Shareholders' equity to total assets (period end)                               | 12.01% | 12.65% | 12.52% | 12.00% | 12.10% | 10.54%  | 9.28%  |
| Average equity to average total assets  | 12.39% | 12.42% | 12.49% | 11.94% | 11.46% | 9.06%   | 8.67%  |
| Dividend payout ratio   | 39.64% | 37.21% | 37.80% | 36.59% | 63.75% | 308.59% | 73.51% |

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

The selected consolidated financial data presented below for the nine months ended September 30, 2013 and 2012, is unaudited. The information for each of the years in the five-year period ended December 31, 2012, is derived from TFC's audited historical financial statements. Per share amounts have been adjusted to reflect all completed stock dividends and splits. This information should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and the notes thereto incorporated by reference in this proxy statement/prospectus. Results for past periods are not necessarily indicative of results that may be expected for any future period.

|  | Nine months ended<br>September 30, |           | December 31,  |           |           |           |           |
|--|------------------------------------|-----------|---|-----------|-----------|-----------|-----------|
|  | 2013                               | 2012      | 2012  | 2011      | 2010      | 2009      | 2008      |
|  | (unaudited)                        |           | (Dollar amounts in thousands except per share data) |           |           |           |           |
| <b>Results of Operations</b>                                     |                                    |           |   |           |           |           |           |
| Net interest income  | \$ 15,438                          | \$ 16,733 | \$ 22,204   | \$ 22,755 | \$ 22,261 | \$ 19,821 | \$ 20,973 |
| Provision for loan losses  | (825)                              | 2,293     | 2,493   | 4,220     | 4,745     | 10,735    | 4,399     |
| Noninterest income   | 7,184                              | 6,344     | 8,514   | 8,151     | 7,814     | 6,088     | 6,303     |
| Noninterest expense  | 15,630                             | 15,293    | 20,868  | 21,618    | 21,243    | 22,998    | 20,988    |
| Income (loss) before income tax and discontinued operations      | 7,817                              | 5,490     | 7,357   | 5,068     | 4,087     | (7,824)   | 1,889     |
| Income tax (benefit)   | 2,134                              | 1,475     | 1,612   | (1,552)   | 923       | (2,217)   | 23        |
| Net income (loss)  | 5,683                              | 4,015     | 5,744   | 6,620     | 3,164     | (5,607)   | 1,866     |
| Net income (loss) available to common shareholders               | 5,683                              | 4,015     | 5,744   | 6,620     | 3,164     | (5,608)   | 1,866     |
| Dividends paid on common stock                                   | 0.470                              | 0.055     | 0.610   | 0.000     | 0.000     | 0.000     | 0.044     |
| <b>Per Common Share</b>  |                                    |           |   |           |           |           |           |
| Earnings per share (basic)                                       | 1.21                               | 0.83      | 1.18  | 1.37      | 0.73      | (1.37)    | 0.46      |
| Earnings per share (diluted)                                     | 1.21                               | 0.83      | 1.18  | 1.36      | 0.69      | (1.37)    | 0.46      |
| Dividends paid   | 0.47                               | 0.055     | 0.610   | n/a       | n/a       | n/a       | 0.044     |
| Book value - end of period                                       | 13.27                              | 13.77     | 13.46   | 12.79     | 11.09     | 11.04     | 12.15     |
| Market value - end of period                                     | 23.23                              | 11.85     | 11.88   | 8.31      | 7.55      | 6.87      | 6.05      |
| <b>At Period End</b>   |                                    |           |   |           |           |           |           |
| Total assets   | 701,875                            | 649,466   | 683,973   | 700,681   | 659,928   | 680,159   | 696,584   |
| Investment securities  | 185,624                            | 135,044   | 174,383   | 128,620   | 110,109   | 89,675    | 77,792    |
| Loans, excluding held for sale and net deferred fees/costs       | 452,175                            | 458,362   | 450,971   | 462,827   | 486,972   | 527,500   | 561,163   |
| Allowance for loan losses  | 6,808                              | 8,539     | 8,289   | 9,408     | 12,489    | 11,598    | 10,655    |
| Total deposits   | 590,236                            | 530,278   | 561,007   | 602,037   | 576,356   | 568,380   | 586,237   |
| Long-term debt, excluding FHLB advances maturing within one year | 23,027                             | 21,027    | 21,027  | 22,527    | 21,527    | 25,027    | 33,727    |
| Shareholders' equity   | 61,991                             | 67,140    | 63,746  | 62,097    | 53,129    | 46,936    | 49,618    |
| <b>Financial Ratios</b>  |                                    |           |   |           |           |           |           |
| Return on average assets   | 1.11%                              | 0.81%     | 0.87%   | 1.00%     | 0.48%     | -0.81%    | 0.27%     |
| Return on average common shareholders' equity                    | 12.12%                             | 8.31%     | 8.80%   | 11.81%    | 6.32%     | -11.48%   | 3.81%     |
| Allowance for loan losses to total loans (period end)            | 1.51%                              | 1.87%     | 1.84%   | 2.03%     | 2.56%     | 2.20%     | 1.90%     |

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(excluding held for sale)

|   |        |        |        |       |       |       |       |
|---|--------|--------|--------|-------|-------|-------|-------|
| Shareholders' equity to total assets (period end) | 8.83%  | 10.34% | 9.32%  | 8.86% | 8.05% | 6.90% | 7.12% |
| Average equity to average total assets            | 9.18%  | 9.80%  | 9.83%  | 8.45% | 7.53% | 7.06% | 7.10% |
| Dividend payout ratio                             | 38.84% | 6.63%  | 51.69% | 0.00% | 0.00% | 0.00% | 9.57% |

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**RISK FACTORS**

In addition to the other information contained in or incorporated by reference into this proxy statement/prospectus (See *Where You Can Find More Information* ), including the risk factors included in Old National's Annual Report on Form 10-K for the year ended December 31, 2012, you should consider carefully the risk factors described below in deciding how to vote. You should keep these risk factors in mind when you read forward-looking statements in this document and in the documents incorporated by reference into this document. Please refer to the section of this proxy statement/prospectus titled *Caution About Forward-Looking Statements*.

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

Upon completion of the Merger, each share of TFC common stock will be converted into Merger Consideration, subject to adjustment. The Exchange Ratio portion of the Merger Consideration is subject to downward adjustment, as described in the Merger Agreement and in this document in the event that TFC's consolidated shareholders' equity is less than \$61,117,844. See *The Merger Agreement* Merger Consideration for a more complete discussion of the Merger Consideration to be paid in this proposed transaction.

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

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

Before the transactions contemplated in the Merger Agreement may be completed, various approvals must be obtained from the Federal Reserve Board and the Office of the Comptroller of the Currency. These governmental entities may impose conditions on the completion of the Merger or require changes to the terms of the Merger Agreement. Although Old National and TFC 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 TFC.*

The Merger Agreement with Old National is subject to a number of conditions which must be fulfilled in order to close. Those conditions include: TFC shareholder approval, regulatory approval, the continued accuracy of certain representations and warranties by both parties and the performance by both parties of certain covenants and agreements. In particular, Old National is not obligated to close the Merger transaction if TFC has delinquent loans in excess of \$24 million as of the tenth day prior to the effective date of the Merger, or if TFC's consolidated shareholders' equity is less than \$57,117,844, subject to adjustments in the Merger Agreement, as of the end of the month prior to the effective time of the Merger. As of September 30, 2013, none of these thresholds were met.

In addition, certain circumstances exist where TFC 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 \$10.85 as of the first date when all regulatory approvals for the Merger have been received combined with such decline being at least 20% greater than a corresponding price decline of the NASDAQ Bank Index. Under such circumstances, Old National may, but is not required to, increase the Exchange Ratio in order to avoid termination of the Merger Agreement. Old National has not determined whether it would increase the Exchange Ratio in order to avoid termination of the Merger Agreement by TFC. See The Merger Agreement Merger Consideration for a more complete discussion of the Merger Consideration to be paid in this

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proposed transaction and Termination for a more complete discussion of the circumstances under which the Merger Agreement could be terminated. There can be no assurance that the conditions to closing the Merger will be fulfilled or that the Merger will be completed.

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

- TFC's businesses may have been adversely impacted by the failure to pursue other beneficial opportunities due to the focus of management on the Merger, without realizing any of the anticipated benefits of completing the Merger;
- TFC 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 TFC common stock might decline to the extent that the current market price reflects a market assumption that the Merger will be completed.

If the Merger Agreement is terminated and TFC's board of directors seeks another merger or business combination, under certain circumstances TFC may be required to pay Old National a \$4,500,000 termination fee, and TFC shareholders cannot be certain that TFC will be able to find a party willing to pay an equivalent or more attractive price than the price Old National has agreed to pay in the Merger.

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

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

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

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

- integrating personnel with diverse business backgrounds;
- combining different corporate cultures; and

- retaining key employees.

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

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

Until the completion of the Merger, with some exceptions, TFC 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, TFC has agreed to pay a termination fee of \$4,500,000 to Old National if the board of directors of TFC withdraws, modifies or changes its approval or recommendation of the Merger Agreement; approves or recommends an acquisition transaction with a third party or fails to publicly reaffirm its recommendation of the Merger Agreement, the Merger or the other transactions contemplated by the Merger Agreement within five business days of a written request by Old National to provide such reaffirmation. These provisions could discourage other companies from trying to acquire TFC even though such other companies might be willing to offer greater value to TFC's shareholders than Old National has



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offered in the Merger Agreement. The payment of the termination fee also could have a material adverse effect on TFC's financial condition.

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

Certain of TFC's executive officers and directors have interests in the Merger that are in addition to, or different from, the interests of TFC's shareholders. TFC's 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 TFC in the Merger](#).

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

The fairness opinion of KBW was delivered as of September 9, 2013. TFC does not intend to obtain any further update of the KBW fairness opinion. Changes in the operations and prospects of Old National and TFC, general market and economic conditions, and other factors both within and outside of Old National's and TFC's control, on which the opinion of KBW is based, may alter the relative value of the companies. Therefore, the KBW opinion does not address the fairness of the Merger Consideration as of the date hereof or at the time the Merger will be completed.

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

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

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

The rights associated with TFC common stock are different from the rights associated with Old National common stock. See the section of this proxy statement/prospectus entitled [Comparison of the Rights of Shareholders](#) for a discussion of the different rights associated with Old

National common stock.

**CAUTION ABOUT FORWARD-LOOKING STATEMENTS**

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

In addition, certain statements may be contained in the future respective filings of Old National and TFC 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 TFC, 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 TFC or their managements or boards of directors;
- statements of future economic performance; and
- statements of assumptions underlying such statements.

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

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

- the risk that the businesses of Old National and TFC 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 TFC's shareholders to approve the Merger;
- local, regional, national and international economic conditions and the impact they may have on Old National and TFC and their customers and Old National's and TFC's 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;
- 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;

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- changes in laws and regulations (including laws and regulations concerning taxes, banking, securities and insurance) with which Old National and TFC 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 TFC's common shares outstanding and common stock price volatility;
- legislation affecting the financial services industry as a whole, and/or Old National and TFC 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 TFC's future businesses; and
- the impact on Old National's or TFC's businesses, as well as on the risks set forth above, of various domestic or international military or terrorist activities or conflicts.

Additional factors that could cause Old National's and TFC's results to differ materially from those described in the forward-looking statements can be found in Old National's and TFC's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the SEC. All subsequent written and oral forward-looking statements concerning the proposed transaction or other matters and attributable to Old National or TFC 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 TFC undertake no obligation to

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update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events.

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

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**SPECIAL MEETING OF TFC S SHAREHOLDERS**

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

TFC s Board of Directors is sending you this proxy statement/prospectus and proxy to use at the special meeting. At the special meeting, the TFC Board of Directors will ask you (i) to vote on a proposal to approve the Merger Agreement and the Merger; (ii) to approve, on a non-binding advisory basis, certain compensation payable to TFC s executive officers in connection with the Merger; and (iii) to vote on a proposal to adjourn the special meeting to solicit additional proxies, if necessary. TFC 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 best judgment.

The special meeting will be held on February 7, 2014, at 9:30 a.m., Eastern Time, at the Landmark Centre, 6222 Ellison Road, Fort Wayne, Indiana 46802.

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

TFC has set the close of business on November 29, 2013, as the record date for determining the holders of TFC common stock entitled to notice of and to vote at the special meeting. Only TFC 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 4,675,526 shares of TFC common stock outstanding and entitled to vote at the special meeting. Each share of TFC s 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 TFC s 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, cast broker non-votes, or withhold authority to vote on one or more of the proposals will be deemed present at the special meeting. Once a share is represented for any purpose at the meeting, it is deemed present for quorum purposes for the remainder of the meeting.

Approval of the Merger Agreement and the related Merger will require the affirmative vote of at least a majority of TFC s issued and outstanding shares. Broker non-votes and abstentions from voting will have the same effect as a vote against the Merger Agreement. The directors and executive officers of TFC (and their affiliates), as a group, owned with power to vote 1,110,237 shares of TFC common stock, representing approximately 23.6% of the outstanding shares of TFC 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 TFC each executed a voting agreement pursuant to which they agreed to vote their shares, and to use reasonable efforts to cause all shares owned by such director jointly with another person or by such director s spouse to be voted, in favor of the Merger.

The advisory votes on the Merger-related compensation and the proposal to adjourn or postpone the special meeting for the purpose of allowing additional time for the solicitation of proxies from shareholders to approve the Merger Agreement, each require more votes cast in favor of the

proposal than are cast against it. Abstentions and broker non-votes will not be treated as NO votes and, therefore, will have no effect on these proposals.

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

You may vote in one of four ways: (1) by mail (by completing and signing the proxy card that accompanies this prospectus/proxy statement); (2) by telephone; (3) by using the Internet; and (4) in person (by either delivering the completed proxy card 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. You may change your proxy vote at the special meeting.

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

Voting instructions are included on your proxy form. If you properly complete and timely submit your proxy, your shares will be voted as you have directed. You may vote for, against, or abstain with respect to the approval of the Merger Agreement and the adjournment of the special meeting. If you are the record holder of your shares and submit your proxy without specifying a voting instruction, your shares will be voted FOR approval of the Merger Agreement, FOR approval of the advisory vote on the Merger-related compensation and FOR adjournment of the special meeting if necessary.

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You may revoke your proxy before it is voted by:

- filing with the Secretary of TFC 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: Tower Financial Corporation, 116 East Berry Street, Fort Wayne, Indiana 46802, Attention: Secretary.

The telephone and Internet voting procedures have been set up for your convenience and have been designed to authenticate your identity, to allow you to give voting instructions, and to confirm that those instructions have been properly recorded. If you would like to vote by telephone or by using the Internet, please refer to the specific instructions on the proxy card. The deadline for voting by telephone or via the Internet is 11:59 p.m. EDT on February 6, 2014.

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

TFC maintains a 401(k) Plan which owns approximately 2.7% of TFC's common stock. Each Plan participant instructs the trustee of the Plan how to vote the shares of TFC common stock allocated to his or her account under the Plan. If a participant properly executes the voting instruction card distributed by the trustee, the trustee will vote such participant's shares in accordance with the shareholder's instructions. Where properly executed voting instruction cards are returned to the trustee with no specific instruction as to how to vote at the special meeting, the trustee will vote the shares as provided under "Voting and Revocability of Proxies" above. The trustee will vote the shares of TFC common stock held in the Plan but not allocated to any participant's account and shares as to which no voting instruction cards are received in the same proportion as the allocated shares in the Plan are voted with respect to the items being presented to a shareholder vote.

**Solicitation of Proxies**

TFC and Old National will divide the costs of the distribution of this proxy statement/prospectus. In addition to soliciting proxies by mail, directors, officers, and employees of TFC may solicit proxies personally and by telephone. None of these persons will receive additional or special compensation for soliciting proxies. TFC 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 TFC's Board of Directors**



The board of directors of TFC voted in favor of the Merger Agreement and the Merger. The TFC board of directors believes that these items and the transactions they contemplate are in the best interests of TFC and its shareholders, and recommends that TFC shareholders vote FOR approval of the Merger Agreement and the Merger, FOR approval of the advisory vote on the Merger-related compensation, and FOR adjournment of the special meeting, if necessary.

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

### INFORMATION ABOUT THE COMPANIES

*Old National Bancorp*

*One Main Street*

*Evansville, Indiana 47708*

*(812) 464-1294*

Old National Bancorp is a bank holding company, incorporated under Indiana law and headquartered in Evansville, Indiana. Old National is the largest financial services holding company headquartered in Indiana and, with \$9.6 billion in assets, ranks among the top 100 banking companies in the United States. Since its founding in Evansville in 1834, Old National has focused on community banking by building long-term, highly valued partnerships with clients in its primary footprint of Indiana, Illinois and Kentucky. In addition to providing extensive services in retail and commercial banking, wealth management, investments and brokerage, Old National also owns Old National Insurance which is one of the top 100 largest agencies in the U.S. and the 10th largest bank-owned agency. Old National's common stock is traded on the NASDAQ Global Market under the symbol ONB .

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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 [ ].

*Tower Financial Corporation*

*116 East Berry Street*

*Fort Wayne, Indiana 46802*

*(260) 427 7000*

Tower Financial Corporation, headquartered in Fort Wayne, Indiana, is an Indiana financial services holding company with one subsidiary: Tower Bank & Trust Company, a growing community bank that opened in February 1999. Tower Bank & Trust Company provides a wide variety of financial services to businesses and consumers through its six full-service financial centers in Fort Wayne and a seventh in Warsaw, Indiana. Tower Bank & Trust Company has a wholly-owned subsidiary, Tower Trust Company, which is a state-chartered wealth services firm doing business as Tower Private Advisors. TFC's common stock is traded on the NASDAQ Global Market under the symbol TOFC.

Additional information about TFC and Tower Bank & Trust Company is included elsewhere in this proxy statement/prospectus.

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**PROPOSAL 1 - THE MERGER**

**Background of the Merger**

As part of its ongoing consideration and evaluation of TFC's long-term prospects and strategies, TFC's Board, over a number of years, periodically discussed, considered and reviewed strategic alternatives as to how best to continue to serve its various constituencies and to maximize value for its shareholders. For the most recent several years, these alternatives included assessing the company's prospects as an independent institution, growing organically and/or through acquisitions, or considering a sale of the company.

During 2011, and prompted by the evolving and increasingly complex competitive and regulatory landscape for smaller local and regional community banks, TFC's board and senior management began a more focused consideration of TFC's realistically achievable growth opportunities. This review included the impact of additional bank and financial institution competition for deposit and commercial relationships, the number, market area and size of other community banks that might fit within TFC's growth profile. Concurrently, and generally in connection with occasional expressions of outside interest from larger institutions seeking further discussions for a possible purchase, TFC's management explored and discussed with the TFC Board, the type of interest TFC might generate as a possible seller. In this regard, during the period of late 2011 through the spring of 2013, TFC's Chief Executive Officer, Michael Cahill (Cahill) and the Chairman of the TFC Board, Keith Busse (Busse), as well as TFC's investment banking advisors, met or had conversations with representatives of a number of banks, both as potential acquisition candidates and as potential acquirers. These meetings were primarily intended to gain information, so that, with consultation with TFC's financial advisors, the company could begin to assess the banking business marketplace within TFC's regional banking marketplace in Northeast Indiana, Southern Michigan and Northwestern Ohio, and to gauge the interest of these institutions as possible buyers or sellers.

During this time, Cahill and Busse met and engaged in various levels of discussions with eight banks, which TFC had identified as banks that might either have an interest in being acquired by TFC, in either a cash or equity transaction or a combination of both, or that might have an interest in considering a merger of equals transaction. One proposal made by TFC to acquire one of these banks in the summer of 2012 was rejected, and an attempt in the first quarter of 2013 to interest another bank to engage in a board-level special committee discussion, regarding a possible merger of equals transaction, was rejected by that bank in April 2013. Other than these two items, the discussions did not result in any indications of interest on the part of any banks, it becoming apparent to TFC that both its balance sheet limitations and relatively small public equity float were, and would continue to be impediments to its attractiveness as an acquirer.

Cahill and Busse also held preliminary level discussions with six other banks during this period, including Old National, which TFC believed to be potential acquirers of TFC. Among other factors considered by TFC in considering potential acquirers, and of major importance given the centrality of a commitment to community-based banking as a founding principle of the bank, was the extent to which the bank's culture and existing operations appeared to be similarly oriented. All of these discussions remained at the preliminary level and did not result in entering into any confidentiality agreements or the initiation of any due diligence efforts.

On September 13, 2012, Cahill and TFC's Chief Financial Officer, Richard Sawyer (Sawyer) made a presentation at the *Invest Indiana* conference held in Indianapolis, Indiana. On the eve of the conference a dinner was hosted by the investment banking firm of Stifel Financial Corp. Busse was in attendance at the dinner, together with other bankers and investment bankers, including Robert Jones (Jones), the Chief Executive Officer of Old National. Jones mentioned to Busse that he would like to find time to visit Fort Wayne to meet with him at a later date, but there were no substantive discussions at the dinner.

TFC had had a prior investment banking relationship with Stifel Financial Corp. ( Stifel ), dating back to 2004, and TFC also had an ongoing advisory relationship with KBW since the summer of 2011. Since the fall of 2012 and prior to July 30, 2013, KBW, which had agreed to assist TFC in analyzing strategic alternatives, had been advising TFC without a formal agreement. In February 2013, Stifel and KBW merged. On July 30, 2013, however, TFC signed and formalized their engagement with KBW to render financial advisory and investment banking services to TFC. In that capacity, KBW was charged with the task of utilizing its knowledge of the banks and banking conditions within TFC's regional marketplace, as well as recent and indicative bank acquisition transaction values, to both identify and evaluate potential TFC acquisition opportunities (including potential deal terms and range of values) and potential TFC buyers that might share TFC's community banking mission and culture. In regular consultations with Cahill and in occasional discussions with TFC's Board, KBW reported on its efforts, including, on the acquisitions side, institutions identified and reviewed, the possible costs, challenges and likelihood of being able to effect a transaction, and the potential impact on TFC's options and market position. On the sale side, KBW likewise provided its advice regarding possible acquirers, including precedent transactions, indications of value ranges, compatibility of culture, and the potential post-sale role in their banking organizations and degree of community banking autonomy that TFC might play.

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At TFC's regularly scheduled February 13, 2013 Board meeting, the TFC Board held another broad discussion regarding TFC's strategic alternatives: growth and continued independence versus sale. At this meeting, the TFC Board designated a special committee of the TFC Board that initially included board members Busse, Robert Taylor, Ron Turpin and William Niezer (Special Committee). The Special Committee was formed to review preliminary information related to any potential acquisition, merger or sale possibilities that might develop. Based on the information gathered, reviewed and shared by KBW regarding possible acquisitions, supplemented by management's own investigation, and with due regard to management's independent assessment of the anticipated near to mid-term challenges of the local banking marketplace and the likely impact on TFC's earnings and overall performance, the Special Committee began to view a sale as the more likely alternative, short of remaining independent and attempting to stay the course and grow organically.

On March 11, Old National's CEO Jones, following up on his September 13, 2012 dinner conversation with Busse, visited Fort Wayne. He and Old National Executive Vice President Jim Ryan (Ryan), met with Busse, Cahill and representatives of KBW at Eddie Merlot's restaurant in Fort Wayne. The discussions were very general, with no deal specific terms discussed, but Old National did express to Busse and Cahill at that time that Old National had a clear interest in acquiring TFC and would welcome an opportunity to pursue a transaction with TFC if it were ever interested in exploring such a transaction.

As a follow up to the Fort Wayne dinner, Cahill, Busse and KBW participated in a conference call on March 20, 2013, with Jones and Ryan, and informed them that, while TFC's Board is and will continue to be exploring all of its strategic alternatives, it would be helpful if Old National could provide a soft indication of value, based, at this point, entirely on publicly available information. Old National was told that it was not TFC's intent, by this request, to initiate any formal negotiation process, but that the indication of value would be helpful to the TFC Board in exploring its strategic alternatives.

On March 22, 2013, Cahill and Busse received Old National's response in the form of a non-binding indication of interest. The indication of interest identified a potential range of merger consideration of between \$18.00 to \$22.00 per share, based entirely upon publicly available information and subject to Old National's due diligence.

TFC's Special Committee met on April 16, 2013, along with Cahill, Sawyer and KBW representatives. The group once again reviewed TFC's strategic alternatives, including remaining independent, growing organically and/or through acquisitions, as well as various sale possibilities, including but not limited to Old National's expressed interest. At this meeting, KBW made a presentation to the Special Committee regarding regional banking opportunities, expectations and challenges over the next twelve to thirty-six months, as well as TFC's anticipated competitive position in that marketplace. As a result of this internal review, the Special Committee concluded that, in light of the fact that there appeared to be few, if any, suitable and executable opportunities for TFC to grow by acquisition, the only realistic choices for TFC were to remain independent, with growth opportunities limited to internal, organic growth, or to be a seller.

After the April 16 Special Committee meeting, the Committee authorized Busse to contact Old National and ask if it might be willing to either re-affirm or provide further guidance on pricing, albeit still based on public information, which the TFC Board could consider at its meeting in May. On April 30, Old National responded to the Special Committee's request for additional guidance and provided a letter described as a *Revision to Initial Non-Binding Indication of Interest* (Revised Indication of Interest). In the Revised Indication of Interest, Old National confirmed its interest to be a buyer of TFC, but stated that it would pay \$22.00 per share, subject only to completion of due diligence. At the lower end, the Special Committee believed that this indication of value was not acceptable, but at the upper end of the range, the \$22.00 number represented an acceptable enough level to justify moving forward with further discussions and into possible due diligence activities.

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On May 8, 2013, the TFC Board met, along with representatives of KBW and TFC's legal counsel, at which time KBW provided a more comprehensive presentation of the various strategic alternatives that had previously been explored, but in further detail, including prospects for internal growth, acquisition of smaller institutions, strategic alliances, mergers of equals; and sale of the company. In addition, the management team presented projections for 2014, 2015, 2016 and 2017 based upon stand-alone organic growth. The TFC Board discussion included an analysis of the Company's current financial condition, the outlook for growth and earnings, the banking industry operating and regulatory environment, and the merger and acquisition environment in the banking industry. Upon completion of KBW's presentation and further deliberation by the TFC Board, the TFC Board directed the Special Committee, now comprised of Busse, Robert Taylor and Ron Turpin, to move forward with a more thorough exploration of Old National's expressed interest, with an emphasis on gathering more information about Old National's culture and whether it would be compatible with TFC's deep rooted community banking culture.

TFC and Old National signed a mutual confidentiality agreement on May 16, 2013, to allow for both parties to further explore how a transaction might be structured. On May 30, Cahill visited Old National's offices in Indianapolis to meet with various Old National representatives, and on June 19 Gary Shearer (Shearer), President and CEO of TFC Trust

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Company, and Cahill visited the Old National's offices in Indianapolis to meet with various individuals in Old National's wealth management area.

On June 21, the Special Committee met again to discuss a presentation being prepared by KBW for a full Board meeting scheduled for June 26, at which time the TFC Board planned to review the KBW materials and consider further information gathered by Cahill and Shearer during their visits to Old National's headquarters.

On June 26, the special meeting of the TFC Board was held. Also in attendance were representatives from KBW, together with TFC's legal counsel. KBW's presentation included a discussion of various valuation ranges and alternative structures, including various cash and equity percentage considerations, and also included a review of performance metrics, peer comparisons and stand-alone projections. KBW provided a separate corporate summary overview of Old National that included a franchise summary, historical financial highlights, geographic information, and peer comparisons, as well as recent M&A activity information.

After conclusion of the June 26 KBW Board presentations, and following further discussion, the TFC Board informed Old National that it would be invited to perform due diligence prior to the TFC regularly scheduled August 7 Board meeting. Old National was informed, however, that the TFC Board intended to hold firm on the minimum \$22.00 per share valuation. If the proposed price came in at such level or higher, Old National CEO Jones would be invited to personally address the TFC Board at the August 7 meeting and answer questions, including but not limited to concerns about whether Old National's culture would be consistent with TFC's community banking culture, would serve the same banking and other constituencies with the same dedication and approach as TFC, and would pursue similar corporate values.

Old National commenced its due diligence, at an offsite location, on July 15, 2013 and completed its due diligence on July 23, 2013. After completion of its due diligence, Old National confirmed to KBW that they believed they could hold to the \$22.00 per share, and, therefore, Jones was invited to TFC's August 7 Board meeting. In addition to satisfying financial terms, the TFC Board wished to communicate to Old National that any buyer must also share Tower's commitment to community banking.

At conclusion of Jones' presentation, the TFC Board had a lengthy discussion that included input from KBW and legal counsel. The TFC Board believed that Jones had provided substantial information and support to give the TFC Board comfort that Old National's culture would be compatible with TFC's fit from a cultural perspective. Accordingly, the TFC Board approved moving forward with the negotiation of sale terms.

On August 14, 2013, Old National's legal counsel provided TFC's counsel a first draft of a definitive merger agreement. TFC, KBW and legal counsel conducted a thorough review of the first draft of the merger agreement and identified certain issues for further discussion. Over the course of the next three to four weeks, the parties and their respective legal counsel negotiated the terms of the definitive merger agreement, which KBW and Busse continued to discuss pricing issues on TFC's behalf. During this same time period, TFC and Old National, and their respective legal counsel, also began preparing the disclosure schedules to the merger agreement.

On September 3, 2013, the Special Committee met. In attendance at such meeting were Busse, Ron Turpin, Cahill, and representatives from KBW. KBW provided both a written and oral presentation to the Special Committee on valuation matters, including the proposed consideration mix, purchase price, exchange ratio, treatment of options, termination fees and other deal points. The Special Committee expressed concerns that Old National's stock price had been declining, and as a result, the proposed total merger consideration had dipped below \$22.00 per share.

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The Special Committee informed Old National that it would not support a transaction that was below \$22.00 per share at the time of execution of a definitive agreement.

From September 4 thru the afternoon of September 9, the business representatives from both TFC and Old National, as well as representatives from KBW and legal counsel for both parties, continued to discuss and negotiate deal points relating to pricing, business terms, and the merger agreement. The merger agreement draft was revised several times to reflect changing deal points, including provisions relating to pricing, as well as having a larger fixed cash component. As a result of these discussions, Old National increased the fixed cash component of the merger consideration to \$6.75 per share. The increased cash consideration coupled with an agreed exchange ratio of 1.20 would result in Merger Consideration of \$23.27 per share, as calculated at the end of business on September 9. The Merger Consideration was now comprised of a cash and stock mix that the Special Committee could support, and the price was expected to be in excess of \$22.00 per share at the time of execution of the agreement.

A final version of the definitive merger agreement was presented to the TFC Board at a meeting on the afternoon of September 9 that included representatives from KBW and TFC's legal counsel. KBW provided a summary of their draft fairness opinion, including a summary of their supporting analysis, and they answered questions from Board members. After the presentation and Board discussion was complete, the TFC Board approved entering into the definitive merger agreement with the final pricing terms. The TFC Board voted to approve the execution of the merger agreement and all related



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documents and authorized Cahill to sign the definitive agreement on behalf of TFC. Both TFC and Old National representatives and their respective legal counsel also finalized their disclosure schedules on the evening of September 9. TFC and Old National executed the definitive merger agreement after the close of financial markets on September 9, and thereafter, Old National and TFC issued a joint press release publicly announcing the transaction prior to the opening of the financial markets on the morning of September 10, 2013.

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

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

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

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

- TFC's Board's belief that, after consideration of potential alternatives, including the likely inability of other potential strategic partners to consummate a transaction on terms superior to those offered in the Merger Agreement, the Merger is expected to provide greater benefits to TFC's shareholders than the range of other investigated alternatives;
- the effect of the Merger on TFC's and Tower Bank & Trust Company's employees, including the prospects for continued employment and the severance and other benefits agreed to be provided by Old National to TFC employees;
- Old National's culture which TFC believes to be similar to TFC's deep rooted community based culture;
- the business, earnings, operations, financial condition, management, prospects, capital levels, and asset quality of both Old National and TFC;

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- the perceived compatibility of the business philosophies and cultures of TFC and Old National, which TFC's board believed would facilitate the integration of the operations of the two companies;
- the expressed commitment by Old National, and its demonstrated performance in prior acquisitions, to continue to meet the banking and borrowing needs of local business and to participate in the philanthropic life of the community in the manner that TFC had done;
- the current and prospective business and economic environments in which TFC operates, including challenging national, regional, and local economic conditions, the competitive environment for Indiana financial institutions characterized by intensifying competition from out-of-state and out-of-county financial institutions, the continuing consolidation of the financial services industry, the increased regulatory burdens on financial institutions, and the uncertainties in the regulatory climate going forward;
- TFC's belief that TFC would have to be able to grow to be in a position to deliver a competitive return to its shareholders and to provide opportunities for its employees that would allow for TFC to retain its talent;
- evidence that acquisition opportunities for TFC as a buyer are limited, since potential targets within TFC's market area were either very small or had themselves after inquiry, expressed a strong desire to remain independent for the foreseeable future;
- Old National's ability and resources to negotiate, execute and consummate a transaction on an expedited basis;

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- Investors focus on the trading liquidity of a bank's shares and generally favoring companies with greater market capitalizations at higher valuations;
- Old National's access to capital and managerial resources relative to that of TFC;
- the benefits of being part of a larger and more diversified combined financial institution and the risks of continuing to be an independent company, given TFC's substantially more limited access to capital relative to Old National and Old National's ability to provide access to larger loans to TFC's business clients;
- the TFC Board's desire to provide TFC's shareholders with the prospects for greater future appreciation on the equity component of their investments in TFC common stock than what the TFC Board believes TFC could achieve independently;
- the expectation that the historical liquidity of Old National's stock will offer TFC shareholders either the opportunity to participate in the growth of Old National by retaining their Old National stock following the Merger, or the market liquidity to exit their investment, should as and when they prefer to do so;
- the financial and other terms and conditions of the Merger Agreement, including the fact that the Merger Consideration (assuming no adjustments) represents approximately 180% of TFC's tangible book value as of the date of the Merger Agreement and the provision giving TFC the right to terminate the Merger Agreement in the event of a specified decline in the market value of Old National common stock prior to closing, relative to a designated market index unless Old National agrees to pay additional Merger Consideration;
- the fact that the value of the merger consideration prior to the public announcement of the Merger represented a significant premium over recent trading prices for TFC common stock;
- the overall greater scale that will be achieved by the Merger that will better position the combined company for future growth;
- Old National's long-term growth strategy in Northern Indiana and Southwest, Michigan;
- the historical and current market prices of Old National and TFC common stock;

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- the financial analyses prepared by KBW, TFC's financial advisor, and the opinion dated as of September 9, 2013, delivered to TFC's board by KBW, to the effect that the Merger Consideration is fair, from a financial point of view, to TFC's shareholders;
- the interests of TFC's directors and executive officers in the Merger, in addition to their interests generally as shareholders, as described under Interests of Certain Directors and Officers of TFC in the Merger;
- the likelihood that the regulatory approvals necessary to complete the transaction would be obtained; and
- the effect of the Merger on TFC's and Tower Bank & Trust Company's customers and the communities in which they conduct business.

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

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

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

- TFC's community banking orientation and its perceived compatibility with Old National and its subsidiaries;

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- a review of the demographic, economic and financial characteristics of the markets in which TFC operates, including existing and potential competition and history of the market areas with respect to financial institutions;
- management's review of regulatory restrictions affecting TFC and Tower Bank & Trust Company and management's assessment of the conditions giving rise to such restrictions; and
- management's review of the business, operations, earnings, and financial condition, including capital levels and asset quality, of TFC and Tower Bank & Trust Company.

**Effects of the Merger**

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

Old National expects to reduce expenses by consolidating certain locations and combining accounting, data processing, retail and lending support, and other administrative functions after the Merger, which will enable Old National to achieve economies of scale in these areas. Promptly following the completion of the Merger, which is expected to occur during the first quarter of 2014, 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 2014 will depend upon how quickly and efficiently Old National is able to implement the processes outlined above during the year.

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

- reduce data processing costs;
- reduce staff;

- achieve economies of scale in advertising and marketing budgets;
- 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 TFC 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 TFC**

By letter dated July 30, 2013, TFC entered into an engagement agreement with KBW to render financial advisory and investment banking services to TFC. As part of its engagement, KBW agreed to assist TFC in analyzing, structuring, negotiating and, if appropriate, effecting a transaction between Old National and TFC. KBW also agreed to provide TFC with an opinion as to the fairness to TFC, from a financial point of view, of the per share Merger Consideration in the proposed merger. TFC engaged KBW because KBW is a nationally recognized investment banking firm with substantial experience in transactions similar to the merger and is familiar with TFC and its business. As part of its investment banking business, KBW is continually engaged in the valuation of financial businesses and their securities in connection with mergers and acquisitions.

On September 9, 2013, the TFC board of directors held a meeting to evaluate the proposed merger. At that meeting, KBW reviewed the financial aspects of the proposed merger and rendered an opinion to the TFC board that, as of such date and based upon and subject to factors and assumptions set forth therein, the per share Merger Consideration in the Merger is fair, from a financial point of view, to TFC. The TFC board of directors approved the Merger Agreement at that meeting.

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The full text of KBW's written opinion, dated September 9, 2013, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex B to this document and is incorporated herein by reference. The description of the opinion set forth herein is qualified in its entirety by reference to the full text of such opinion. TFC's shareholders are urged to read the opinion in its entirety.

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

KBW's opinion speaks only as of the date of the opinion and KBW undertakes no obligation to revise or update its opinion. The opinion is directed to the TFC board of directors and addresses only the fairness, from a financial point of view to TFC, of the per share Merger Consideration in the merger. The opinion does not address, and KBW expresses no view or opinion with respect to, (i) the underlying business decision of TFC to engage in the Merger or enter into the Merger Agreement, (ii) the relative merits of the Merger as compared to any strategic alternatives that are, have been or may be available to or contemplated by TFC or the TFC board of directors, (iii) the fairness of the amount or nature of any compensation to any of TFC's officers directors or employees, or any class of such persons, relative to the compensation to the public shareholders of TFC, (iv) the effect of the Merger on, or the fairness of the consideration to be received by, holders of any class of securities of TFC or any other party to any transaction contemplated by the Agreement, (v) any advice or opinions provided by any other advisor to any of the parties to the merger or any other transaction contemplated by the Agreement, or (vi) any legal, regulatory, accounting, tax or similar matters relating to TFC, Old National, their respective shareholders, or relating to or arising out of the Merger, including whether or not the merger would qualify as a tax-free reorganization for United States federal income tax purposes. The opinion has been reviewed and approved by KBW's Fairness Opinion Committee in conformity with its policies and procedures established under the requirements of Rule 5150 of the Financial Industry Regulatory Authority.

In connection with its opinion, KBW reviewed, analyzed and relied upon material bearing upon the Merger and the financial and operating condition of TFC and Old National and the Merger, including among other things, the following:

- a draft of the Merger Agreement dated September 6, 2013 (the most recent draft made available to KBW),
- the Annual Report to Shareholders for the year ended December 31, 2012 and Annual Reports on Form 10-K for the three years ended December 31, 2012 of TFC,
- the Annual Reports to Shareholders and Annual Reports on Form 10-K for the three years ended December 31, 2012 of Old National,
- certain interim reports to shareholders and the Quarterly Reports on Form 10-Q for the three months ended March 31, 2013 and the three months ended June 30, 2013 of TFC and Old National, and certain other communications from TFC and Old National to their respective

shareholders, and

- other financial information concerning the businesses and operations of TFC and Old National furnished to KBW by TFC and Old National for purposes of its analysis.

KBW also held discussions with members of senior management of TFC regarding the past and current business operations, regulatory relations, financial condition, and future prospects of the TFC and other matters that KBW deemed relevant to its inquiry. In addition, KBW reviewed the historical and current financial position and results of operations of TFC and Old National, reviewed the assets and liabilities of TFC and Old National, compared certain financial and stock market information for TFC and Old National with similar information for certain other companies the securities of which are publicly traded, reviewed the financial terms of certain recent business combinations in the banking industry, and performed other studies and analyses that it considered appropriate. KBW's opinion was necessarily based upon conditions as they existed and could be evaluated on the date of such opinion and the information made available to KBW by members of senior management of TFC and Old National through the date of such opinion.



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In conducting its review and arriving at its opinion, KBW relied upon, and assumed the accuracy and completeness of, all of the financial and other information provided to it or publicly available, and did not independently verify the accuracy or completeness of any such information or assume any responsibility or liability for such verification, accuracy or completeness. KBW relied upon members of the senior management of TFC and Old National as to the reasonableness and achievability of the financial and operating forecasts and projections (and assumptions and bases therefore, including cost savings, operating synergies and merger-related costs) provided to KBW, and KBW assumed that such forecasts and projections reflected 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 senior members of management. KBW also assumed that the Merger will be consummated in a manner that complies with the applicable provisions of the Securities Act, the Exchange Act and all other applicable federal and state statutes, rules and regulations. As stated in its opinion, KBW is not an expert in the independent valuation of the adequacy of allowances for loan and lease losses, and without independent verification, assumed that the aggregate allowances for loan and lease losses for TFC and Old National are adequate to cover those losses. In rendering its opinion, KBW did not make or obtain any evaluations or appraisals of any assets or liabilities of TFC or Old National, the collateral securing any such assets or liabilities, or the collectability of any such assets nor did KBW examine or review any individual credit files. KBW did not evaluate the solvency, financial capability or fair value of TFC or Old National under any state or federal laws, including those related to bankruptcy, insolvency or other matters.

The projections and associated assumptions furnished to and used by KBW in certain of its analyses were prepared by TFC's and Old National's senior management teams. TFC and Old National do not publicly disclose internal management projections of the type provided to KBW in connection with its review of the merger. As a result, such projections were not prepared with a view towards public disclosure. The projections were based on numerous variables and assumptions, which are inherently uncertain, including factors related to general economic and competitive conditions. Accordingly, actual results could vary significantly from those set forth in the projections. Any estimates or projections contained in the analyses performed by KBW are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses. Additionally, estimates or projections of the value of businesses or securities do not purport to be appraisals or to reflect the prices at which such businesses or securities might actually be sold. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty, and KBW expressly disclaims responsibility or liability for their accuracy.

KBW was not asked to, and it did not, offer any opinion as to the terms of the Merger Agreement or the form of the Merger or any aspect of the Merger, other than the per share Merger Consideration, to the extent expressly specified in KBW's opinion. For purposes of rendering its opinion, KBW assumed that, in all respects material to its analyses:

- the Merger will be completed substantially in accordance with the terms set forth in the Merger Agreement (the final terms of which will not differ in any respect material to KBW's analyses from the draft reviewed) with no additional payments or adjustments to the per share Merger Consideration;
- the representations and warranties of each party in the Merger Agreement and in all related documents and instruments referred to in the Merger Agreement are true and correct;
- each party to the Merger Agreement and all related documents will perform all of the covenants and agreements required to be performed by such party under such documents;
- all conditions to the completion of the Merger will be satisfied without any waivers or modifications to the merger Agreement; and

- in the course of obtaining the necessary regulatory, contractual, or other consents or approvals for the Merger, no restrictions, including any divestiture requirements, termination or other payments or amendments or modifications, will be imposed that will have a material adverse effect on the future results of operations or financial condition of the combined entity or the contemplated benefits of the Merger, including the cost savings, revenue enhancements and related reductions in expenses expected to result from the merger.

KBW further assumed that the merger will be accounted for as a purchase transaction under generally accepted accounting principles, and that the Merger will qualify as a tax-free reorganization for United States federal income tax purposes. KBW's opinion is not an expression of an opinion as to the prices at which shares of TFC common stock or shares of Old National common stock will trade following the announcement of the Merger or the actual value of the shares of common stock of the combined company when issued pursuant to the Merger, or the prices at which the shares of common stock of the combined company will trade following the completion of the Merger.

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In performing its analyses, KBW considered such financial and other factors it deemed appropriate under the circumstances, including, among others, the following: (i) the historical and current financial position and results of operations of TFC and Old National; (ii) the assets and liabilities of TFC and Old National; and (iii) the nature and terms of certain other merger transactions involving banks and bank holding companies. KBW also took into account its assessment of general economic, market and financial conditions and its experience in other transactions, as well as its experience in securities valuation and knowledge of the banking industry generally.

The per share Merger Consideration was determined through negotiation between TFC and Old National and the decision to enter into the Merger was solely that of TFC's board of directors. In addition, the KBW opinion was among several factors taken into consideration by the TFC board in making its determination to approve the Agreement and the Merger. Consequently, the analyses described below should not be viewed as determinative of the decision of the TFC board with respect to the fairness of the per share Merger Consideration in the Merger.

*Summary of Analysis by KBW*

The following is a summary of the material financial analyses performed by KBW and presented to the Tower board on September 9, 2013, in connection with rendering the fairness opinion described above. The following summary is not a complete description of the financial analyses performed by KBW in rendering its opinion or the presentation made by KBW to the Tower board, nor does the order of analysis described represent relative importance or weight given to any particular analysis by KBW and is qualified in its entirety by reference to the written opinion of KBW attached as Annex B. The preparation of a fairness opinion is a complex analytic process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. Selecting portions of the analysis or of the summary set forth herein, without considering the analysis as a whole, could create an incomplete view of the processes underlying KBW's opinion. In arriving at its opinion, KBW considered the results of its entire analysis and KBW did not attribute any particular weight to any analysis or factor that it considered. Rather, KBW made its determination as to fairness on the basis of its experience and professional judgment after considering the results of its entire analysis. The financial analyses summarized below include information presented in tabular format. Accordingly, KBW's analyses and the summary of its analyses must be considered as a whole and selecting portions of its analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying its analyses and opinion. The tables alone do not constitute a complete description of the financial analyses.

*Summary of Proposal.* Pursuant to the terms of the Merger Agreement, each share of common stock, no par value per share, of Tower issued and outstanding and not owned by Tower or Old National shall be converted into the right to receive (a) \$6.75 per share in cash (the Cash Consideration); and (b) 1.2 shares of common stock, no par value per share, of Old National, (the Stock Consideration) and collectively with the Cash Consideration, the Merger Consideration. The terms and conditions of the merger are more fully set forth in the Agreement which is attached as Annex A to this joint proxy statement/prospectus.

*Selected Companies Analysis.* Using publicly available information, KBW compared the financial performance, financial condition and market performance of Tower to the following banks and bank holding companies traded on the New York Stock Exchange, NYSE MKT Equities or NASDAQ, and headquartered in Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota or Wisconsin, with total assets between \$500 million and \$1.5 billion, and excluded merger targets as of September 6, 2013. Companies in this group were:

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BankFinancial Corporation  
MutualFirst Financial, Inc.  
Mercantile Bank Corporation  
LNB Bancorp, Inc.  
Ames National Corporation  
First Citizens Banc Corp  
HopFed Bancorp, Inc.  
Community Bank Shares of Indiana, Inc.  
Ohio Valley Banc Corp.  
First Internet Bancorp  
Landmark Bancorp, Inc.

West Bancorporation, Inc.  
Pulaski Financial Corp.  
First Business Financial Services, Inc.  
HF Financial Corp.  
Hawthorn Bancshares, Inc.  
Farmers National Banc Corp.  
LCNB Corp.  
Southern Missouri Bancorp, Inc.  
NB&T Financial Group, Inc.  
First Savings Financial Group, Inc.  
Guaranty Federal Bancshares, Inc.

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SB Financial Group, Inc.  
 First Clover Leaf Financial Corp.  
 Mackinac Financial Corporation  
 Westbury Bancorp, Inc.  
 United Community Bancorp

Cheviot Financial Corp.  
 United Bancshares, Inc.  
 Citizens Community Bancorp, Inc.  
 IF Bancorp, Inc.

Using publicly available information, KBW compared the financial performance, financial condition and market performance of Old National to the following banks and bank holding companies traded on the New York Stock Exchange, NYSE MKT Equities or NASDAQ, and headquartered in Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota or Wisconsin, with total assets between \$4.0 billion and \$20.0 billion, and excluded merger targets as of September 6, 2013. Companies in this group were:

Wintrust Financial Corporation  
 PrivateBancorp, Inc.  
 Capitol Federal Financial, Inc.  
 Park National Corporation  
 Chemical Financial Corporation  
 1st Source Corporation

UMB Financial Corporation  
 MB Financial, Inc.  
 First Midwest Bancorp, Inc.  
 First Financial Bancorp.  
 Heartland Financial USA, Inc.  
 First Merchants Corporation

To perform this analysis, KBW used financial information for the last twelve months (as of the most recently available quarter) and market price information as of September 6, 2013. Earnings estimates for 2013 and 2014 were taken from a nationally recognized earnings estimate consolidator for the selected companies. Certain financial data prepared by KBW, and as referenced in the tables presented below, may not correspond to the data presented in Tower's and Old National's historical financial statements.

KBW's analysis showed the following concerning Tower's and Old National's financial performance for the last twelve months:

|                          | <b>Tower</b> | <b>Selected Companies Minimum</b> | <b>Selected Companies Mean</b> | <b>Selected Companies Median</b> | <b>Selected Companies Maximum</b> |
|--------------------------|--------------|-----------------------------------|--------------------------------|----------------------------------|-----------------------------------|
| Return on Average Assets | 1.03%        | (1.99)%                           | 0.64%                          | 0.76%                            | 1.32%                             |
| Return on Average Equity | 10.58%       | (15.66)%                          | 6.34%                          | 6.42%                            | 12.81%                            |
| Net Interest Margin      | 3.63%        | 2.63%                             | 3.44%                          | 3.48%                            | 4.23%                             |
| Efficiency Ratio         | 65.5%        | 46.8%                             | 68.5%                          | 69.4%                            | 87.7%                             |

|                          | <b>Old National</b> | <b>Selected Companies Minimum</b> | <b>Selected Companies Mean</b> | <b>Selected Companies Median</b> | <b>Selected Companies Maximum</b> |
|--------------------------|---------------------|-----------------------------------|--------------------------------|----------------------------------|-----------------------------------|
| Return on Average Assets | 1.02%               | (0.05)%                           | 0.84%                          | 0.93%                            | 1.14%                             |
| Return on Average Equity | 8.12%               | (0.47)%                           | 7.65%                          | 8.43%                            | 11.25%                            |
| Net Interest Margin      | 4.11%               | 1.99%                             | 3.48%                          | 3.64%                            | 4.16%                             |
| Efficiency Ratio         | 66.3%               | 46.1%                             | 62.9%                          | 63.1%                            | 76.5%                             |

KBW's analysis showed the following concerning Tower's and Old National's financial condition:



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|  | <b>Tower</b> | <b>Selected<br/>Companies<br/>Minimum</b> | <b>Selected<br/>Companies<br/>Mean</b> | <b>Selected<br/>Companies<br/>Median</b> | <b>Selected<br/>Companies<br/>Maximum</b> |
|--|--------------|---|--|--|---|
| Tangible Common Equity / Tangible Assets | 9.03%        | 5.71%                                     | 9.64%                                  | 9.70%                                    | 16.44%                                    |
| Total Capital Ratio                      | 16.39%       | 12.62%                                    | 16.88%                                 | 17.10%                                   | 26.72%                                    |
| Loans / Deposits                         | 75.4%        | 51.4%                                     | 80.9%                                  | 82.9%                                    | 103.7%                                    |
| Loan Loss Reserve / Loans                | 1.76%        | 0.46%                                     | 1.52%                                  | 1.52%                                    | 2.39%                                     |
| Nonperforming Assets / Loans + OREO      | 3.52%        | 1.36%                                     | 3.59%                                  | 3.27%                                    | 9.56%                                     |
| Nonperforming Assets / Assets            | 2.31%        | 0.95%                                     | 2.37%                                  | 2.15%                                    | 4.88%                                     |
| Net Charge-Offs / Average Loans          | 0.46%        | 0.01%                                     | 0.58%                                  | 0.44%                                    | 4.10%                                     |

|  | <b>Old National</b> | <b>Selected<br/>Companies<br/>Minimum</b> | <b>Selected<br/>Companies<br/>Mean</b> | <b>Selected<br/>Companies<br/>Median</b> | <b>Selected<br/>Companies<br/>Maximum</b> |
|--|---------------------|---|--|--|---|
| Tangible Common Equity / Tangible Assets | 8.65%               | 5.69%                                     | 9.05%                                  | 8.53%                                    | 17.58%                                    |
| Total Capital Ratio                      | 15.36%              | 11.52%                                    | 16.28%                                 | 15.49%                                   | 36.30%                                    |
| Loans / Deposits                         | 75.7%               | 54.0%                                     | 86.5%                                  | 88.8%                                    | 125.4%                                    |
| Loan Loss Reserve / Loans                | 0.95%               | 0.16%                                     | 1.58%                                  | 1.71%                                    | 2.45%                                     |
| Nonperforming Assets / Loans + OREO      | 3.00%               | 0.54%                                     | 2.37%                                  | 2.39%                                    | 4.51%                                     |
| Nonperforming Assets / Assets            | 1.53%               | 0.22%                                     | 1.56%                                  | 1.64%                                    | 3.09%                                     |
| Net Charge-Offs / Average Loans          | 0.09%               | (0.16)%                                   | 0.56%                                  | 0.51%                                    | 2.78%                                     |

KBW's analysis showed the following concerning Tower's and Old National's market performance:

|   | <b>Tower</b> | <b>Selected<br/>Companies<br/>Minimum</b> | <b>Selected<br/>Companies<br/>Mean</b> | <b>Selected<br/>Companies<br/>Median</b> | <b>Selected<br/>Companies<br/>Maximum</b> |
|---|--------------|---|--|--|---|
| Market Capitalization (\$mm)                | \$ 74        | \$ 33                                     | \$ 90                                  | \$ 75                                    | \$ 198                                    |
| 1-Year Stock Price Change                   | 35.3%        | (4.5)%                                    | 28.4%                                  | 22.4%                                    | 137.1%                                    |
| 1-Year Total Return                         | 46.1%        | (2.2)%                                    | 31.6%                                  | 26.6%                                    | 141.3%                                    |
| Year-to-Date Price Change                   | 33.8%        | (6.1)%                                    | 28.3%                                  | 24.0%                                    | 93.4%                                     |
| Stock Price / Book Value per Share          | 1.21x        | 0.66x                                     | 0.99x                                  | 0.94x                                    | 1.73x                                     |
| Stock Price / Tangible Book Value per Share | 1.21x        | 0.69x                                     | 1.08x                                  | 1.04x                                    | 2.12x                                     |
| Stock Price / 2013 EPS (1)                  | 11.4x        | 9.0x                                      | 14.0x                                  | 13.0x                                    | 28.6x                                     |
| Stock Price / 2014 EPS (1)                  | 13.9x        | 8.4x                                      | 13.4x                                  | 12.3x                                    | 24.8x                                     |
| Dividend Yield                              | 2.01%        | 0.00%                                     | 1.47%                                  | 1.45%                                    | 5.50%                                     |
| LTM Dividend Payout Ratio (1)               | 51.7%        | 0.0%                                      | 34.2%                                  | 25.0%                                    | 106.3%                                    |

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(1) Consensus earnings estimates for the selected companies per FactSet Research Systems, Inc., as compiled by SNL Financial, as of 9/6/13; earnings estimates for Tower per management guidance.

|   | Old National | Selected Companies Minimum | Selected Companies Mean | Selected Companies Median | Selected Companies Maximum |
|---|--------------|----------------------------|-------------------------|---------------------------|----------------------------|
| Market Capitalization (\$mm)                | \$ 1,369     | \$ 467                     | \$ 1,208                | \$ 1,162                  | \$ 2,323                   |
| 1-Year Stock Price Change                   | (0.1)%       | (10.8)%                    | 13.4%                   | 12.7%                     | 34.2%                      |
| 1-Year Total Return                         | 2.9%         | (4.3)%                     | 16.5%                   | 17.3%                     | 36.0%                      |
| Year-to-Date Price Change                   | 14.2%        | 2.9%                       | 18.7%                   | 16.9%                     | 42.2%                      |
| Stock Price / Book Value per Share          | 1.17x        | 0.92x                      | 1.30x                   | 1.19x                     | 1.89x                      |
| Stock Price / Tangible Book Value per Share | 1.70x        | 1.12x                      | 1.61x                   | 1.55x                     | 2.42x                      |
| Stock Price / 2013 EPS (1)                  | 13.7x        | 12.0x                      | 15.8x                   | 14.8x                     | 25.2x                      |
| Stock Price / 2014 EPS (1)                  | 12.7x        | 11.2x                      | 14.8x                   | 14.1x                     | 22.9x                      |
| Dividend Yield                              | 2.95%        | 0.18%                      | 2.06%                   | 1.63%                     | 4.82%                      |
| LTM Dividend Payout Ratio (1)               | 40.0%        | 3.2%                       | 50.9%                   | 30.7%                     | 208.3%                     |

(1) Consensus earnings estimates for the selected companies per FactSet Research Systems, Inc., as compiled by SNL Financial, as of 9/6/13.

*Selected Transactions Analysis.* KBW reviewed publicly available information related to certain selected bank and thrift transactions announced after December 31, 2011 with deal values between \$50 million and \$200 million with the acquired company's NPAs to Assets ratio of less than 5.0%.

**Acquiror:****Acquired Company:**

|  |  |
|--|--|
| Mercantile Bank Corporation                | Firstbank Corporation                  |
| CenterState Banks, Inc.                    | Gulfstream Bancshares, Inc.            |
| Wilshire Bancorp, Inc.                     | Saehan Bancorp                         |
| First Federal Bancshares of Arkansas, Inc. | First National Security Company        |
| Peoples Financial Services Corp.           | Penseco Financial Services Corporation |
| F.N.B. Corporation                         | BCSB Bancorp, Inc.                     |
| Heartland Financial USA, Inc.              | Morrill Bancshares, Inc.               |
| First Merchants Corporation                | CFS Bancorp, Inc.                      |
| CBFH, Inc.                                 | VB Texas, Inc.                         |
| SI Financial Group, Inc.                   | Newport Bancorp, Inc.                  |
| F.N.B. Corporation                         | PVF Capital Corp.                      |
| Renasant Corporation                       | First M&F Corporation                  |
| Lakeland Bancorp, Inc.                     | Somerset Hills Bancorp                 |
| Prosperity Bancshares, Inc.                | Coppermark Bancshares, Inc.            |
| Pacific Premier Bancorp, Inc.              | First Associations Bank                |
| First PacTrust Bancorp, Inc.               | Private Bank of California             |
| WesBanco, Inc.                             | Fidelity Bancorp, Inc.                 |
| Investors Bancorp, Inc. (MHC)              | Marathon Banking Corporation           |
| Berkshire Hills Bancorp, Inc.              | Beacon Federal Bancorp, Inc.           |
| United Financial Bancorp, Inc.             | New England Bancshares, Inc.           |
| Park Sterling Corporation                  | Citizens South Banking Corporation     |



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|                                |                                 |
|--------------------------------|---------------------------------|
| Independent Bank Corp.         | Central Bancorp, Inc.           |
| PacWest Bancorp                | American Perspective Bank       |
| FVNB Corp.                     | First State Bank                |
| Carlisle Bancshares, Inc.      | Northstar Financial Corporation |
| Tompkins Financial Corporation | VIST Financial Corp.            |
| Old National Bancorp           | Indiana Community Bancorp       |

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Transaction multiples for the merger were derived from an implied aggregate offer price per share of \$23.02. The offer price was based on Old National's closing price of \$13.56 on September 6, 2013 and a fixed exchange ratio of 1.20, plus \$6.75 per share in cash. For each transaction referred to above, KBW derived and compared, among other things, the following implied ratios:

- price per common share paid for the acquired company to tangible book value per share of the acquired company based on the latest publicly available financial statements of the company available prior to the announcement of the acquisition,
- tangible common equity premium (excess of purchase price over tangible common equity) to core deposits (total deposits less time deposits greater than \$100,000) based on the latest publicly available financial statements of the company available prior to the announcement of the acquisition,
- price per common share paid for the acquired company to last twelve months earnings per share of the acquired company; and
- price per common share paid for the acquired company as a premium to the closing price of the acquired company one day, one month and three months prior to the announcement of the acquisition (expressed as a percentage and referred to as the one day, one month, and three month market premiums).

The results of the analysis are set forth in the following table:

|                               | Old<br>National /<br>Tower<br>Merger | Selected<br>Transactions<br>Minimum | Selected<br>Transactions<br>Mean | Selected<br>Transactions<br>Median | Selected<br>Transactions<br>Maximum |
|-------------------------------|--------------------------------------|-------------------------------------|----------------------------------|------------------------------------|-------------------------------------|
| <b>Transaction Multiples:</b> |                                      |                                     |                                  |                                    |                                     |
| Price / Tangible Book Value   | 1.75x                                | 1.00x                               | 1.38x                            | 1.34x                              | 1.79x                               |
| Core Deposit Premium          | 9.8%                                 | 0.2%                                | 5.2%                             | 5.1%                               | 11.3%                               |
| Price / LTM EPS               | 15.9x                                | 11.0x                               | 22.5x                            | 19.1x                              | 55.1x                               |
| 1-Day Market Premium          | 44.8%                                | (3.5)%                              | 40.2%                            | 37.0%                              | 83.8%                               |
| 1-Month Market Premium        | 46.2%                                | 10.6%                               | 49.9%                            | 43.6%                              | 110.3%                              |
| 3-Month Market Premium        | 65.3%                                | 6.8%                                | 56.8%                            | 46.1%                              | 113.1%                              |

No company or transaction used as a comparison in the above analysis is identical to Tower, Old National or the proposed merger. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies involved.

*Contribution Analysis.* KBW analyzed the relative contribution of Tower and Old National to the pro forma market capitalization, balance sheet and income statement items of the combined entity, including pro forma ownership, assets, gross loans, deposits, tangible common equity, and projected 2014 and 2015 net income available to common. This analysis excluded any purchase accounting adjustments and was based on

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Tower's and Old National's closing prices on September 6, 2013 of \$15.90 and \$13.56, respectively. To perform this analysis, KBW used financial information as of the three month period ended June 30, 2013. The results of KBW's analysis are set forth in the following table:

|  | Old National as a<br>% of Combined<br>Entity | Tower as a % of<br>Combined Entity |
|--|--|------------------------------------|
| <b>Ownership</b>                                 |  |                                    |
| 70.7% stock / 29.3% cash (1.200x exchange ratio) | 95%  | 5%                                 |
| 100% stock (1.698x exchange ratio)               | 93%  | 7%                                 |
| <b>Balance Sheet (\$mm)</b>                      |  |                                    |
| Assets   | 93%  | 7%                                 |
| Gross Loans                                      | 92%  | 8%                                 |
| Deposits   | 92%  | 8%                                 |
| Tangible Common Equity                           | 93%  | 7%                                 |
| <b>Earnings (\$mm)</b>                           |  |                                    |
| 2014 Est. GAAP Net Income                        | 95%  | 5%                                 |
| 2015 Est. GAAP Net Income                        | 96%  | 4%                                 |
| <b>Market Capitalization (\$mm)</b>              |  |                                    |
| Current Market Capitalization                    | 95%  | 5%                                 |

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(1) Total does not include any purchase accounting adjustments

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*Financial Impact Analysis.* KBW performed pro forma merger analyses that combined projected income statement and balance sheet information of Tower and Old National. Assumptions regarding the accounting treatment, acquisition adjustments and cost savings were provided by Tower and Old National management, were relied on by KBW, and were used to calculate the financial impact that the merger would have on certain projected financial results of Tower. In the course of this analysis, KBW used earnings estimates for Old National for 2014 and 2015 from a nationally recognized earnings estimate consolidator, and for Tower used earnings estimates as provided by Tower management. This analysis indicated that the merger is expected to be accretive to Old National's estimated earnings per share in 2014 and 2015. The analysis also indicated that the merger is expected to be dilutive to tangible book value per share for Old National and that Old National is expected to maintain well-capitalized capital ratios. For all of the above analyses, the actual results achieved by Old National following the merger will vary from the estimates used and the projected results, and the variations may be material.

*Tower Discounted Cash Flow Analysis.* KBW performed a discounted cash flow analysis to estimate a range of the present values of after-tax cash flows that Tower could provide to equity holders through 2018 on a stand-alone basis. In performing this analysis, KBW used earnings estimates for 2014 to 2018 from Tower management, and assumed discount rates ranging from 13.0% to 17.0%. The range of values was determined by adding (1) the present value of projected cash flows to Tower shareholders from 2014 to 2018 and (2) the present value of the terminal value of Tower's common stock. In determining cash flows available to shareholders, KBW assumed balance sheet growth per Tower management and assumed that Tower would maintain a tangible common equity/tangible asset ratio of 8.00% and would retain sufficient earnings to maintain that level. Any earnings in excess of what would need to be retained represented dividendable cash flows for Tower. In calculating the terminal value of Tower, KBW applied multiples ranging from 11.0 times to 15.0 times 2019 forecasted earnings. This resulted in a range of values of Tower from \$11.99 to \$16.84 per share. The discounted cash flow present value analysis is a widely used valuation methodology that relies on numerous assumptions, including asset and earnings growth rates, terminal values and discount rates. The analysis did not purport to be indicative of the actual values or expected values of Tower.

*Pro Forma Discounted Cash Flow Analysis.* KBW performed a discounted cash flow analysis to estimate a range of the present values of after-tax cash flows that Tower (pro forma for the merger) could provide to equity holders through 2018 on a pro forma basis. In performing this analysis, KBW used earnings estimates for Tower as provided by Tower Management and earnings estimates for Old National based on consensus estimates for 2014 and 2015 and a long term earnings per share growth rate of 3.0% thereafter. Estimates of cost savings, purchase accounting adjustments and restructuring charges were provided by Old National management. KBW assumed discount rates ranging from 11.0% to 15.0% for this analysis. The range of values was determined by adding (i) the present value of projected cash flows to Tower (pro forma for the Merger) shareholders from 2014 to 2018 and (ii) the present value of the terminal value of Tower's (pro forma for the Merger) common stock. In determining cash flows available to shareholders, KBW assumed Old National balance sheet growth of approximately 2.0% annually and assumed that Old National (pro forma for the Merger) would maintain a tangible common equity/tangible asset ratio of 8.00% and would retain sufficient earnings to maintain these levels. Any earnings in excess of what would need to be retained represented dividendable cash flows for Tower (pro forma for the Merger). In calculating the terminal value of Tower (pro forma for the Merger), KBW applied multiples ranging from 11.0 times to 15.0 times 2019 forecasted earnings. This resulted in a range of share values of Tower (pro forma for the merger) from \$19.35 to \$25.25 per share. The discounted cash flow present value analysis is a widely used valuation methodology that relies on numerous assumptions, including asset and earnings growth rates, terminal values and discount rates. The analysis did not purport to be indicative of the actual values or expected values of Tower or Old National (pro forma for the Merger).

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*Engagement of KBW by Tower.* The Tower board retained KBW as financial adviser to Tower regarding the Merger. As part of its investment banking business, KBW is continually engaged in the valuation of banking businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for various other purposes. As specialists in the securities of banking companies, KBW has experience in, and knowledge of, the valuation of banking enterprises. In the ordinary course of its business as a broker-dealer, KBW may, from time to time, purchase securities from, and sell securities to, Tower and Old National. As a market maker in securities, KBW may from time to time have a long or short position in, and buy or sell, debt or equity securities of Tower and Old National for KBW's own account and for the accounts of its customers. To the extent KBW held any such positions, it was disclosed to the Tower board of directors on or before the September 9, 2013, board of director's meeting.

KBW has acted exclusively for the Tower board of directors in rendering its opinion in connection with the Merger. Pursuant to the KBW engagement agreement, Tower agreed to pay to KBW a cash fee of \$200,000 concurrently with the rendering of KBW's opinion as well as a cash contingent advisory fee equal to approximately \$1,542,400 to be paid at the time of closing of the Merger. In addition, pursuant to the engagement agreement, Tower also agreed to reimburse KBW for all reasonable out-of-pocket expenses and disbursements, including fees and reasonable expenses of counsel, incurred in connection with the engagement and to indemnify KBW and related parties against certain liabilities, including but not limited to liabilities under federal securities laws, relating to, or arising out of, its engagement. During the two years preceding the date of its opinion to the Tower board of directors, KBW has not received compensation for investment banking services from Tower, and KBW has not received compensation for investment banking services from Old National.

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**THE MERGER AGREEMENT**

**Structure of the Merger**

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

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

**Merger Consideration**

If the Merger is completed, your shares of TFC common stock will be converted into the right to receive 1.20 shares of Old National common stock (the Exchange Ratio), subject to adjustment as provided below and \$6.75 in cash. No fractional shares of Old National common stock will be issued in the Merger. Instead, Old National will pay to each holder of TFC common stock who otherwise would be entitled to a fractional share of Old National common stock an amount in cash (without interest) determined by multiplying such fraction by the average of the per-share closing prices of a share of Old National common stock during the ten trading days preceding the fifth calendar day preceding the effective time of the Merger (the Average Old National Closing Price).

The Exchange Ratio is subject to adjustment as follows:

- *Decrease in Consolidated Shareholders' Equity.* If as of the end of the month prior to the effective time of the Merger the TFC consolidated shareholders' equity is less than \$61,117,844, the Exchange Ratio shall be decreased to a quotient determined by dividing the Adjusted Stock Purchase Price by the total number of shares of TFC common stock outstanding, and further dividing that number by the Average Old National Closing Price. For purposes of the computation, the Adjusted Stock Purchase Price shall be equal to (x) the total Stock Purchase Price, less (y) the difference between \$61,117,844 and the TFC Consolidated Shareholders' Equity as of the end of the month prior to the effective time of the Merger. The Stock Purchase Price shall be the Exchange Ratio in effect at the time of the adjustment multiplied by the Average Old National Closing Price multiplied by the total number of shares of TFC common stock outstanding at the effective time of the Merger. The TFC consolidated shareholders' equity shall be determined in accordance with generally accepted accounting principles, less (i) the net accumulated other comprehensive income/(loss) as of the Computation Date, determined in accordance with GAAP, and to which shall be added the following:

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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 TFC at the request of Old National.

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

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

- the average of the daily closing price of Old National common stock as reported on the NASDAQ Global Market for the ten consecutive trading days immediately preceding the determination date (the ONB Market Value) is less than \$10.85; and

- the number obtained by dividing the ONB Market Value by \$13.56 (the Initial ONB Market Value, which may be adjusted to account for certain transactions involving the stock of Old National, such as a stock dividend, reclassification or similar transaction between the date of the Merger Agreement and the determination date) (the ONB Ratio) is less than the quotient (such

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quotient, the Index Ratio ) obtained by dividing the average of the daily closing value for the five consecutive trading days immediately preceding the determination date of a group of financial institution holding companies comprising the NASDAQ Bank Index (the Final Index Price ) by the closing value of the NASDAQ Bank Index on September 9, 2013 (the Initial Index Price ), minus 0.20.

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

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

The Merger Agreement provides that each option to acquire shares of TFC common stock outstanding as of the effective date of the Merger will be converted into an option to purchase a number of shares of Old National common stock equal to the product (rounded down to the nearest whole share) of (A) the number of shares of TFC common stock subject to the TFC stock option and (B) the sum of (x) Exchange Ratio plus (y) \$6.75 divided by (z) the average of the per share closing prices of a share of Old National common stock as quoted on the NASDAQ Global Market during the ten (10) trading days preceding the fifth (5th) calendar day preceding the effective time of the Merger, at an exercise price per share (rounded up to the nearest whole cent) equal to (A) the exercise price of such TFC stock option divided by (B) the sum of (x) Exchange Ratio plus (y) \$6.75 divided by (z) the average of the per share closing prices of a share of Old National common stock as quoted on the NASDAQ Global Market during the ten (10) trading days preceding the fifth (5th) calendar day preceding the effective time of the Merger. All such options are fully vested. Each converted TFC stock option will continue to be governed by the same terms and conditions as were applicable under the related TFC stock option immediately prior to the effective time of the Merger.

The officers and directors of TFC hold options to purchase 37,935 shares of TFC common stock as of September 30, 2013.

The purchase price of such options will constitute taxable ordinary income to the option-holder.

**Treatment of Deferred Stock Units**

The Merger Agreement also provides that Old National and TFC will take all requisite action so that, at the effective time of the Merger, each holder of the deferred stock units issued and still outstanding under TFC's 2006 Equity Incentive Plan (consisting of 5,133 units) will receive cash in the amount equal to the closing price of a share of TFC common stock on the trading day immediately preceding the closing of the



Merger.

**Treatment of TFC s 401(k) Plan**

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

**Exchange and Payment Procedures**

At and after the effective time of the Merger, each certificate representing shares of TFC common stock will represent only the right to receive the Merger Consideration in accordance with the terms of the Merger Agreement. Old National will reserve a sufficient number of shares of Old National common stock to be issued as a part of the Merger Consideration. Promptly after the effective time of the Merger, but in no event more than five business days thereafter, Old

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National will mail a letter of transmittal to each holder of TFC common stock that will include detailed instructions on how such holder may exchange such holder's TFC common shares for the Merger Consideration.

Old National will provide a written notice of uncertificated shares to each former TFC registered owner setting forth the number of whole shares of Old National common stock that each holder of TFC common stock has received in the Merger and a check in the amount of any cash that such holder has the right to receive to be delivered to such shareholder upon delivery to Old National of certificates representing such shares of TFC common stock and a properly completed letter of transmittal. Additionally, shareholders will receive cash in lieu of any fractional shares of Old National common stock. No interest will be paid on any Merger Consideration that any such holder shall be entitled to receive.

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

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

**Dividends and Distributions**

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

**Representations and Warranties**

The Merger Agreement contains representations and warranties of TFC, 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;

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- 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
- agreements, instruments or obligations of each party;
- the capitalization of TFC and Old National;
- each party's compliance with applicable law;
- the accuracy of statements made and materials provided to the other party;
- the absence of material litigation;
- each party's financial statements and filings with applicable regulatory authorities;
- the absence of undisclosed obligations or liabilities;
- title to its assets;
- the adequacy of its loan loss reserves;

- employee benefit plans and related matters;
- the filing and accuracy of tax returns;

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- the adequacy of each party's deposit insurance and other policies of insurance;
- books and records;
- payments to be made to any brokers or finders in connection with the Merger;
- Securities and Exchange Commission filings; and
- Community Reinvestment Act.

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

- material contracts;
- loans and investments;
- the inapplicability to the Merger and the transactions contemplated thereby of the anti-takeover provisions in TFC's articles of incorporation and by-laws;
- obligations to employees;
- events occurring since June 30, 2013;
- insider transactions;

- indemnification agreements;
- shareholder approval;
- intellectual property;
- compliance with the Bank Secrecy Act;
- agreements with regulatory agencies;
- internal controls;
- fiduciary accounts; and
- the receipt of a fairness opinion from TFC's financial advisor.

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

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

##### ***TFC Restrictions***

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

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

- make any change in the capitalization or the number of issued and outstanding shares of TFC or Tower Bank & Trust Company;
- authorize a class of stock or issue, or authorize the issuance of, securities other than or in addition to its issued and outstanding common stock as of the date of the Merger Agreement;
- distribute or pay any dividends on its shares of common stock, or authorize a stock split, or make any other distribution to its shareholders; except that (i) Tower Bank & Trust Company may pay cash dividends to TFC in the ordinary course of business for payment of TFC's reasonable and necessary business and operating expenses and to provide funds for TFC's dividends to its shareholders and (ii) TFC may pay to its shareholders its usual and customary cash dividend of no greater than \$0.08 per share for any quarterly period, provided that no dividend may be paid by TFC for the quarterly period in which the Merger is scheduled to be consummated or consummated if, during such period, TFC shareholders will become entitled to receive dividends on their shares of Old National common stock received pursuant to the Merger Agreement;
- redeem any of its outstanding shares of common stock;

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- merge, combine, consolidate, or effect a share exchange with, or sell its assets or any of its securities to any other person, corporation, or entity, or enter into any other similar transaction not in the ordinary course of business;
- purchase any assets or securities or assume any liabilities of another bank holding company, bank, corporation, or other entity, except in the ordinary course of business necessary in managing its investment portfolio, and then only to the extent such securities have a quality rating of AAA;
- without consent, which consent shall be deemed received unless Old National objects within five business days after receipt of written notice from TFC:
- to renew or otherwise modify any loan or commitment to lend money, or issue any letter of credit to any person if the loan is an existing credit on the books of TFC or Tower Bank & Trust Company and (y) is, or in accordance with bank regulatory definitions should be, classified as Substandard, Doubtful or Loss or (z) such loan is in an amount in excess of \$100,000 and is, or in accordance with bank regulatory definitions should be, classified as special mention ;
- effective one week following the date of the Merger Agreement, make, renew or otherwise modify any loan or loans if immediately after making a loan or loans, such Person would be directly indebted to TFC or Tower Bank & Trust Company in an aggregate amount in excess of \$1,000,000;
- make, renew or otherwise modify any loan or loans secured by an owner-occupied 1-4 single-family residence with a principal balance in excess of \$417,000 (except for any such loan or loans secured by an owner-occupied 1-4 single-family residence which Tower Bank & Trust Company originates, underwrites in accordance with the secondary market standards and holds for sale into the secondary market, in which case such dollar threshold shall be \$750,000);
- make, renew or otherwise modify any loan or loans secured by an owner-occupied 1-4 single-family residence with loan-to-values ratios of greater than 80% without private mortgage insurance; or
- make, renew or otherwise modify any loan which does not conform with TFC's general credit policy and procedures, is in excess of \$50,000 and exceeds 120 days to maturity (notice to Old National of such proposed loan shall set forth, with specificity, the manner in which such loan does not conform to TFC's general credit policy and procedures).
- except as contemplated by the Merger Agreement, acquire or dispose of any real or personal property or fixed asset constituting a capital investment in excess of \$100,000 individually or \$250,000 in the aggregate;



- make any investment subject to any restrictions, whether contractual or statutory, which materially impairs the ability of TFC or Tower Bank & Trust Company to dispose freely of such investment at any time, or subject any of their properties or assets to a mortgage, lien, claim, charge, option, restriction, security interest, or encumbrance, except for tax and other liens that arise by operation of law and with respect to which payment is not past due or is being contested in good faith by appropriate proceedings, and except for pledges or liens required to be granted in connection with acceptance by TFC or Tower Bank & Trust Company of government deposits and pledges or liens in connection with Federal Home Loan Bank borrowings;
- except as contemplated by the Merger Agreement, promote to a new position (other in the ordinary course of business except with respect to a promotion to a senior officer position) or increase the rate of compensation, or enter into any agreement to promote to a new position (other in the ordinary course of business except with respect to a promotion to a senior officer position) or increase the rate of compensation, of any director, officer, or employee of TFC or Tower Bank & Trust Company, or modify, amend, or institute new employment policies or practices, or enter into, renew, or extend any employment, indemnity, reimbursement, consulting, compensation or severance agreements with respect to any present or former directors, officers, or employees of TFC or Tower Bank & Trust Company;
- except as contemplated by the Merger Agreement, execute, create, institute, modify, amend or terminate any pension, retirement, savings, stock purchase, stock bonus, stock ownership, stock option, stock appreciation or depreciation right, or profit sharing plans; any employment, deferred compensation, consulting, bonus, or collective bargaining agreement; any group insurance or health contract or policy; or any other incentive, retirement, welfare, or employee welfare benefit plan, agreement, or understanding for current or former directors, officers, or employees of TFC or Tower Bank & Trust Company; or change the level of benefits or payments under any of the foregoing, or increase or decrease any severance or termination of pay benefits or any other fringe or employee benefits other than as required by law or regulatory authorities or the terms of any of the foregoing;

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- amend, modify, or restate TFC s or Tower Bank & Trust Company s respective organizational documents;
- give, dispose of, sell, convey, or transfer, assign, hypothecate, pledge, or encumber, or grant a security interest in or option to or right to acquire any shares of common stock or substantially all of the assets (other than in the ordinary course consistent with past practice) of TFC or Tower Bank & Trust Company, or enter into any agreement or commitment relative to the foregoing;
- fail to accrue, pay, discharge and satisfy all debts, liabilities, obligations, and expenses, including, without limitation, trade payables, incurred in the regular and ordinary course of business as such debts, liabilities, obligations, and expenses become due, unless the same are being contested in good faith;
- issue, or authorize the issuance of, any securities convertible into or exchangeable for any shares of the capital stock of TFC or Tower Bank & Trust Company;
- except for obligations disclosed within the Merger Agreement, FHLB advances, federal funds purchased by Tower Bank & Trust Company, trade payables and similar liabilities and obligations incurred in the ordinary course of business and the payment, discharge or satisfaction in the ordinary course of business of liabilities reflected in the TFC financial statements or the subsequent TFC financial statements, borrow any money or incur any indebtedness including, without limitation, through the issuance of debentures, or incur any liability or obligation (whether absolute, accrued, contingent or otherwise), in an aggregate amount exceeding \$100,000;
- open, close, move, or, in any material respect, expand, diminish, renovate, alter, or change any of its offices or branches other than as contemplated in the Merger Agreement;
- pay or commit to pay any management or consulting or other similar type of fees other than as contemplated in the Merger Agreement;
- change in any material respect its accounting methods, except as may be necessary and appropriate to conform to changes in tax laws requirements, changes in GAAP or regulatory accounting principles or as required by TFC s independent auditors or its regulatory authorities;
- change in any material respects its underwriting, operating, investment or risk management or other similar policies of TFC or Tower Bank & Trust Company except as required by applicable law or policies imposed by any regulatory authority or governmental entity;
- make, change or revoke any material tax election, file any material amended tax return, enter into any closing agreement with respect to a material amount of taxes, settle any material tax claim or assessment or surrender any right to claim a refund of a material amount of taxes; or

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

***Old National Restrictions***

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

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

**Covenants**

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

- in the case of TFC, to submit the Merger Agreement to its shareholders at a meeting to be called and held at the earliest possible reasonable date;
- in the case of TFC, to proceed expeditiously, cooperate fully and use commercially reasonable efforts to assist Old National in procuring all consents, authorizations, approvals, registrations and certificates, in completing all filings and applications and in satisfying all other requirements prescribed by law which are necessary for consummation of the Merger, and to ensure that any materials or information provided by TFC to Old National for use by Old National in any filing with any state or federal regulatory agency or authority shall not contain any untrue or

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misleading statement of material fact or shall omit to state a material fact necessary to make the statements contained therein, in light of the circumstances in which they are made, not false or misleading;

- in the case of TFC, to use commercially reasonable efforts to obtain any required third party consents to agreements, contracts, commitments, leases, instruments and documents;
  
- in the case of TFC, to use commercially reasonable efforts to maintain insurance on its assets, properties and operations, fidelity coverage and directors and officers liability insurance in such amounts and with regard to such liabilities and hazards as were insured by TFC as of the date of the Merger Agreement;
  
- in the case of TFC, to continue to accrue reserves for employee benefits and Merger related expenses, and to consult and cooperate in good faith with Old National on (i) conforming the loan and accounting policies and practices of TFC to those policies and practices of Old National for financial accounting and/or income tax reporting purposes; (ii) determining the amount and timing for recognizing TFC's expenses of the Merger; provided, that no such modifications need be effected prior to the 5th day preceding the closing date of the Merger and until Old National has certified to TFC that all conditions to the obligation of Old National to consummate the Merger have been satisfied;
  
- to coordinate with each other prior to issuing any press releases;
  
- in the case of TFC and Old National, to supplement, amend and update the disclosure schedules to the Merger Agreement as necessary;
  
- in the case of TFC and Old National, to give the other party's representatives and agents, including investment bankers, attorneys or accountants, upon reasonable notice, access during normal business hours throughout the period prior to the effective time of the Merger to the other party's properties, facilities operations, books and records;
  
- in the case of TFC and Old National, to deliver updated financial statements, any reports, notices or proxy statements sent by either party to any governmental authority, and any orders issued by any governmental authority, to the other party when available;
  
- in the case of TFC, to cooperate with an environmental consulting firm designated by Old National in the conduct by such firm of a phase one and/or phase two environmental investigation on all real property owned or leased by TFC or Tower Bank & Trust Company as of the date of the Merger Agreement, and any real property acquired or leased by TFC or Tower Bank & Trust Company after the date of the Merger Agreement;

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- in the case of TFC and Old National, to not knowingly take any action that is intended or is reasonably likely to result in (i) any of its representations and warranties set forth in the Merger Agreement being or becoming untrue in any material respect, (ii) any of the conditions to the Merger not being satisfied, (iii) a material violation of any provision of the Merger Agreement, or (iv) a material delay in the consummation of the Merger;
- in the case of TFC, not to create any employment contract, agreement or understanding with or employment rights for any of the officers or employees of TFC or Tower Bank & Trust Company, or prohibit or restrict Old National from changing, amending or terminating any employee benefits provided to its employees from time to time, without the consent of Old National;
- in the case of TFC, to take such actions as necessary to terminate the Tower Financial Corporation 401(k) Plan as of the day prior to the effective time of the Merger, and to thereafter to distribute or otherwise transfer the account balances of participants in accordance with the applicable plan termination provisions;
- in the case of TFC, to take all actions necessary to assign any TFC group insurance policies to Old National as of the effective time of the Merger and to provide Old National with all necessary financial, enrollment, eligibility, contractual and other information related to TFC's welfare benefit and cafeteria plans to assist Old National in the administration of such plans after the effective time of the Merger;
- in the case of TFC and Old National, to take such actions that will cause any shares of TFC common stock owned by executive officers and directors of TFC and canceled in the Merger to qualify for the short-swing trading exemptions provided in Rule 16b-3(d) under the 1934 Act;
- in the case of Old National, to take such actions as are necessary for Old National to assume the obligations of TFC under any indenture or other agreement to which TFC is a party with respect to trust preferred securities;
- in the case of TFC, to receive within ten days of the date of the Merger Agreement the written fairness opinion of KBW that the Merger Consideration is fair to the shareholders of TFC from a financial point of view;
- in the case of Old National, to file all applications and notices to obtain the necessary regulatory approvals for the transactions contemplated by the Merger Agreement;

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- in the case of Old National, to file a registration statement with the SEC covering the shares of Old National common stock to be issued to TFC shareholders pursuant to the Merger Agreement;
- in the case of Old National, to make available to the officers and employees of TFC who continue as employees after the effective time, substantially the same benefits, including severance benefits, as Old National offers to similarly situated officers and employees, including credit for prior service with TFC and Tower Bank & Trust Company for purposes of eligibility and vesting;
- in the case of Old National, amend its Old National Bancorp Employee Stock Ownership and Savings Plan to permit participation by TFC employees from and after the effective time;
- in the case of Old National, to permit retirees of TFC participating in TFC's health plan to participate in Old National's health plans in accordance with their terms if TFC's health plan is terminated by Old National;
- in the case of Old National, on the effective time, to permit TFC's employees to be subject to Old National's vacation policy;
- in the case of Old National, on the effective time of the Merger, assume all obligations under the Employment Agreements, Change in Control Agreements and Retention Agreements for certain employees of TFC and Tower Bank & Trust Company;
- in the case of Old National, maintain a directors' and officers' liability insurance policy for one year after the effective time of the Merger to cover the present and former officers and directors of TFC and Tower Bank & Trust Company with respect to claims against such directors and officers arising from facts or events which occurred before the effective time, and for six years after the effective time, continue the indemnification and exculpation rights of the present and former officers and directors of TFC and Tower Bank & Trust Company against all losses, expenses, claims, damages, or liabilities arising out of actions or omissions occurring on or prior to the effective time to the full extent then permitted under the articles of incorporation or by-laws of TFC or Tower Bank & Trust Company or any indemnification arrangement or agreement disclosed to Old National.

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

**Acquisition Proposals by Third Parties**

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

- Solicit, initiate or knowingly encourage or facilitate, any inquiries, offers or proposals to acquire TFC; or
- Initiate, participate in or knowingly encourage any discussions or negotiations or otherwise knowingly cooperate regarding an offer or proposal to acquire TFC.

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

- TFC's board of directors (after consultation with its financial advisors and outside legal counsel) determines in good faith that such proposal may be or could be superior to the Merger for TFC's shareholders and the failure to consider such proposal would likely result in a breach of the fiduciary duties of TFC's board of directors;
- TFC provides any information to Old National that it intends to provide to a third party; and
- TFC notifies Old National that it is prepared to change or withhold its recommendation to TFC's shareholders in response to a superior proposal, and provides Old National with the most current version of any proposed written agreement or letter of intent relating to the superior proposal, and Old National fails, within five days, to make a proposal that would, in the reasonable good faith judgment of the TFC board of directors (after consultation with financial advisors and outside legal counsel) cause the offer that previously constituted a superior proposal to no longer constitute a superior proposal.

For purposes of the Merger Agreement, the term "superior proposal" means any acquisition proposal relating to TFC or Tower Bank & Trust Company, or to which TFC or Tower Bank & Trust Company may become a party, that the TFC board of directors determines in good faith (after having received the advice of its financial advisors and outside legal counsel) to be (i) more favorable to the shareholders and other constituencies of TFC, including but not limited to, from a

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financial point of view, than the Merger (taking into account all the terms and conditions of the proposal and the Merger Agreement, including the \$4,500,000 termination fee) and (ii) reasonably capable of being completed without undue delay.

**Conditions to the Merger**

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

- The Merger Agreement must receive the approval of TFC's shareholders;
  
- The representations and warranties made by the parties in the Merger Agreement must be true, accurate and correct in all material respects as of the effective date of the Merger unless the inaccuracies do not or will not have a Material Adverse Effect (as defined below) on the party making the representations and warranties. For purposes of the Merger Agreement, Material Adverse Effect is defined to mean any effect which is material and adverse to the results of operations, properties, assets, liabilities, conditions (financial or otherwise), value or business of TFC and its subsidiaries, taken as a whole, or Old National and its subsidiaries, taken as a whole, or which would materially impair the ability of TFC or Old National to perform its obligations under the Merger Agreement or otherwise materially threaten or impede the consummation of the Merger and the other transactions contemplated by the Merger Agreement; provided, however, that a Material Adverse Effect shall not include the impact of: (a) changes in banking and similar laws of general applicability to banks or their holding companies or interpretations thereof by courts or governmental authorities, (b) changes in generally accepted accounting principles or regulatory accounting requirements applicable to banks or their holding companies generally, (c) effects of any action or omission taken by TFC with the prior written consent of Old National, (d) changes resulting from expenses (such as legal, accounting and investment bankers' fees) incurred in connection with the Merger Agreement or the transactions contemplated therein, (e) the impact of the announcement of the Merger Agreement and the transactions contemplated thereby, and compliance with the Merger Agreement on the business, financial condition or results of operations of TFC and its subsidiaries or Old National and its subsidiaries, and (f) the occurrence of any military or terrorist attack within the United States or any of its possessions or offices; provided that, in no event shall a change in the trading price of TFC common stock, by itself, or Old National common stock, by itself, be considered to constitute a Material Adverse Effect on TFC and its subsidiaries or Old National and its subsidiaries, taken as a whole (the foregoing proviso does not however prevent or otherwise affect a determination that any effect underlying such decline has resulted in a Material Adverse Effect); and provided further, that without regard to any other provision of the Merger Agreement, a Material Adverse Effect shall be deemed to have occurred in the event of the imposition of a formal regulatory enforcement action against TFC or Tower Bank & Trust Company following the date of the Merger Agreement;
  
- Old National shall have registered its shares of Old National common stock to be issued to shareholders of TFC in the Merger with the SEC, and all state securities and blue sky approvals, authorizations and exemptions required to offer and sell such shares shall have been received, the Registration Statement on Form S-4, of which this proxy statement/prospectus is a part, shall have been declared effective by the Securities and Exchange Commission and no stop order suspending the effectiveness of the Registration Statement can have been issued or threatened;
  
- All regulatory approvals required to consummate the transactions contemplated by the Merger Agreement shall have been obtained and shall remain in full force and effect and all statutory waiting periods in respect thereof shall have expired and no such approvals shall contain any conditions, restrictions or requirements which the Old National or TFC board of directors reasonably determines in good faith would either (i) have a Material Adverse Effect on TFC (or in the case of TFC, on Old National) or (ii) reduce the benefits of the Merger to such a degree that



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Old National (or in the case of TFC, that TFC) would not have entered into the Merger Agreement had such conditions, restrictions or requirements been known; and

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

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

- TFC and Tower Bank & Trust Company must have performed, in all material respects, all of their covenants and agreements as required by the Merger Agreement at or prior to the effective time of the Merger;
- Old National must have received from TFC at the closing of the Merger all the items, documents, and other closing deliveries of TFC, in form and content reasonably satisfactory to Old National, required by the Merger Agreement;

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- Old National must have received an opinion from Krieg DeVault LLP that the Merger constitutes a tax free reorganization for purposes of Section 368 of the Internal Revenue Code, as amended;
- Old National must have received a letter of tax advice, in a form satisfactory to Old National, from TFC's outside, independent certified public accountants to the effect that any amounts that are paid by TFC or Tower Bank & Trust Company before the effective time of the Merger, or required under TFC's employee benefit plans or the Merger Agreement to be paid at or after the effective time, to persons who are disqualified individuals under Section 280G of the Internal Revenue Code with respect to TFC, Tower Bank & Trust Company, or their successors, and that otherwise should be allowable as deductions for federal income tax purposes, should not be disallowed as deductions for such purposes by reason of Section 280G of the Code;
- The Old National common stock to be issued to TFC shareholders must have been approved for listing on the NASDAQ Global Market, subject to official notice of issuance;
- As of ten days prior to the closing of the Merger, TFC shall not hold TFC delinquent loans in excess of \$24 million;
- As of the end of the month prior to the effective time, the TFC consolidated shareholders' equity (as adjusted under the Merger Agreement) shall not be less than \$57,117,844; and

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

- Old National must have performed, in all material respects, all of its covenants and agreements as required by the Merger Agreement at or prior to the effective time of the Merger;
- TFC must have received from Old National at the closing of the Merger all the items, documents, and other closing deliveries of Old National, in form and content reasonably satisfactory to TFC, required by the Merger Agreement;
- The shares of Old National common stock to be issued as part of the Merger must have been approved for listing on the NASDAQ Global Market, subject to official notice of issuance; and
- TFC must have received an opinion from Krieg DeVault LLP that the Merger constitutes a reorganization for purposes of Section 368 of the Code, as amended.

## Expenses

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

TFC or Tower Bank & Trust Company, as applicable, shall terminate each nonqualified deferred compensation plan for employees and/or directors sponsored by TFC or Tower Bank & Trust Company. Accrued benefits under the plans will be distributed on, or prior to, the closing date of the Merger.

TFC or Tower Bank & Trust Company shall continue all incentive and/or bonus plans through December 31, 2013. All incentive or bonus compensation which is earned based on performance metrics achieved under those plans, as of December 31, 2013, shall be paid in a lump sum on the earlier of the date of the closing of the Merger and March 31, 2014,

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as required in the plan documents. Effective January 1, 2014, employees of TFC or Tower Bank & Trust Company who are covered by an incentive and/or bonus plan will continue to be covered by either a TFC or Tower Bank & Trust Company incentive or bonus plan, or an Old National or Old National subsidiary incentive or bonus plan, as determined by Old National in its sole discretion. To the extent Old National determines not to cover any TFC or Tower Bank & Trust Company employee under a TFC or Tower Bank & Trust Company incentive or bonus plan, that plan will be terminated effective as of the later of the date of such determination or December 31, 2013.

TFC or Tower Bank & Trust Company, as applicable, shall make payment under the terminated Supplemental Executive Retirement Plan ( SERP ) sponsored by TFC or Tower Bank & Trust Company. Accrued benefits under the SERP will be distributed January 3, 2014.

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

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

Notwithstanding any contrary provision of Old National s severance pay plan (the Severance Policy ), for purposes of calculating the severance benefits payable under the Severance Policy, each TFC Employee shall be given full credit for prior years of employment with TFC or Tower Bank & Trust Company.

Continuing employees shall be subject to Old National s vacation policy as of the effective time of the Merger. Additionally, at the effective time, continuing employees shall be entitled to reimbursement for business related travel pursuant to Old National s reimbursement policy and sick time pursuant to Old National s sick time policy. All accrued and unpaid sick time of TFC employees at the effective time of the Merger, up to but not beyond 160 hours per employee, will be carried over to Old National s sick time policy.

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

**Termination**

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

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- TFC shareholders do not approve the Merger Agreement at the TFC special meeting;
- any governmental authority shall have issued an order, decree, judgment or injunction that permanently restrains, enjoins or otherwise prohibits or makes illegal the consummation of the Merger, and such order shall have become final and non-appealable, or if any consent or approval of a governmental authority whose consent or approval is required to consummate the Merger has been denied;
- the Merger has not been consummated by June 30, 2014 (provided the terminating party is not then in willful breach of the Merger Agreement); or
- the respective Boards of Directors of Old National and TFC mutually agree to terminate the Merger Agreement.

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

- any event shall have occurred which is not capable of being cured prior to June 30, 2014 and would result in a condition to the Merger not being satisfied;
- TFC breaches or fails to perform any of its representations, warranties or covenants contained in the Merger Agreement which breach or failure to perform would give rise to the failure of a condition to the Merger, and such condition is not capable of being cured by June 30, 2014, or has not been cured by TFC within 20 business days after TFC's receipt of written notice of such breach from Old National;
- there has been a Material Adverse Effect on TFC on a consolidated basis as of the effective time, as compared to that in existence as of September 9, 2013;

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- Old National elects to exercise its right of termination pursuant to the Merger Agreement regarding certain environmental matters (see Environmental Inspections ); or
- TFC s Board of Directors shall fail to include its recommendation to approve the Merger in the proxy statement/prospectus related to TFC s special shareholders meeting;
- TFC s board of directors, after receiving an acquisition proposal from a third party, has withdrawn, modified or changed its approval or recommendation of the Merger Agreement and approved or recommended an acquisition proposal with a third party;
- TFC shall have entered into, or publicly announced its intention to enter into, a definitive agreement, agreement in principle or letter of intent with respect to an acquisition proposal;
- if the TFC Board fails to publicly reaffirm its recommendation of Merger Agreement, the Merger or the other transactions contemplated by Merger Agreement within five business days of a written request by Old National to provide such reaffirmation; or
- a quorum could not be convened at the meeting of the shareholders of TFC or at a reconvened meeting held at any time prior to June 30, 2014.

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

- any event shall have occurred which is not capable of being cured prior to June 30, 2014 and would result in a condition to the Merger not being satisfied;
- Old National breaches or fails to perform any of its representations, warranties or covenants contained in the Merger Agreement which breach or failure to perform would give rise to the failure of a condition to the Merger, and such condition is not capable of being cured by June 30, 2014, or has not been cured by Old National within 20 business days after Old National s receipt of written notice of such breach from TFC; or
- there has been a Material Adverse Effect on Old National on a consolidated basis as of the effective time, as compared to that in existence as of September 9, 2013.

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

- the average of the daily closing prices of Old National common stock as reported on the NASDAQ Global Market for the ten consecutive trading days immediately preceding the determination date (the Old National Market Value) is less than \$10.85; and
- the number obtained by dividing the Old National Market Value by \$13.56 (the Initial Old National Market Value, which may be adjusted to account for certain transactions involving the stock of Old National, such as a stock dividend, reclassification or similar transaction between September 9, 2013 and the determination date) (the Old National Ratio) is less than the number (such number, the Index Ratio) obtained by dividing the average of the daily closing value for the five consecutive trading days immediately preceding the determination date of a group of financial institution holding companies comprising the NASDAQ Bank Index (the Final Index Price) by the closing value of a group of financial institution holding companies comprising the NASDAQ Bank Index on September 9, 2013 (the Initial Index Price), minus 0.20.

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

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shares of Old National common stock would be issued, to take into account the extent by which the average price of Old National's common stock exceeded the decline in the average price of the common stock of the index group.

Under certain circumstances described in the Merger Agreement, a \$4,500,000 termination fee may be payable by TFC to Old National if the Merger Agreement is terminated and the Merger is not consummated. See The Merger Agreement Termination Fee.

**Termination Fee**

TFC shall pay Old National a \$4,500,000 termination fee if the Merger Agreement is terminated for any of the following reasons:

- If Old National terminates the Merger Agreement because TFC's board of directors fails to include its recommendation to approve the Merger in the proxy statement/prospectus delivered to shareholders or has withdrawn, modified or changed its approval or recommendation of the Merger Agreement or approves or publicly recommends an acquisition proposal with a third party, or TFC has entered into or publicly announced an intention to enter into another acquisition proposal;
- if the TFC Board fails to publicly reaffirm its recommendation of the Merger Agreement, the Merger or the other transactions contemplated in the Merger Agreement within five business days of a written request by Old National to provide such reaffirmation;
- If either party terminates the Merger Agreement because it is not approved by the requisite vote of the shareholders of TFC at the meeting called for such purpose or by Old National because a quorum could not be convened at TFC's shareholder meeting called to approve the Merger and, prior to the date that is twelve months after such termination TFC or Tower Bank & Trust Company enters into any acquisition agreement with a third party or an acquisition proposal is consummated, provided, however, that in such case TFC shall only be liable to pay Old National the amount of the termination fee less the amount of any Old National's expenses previously paid to Old National as contemplated in the Merger Agreement; or
- If either party terminates the Merger Agreement because the consummation of the Merger has not occurred by June 30, 2014 and (A) prior to the date of such termination an acquisition proposal was made by a third party and (B) prior to the date that is twelve months after such termination, TFC or Tower Bank & Trust Company enters into any acquisition agreement or any acquisition proposal is consummated.

In the event that the Merger Agreement is terminated by either party as a result of the failure of TFC's shareholders to approve the Merger Agreement and the Merger by the requisite vote or by Old National if a quorum could not be convened at the meeting of shareholders of TFC or at a reconvened meeting held at any time prior to or on the June 30, 2014, then TFC shall promptly (but in any event within two business days) remit payment to Old National following receipt of an invoice therefor all of Old National's actual and reasonably documented out of pocket fees and expenses (including reasonable legal fees and expenses) actually incurred by Old National and its affiliates on or prior to the termination of the Merger Agreement in connection with the transactions contemplated by the Merger Agreement as directed by Old National in writing.



**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 TFC or Tower Bank & Trust Company is determined to be contaminated and the cost to remediate such contamination would be estimated in good faith to exceed \$1.5 million. In order for Old National to avail itself of this termination provision, it is required to request that Phase I environmental investigations be commenced with respect to such real estate. Old National is currently in the process of obtaining such environmental investigations.

**Effective Time of Merger**

Unless otherwise mutually agreed to by the parties, the effective time of the Merger will occur on the last business day of the month following the fulfillment of all conditions precedent to the Merger and the expiration of all waiting periods

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in connection with the bank regulatory applications filed for the approval of the Merger. The parties currently anticipate closing the Merger in the first quarter of 2014.

**Regulatory Approvals for the Merger**

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

**Voting Agreements**

As of the record date, the directors of TFC beneficially owned 1,023,072 shares or approximately 21.9% of the outstanding shares of TFC common stock, excluding shares subject to options currently exercisable but not exercised. In connection with the execution of the Merger Agreement, the directors of TFC each executed a voting agreement pursuant to which they agreed to vote their shares, and to use reasonable efforts to cause all shares owned by such director jointly with another person or by such director's spouse to be voted, in favor of the Merger.

**Accounting Treatment of the Merger**

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

**NASDAQ Global Market Listing**

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

**No Dissenters' Rights of Appraisal**

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

**INTERESTS OF CERTAIN DIRECTORS AND OFFICERS  
OF TFC IN THE MERGER**

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

**Treatment of Stock Options**

The Merger Agreement provides that each option to acquire shares of TFC common stock outstanding as of the effective date of the Merger will be converted into an option to purchase a number of shares of Old National common stock equal to the product (rounded down to the nearest whole share) of (A) the number of shares of TFC common stock subject to the TFC stock option and (B) the sum of (x) Exchange Ratio plus (y) \$6.75 divided by (z) the average of the per share closing prices of a share of Old National common stock as quoted on the NASDAQ Global Market during the ten (10) trading days preceding the fifth (5th) calendar day preceding the effective time of the Merger, at an exercise price per share (rounded up to the nearest whole cent) equal to (A) the exercise price of such TFC stock option divided by (B) the sum of (x) Exchange Ratio plus (y) \$6.75 divided by (z) the average of the per share closing prices of a share of Old National common stock as quoted on the NASDAQ Global Market during the ten (10) trading days preceding the fifth (5th) calendar day preceding the effective time of the Merger. All of such stock options are fully vested. Additionally, following the effective time, each converted TFC stock option will continue to be governed by the same terms and conditions as were applicable under the related TFC stock option immediately prior to the effective time.

### Treatment of Deferred Stock Units

The Merger Agreement also provides that Old National and TFC will take all requisite action so that, at the effective time of the Merger, each holder of deferred stock units issued and still outstanding to TFC's directors under TFC's 2006 Equity Incentive Plan (consisting of 5,133 units) will receive cash in the amount equal to the closing price of a share of TFC common stock on the trading day immediately preceding the closing of the Merger.

### Deferred Compensation Plans

The Merger Agreement further provides that TFC or any subsidiary, as applicable, will terminate each nonqualified deferred compensation plan for employees and/or directors sponsored by TFC or any subsidiary in accordance with Treasury Regulation §1.409A-3(j)(4)(ix)(B) and accrued benefits under such plans will be distributed on, or prior to, the closing date of the Merger.

### Long Term Incentive Program

During the first quarter of 2013, TFC's board of directors and its compensation committee approved a long term incentive program ( LTIP ) for participation by the senior leadership team of TFC. The LTIP has a term expiring on December 31, 2018 and provides for incentive payments to executive officers based on TFC's achieving certain levels of Return on Average Assets ( ROA ) over a three year rolling average. The gross potential bonus is \$390,000, or \$65,000 per executive officer, and is earned based on the following:

| Three Year ROA   | % of Gross Potential Bonus Paid |
|------------------|---------------------------------|
| >1.0%            | 100%                            |
| >.85% but <1.0%  | 65%                             |
| >.75% but < .85% | 30%                             |

In all cases, in addition to achieving the above ROA, each participant must have had a satisfactory or better annual performance review, TFC must have assets in excess of \$700 million, there can be no regulatory orders in place, and TFC must have a CAMELS composite score of 2 or better. The LTIP also provides that in the event of a change of control occurring before January 1, 2016, 50% of the gross potential bonus is deemed earned (less any payments made under the LTIP through the date of the change of control). The Merger will constitute a change of control for purposes of the LTIP. As such, at the effective time of the Merger, 50% of the gross potential bonus, or \$195,000, will be deemed earned and each of TFC's six named executive officers will be entitled to a cash payment in an amount equal to \$32,500.

### Existing Employment Agreements with TFC Executive Officers

TFC and/or Tower Bank & Trust Company have entered into employment agreements with each of their executive officers, namely: Michael D. Cahill; Richard R. Sawyer; Gary D. Shearer; Wendell L. Bontrager; Tina M. Farrington; and James E. Underwood. Pursuant to the Merger Agreement, at the effective time of the Merger, Old National will assume all obligations under the employment agreements with Messrs. Cahill, Sawyer, Shearer, Bontrager and Underwood and Ms. Farrington. These agreements have varying expiration dates (Messrs. Cahill and Sawyer

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April 1, 2015; Messrs. Shearer and Underwood (April 24, 2014; Mr. Bontrager (October 9, 2014; and Ms. Farrington (August 20, 2014), and renew for successive two-year periods unless either party provides written notice of non-renewal at least 60 days prior to the end of the original or renewal term, as the case may be.

Each agreement provides that if the agreement is terminated due to the executive's death or permanent disability, the executive, or his or her estate, is entitled to a lump sum payment equal to the aggregate amount of the salary paid (excluding any bonus payments) to the executive for the one-month period preceding the date of such termination. Under each agreement, if an executive is terminated (i) upon 30 days' prior written notice by TFC or Tower Bank & Trust Company, as applicable, without cause (as defined in the agreements), (ii) at the executive's option upon a material breach of the agreement by TFC or Tower Bank & Trust Company, as applicable, or for good reason or good cause (as defined in the agreements), or (iii) by TFC or Tower Bank & Trust Company, as applicable, upon written notice of intent not to renew the term of the agreement, then the executive is entitled to a lump sum payment equal to two years' salary at the then effective rate paid to the executive. The agreements also provide for payment to the executives of any accrued but unpaid bonus compensation for any prior employment year in the event that an executive's employment is terminated due to death, by TFC or Tower Bank & Trust Company, as applicable, due to permanent disability or without cause, or by an executive for good reason. In the event of an executive's death, each agreement also provides, subject to the terms of the applicable bonus program, for payment to the executive's estate of a prorated amount equal to the executive's bonus compensation for the employment year in which the termination occurs. In the event that the executive's employment is terminated by TFC or Tower Bank & Trust Company, as applicable, for cause or by the executive without good reason, each agreement provides that the executive is entitled to a single lump sum payment for any unpaid salary up to the date of termination and any accrued but unpaid bonus compensation for any prior employment year. The agreements also provide that in the event TFC or Tower Bank & Trust Company fails to have any successor in interest expressly assume the agreements, the executives are entitled to compensation from TFC or Tower Bank & Trust Company, as applicable, in the same amount and on the same terms as the executives would be entitled if the executives terminated their employment for good reason or good cause. Under the agreements, the executives are also entitled to payment for any accrued but unused vacation days in accordance with company policy.

Under the agreements with each executive, termination for cause is defined as a termination of the executive's employment by TFC or Tower Bank & Trust Company, as applicable, for (a) a violation of a material company policy or failure to perform any of the material duties or obligations under the agreement with a failure to cure the same within 30 days' written notice to the executive, or (b) any dishonesty or any kind of willful misconduct including, but not limited to, theft of, or other unauthorized personal use of company funds with a failure to cure same within 10 days' written notice to the executive. Each agreement defines a termination for good reason or good cause as a termination by the executive of his or her employment due to, without the executive's express written consent, the assignment to the executive of duties or responsibilities by TFC or Tower Bank & Trust Company, as applicable, inconsistent with the executive's position or a material change in his or her reporting responsibilities, titles or offices, or any removal of the executive from, or failure to re-elect the executive to, such positions, except in connection with the termination of the executive for cause, or his or her disability, retirement or death, with a failure to cure same within 30 days' written notice to TFC or Tower Bank & Trust Company, as applicable.

If within four months before or 24 months and one day after a change of control of TFC or Tower Bank & Trust Company, as applicable, the executive terminates his or her employment for good reason or TFC or Tower Bank & Trust Company, as applicable, terminates the executive's employment (including by way of not renewing the agreement) other than for cause or for reason of death or permanent disability, then each agreement provides that the executive is entitled to a lump sum payment equal to two years' salary at the then effective rate paid to the executive plus an amount equal to two times his or her average bonus (calculated as an average of his or her three prior years' bonus payments). Each agreement defines a change of control as the following: (i) a reorganization, merger, consolidation, or other form of corporate transaction or series of transactions, in each case, with respect to which persons who were the shareholders of TFC or Tower Bank & Trust Company, as applicable, immediately prior to such reorganization, directly or indirectly, own less than 50% of the combined voting power entitled to vote generally in the election of directors of the reorganized, merged, or consolidated entity's then outstanding voting securities; (ii) a liquidation or dissolution of TFC or Tower Bank & Trust Company, as applicable; (iii) the acquisition by any person, entity or group (excluding any employee benefit plan of TFC or Tower Bank & Trust Company, as applicable) which acquires beneficial ownership of more than 50% of either the then outstanding shares of common stock or the combined voting power of TFC's or Tower Bank & Trust Company's, as applicable, then outstanding voting securities entitled to vote generally in the election of directors; or (iv) as the result of, or in connection with, any tender or exchange offer, merger, consolidation or other business combination, sale, or disposition of all or substantially all of the assets of TFC or Tower Bank & Trust Company, as applicable, or contested election, or any combination of the foregoing transactions (a Transaction), the persons who were the directors of TFC or Tower Bank & Trust Company, as applicable, immediately before the Transaction shall cease to constitute a majority of the board of directors of TFC or Tower Bank & Trust Company, as applicable, or any successor of TFC or Tower Bank & Trust Company, as applicable. The Merger will constitute a change of control for purposes of these agreements.

In exchange for certain promised severance benefits, each of the agreements provides for the executive to comply with certain covenants following the termination of his or her employment. Each agreement contains non-competition covenants that expire on the second anniversary of the executive's termination date, covenants concerning non-solicitation of employees, existing or prospective customers or clients, vendors or licensors that expire on the second anniversary of the executive's termination date and a perpetual confidentiality covenant. Each agreement provides that any severance benefits paid to an executive are subject to a clawback if the executive breaches the non-competition or non-solicitation covenants. Each of the agreements, except those with Messrs. Shearer and Underwood, provide TFC or Tower Bank & Trust Company, as applicable, with certain compensation clawback rights in the event that it is later determined that cause existed for termination of an executive or in the event that an accounting restatement is required due to material non-compliance of TFC or Tower Bank & Trust Company, as applicable, as a result of misconduct by the executive, with any financial reporting requirement under any applicable laws. In addition, under the agreements, if the payments received or to be received by the executive would constitute a parachute payment based on Section 280G of the Internal Revenue Code (the Code), then the payments made to the executive will be limited to the greater of (a) one dollar (\$1.00) less than the amount which would cause the payments to the executive (including payments to the executive which are not included in the agreement) to be subject to the excise tax imposed by Section 4999 of the Code, and (b) the payments to the executive (including payments to the executive which are not included in the agreement) after taking into account the excise tax imposed by section 4999 of the Code. Each of the agreements also provides that receipt of payment is subject to signing a release of claims in favor of TFC and/or Tower Bank & Trust Company.

## Offers of Employment

On November 26, 2013, Old National presented a written offer of employment to Gary D. Shearer, which Mr. Shearer accepted. Pursuant to the offer of employment, which is conditioned upon the closing of the Merger and entry into separate agreement to terminate and resolve matters associated with Mr. Shearer's existing employment agreement with Tower Bank & Trust Company, Mr. Shearer will be employed on an at-will basis by Old National Bank following the closing of the Merger as Senior Vice President, Client Advisor Manager, and will receive an annual base salary of \$177,572. Mr. Shearer also will be paid a \$40,000 cash retention bonus by Old National, \$10,000 of which is payable at the closing of the Merger, \$10,000 following the completion of the data processing integration (anticipated to occur on April 25, 2014) and \$20,000 on first anniversary of the closing date of the Merger if he remains employed on those payment dates. Mr. Shearer will also be eligible for participation in Old National's regional client advisor manager incentive plan with a target of 20% to 25% of wages beginning in 2014. Old National has also agreed to provide Mr. Shearer with a golf club membership allowance. In addition, Mr. Shearer will be granted 4,500 service-based restricted shares of Old National common stock at the closing of the Merger that will vest in equal increments over a three-year period and will be eligible during such three-year period to receive annual award grants as may be approved by Old National's board of directors.

On December 2, 2013, Old National presented a written offer of employment to Tina M. Farrington, which remains subject to her acceptance. Pursuant to the offer of employment, which is conditioned upon the closing of the Merger and entry into separate agreement to terminate and resolve matters associated with Ms. Farrington's existing employment agreement with Tower Bank & Trust Company, Ms. Farrington will be employed on an at-will basis by Old National Bank following the closing of the Merger as Executive Vice President, Integration Executive, and will receive an annual base salary of \$154,350. Ms. Farrington also will be paid a \$40,000 cash retention bonus by Old National, \$20,000 of which is payable following the completion of the data processing integration and \$20,000 on December 5, 2014 if she remains employed on those payment dates. Ms. Farrington will also be eligible for participation in Old National's business unit incentive plan with a target of 20% of wages beginning in 2014. Old National has also agreed to reimburse Ms. Farrington for her travel and related expenses associated with her participation in the Stonier Graduate School of Banking. In addition, Ms. Farrington will be granted 2,500 service-based restricted shares of Old National common stock at the closing of the Merger that will vest in equal increments over a three-year period.

On December 2, 2013, Old National presented a written offer of employment to Wendell L. Bontrager, which Mr. Bontrager accepted. Pursuant to the offer of employment, which is conditioned upon the closing of the Merger and entry into separate agreement to terminate and resolve matters associated with Mr. Bontrager's existing employment agreement with Tower Bank & Trust Company, Mr. Bontrager will be employed on an at-will basis by Old National Bank following the closing of the Merger as Region President and will receive an annual base salary of \$195,000. Mr. Bontrager also will be paid a \$40,000 cash retention bonus by Old National, \$10,000 of which is payable at the closing of the Merger, \$10,000 following the completion of the data processing integration and \$20,000 on first anniversary of the closing date of the Merger if he remains employed on those payment dates. Mr. Bontrager will also be eligible for participation in Old National's region cash incentive plan with a target of 30% of wages, with a guarantee of a minimum payout of 50% of target (15% of wages) in 2014. Old National has also agreed to pay the costs of Mr. Bontrager's current golf club membership and fund Mr. Bontrager's membership in the Young Presidents Organization with a \$20,000 annual allowance for two years. Mr. Bontrager will also be eligible for participation in the Old National Bancorp Executive Deferred Compensation Plan. In addition, Mr. Bontrager will be granted 4,500 service-based restricted shares of Old National common stock at the closing of the Merger that will vest in equal increments over a three-year period and will be eligible during such three-year period to receive annual award grants as may be approved by Old National's board of directors. For 2014, Mr. Bontrager's annual award grant will be 1,375 shares of service based restricted stock and 4,125 performance based restricted stock units.

On December 5, 2013, Old National presented a written offer of employment to Michael D. Cahill, which Mr. Cahill accepted. Pursuant to the offer of employment, which is conditioned upon the closing of the Merger, Mr. Cahill will be employed on an at-will basis by Old National Bank following the closing of the Merger as Senior Consultant, Fort Wayne Region, and will receive an annual base salary of \$266,255. Old National expects that this employment relationship will continue until May 16, 2014. Mr. Cahill also will be paid a \$25,000 cash retention bonus by Old National, \$12,500 of which is payable following the completion of the data processing integration and \$12,500 is payable three weeks following data processing integration if he remains employed on those payment dates. Old National has agreed that ownership of the company car used by Mr. Cahill will be transferred to him without any additional consideration.

#### **Additional Retention Bonuses**

In addition to the retention bonuses to be paid to Messrs. Cahill, Shearer, Bontrager and Ms. Farrington as described in the preceding section, Old National will pay cash retention bonuses to Messrs. Underwood and Sawyer in the amount of \$25,000 each, \$12,500 of which is payable following the completion of the data processing integration and \$12,500 within three weeks of the integration date if each executive remains employed on those payment dates.

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



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Old National has agreed that all rights to indemnification and exculpation from liabilities for acts or omissions occurring prior to the effective time of the Merger existing in favor of current or former directors and officers of TFC and Tower Bank & Trust Company as provided in the articles of incorporation or bylaws of TFC and Tower Bank & Trust Company and any existing indemnification agreements or arrangements disclosed to Old National shall survive the Merger and shall continue in full force and effect in accordance with their terms to the extent permitted by law, and shall not be amended, repealed or otherwise modified for a period of six years after the effective time of the Merger in any manner that would adversely affect the rights thereunder of such individuals for acts or omissions occurring or alleged to occur at or prior to the effective time of the Merger.

In addition, Old National has agreed to cause TFC's and Tower Bank & Trust Company's directors and officers to be covered for a period of one year after the effective time of the Merger by TFC's existing directors' and officers' liability insurance policy (or a substitute policy obtained by Old National having the same coverages and amounts and terms and conditions that are not less advantageous to such directors and officers) with respect to acts or omissions occurring before the effective time of the Merger; provided that Old National shall not be required to spend more than 150% of the annual premium paid by TFC for such insurance. If the cost of insurance exceeds such limit, Old National will use its reasonable efforts to obtain as much comparable coverage as possible.

### COMPARISON OF THE RIGHTS OF SHAREHOLDERS

Under the Merger Agreement, TFC shareholders will exchange their shares of TFC common stock for shares of Old National common stock and cash. TFC is organized under the laws of the State of Indiana, and the TFC shareholders are governed by the applicable laws of the State of Indiana, including the Indiana Business Corporation Law ( IBCL ), and TFC's articles of incorporation and by-laws. Old National is also an Indiana corporation, and is governed by the laws of the State of Indiana and its articles of incorporation and by-laws. Upon consummation of the Merger, TFC's shareholders will become Old National shareholders, and the Articles of Incorporation of Old National (the Old National Articles ), the By-laws of Old National (the Old National By-

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laws ), the Indiana Business Corporation Law ( IBCL ), and rules and regulations applying to public companies will govern their rights as Old National shareholders.

The following summary discusses some of the material differences between the current rights of Old National shareholders and TFC shareholders under the Old National Articles, the Old National By-laws, the Articles of Incorporation of TFC (the TFC Articles ), and the By-laws of TFC (the TFC By-laws ).

The statements in this section are qualified in their entirety by reference to, and are subject to, the detailed provisions of the Old National Articles, the Old National By-laws, the TFC Articles and the TFC By-laws, as applicable.

**Authorized Capital Stock**

*Old National*

Old National currently is authorized to issue up to 150,000,000 shares of common stock, no par value, of which approximately 100,693,000 shares were outstanding as of September 30, 2013. Old National also is authorized to issue up to 2,000,000 shares of preferred stock, no par value. Currently, there are no shares of Old National preferred stock outstanding. If any series of preferred stock is issued, the Old National board of directors may fix the designation, relative rights, preferences and limitations, and any other powers, preferences and relative, participating, optional and special rights, and any qualifications, limitations and restrictions, of the shares of that series of preferred stock.

As of September 30, 2013, options to purchase approximately 1,369,584 shares of Old National common stock were outstanding.

*TFC*

TFC currently is authorized to issue up to 10,000,000 shares, consisting of 6,000,000 shares of common stock, no par value per share, of which 4,672,521 shares were outstanding as of September 30, 2013. TFC is also authorized to issue up to 4,000,000 shares of preferred stock, no par value. For any series of preferred stock issued, the TFC board of directors may fix the designation, relative rights, preferences and limitations, and any other powers, preferences and relative, participating, optional and special rights, and any qualifications, limitations and restrictions, of the shares of that series of preferred stock.

As of September 9, 2013 options to purchase 10,085 shares of TFC Common Stock were outstanding under the 1998 Stock Option Plan, options to purchase 27,850 shares of TFC Common Stock were outstanding under the 2001 Stock Option Plan, options to purchase 500 shares of TFC Common Stock were outstanding under the 2006 Equity Incentive Plan. TFC also has 5,133 deferred stock units issued pursuant to the 2006 Equity Incentive Plan.

**Voting Rights and Cumulative Voting**

*Old National*

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

*TFC*

Each holder of TFC common stock generally has the right to cast one vote for each share of TFC common stock held of record on all matters submitted to a vote of shareholders of TFC. If TFC issues shares of preferred stock the holders of such preferred stock also may possess voting rights. The TFC Articles do not grant cumulative voting rights to its shareholders.

**Dividends**

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

**Liquidation**

In the event of the liquidation, dissolution, and/or winding-up of Old National or TFC, the holders of shares of Old National and TFC common stock, as the case may be, are entitled to receive, after the payment of or provision of payment for

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Old National's and TFC's respective debts and other liabilities and of all shares having priority over the common stock, a ratable share of the remaining net assets of Old National and TFC, respectively.

**Preferred Stock**

In general, the boards of directors of Old National and TFC are authorized to issue preferred stock in series and to fix and state the voting powers, designations, preferences, and other rights of the shares of each such series and the limitations thereof. The board of directors may by resolution increase or decrease the number of preferred stock. If Old National or TFC were to issue preferred stock, such preferred stock may have a priority rank over its common stock with respect to dividend rights, liquidation preferences, or both, and may have full or limited voting rights, and the holders of such preferred stock may be entitled to vote as a separate class or series under certain circumstances, regardless of any other voting rights such holders may possess.

**Issuance of Additional Shares**

*Old National*

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

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

*TFC*

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

**Number of and Restrictions Upon Directors**

*Old National*

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

*TFC*

The TFC By-laws provide that the board of directors shall be composed of fourteen (14) members and the number of directors may change with the affirmative vote of at least sixty-six and two-thirds percent (66 2/3%) of the entire number of directors at the time. As of February 13, 2013, the TFC Board of Directors voted to reduce the number of board seats to eleven (11). The TFC board of directors is divided into three groups, as nearly equal in number as possible, whose terms of office expire each year.

**Removal of Directors**

*Old National*

Under Indiana law, directors may be removed in any manner provided in the corporation's articles of incorporation. In addition, the shareholders or directors may remove one or more directors with or without cause, unless the articles of incorporation provide otherwise. Under the Old National By-laws, and with the exception of a director elected by the holders of one or more series of preferred stock, any director or the entire board of directors may be removed, with or

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

*TFC*

Under the TFC Articles, subject to the rights of any series of preferred stock then outstanding, any director or the entire board of directors may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of at least sixty-six and two-thirds percent (66 2/3%) of the outstanding shares of TFC capital stock who are entitled to vote on the election of directors at a meeting of shareholders called for that purpose.

**Special Meetings of the Board**

*Old National*

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

*TFC*

The TFC By-laws provide that special meetings of the TFC board of directors may be called by any member of the board of directors.

**Classified Board of Directors**

*Old National*

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

*TFC*

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

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

*Old National*

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

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

*TFC*

Nominations for election to the TFC board of directors may be made by the TFC board of directors, by any nominating committee or person appointed by the board of directors, or by any TFC shareholder entitled to vote for the election of directors at the meeting. Nominations, other than those made by or on behalf of the existing management of TFC, must be made in writing to the Secretary of TFC not less than sixty (90) days prior to any meeting of shareholders called for the election of Directors, and must contain information prescribed by the By-laws.

Additionally, shareholders may submit proposals for business to be considered at TFC's annual meeting of shareholders. However, such proposals must be made in writing to the Secretary of TFC not less than sixty (90) days prior to any meeting of shareholders.

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**Special Meetings of Shareholders**

*Old National*

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

*TFC*

The TFC Articles and By-Laws provide that special meetings of TFC shareholders may be called by the Chairman of the TFC Board of Directors, the Board itself or by the Board if the Secretary receive written, dated and signed demands for a special meeting from shareholders representing twenty-five percent (25%) of all vote entitled to be cast on an issue.

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

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

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

**Indemnification**

Under the IBCL, an Indiana corporation may indemnify an individual made a party to a proceeding because the individual is or was a director against liability incurred in the proceeding if (i) the individual's conduct was in good faith, (ii) the individual reasonably believed, in the case of conduct in the individual's official capacity with the corporation, that the individual's conduct was in the best interests of the corporation, and in all other cases, that the individual's conduct was at least not opposed to the corporation's best interests, and (iii) in the case of any criminal proceeding, the individual either had reasonable cause to believe that the individual's conduct was lawful, or the individual had no reasonable



cause to believe that the individual's conduct was unlawful.

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

*Old National*

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

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

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*TFC*

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

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

**Additional Restrictions on Directors**

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

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

**Preemptive Rights**

*Old National*

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

*TFC*

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

### **Amendment of Articles of Incorporation and By-laws**

*Old National*

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

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

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- Section 12, which requires that the board of directors, in connection with exercising its business judgment in determining what is in the best interests of Old National and its shareholders when evaluating a business combination, consider factors in addition to the adequacy of the financial consideration, such as social and economic effects of the transaction, the business and financial condition of the acquiring person or entity, and the competence, experience and integrity of the acquiring person's management; and
- Section 13, which provides that shareholders who acquire 15% of the outstanding Old National common stock and who seek to acquire additional shares of common stock must offer and pay for such additional shares a consideration that is at least equal to the highest percent over market value paid to acquire Old National common stock then held by such person.

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

*TFC*

In general, TFC's Articles may be amended upon a majority vote of the TFC board of directors and a majority vote of TFC's shareholders.

The affirmative vote of a majority of the actual number of TFC's Directors elected and qualified at the time of the action is required to make, alter, amend, or repeal TFC's By-Laws except as otherwise provided by the IBCL.

**RESTRICTIONS ON UNSOLICITED CHANGES IN CONTROL**

**(ANTI-TAKEOVER PROTECTIONS)**

**General**

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

**Old National s and TFC s Articles and By-laws**

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

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

The Old National By-laws provide that any director, exclusive of directors who may be elected by the holders of any one or more series of preferred stock, or the entire board of directors may be removed, with or without cause, only by (i) the affirmative vote of the holders of not less than two-thirds (2/3) of the outstanding shares of Old National common stock at a meeting of shareholders called expressly for the purpose of removing one or more directors, or (ii) the affirmative vote of not less than two-thirds (2/3) of the actual number of directors elected and qualified and then in office.

The TFC Articles provide that any director, or the entire board of directors, may be removed from office at any time, but only for cause, and only by the affirmative vote of at least sixty-six and two-thirds percent (66 2/3%) of the

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outstanding shares of TFC capital stock who are entitled to vote on the election of directors at a meeting of shareholders called for that purpose.

Restrictions on Call of Special Meetings. The Old National By-laws provide that special shareholders' meetings may be called by the board of directors, the Chairman of the Board, the Chief Executive Officer or the President of Old National, and shall be called by the Chairman of the Board, Chief Executive Officer, President or Secretary at the written request of a majority of the members of the board of directors or upon delivery to Old National's Secretary of a signed and dated written demand for a special meeting from the holders of at least 25% of all the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting. The TFC By-Laws provide that a special meeting of TFC's shareholders may be called by the Chairman of the TFC Board of Directors, the Board itself or by the Board if the Secretary receive written, dated and signed demands for a special meeting from shareholders representing twenty-five percent (25%) of all vote entitled to be cast on an issue.

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

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

Limitations on Significant Shareholders. The Old National Articles provide that shareholders who acquire 15% of the outstanding Old National common stock and who seek to acquire additional shares of common stock must offer and pay for such additional shares a consideration that is at least equal to the highest percent over market value paid to acquire Old National common stock then held by such person. Any purchases of shares in violation of this provision are null and void. TFC's Articles provide that if and whenever the provisions of IC 23-1-42 apply to TFC, it is authorized to redeem its securities pursuant to IC 23-1-42-10.

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

Procedures for Certain Business Combinations.

*ONB*

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

*TFC*

TFC's Articles provide business combinations require the affirmative vote of a majority of the outstanding shares of common stock of TFC.

Amendments to Articles and By-laws. In general amendments to the Old National Articles must be approved by a majority vote of Old National's board of directors, and also by the holders of a majority of Old National's shares of common stock; provided, however, approval by at least 80% of the outstanding voting shares is required to amend provisions

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of Old National's Articles relating to (i) approval of certain business combinations; (ii) exercise of directors' business judgment in evaluating certain business combinations; and (iii) limitations on further purchases of shares by shareholders who own 15% or more of TFC's outstanding shares. Additionally amendments to the Old National articles negatively affecting the preferred stock holders require a two-thirds vote of the preferred stock holders. In general, TFC's Articles may be amended upon the approval of the board of directors and by the vote of the shareholders if more votes are cast in favor of the amendment than votes cast opposing it.

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

**State and Federal Law**

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

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

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

The IBCL specifically authorizes directors, in considering the best interests of a corporation, to consider the effects of any action on shareholders, employees, suppliers, and customers of the corporation, and communities in which offices or other facilities of the corporation are located, and any other factors the directors consider relevant. As described above, both the Old National Articles and TFC Articles contain provisions having a similar effect. Under the IBCL, directors are not required to approve a proposed business combination or other corporate action if the directors determine in good faith that such approval is not in the best interests of the corporation. In addition, the IBCL states that



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directors are not required to redeem any rights under, or render inapplicable, a shareholder rights plan or to take or decline to take any other action solely because of the effect such action might have on a proposed change of control of the corporation or the amounts to be paid to shareholders upon such a change of control. The IBCL explicitly provides that the different or higher degree of scrutiny imposed in Delaware and certain other jurisdictions upon director actions taken in response to potential changes in control will not apply. The Delaware Supreme Court has held that defensive measures in response to a potential takeover must be reasonable in relation to the threat posed.

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

Because of the foregoing provisions of the IBCL, the Boards of Directors of Old National and TFC each have flexibility in responding to unsolicited proposals to acquire Old National or TFC, as the case may be, and accordingly it may

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be more difficult for an acquirer to gain control of Old National or TFC in a transaction not approved by the respective Boards of Directors.

Federal Limitations. Subject to certain limited exceptions, the Bank Holding Company Act and the Change in Bank Control Act, together with related regulations, require approval of the Federal Reserve Board prior to any person or company acquiring control of a bank holding company. Control is conclusively presumed to exist if an individual or company acquires 25% or more of any class of voting securities of the bank holding company. Control is rebuttably presumed to exist if a person or company acquires 10% or more, but less than 25%, of any class of voting securities and either the bank holding company has registered securities under Section 12 of the Securities Exchange Act of 1934 or no other person owns a greater percentage of that class of voting securities immediately after the transaction.

**MATERIAL FEDERAL INCOME TAX CONSEQUENCES**

**General.** The following is a summary of the material anticipated United States federal income tax consequences generally applicable to a U.S. Holder (as defined below) of TFC common stock with respect to the exchange of TFC common stock for Old National common stock and cash pursuant to the merger. This discussion assumes that U.S. Holders hold their TFC common stock as capital assets within the meaning of section 1221 of the Internal Revenue Code of 1986, as amended ( Code ). This summary is based on the Code, administrative pronouncements, judicial decisions and Treasury Regulations, each as in effect as of the date of this proxy statement/prospectus. All of the foregoing are subject to change at any time, possibly with retroactive effect, and all are subject to differing interpretation. No advance ruling has been sought or obtained from the Internal Revenue Service regarding the United States federal income tax consequences of the merger. As a result, no assurance can be given that the Internal Revenue Service would not assert, or that a court would not sustain, a position contrary to any of the tax consequences set forth below.

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

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

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

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applicable Treasury Regulations to be treated as a United States person; and

- an estate, the income of which is subject to United States federal income taxation regardless of its source.

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

Old National and TFC have structured the Merger to qualify as a reorganization within the meaning of Section 368(a) of the Code. The obligations of Old National and TFC to consummate the Merger are conditioned upon the receipt of an opinion from Krieg DeVault LLP, counsel to Old National, to the effect that the Merger will for federal income tax purposes qualify as a reorganization based upon customary representations made by Old National and TFC. Old National and TFC have not requested and do not intend to request any ruling from the Internal Revenue Service. Accordingly, Old National urges each TFC shareholder to consult such shareholder's own tax advisors as to the specific tax consequences resulting from the merger, including tax return reporting requirements, the applicability and effect of federal, state, local and other applicable tax laws and the effect of any proposed changes in the tax laws. Assuming the Merger will constitute a

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reorganization within the meaning of Section 368(a) of the Code, the material United States federal income tax consequences of the Merger are as follows:

- no gain or loss will be recognized by Old National, its subsidiaries or TFC or Tower Bank & Trust Company by reason of the merger;
- you will not recognize gain or loss if you exchange your TFC common stock for Old National common stock, except to the extent of any cash received (see discussion below);
- your aggregate tax basis in the Old National common stock that you receive in the Merger (including any fractional share interest you are deemed to receive and exchange for cash), will equal your aggregate tax basis in the TFC common stock you surrendered, decreased by the amount of cash received and increased by the amount of any gain recognized; and
- your holding period for the Old National common stock that you receive in the Merger will include your holding period for the shares of TFC common stock that you surrender in the merger.

**Exchange of TFC common stock for Cash and Old National common stock.** TFC shareholders will exchange all of their TFC common stock for a combination of Old National common stock and cash in the Merger. Accordingly, shareholders will recognize gain (but not loss) in an amount equal to the lesser of (i) the amount of cash received in the Merger; and (ii) the excess, if any, of (a) the sum of the amount of cash and the fair market value of the Old National common stock received in the Merger over (b) the TFC shareholder's aggregate tax basis in its TFC common stock surrendered in exchange therefor.

The gain recognized upon receipt of a combination of stock and cash will be capital gain unless the TFC shareholder's receipt of cash has the effect of a distribution of a dividend, in which case the gain will be treated as ordinary income to the extent of the holder's ratable share of TFC's accumulated earnings and profits, as calculated for U.S. federal income tax purposes. For purposes of determining whether a TFC shareholder's receipt of cash has the effect of a distribution of a dividend, the TFC shareholder will be treated as if it first exchanged all of its TFC common stock solely in exchange for Old National common stock and then Old National immediately redeemed a portion of that stock for the cash that the holder actually received in the Merger (referred to herein as the "deemed redemption"). Receipt of cash will generally not have the effect of a dividend to the TFC shareholder if such receipt is, with respect to the TFC shareholder, not essentially equivalent to a dividend or substantially disproportionate, each within the meaning of Section 302(b) of the Code. In order for the deemed redemption to be not essentially equivalent to a dividend, the deemed redemption must result in a meaningful reduction in the shareholder's deemed percentage stock ownership of Old National following the Merger. The determination generally requires a comparison of the percentage of the outstanding stock of Old National the shareholder is considered to have owned immediately before the deemed redemption to the percentage of the outstanding stock of Old National the shareholder owns immediately after the deemed redemption. The IRS has indicated in rulings that any reduction in the interest of a minority shareholder that owns a small number of shares in a publicly and widely held corporation and that exercises no control over corporate affairs would result in capital gain (as opposed to dividend) treatment.

For purposes of applying the foregoing tests, a shareholder will be deemed to own the stock the shareholder actually owns and the stock the shareholder constructively owns under the attribution rules of Section 318 of the Code. Under Section 318 of the Code, a shareholder will be deemed to own the shares of stock owned by certain family members, by certain estates and trusts of which the shareholder is a beneficiary, and by certain affiliated entities, as well as shares of stock subject to an option actually or constructively owned by the shareholder or such other persons. If, after applying these tests, the deemed redemption results in a capital gain, the capital gain will be long-term if the TFC shareholder's holding period for its TFC common stock is more than one year as of the date of the exchange. If, after applying these tests, the deemed redemption results in the gain recognized by a TFC shareholder being classified as a dividend, such dividend will be treated as either ordinary income or qualified dividend income.

Any gain treated as qualified dividend income will be taxable to individual TFC shareholders at the long-term capital gains rate, provided that the shareholder held the shares giving rise to such income for more than 60 days during the 121 day period beginning 60 days before the closing date. The determination as to whether a TFC shareholder will recognize a capital gain or dividend income as a result of its exchange of TFC common stock for a combination of Old National common stock and cash in the Merger is complex and is determined on a shareholder-by-shareholder basis. Accordingly, each TFC shareholder is urged to consult such shareholder's own tax advisor with respect to this determination.

A TFC shareholder's aggregate tax basis in the Old National common stock received in the Merger will be equal to the shareholder's aggregate tax basis in such shareholder's TFC common stock surrendered, decreased by the amount of any cash received and increased by the amount of any gain recognized. A TFC shareholder's holding period for Old National common stock received in the Merger will include the holding period of the TFC common stock surrendered in the Merger.

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**Cash Received Instead of a Fractional Share of Old National Common Stock.** A shareholder of TFC who receives cash instead of a fractional share of Old National common stock will be treated as having received the fractional share pursuant to the Merger and then as having exchanged the fractional share for cash in a redemption by Old National of the fractional share. As a result, a TFC shareholder will generally recognize gain or loss equal to the difference between the amount of cash received and the basis in his or her fractional share interest as set forth above. This gain or loss will generally be capital gain or loss, and will be long-term capital gain or loss if, as of the effective date of the Merger, the holding period for such shares is greater than one year. The maximum federal income tax rate for long term capital gains for 2013 is 20%.

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

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

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

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**PROPOSAL 2 NON-BINDING ADVISORY VOTE ON  
EXECUTIVE OFFICER MERGER-RELATED COMPENSATION ARRANGEMENTS**

As required by Section 14A of the Exchange Act and Rule 14a-21(c) promulgated thereunder, which were enacted pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, TFC is required to submit a proposal to its shareholders for a non-binding advisory vote to approve the payment of certain compensation to the named executive officers of TFC that is based on or otherwise relates to the Merger. This proposal, commonly known as say-on-golden parachute, gives TFC shareholders the opportunity to express their views on the compensation that certain of TFC's named executive officers may be entitled to receive that is based on or otherwise relates to the Merger.

The compensation that TFC's named executive officers may be entitled to receive that is based on or otherwise relates to the Merger is summarized in the table below entitled Golden Parachute Compensation, and a narrative description of such compensation is included in Interests of Certain Officers and Directors of TFC in the Merger, beginning on page [ ]. This summary includes all compensation and benefits that may be paid or provided following a change in control. TFC's named executive officers are James E. Underwood, Richard R. Sawyer, Michael D. Cahill, Gary D. Shearer, Wendell L. Bontrager and Tina M. Farrington.

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

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

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

The descriptions and quantifications of the payments in the table below are intended to comply with Item 402(t) of Regulation S-K, which requires disclosure of information about compensation and benefits that each of TFC's named executive officers will or may receive in connection with the Merger. Some compensation disclosed in this table and its footnotes would be paid (if at all) only pursuant to understandings with Old National that are not subject to the advisory vote that is the subject of this Proposal 2.

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

- the Merger closes on February 14, 2014;
- shares of Old National common stock are valued at \$13.79 per share, the average closing market price of Old National's shares of common stock over the first five business days following the public announcement of the Merger; and
- shares of TFC common stock are valued at \$22.67 per share, the average closing market price of TFC's shares of common stock over the first five business days following the public announcement of the Merger.



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**Golden Parachute Compensation**

| <b>Name</b>       | <b>Cash \$(1)</b> | <b>Equity (\$)</b> | <b>Pension/<br/>NQDC \$(4)</b> | <b>Perquisites/<br/>Benefits (\$)</b> | <b>Tax<br/>Reimbursement (\$)</b> | <b>Other (\$)</b> | <b>Total (\$)</b> |
|-------------------|-------------------|--------------------|--------------------------------|---------------------------------------|-----------------------------------|-------------------|-------------------|
| Michael D. Cahill | \$ 738,343        |                    |                                | \$ 5,000(5)                           |                                   |                   | \$ 743,343        |
| Gary D. Shearer   | \$ 474,244        | \$ 62,055(2)       |                                |                                       |                                   |                   | \$ 536,299        |