

LSB FINANCIAL CORP
Form 425
June 04, 2014

Old National Bancorp To Acquire
LSB Financial Corp.
June 4, 2014
Filed by Old National Bancorp
Pursuant to Rule
425 under the Securities Act of 1933
Subject Company: LSB Financial Corp.
Commission File No.: 000-25070
A Winning Combination

Lynell Walton
Investor Relations
Old National Bancorp

3
Additional
Information
for
Shareholders
of
LSB
Financial

Corp.
Communications
in
this
document
do
not
constitute
an
offer
to
sell
or
the
solicitation
of
an
offer
to
buy
any
securities
or
a
solicitation
of
any
vote
or
approval.
In
connection
with
the
proposed
merger,
Old
National
Bancorp
(Old
National
or
ONB)
will
file
with
the
Securities
and
Exchange

Commission
(SEC)
a
Registration
Statement
on
Form
S-4
that
will
include
a
Proxy
Statement
of
LSB
Financial
Corp.
(LSB
or
LSBI)
and
a
Prospectus
of
Old
National,
as
well
as
other
relevant
documents
concerning
the
proposed
transaction.
Shareholders
are
urged
to
read
the
Registration
Statement
and
the
Proxy
Statement/Prospectus
regarding

the
merger
when
it
becomes
available
and
any
other
relevant
documents
filed
with
the
SEC,
as
well
as
any
amendments
or
supplements
to
those
documents,
because
they
will
contain
important
information.

A
free
copy
of
the
Proxy
Statement/Prospectus,
as
well
as
other
filings
containing
information
about
Old
National
and
LSB,

may
be
obtained
at
the
SEC's
Internet
site
(<http://www.sec.gov>).

You
will
also
be
able
to
obtain
these
documents
(when
available),
free
of
charge,
from
Old
National
at
www.oldnational.com
under
the
tab

Investor
Relations
and
then
under
the
heading
Financial
Information
or
from
LSB
by
accessing
LSB's
website

at
www.lsbank.com
under

the
heading
About
and
then
under
the
the
heading
Investor
Relations
Old
National
and
LSB
and
certain
of
their
directors
and
executive
officers
may
be
deemed
to
be
participants
in
the
solicitation
of
proxies
from
the
shareholders
of
LSB
in
connection
with
the
proposed
merger.
Information
about
the
directors
and
executive

officers
of
Old
National
is
set
forth
in
the
proxy
statement
for
Old
National s
2014
annual
meeting
of
shareholders,
as
filed
with
the
SEC
on
a
Schedule
14A
on
March
14,
2014.
Information
about
the
directors
and
executive
officers
of
LSB
is
set
forth
in
the
proxy
statement
for
LSB s

2014
annual
meeting
of
shareholders,
as
filed
with
the
SEC
on
a
Schedule
14A
on
March
14,
2014.
Additional
information
regarding
the
interests
of
those
participants
and
other
persons
who
may
be
deemed
participants
in
the
transaction
may
be
obtained
by
reading
the
Proxy
Statement/Prospectus
regarding
the
proposed
merger
when

it
becomes
available.
Free
copies
of
this
document
may
be
obtained
as
described
in
the
preceding
paragraph.

4
Additional
Information
for
Shareholders
of
United
Bancorp,

Inc.
Communications
in
this
document
do
not
constitute
an
offer
to
sell
or
the
solicitation
of
an
offer
to
buy
any
securities
or
a
solicitation
of
any
vote
or
approval.
In
connection
with
the
proposed
merger,
Old
National
Bancorp
(Old
National
or
ONB)
has
filed
with
the
Securities
and
Exchange

Commission
(SEC)
a
Registration
Statement
on
Form
S-4
(Registration
Statement
No.
333-193868)
that
includes
a
Proxy
Statement
of
United
Bancorp,
Inc.
(United
or
UBMI)
and
a
Prospectus
of
Old
National,
as
well
as
other
relevant
documents
concerning
the
proposed
transaction.
The
SEC
declared
the
Form
S-4
Registration
Statement
effective
May

15,
2014.
Shareholders
are
urged
to
read
the
Registration
Statement
and
the
Proxy
Statement/Prospectus
regarding
the
merger
and
any
other
relevant
documents
filed
with
the
SEC,
as
well
as
any
amendments
or
supplements
to
those
documents,
because
they
contain
important
information.
A
free
copy
of
the
Proxy
Statement/Prospectus,
as
well

as
other
filings
containing
information
about
Old
National
and
United,
may
be
obtained
at
the
SEC's
Internet
site
(<http://www.sec.gov>).
You
will
also
be
able
to
obtain
these
documents,
free
of
charge,
from
Old
National
at
www.oldnational.com
under
the
tab
Investor
Relations
and
then
under
the
heading
Financial
Information
or
from

United
by
accessing
United's
website
at
www.ubat.com
under
the
heading
About
Us
and
then
under
the
tab
Investor
Relations
and
then
under
the
tab
SEC
Filings.
Old
National
and
United
and
certain
of
their
directors
and
executive
officers
may
be
deemed
to
be
participants
in
the
solicitation
of
proxies
from

the
shareholders
of
United
in
connection
with
the
proposed
merger.
Information
about
the
directors
and
executive
officers
of
Old
National
is
set
forth
in
the
proxy
statement
for
Old
National's
2014
annual
meeting
of
shareholders,
as
filed
with
the
SEC
on
a
Schedule
14A
on
March
14,
2014.
Information
about

the
directors
and
executive
officers
of
United
is
set
forth
in
United s
Annual
Report
on
Form
10-K,
as
filed
with
the
SEC
on
February
28,
2014.
Additional
information
regarding
the
interests
of
those
participants
and
other
persons
who
may
be
deemed
participants
in
the
transaction
may
be
obtained
by
reading

the
Proxy
Statement/Prospectus
regarding
the
proposed
merger.
Free
copies
of
this
document
may
be
obtained
as
described
in
the
preceding
paragraph.

5
Disclosures
Forward-Looking
Statements
This
presentation
contains
certain

forward-looking
statements
within
the
meaning
of
the
Private
Securities
Litigation
Reform
Act
of
1995.
These
statements
include,
but
are
not
limited
to,
descriptions
of
Old
National s
financial
condition,
results
of
operations,
asset
and
credit
quality
trends
and
profitability
and
statements
about
the
expected
timing,
completion,
financial
benefit
and
other
effects

of
the
proposed
mergers.
Forward-looking
statements
can
be
identified
by
the
use
of
the
words
anticipate,
believe,
expect,
intend,
could
and
should,
and
other
words
of
similar
meaning.
These
forward-looking
statements
express
management's
current
expectations
or
forecasts
of
future
events
and,
by
their
nature,
are
subject
to
risks
and
uncertainties

and
there
are
a
number
of
factors
that
could
cause
actual
results
to
differ
materially
from
those
in
such
statements.
Factors
that
might
cause
such
a
difference
include,
but
are
not
limited
to:
market,
economic,
operational,
liquidity,
credit
and
interest
rate
risks
associated
with
Old
National's
business;
competition;
government
legislation

and
policies
(including
the
impact
of
the
Dodd-Frank
Wall
Street
Reform
and
Consumer
Protection
Act
and
its
related
regulations);
ability
of
Old
National
to
execute
its
business
plan,
including
the
proposed
acquisitions
of
United
Bancorp,
Inc.
and
LSB
Financial
Corp.;
changes
in
the
economy
which
could
materially
impact
credit
quality

trends
and
the
ability
to
generate
loans
and
gather
deposits;
failure
or
circumvention
o
f Old
National s
internal
controls;
failure
or
disruption
of
our
information
systems;
failure
to
adhere
to
or
significant
changes
in
accounting,
tax
or
regulatory
practices
or
requirements;
new
legal
obligations
or
liabilities
or
unfavorable
resolutions
of
litigations;

other matters discussed in this presentation and other factors identified in Old National's Annual Report on Form 10-K and other periodic filings with the Securities and Exchange Commission. These forward-looking statements are made only as of the date of this presentation, and Old National undertakes no obligation to release

revisions
to
these
forward-looking
statements
to
reflect
events
or
conditions
after
the
date
of
this
presentation.

Non-GAAP Financial Measures

These
slides
contain
non-GAAP
financial
measures.
For
purposes
of
Regulation
G,
a
non-GAAP
financial
measure
is
a
numerical
measure
of
the
registrant's
historical
or
future
financial
performance,
financial
position
or
cash
flows
that

excludes
amounts,
or
is
subject
to
adjustments
that
have
the
effect
of
excluding
amounts,
that
are
included
in
the
most
directly
comparable
measure
calculated
and
presented
in
accordance
with
GAAP
in
the
statement
of
income,
balance
sheet
or
statement
of
cash
flows
(or
equivalent
statements)
of
the
issuer;
or
includes

amounts,
or
is
subject
to
adjustments
that
have
the
effect
of
including
amounts,
that
are
excluded
from
the
most
directly
comparable
measure
so
calculated
and
presented.
In
this
regard,
GAAP
refers
to
generally
accepted
accounting
principles
in
the
United
States.
Pursuant
to
the
requirements
of
Regulation
G,
Old
National
Bancorp

has
provided
reconciliations
within
the
slides,
as
necessary,
of
the
non-GAAP
financial
measure
to
the
most
directly
comparable
GAAP
financial
measure.

6
Old National Bancorp to Acquire LSB Financial Corp.
Expansion in Lafayette is a key part of
ONB's strategy.
Consistent with ONB's goal of
transforming the franchise into higher
growth markets
Significantly enhances ONB's

presence in the strong college market
with a #3 pro forma deposit market
share ranking

LSB (NASDAQ: LSBI), the largest bank
headquartered in Lafayette, offers 5
branches and \$312 million of deposits in
Lafayette, Indiana, more than doubling
ONB's presence in the area.

(1) Pending branches from UBMI transaction

7
1
Excluding
Chicago-Naperville-Elgin
IL-IN-WI,
Cincinnati
OH-KY-IN
and

Louisville/Jefferson
County
KY-IN
MSAs
2
Tippecanoe
county
employment
figures
as
of
January
28,
2014
Using
U.S.
census
data,
SNL
Financial
FDIC
Summary
of
Deposits
data
as
of
June
30,
2013
2
nd
fastest
household
growth
in
Indiana
5
th
most
populated
in
Indiana
1
with
207k
8
th
out
of

184
in
Forbes
2013
Best
Small
Places
for
Business and Careers
Recently selected by GE to house a \$100 million jet
engine assembly factory
Top
Employers
2
:

Purdue
University

15,612

Subaru
of
Indiana

3,700

Wabash
National

3,323
Notable business operations in Lafayette
Projected HHI & Pop. Change 13- 18
Lafayette MSA
Branches
Deposits
Mkt. Share

1
JPMorgan Chase & Co.

6
\$541,594
20.1%

2
First Merchants Corp.

10
493,776
18.4%

3
Pro Forma
8

384,137

14.3%

3

Regions Financial Corp.

8

358,511

13.3%

4

LSB Financial Corp.

5

314,955

11.7%

5

Salin Bancshares Inc.

7

152,581

5.7%

6

Huntington Bancshares Inc.

3

131,237

4.9%

7

Lafayette Community Bancorp

4

130,852

4.9%

8

Farmers and Merchants Bancorp

2

96,173

3.6%

9

First Financial Bancorp.

4

93,126

3.5%

10

Fifth Third Bancorp

4

87,493

3.3%

11

Benton Financial Corp.

2

77,733

2.9%

12

Old National Bancorp

3

69,182

2.6%

Market Total

70

2,690,656

Lafayette-West Lafayette, IN MSA

16.1%

19.2%

21.1%

23.6%

3.6%

2.8%

2.1%

4.6%

US

Midwest

Indiana

Lafayette

HHI Pop.

HHI Pop.

HHI Pop.

HHI Pop.

Bob Jones
President and CEO
Old National Bancorp

9
Transaction Highlights

2.269
common
shares
1
of

ONB
+
\$10.63
per
share
in
cash
(fixed)
for
each
common
share
of
LSBI

Approximately
75%
stock
/
25%
cash

Assumes
3.6
million
shares
of
ONB
common
stock
issued

Expected
to
be
immediately
accretive
in
2015
by
approximately
\$7.5
million,
or
\$.03
per
share

Modest
tangible

book
value
dilution
of
approximately
2%
expected
at
closing,
inclusive
of
\$8.2
million
of
pre-tax
merger
and
acquisition
charges

Projected
capital
ratios
exceed
well-capitalized
guidelines

Expected
to
create
goodwill
and
intangibles
of
approximately
\$43.0
million

No
additional
common
equity
raise
necessary

Transaction
anticipated
to
close
mid

to
late
4Q14,
subject
to
regulatory
and
LSBI
shareholder
approval
and
other
customary
closing
conditions

Approximately
40%
of
non-interest
expense,
or
\$4.4
million
on
a
pre-tax
basis,
expected
to
be
fully
achieved
in
2015
1
The
exchange
ratio
is
subject
to
adjustment
under
certain
circumstances
as
provided
in
the

merger
agreement.

2

Includes
the
in-the-money
value
of
the
outstanding
stock
options.

3

See
Appendix
for
Non
GAAP
Reconciliation
Modeling
assumes
merger
and
acquisition
charges
to
be
booked
in
4Q14
Consideration
Financial Impact
Operating
Efficiencies
Capital
Closing

Loan
credit
mark
estimated
at
\$11.7
million,
or
4.5%
of
total
gross
loans

Loan
interest
rate
mark
estimated
at
\$13.0
million,
or
5.0%
of
total
gross
loans
Loan Mark
Deal Value

\$41.67
per
LSBI
share,
or
approximately
\$66.7
million
in
the
aggregate
2

,
assuming
an
ONB
price
of
\$13.68
(closing
price
as
of
June
3,
2014)

13.0x
LTM
earnings
with
cost

savings

158%

price

/

tangible

book

value

3

(3/31/14)

10
Transaction Rationale
Compelling
Strategic
Rationale

Meaningful
extension

in
Lafayette
that
strengthens
ONB s
overall
Indiana
footprint
by
reinforcing
its
high-quality
markets

Adds
5
full-service
branches
with
\$312
million
in
deposits
and
\$261
million
in
loans
2

Further
distances
ONB
from
the
\$10B
Durbin
threshold
with
over
\$11.6B
in
pro
forma
assets
at
close

Well-defined,
achievable

operating
efficiencies
that
drive
enhanced
operating
leverage
and
profitability
Financially
Attractive

Allows
Old
National
to
prudently
and
accretively
deploy
excess
capital,
based
upon
conservative
assumptions

Approximately
\$7.5
million,
or
\$.03
per
share,
accretive
to
2015
earnings

Tangible
book
value
dilution
of
approximately
2%
at
closing

Tangible

book
value
earn
back
period
of
approximately
5
years
3
(inclusive
of
acquisition
costs)

Internal
rate
of
return
exceeds
internal
hurdle
Low Risk
Opportunity

Comprehensive
due
diligence
completed,
including
extensive
credit
review

In-market
transaction
with
an
established
and
complementary
customer
base
and
business
mix

Retention
of
key

management
members

Positive
relationship
with
Lafayette
management
and
board
Financial
data

as
of
March
31,
2014,
per
SNL
Financial
and
Company
documents
Modeling
assumes
merger
and
acquisition
charges

to
be
booked
in
4Q14
Consideration
of
2.269
common
shares
1
of
ONB
+
\$10.63
per
share
in
cash
(fixed)
for

each
common
share
of
LSBI
Implied
Transaction
value
of
approximately
\$41.67
per
LSBI
share
and
\$66.7
million
in
the
aggregate,
assuming
ONB
price
of
\$13.68
(closing
price
as
of
June
3,
2014)
1
The
exchange
ratio
is
subject
to
adjustment
under
certain
circumstances
as
provided
in
the
merger
agreement.

2

Excludes
loans
held
for
sale
3
Defined
as
the
number
of
years
for
pro
forma
TBV
per
share
to
exceed
stand-alone
projected
TBV
per
share,
inclusive
of
acquisition
costs

11
Covering Durbin
Anticipated
2015
earnings
per
share
accretion

from
recent
acquisitions

1

:

Tower Financial Corp. \$.08 to \$.10

United Bancorp \$.06

LSB Financial Corp. \$.03

Durbin amendment expected to impact earnings \$.04 to \$.07 per share after-tax on an annualized basis

Actual 2015 Durbin impact expected to impact earnings \$.02 to \$.04 per share after-tax (due to July 1

st

, 2015 effective date)

\$.17 to \$.19 cumulative accretion

Our recent acquisitions are expected to cover our anticipated Durbin impact

1

Anticipated

earnings

accretion

at

each

respective

deal s

announcement

date

12
Summary
ONB has a proven track record of performance
Last
four
bank
deals
met

or
exceeded
expectations
on
expense
saves,
internal
rate
of
return,
earnings
per
share
accretion,
credit
performance
and
tangible
book
value
earn
back
Financially
attractive

Meaningful
earnings
accretion
expected
while
retaining
strong
capital
position

Achievable
cost
saves
expected

Revenue
potential
(not
built
into
model)
from
Wealth
Management
and

Insurance
Efficient
use
of
capital
Integration
experience
and
retention
of
key
management
minimizes
execution
risk
Strategic
fill-in
of
attractive
Lafayette
market
expected
to
enhance
franchise
value

Old National Bancorp
Thank You
Q&A

Old National Bancorp
Appendix

15
Returned to
community
bank model
2004
2005
Sold non-
strategic

market
Clarksville, TN

5 branches
2006
Sold non-
strategic market

O Fallon, IL
1 branch
2007
2008
2009
2010
2011
2012
2013

Acquired St.
Joseph Capital
Entry into
Northern IN
market
February, 2007
Acquired 65
Charter One
branches
throughout
Indiana
March, 2009
Acquired Monroe
Bancorp
Enhanced
Bloomington, IN
presence
January, 2011
Acquired IN
Community
Entry into
Columbus, IN
September, 2012
FDIC-assisted
acquisition of
Integra Bank
July, 2011
Sold non-
strategic
market
Chicago-area -
4 branches
Consolidation of

21 branches
Acquired 24
MI / IN branches
July, 2013
Consolidation
of 2 branches
Consolidation
of 8 branches
Consolidation
of 1 branch
Consolidation
of 10 branches
Consolidation
of 12 branches
Consolidation
of 44 branches
Consolidation
of 5 branches
Sold 12
branches
Consolidation
of 22
branches
Purchased 182 + 23 pending
Sold 22
Consolidated 128
Acquired Tower
Financial
Enhancing Ft.
Wayne, IN
presence April,
2014
Pending
acquisition of
United
Bancorp
Entry into
Ann Arbor, MI
2014
Consolidation
of 3 branches
Pending
acquisition of
LSB Financial
Corp.,
Lafayette, IN
Transforming Old National's Landscape

16
2004
2014
16
Transforming Old National's Landscape
Pending UBMI and LSBI locations

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-

New markets since 2004

Per SNL Financial

2014 map includes pending UBMI locations

Market

MSA Population

Adding Markets with Greater Populations

2004

Bloomington, IN

162,131

Kalamazoo, MI

328,709

South Bend, IN

319,575

Indianapolis, IN

1,913,665

>50k

<50k

Counties with Populations

Columbus, IN

77,943

Ft. Wayne, IN

421,029

Lafayette, IN

205,437

Louisville, KY

1,247,256

Ann Arbor, MI

348,690

2014

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An Experienced Acquirer
Partner
Monroe

Integra Bank
Indiana
community
BofA - 24
Branches
Tower
Financial
United
Bancorp¹
Deal Type
Traditional
FDIC-Assisted
Traditional
Branch Deal
Traditional
Traditional
Principal Geography
Bloomington,
IN
Evansville, IN
Columbus, IN /
I-65 Corridor
Southwest MI /
Northern IN
Fort Wayne, IN
Ann Arbor, MI
Purchase Price
\$84
NM
\$79
\$23
\$108
\$173
Total Assets
\$838
\$1,900
\$985
\$756
\$681
\$919
% Stock Consideration
100%
NM
100%
0%
71%
80%
Announce Date
10/6/2010
7/29/2011

1/25/2012

1/9/2013

9/10/2013

1/8/2014

Close Date

1/1/2011

7/29/2011

9/15/2012

7/12/2013

4/25/2014

Early 3Q14

Cost Saves

30%

75%

35%

N/A

35%

32%

Credit Mark

5.5% to 6.5%

N/A

12.0%

N/A

10.2%

8.6%

Interest Rate Mark

3.0%

N/A

4.4%

N/A

3.8%

3.5%

EPS Accretion (First Full Year)

\$.06 to \$.07

\$0.23

\$.06 to \$.08

\$.03 to \$.05

\$.08 to \$.10

\$0.06

Deposit Premium

5.5%

1.0%

1.6%

2.9%

9.7%

13.0%

At deal announcement date

\$ in millions

1

Anticipated closing early 3Q14

NM
=
Not
Meaningful

19
MMDA & Sav.
30.7%
Retail
33.3%
Jumbo
5.6%
Non-int.

bearing

14.1%

NOW & Trans.

16.2%

MMDA & Sav.

73.2%

Retail

10.3%

Jumbo

3.8%

Non-int.

bearing

7.6%

NOW & Trans.

5.1%

1-4 Family

35.5%

Multifamily

2.1%

CRE

19.7%

C&D

2.8%

Farm & Ag.

4.5%

C&I

17.2%

Cons. & Other

18.2%

Balance Sheet Mix as of March 31, 2014

Old National

LSBI

Pro Forma

Old National

LSBI

Pro Forma

Per SNL Financial/company documents as of March 31, 2014, including Tower and pending United transactions

1-4 Family

35.9%

Multifamily

2.8%

CRE

20.0%

C&D

2.8%

Farm & Ag.

4.4%

C&I

16.7%

Cons. & Other

17.4%
1-4 Family
44.2%
Multifamily
18.8%
CRE
28.3%
C&D
1.8%
Farm & Ag.
2.5%
C&I
4.0%
Cons. & Other
0.4%
MMDA & Sav.
71.7%
Retail
11.1%
Jumbo
3.8%
Non-int.
bearing
7.8%
NOW & Trans.
5.5%

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Estimated Merger and Acquisition Charges
HR-related expenses
\$2.6
Processing and communication expense
3.8
Professional fees
1.0

Occupancy expense

.4

Marketing

.4

Total estimated merger and acquisition charges¹

\$8.2

\$ in millions, pre-tax

1

Modeling assumes merger and acquisition charges to be booked in 4Q14

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Non GAAP Reconciliation
Deal Price Per Share to LSBI s TBV
GAAP Shareholders
Equity at March 31, 2014
\$41,283
Deduct: Goodwill and Intangibles
0

Tangible Common Shareholders

Equity

41,283

Common Shares Issued and Outstanding at Period End

1566.9

Tangible Common Book Value at March 31, 2014

\$26.35

Deal Consideration Per Common Share

\$41.67

Price to Tangible Book Value

158%

\$ in millions

Per SNL Financial based on LSBI company filings

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ONB's Peer Group

1st Source Corporation

SRCE

Heartland Financial USA, Inc.

HTLF

BancFirst Corporation

BANF

IBERIABANK Corporation
IBKC
BancorpSouth, Inc.
BXS
MB Financial, Inc.
MBFI
Bank of Hawaii Corporation
BOH
Park National Corporation
PRK
Chemical Financial Corporation
CHFC
Pinnacle Financial Partners, Inc.
PNFP
Commerce Bancshares, Inc.
CBSH
Prosperity Bancshares, Inc.
PB
Cullen/Frost Bankers, Inc.
CFR
Renasant Corp.
RNST
F.N.B. Corporation
FNB
S&T Bancorp, Inc.
STBA
First Commonwealth Financial Corporation
FCF
Susquehanna Bancshares, Inc.
SUSQ
First Financial Bancorp.
FFBC
Trustmark Corporation
TRMK
First Interstate BancSystem, Inc.
FIBK
UMB Financial Corporation
UMBF
First Merchants Corporation
FRME
United Bankshares, Inc.
UBSI
First Midwest Bancorp, Inc.
FMBI
Valley National Bancorp
VLY
FirstMerit Corporation
FMER
WesBanco, Inc.
WSBC

Fulton Financial

FULT

Wintrust Financial Corporation

WTFC

Glacier Bancorp, Inc.

GBCI

Like-size, publicly-traded financial services companies, generally in the Midwest, serving comparable demographics with comparable services as ONB

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Old National Investor Relations Contact
Additional information can be found on the
Investor Relations web pages at
www.oldnational.com

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