

 **OLD NATIONAL BANK**

Robert G. Jones
President and CEO

(b) (6)

March 6, 2009

Via electronic mail to SIGTARP.response@do.treas.gov and Certified U.S. Mail

Mr. Neil M. Barofsky
Special Inspector General - TARP
1500 Pennsylvania Ave., N.W., Suite 1064
Washington, D.C. 20220

**Re: SIGTARP Request for Information from
Old National Bancorp ("Old National"), Evansville, Indiana
UST Seq. No. 31**

Dear Mr. Barofsky,

This letter is being submitted to you in response to your letter dated February 6, 2009, in which you requested that Old National provide certain information regarding the funds it received through the Capital Purchase Program ("CPP") of the Troubled Asset Relief Program under the Emergency Economic Stabilization Act of 2008 ("EESA") and compliance with EESA's executive compensation requirements.

Old National is the largest financial services holding company headquartered in Indiana and, with \$7.9 billion in assets, ranks among the top 100 banking companies in the United States. Since its founding in Evansville in 1834, Old National Bank 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 one of the largest independent insurance agencies headquartered in Indiana, offering complete personal and commercial insurance solutions.

The following is information in response to your request.

FUNDS RECEIVED UNDER CPP

Anticipated Use of CPP Funds. Old National applied for participation in the CPP with the encouragement of its primary regulator. While we did not have any specific plans with respect to our anticipated use of CPP funds when we applied for such funds, as documented in correspondence to our shareholders, as well as in statements to the media, we made the decision to participate in the CPP concluding that it would offer the three following benefits: (i) an opportunity to enhance our commitment to community by having more funds available to lend to qualified borrowers and invest in our markets; (ii) the ability to accelerate our strategic plan of

One Main Street
P.O. Box 718
Evansville, IN 47705-0718
T: 812.464.1280
F: 812.464.1567
oldnational.com

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growth; and (iii) a cost-effective means to bolster Old National's already strong capital position in light of the increased challenges anticipated in the economy over the next 18 to 24 months. Copies of correspondence to our shareholders, as well as press releases issued by Old National, and an electronic mail message sent to Old National associates are attached to this letter.

Whether CPP Funds were Segregated. The \$100 million Old National received on December 12, 2008 in exchange for the issuance of preferred stock and a warrant to purchase shares of Old National common stock was deposited into an Old National, non-segregated, account ("Account") that had a balance of approximately \$20.6 million immediately prior to the deposit of CPP funds.

Actual Use of CPP Funds to Date. Since that time, there have been two transactions involving the Account that would likely not have occurred if Old National did not participate in the CPP. On December 12, 2008, Old National used \$55.0 million from the Account to pay down a revolving credit facility it maintained with SunTrust Bank, which was subsequently terminated by Old National in February of 2009. The remaining \$45.0 million of CPP funds were part of an advance of \$50.0 million to Old National's wholly-owned bank subsidiary, Old National Bank, on December 23, 2008.

Expected Use of Unspent CPP Funds. Although Old National received the CPP funds late in the year, 2008 was a year of strong results for Old National, with business loan growth of 12%, consumer loan growth of 2% and demand deposit account growth of 4%. As of the date of this letter, the unspent CPP funds remain in a segregated account while Old National analyzes the most appropriate use of the funds to continue its strong pattern of growth and to maximize its investment into its communities.

EXECUTIVE COMPENSATION REQUIREMENTS UNDER EESA

Implementation of Executive Compensation Requirements. In connection with the analysis of participating in the CPP, our management team took the following actions related to the Executive Compensation Restrictions:

- Identified SEOs;
- Identified Benefit Plans in which SEOs participate;
- Reviewed waiver of claims by SEOs;
- Reviewed Benefit Plans to determine compliance with the executive compensation restrictions under EESA and the CPP (the "Executive Compensation Restrictions") and the impact of non-deductibility under Internal Revenue Code Section 162(m)(5) for compensation paid to a SEO in excess of \$500,000; and

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- Considered amendments to Benefits Plans for compliance with the Executive Compensation Restrictions.

The Compensation Committee then met with management and legal counsel to review the Executive Compensation Restrictions. Following this meeting, the Compensation Committee presented its report to the Board of Directors with respect to the Executive Compensation Restrictions and recommended that the Benefits Plans of the SEOs be amended to comply with the Executive Compensation Restrictions. The Board of Directors then approved the recommended amendments.

On February 17, 2009, the President of the United States signed into law The American Recovery and Reinvestment Act of 2009 (“ARRA”) which imposes certain limitations on payments and benefits that are available to the SEOs and certain highly compensated employees of financial institutions that receive financial assistance under EESA. Old National is currently assessing the impact of ARRA on the Executive Compensation Restrictions. The final assessment can not be completed until after the U.S. Department of the Treasury has promulgated regulations with respect to the executive compensation changes under ARRA.

How Limitations will be Implemented. *Amendment to Benefits Plans.* To address the Executive Compensation Restrictions, Old National entered into letter agreements as approved by the Board of Directors with each of its Senior Executive Officers on December 12, 2008 to address the following: (i) prohibit any Golden Parachute Payment to the Senior Executive Officers during the time that the United States Department of Treasury holds an equity or debt position acquired from Old National in the CPP; (ii) acknowledge that any bonus and incentive compensation paid to a Senior Executive Officer during a CPP Covered Period is subject to recovery or “clawback” by Old National if the payments were made on materially inaccurate financial statements or any other materially inaccurate performance metric criteria; (iii) amend each of Old National’s Benefit Plans to give effect to the limitations set forth in (i) and (ii) above; and (iv) obtain agreement from each Senior Executive Officer to negotiate, in good faith, any other changes necessary to any Benefit Plan so as to not encourage unnecessary and excessive risks. A form of the letter agreement entered into with each Senior Executive Officer is attached hereto for your reference.

Changes to Award Agreements. In connection with the recent granting of performance share awards and restricted stock awards, the agreements related to such awards now include provisions restricting payments to SEOs to the extent such payment is prohibited by EESA and that any payment to SEOs are subject to recovery by Old National as provided by EESA.

Unnecessary and Excessive Risk Review. Old National’s Compensation Committee reviewed the Senior Executive Officer incentive compensation arrangements with Old National’s

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Chief Risk Officer to ensure that the Senior Executive Officers are not encouraged to take any unnecessary and excessive risks that threaten the value of the financial institution. In addition, Old National's Chief Risk Officer met with the Compensation Committee to review the relationship between the financial institution's risk management policies and practices and the Senior Executive Officer compensation arrangements. Old National's Chief Risk Officer concluded that the Benefit Plans do not encourage the Senior Executive Officers to take unnecessary or excessive risks that threaten the value of Old National. The Compensation Committee certified that the compensation programs do not encourage the Senior Executive Officers to take unnecessary and excessive risks that threaten the value of Old National. Pursuant to 31 C.F.R. 30.5(b), the Compensation Committee is required to certify that it has completed the reviews of the Senior Executive Officer incentive compensation arrangements, as outlined above, in the Compensation Committee Report required pursuant to Item 407(e) of Regulation S-K under the federal securities laws (17 C.F.R. 229.407). Old National intends to comply with this requirement in connection with its proxy statement for the 2009 Annual Meeting of Shareholders.

Whether Limitations May be Offset. Old National did not make changes to other longer-term or deferred forms of Senior Executive Officer compensation to offset the limitations set forth herein.

As used in this letter, the following terms shall have the following meanings:

- a. "Benefit Plans" means each of Old National's compensation, bonus, incentive, deferred compensation and other benefits plans, arrangements and agreements (including golden parachute, severance, change in control and employment agreements).
- b. "Compensation Committee" means the Compensation and Management Development Committee of the Board of Directors of Old National.
- c. "CPP Covered Period" shall be limited by, and interpreted in a manner consistent with, 31 C.F.R. §30.10.
- d. "Golden Parachute Payment" is used with the same meaning as in Section 111(b)(2)(C) of EESA.
- e. "Senior Executive Officer" or "SEO" means Old National's "senior executive officers" defined in subsection 111(b)(3) of the EESA.



OLD NATIONAL BANK

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By signing below, I hereby certify the accuracy of all statements, representations and supporting information contained in this letter, subject to the requirements and penalties set forth in 18 U.S.C. 1001.

Very truly yours,

A handwritten signature in black ink, appearing to read 'R. Jones', with a long horizontal flourish extending to the right.

Robert G. Jones
President and CEO

APPENDIX

- Exhibit A Letter to Old National Bancorp shareholders dated December 12, 2008
- Exhibit B Electronic mail message sent to Old National Bancorp associates on December 12, 2008 (including a Q&A attached to the message)
- Exhibit C Press Release issued by Old National Bancorp on October 27, 2008
- Exhibit D Press Release issued by Old National Bancorp on December 12, 2008
- Exhibit E Form of Letter Agreement entered into with each Senior Executive Officer of Old National Bancorp



OLD NATIONAL BANCORP

One Main Street
Evansville, IN 47708

December 12, 2008

Dear Shareholder,

In late October, the U.S. Treasury Department signaled a major shift in its implementation of the Emergency Economic Stabilization Act (sometimes referred to as the TARP). Rather than purchasing bad assets from struggling banks, the federal government decided instead to concentrate on injecting capital into strong, healthy financial institutions.

In the weeks following this announcement, Old National was informed that we had been approved for this new Capital Purchase Program for healthy financial institutions. And after more than a month of careful analysis, we have decided to participate.

As a Capital Purchase Program participant, Old National has agreed to sell preferred, non-voting shares of stock to the U.S. Treasury. While we were approved to sell shares valued up to \$150 million, we are electing to accept \$100 million in Capital Purchase Program funds.

This decision offers our company, clients and shareholders three major benefits:

1. An opportunity to enhance our commitment to community by having more funds available to invest in our markets and to lend to qualified borrowers;
2. The ability to accelerate our strategic plan of growth; and
3. A cost-effective means to bolster our already strong capital position as we face what many experts believe will be an increasingly challenging economy over the next 18 to 24 months.

While I firmly believe we have made the correct choice, I understand that some confusion exists regarding the TARP. This is why I believe there are some very important facts worth noting:

- These are preferred, non-voting shares, meaning the federal government gains no decision-making power in Old National's affairs as a result of this transaction.
- Capital Purchase Program funds must be repaid within five years along with dividends that equate to 5% interest. This is an extremely cost-effective way to increase our capital position, which benefits our clients, shareholders and communities.
- We retain the ability to pay our quarterly cash dividend at its current level and the flexibility to increase that dividend upon approval from our Primary Regulator.

It is also worth noting that our recent acquisition of 65 Charter One banking centers in Central and Northern Indiana did not and will not require any Capital Purchase Program funds. Again, our current capital position is strong, and one of our primary objectives for participating in the Capital Purchase Program is to take every measure to ensure that Old National is strongly positioned for the future.

I welcome your comments and questions about this decision, as well as anything else that is on your mind. As always, please don't hesitate to contact me by phone at 812-464-1280 or email me at bob.jones@oldnational.com.

Sincerely,

Bob Jones
President and CEO, Old National Bancorp

EXHIBIT "B"

Subject: Capital Purchase Program Participation

Earlier today, we informed the U.S. Treasury Department of our intention to participate in the Capital Purchase Program (CPP) for healthy financial institutions. After more than a month of careful analysis, we concluded that participating at this time provides three major benefits to our company, clients and shareholders:

- 1) An opportunity to enhance our commitment to community by having more funds available to lend to qualified borrowers and invest in our markets;
- 2) The ability to accelerate our strategic plan of growth; and
- 3) A cost-effective means to bolster our already strong capital position as we face an increasingly challenging economy over the next 18 to 24 months.

A press release concerning our CPP participation is attached, along with a comprehensive associate Q&A that contains strategies for answering client and shareholder questions. A copy of the Q&A is also available on the Intranet in the "Resources for Industry Concerns" section.

In addition, a letter was mailed today to our shareholders informing them of our decision to accept CPP funds.

If you have any questions or concerns that are not answered in the attached Q&A, please do not hesitate to contact me.

Bob

Capital Purchase Program (CPP) Participation Q&A

For Internal Use Only - Issued Dec. 12, 2008

What are the details of Old National's participation in the Capital Purchase Program?

On Friday, Dec. 12, Old National Bancorp announced that it has sold preferred, non-voting shares of its stock valued at \$100 million to the U.S. Treasury Department as part of the Capital Purchase Program (CPP) for healthy financial institutions. We were pre-approved by Treasury to receive up to \$150 million in CPP funds, and made the decision to accept \$100 million in CPP funds after more than a month of careful analysis.

In issuing the preferred stock, there are dividend obligations that Old National will incur at a rate of 5% per year for the first five years and 9% per year thereafter. This is an extremely cost-effective way to increase our capital position, which benefits our clients, shareholders and communities.

Because the U.S. Treasury is purchasing preferred, non-voting shares, the federal government gains no decision-making power in Old National's affairs as a result of this transaction. Additionally, we retain the ability to pay our quarterly cash dividend at its current level and the flexibility to increase that dividend upon approval from our Primary Regulator.

I thought the TARP was for struggling banks that needed a bailout? Why is Old National participating?

In late October, the U.S. Treasury Department signaled a major shift in its implementation of the Emergency Economic Stabilization Act (sometimes referred to as the TARP) when it announced the creation of the Capital Purchase Program. Rather than purchasing bad assets from struggling banks, the federal government decided instead to concentrate on injecting capital into strong, healthy financial institutions.

On Dec. 4, Assistant Treasury Secretary Neel Kashkari underscored the significance of this shift in focus when he told a U.S. Senate subcommittee: "We strongly believe that *healthy banks* of all sizes, both public and private, should use this program to continue making credit available in their communities." Kashkari also pointed out that in just over one month, Treasury had disbursed an estimated \$151 billion to 52 institutions and had pre-approved many additional applications from public depositories across the country.

Bob Jones and the Old National leadership team firmly believe the decision to participate in the CPP offers our company, clients and shareholders three major benefits:

- 1) An opportunity to enhance our commitment to community by having more funds available to invest in our markets and to lend to qualified borrowers;
- 2) The ability to accelerate our strategic plan of growth; and
- 3) A cost-effective means to bolster our already strong capital position as we face what many experts believe will be an increasingly challenging economy over the next 18 to 24 months.

Capital Purchase Program (CPP) Participation Q&A

For Internal Use Only - Issued Dec. 12, 2008

Is there a connection between our acceptance of CPP funds and our decision to purchase 65 Charter One banking centers in Indiana?

No, there isn't. Capital Purchase Program funds will not be utilized for the purchase of the Indiana Charter One franchise. In addition, we remain well capitalized and well positioned to continue our expansion strategy.

As mentioned previously, participation in the CPP provides Old National with cost-effective capital to enhance our commitment to clients, shareholders and community, while also enhancing and accelerating our strategic plan of growth. In addition, one of our primary objectives for participating at this time is to better position us for the economic challenges that may lie ahead.

Won't CPP participation allow the federal government to control the way we do business?

The U.S. banking industry has always been and will continue to be heavily regulated. Old National has always worked openly and diligently with our Regulators to ensure that we are in full compliance with all government regulations for financial institutions, and this will not change.

As mentioned above, the U.S. Treasury is purchasing preferred, non-voting shares of Old National Bancorp stock. The federal government gains no decision-making power in Old National's affairs as a result of this transaction. Additionally, we retain the ability to pay our quarterly cash dividend at its current level and the flexibility to increase that dividend upon approval from our Primary Regulator.

My clients don't understand the Capital Purchase Program. They view the TARP as a bailout that places a burden on the American taxpayer. How do I explain our decision to participate?

It's no secret that confusion and concern exist regarding the TARP plan and the ensuing Capital Purchase Program. And it is reasonable to expect that some of your clients and our shareholders are going to express concern and/or confusion about Old National's participation. Here are some strategies for communicating our decision:

- The Capital Purchase Program is part of the TARP plan and was designed for *strong, healthy financial institutions*. The TARP was created to give Treasury a flexible set of tools to react to economic changes and help stabilize our economy.
- In late October, Treasury shifted the focus of the TARP toward direct, capital injections into healthy financial institutions like Old National. This shift was well within the flexible set of TARP guidelines provided to Treasury by Congress and President Bush. As a result, we were pre-approved for CPP participation and, after more than a month of careful analysis, elected to participate.

Capital Purchase Program (CPP) Participation Q&A

For Internal Use Only - Issued Dec. 12, 2008

Client Strategies, continued from previous page...

- Because there are dividend payment obligations that equate to 5% interest for the first five years and 9% per year thereafter, the American taxpayer is being offered protection. The CPP is not a handout or a bailout; rather it is a tool that enhances the ability of strong financial institutions like Old National to lend money to qualified borrowers and enhance our ability to support the community.
- Our agreement to purchase 65 Charter One banking centers in Central and Northern Indiana will not require any Capital Purchase Program funds. Our current capital position is strong, and one of our primary objectives for participating in the CPP is to protect our clients and shareholders by ensuring that Old National is strongly positioned for the future.
- The U.S. Treasury is purchasing preferred, non-voting shares of our stock. The federal government gains no decision-making power in Old National's affairs as a result of this transaction.
- We retain the ability to pay our quarterly cash dividend at its current level and the flexibility to increase that dividend upon approval from our Primary Regulator.

If you believe a concerned client or shareholder would benefit from communicating directly with Bob Jones, please don't hesitate to give them Bob's phone number - 812-464-1280 - or email address - bob.jones@oldnational.com



OLD NATIONAL BANCORP

NYSE: ONB
www.oldnational.com

FINANCIAL NEWS

October 27, 2008

OLD NATIONAL BANCORP SELECTED TO PARTICIPATE IN THE TREASURY CAPITAL PURCHASE PROGRAM

Contacts:

Financial Community:

Lynell J. Walton – (812) 464-1366
Vice President – Investor Relations

Media:

Kathy A. Schoettlin – (812) 465-7269
Senior Vice President – Public Relations

Evansville, Indiana: Old National Bancorp (NYSE: ONB) was notified today by the U.S. Department of the Treasury that it has been selected and preliminarily approved to participate in the Treasury Capital Purchase Program for "healthy institutions." The Treasury Department recently created the program to encourage U.S. financial institutions to build capital to increase the flow of financing into businesses and consumers thereby supporting the national economy.

On Monday, October 20, U.S. Treasury Secretary Henry Paulson stated: "This program is designed to attract broad participation *by healthy institutions* and to do so in a way that attracts private capital to them as well."

While Old National has not entered into an agreement with the Treasury Department to participate in this voluntary program, the Company is considering the possibility and is examining and evaluating the program details at this time.

Bob Jones, Chief Executive Officer, commented, "We are pleased and proud to have been selected to participate in this program implemented for 'healthy financial institutions' and honored to do our part to help strengthen the economy. Potential participation in the Treasury Capital Purchase Program would allow Old National to accelerate the execution of its strategic plan. Specifically, participation could facilitate our investment into our communities by enhancing lending opportunities within our established guidelines, bolstering investment into growth markets and accelerating potential strategic acquisitions."

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About Old National

Old National Bancorp is the largest financial services holding company headquartered in Indiana and, with \$7.6 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 one of the largest independent insurance agencies headquartered in Indiana, offering complete personal and commercial insurance solutions. For more information and financial trend data, please visit the company's website at www.oldnational.com.

Forward-Looking Statement

This press release contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include the discussion of Old National's potential participation in the Department of the Treasury's Capital Purchase Program. 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 the inability of Old National to agree to all of the terms and conditions, including the representations and warranties, contained in the agreements required to be executed for participation in the program, the inability of Old National to take the actions necessary to be in compliance with all of the terms and conditions, including the representations and warranties, contained in the agreements, the development of new information concerning the program which results in Old National determining that it is not in the best interest of the Company to participate in the program and other factors identified in the Company'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 press release, and Old National undertakes no obligation to release revisions to these forward-looking statements to reflect events or conditions after the date of this release.

OLD NATIONAL BANCORP

NYSE: ONB

www.oldnational.com

Old National Bancorp Agrees to Participate in Capital Purchase Program for Healthy Financial Institutions

Contacts:

Old National Bancorp: Financial Community: Lynell J. Walton – (812) 464-1366
Media Relations: Kathy A. Schoettlin – (812) 465-7269

EVANSVILLE, Ind. (Dec. 12, 2008) - Old National Bancorp (NYSE: ONB) today announced it has sold preferred, non-voting shares of its stock valued at \$100 million to the U.S. Treasury Department as part of the Capital Purchase Program (CPP) for healthy financial institutions announced by U.S. Treasury Secretary Henry Paulson in late October. Old National, which was approved by Treasury to receive up to \$150 million in CPP funds, made the decision to accept \$100 million in funding after more than a month of careful analysis.

According to Secretary Paulson, the shift in the Emergency Economic Stabilization Act that included a Capital Purchase Program for healthy institutions was developed to improve the credit environment and bolster the national economy by providing affordable capital (in the form of senior preferred stock purchases) to stable banks.

Appearing on December 4, 2008, before the Senate Appropriations Financial Services Subcommittee, Asst. Secretary Neel Kashkari made the following statement regarding the program: "We strongly believe that healthy banks of all sizes, both public and private, should use this program to continue making credit available in their communities. Therefore, Treasury strongly supports the statement issued by bank regulators on November 12 in support of this goal. The inter-agency statement emphasized that the extraordinary government actions taken to stabilize and strengthen the banking system are not merely one-sided; all banks - not just those participating in the Capital Purchase Program - have benefited from the government's actions to restore confidence in the U.S. banking sector. Banks, in turn, have obligations to their communities particularly in this time of economic disruption. They have an obligation to continue to make credit available to creditworthy borrowers and an obligation to work with borrowers who are struggling to avoid preventable foreclosures."

"Participating in the Capital Purchase Program for healthy financial institutions affords Old National the opportunity to enhance our commitment to community by having more funds available to lend to qualified borrowers and invest in our markets," said President and CEO Bob Jones. "It also allows us to accelerate our strategic plan of growth, and it is a cost-effective way to bolster our already strong capital position as we face what many experts believe will be an increasingly challenging economy over the next 18 to 24 months."

Jones also noted that in issuing the preferred stock there are dividend obligations that Old National will incur at a rate of 5% per year for the first five years and 9% per year thereafter. "This is an extremely cost-effective way to increase our capital position, which benefits our clients, shareholders and communities," Jones said.

-MORE-

Capital Purchase Program Funds Not Utilized for Recent Indiana Charter One Acquisition

On Nov. 25, Old National entered into a purchase and assumption agreement to acquire the Indiana retail branch banking network of Citizens Financial Group, which consists of 65 Charter One branches. This acquisition will not require any CPP funding. "Our current capital position is strong, and one of our primary objectives for participating in the Capital Purchase Program is to take every measure to ensure that Old National is strongly positioned for the future," explained Jones.

Under the terms of the agreement, Old National will pay Citizens Financial Group approximately \$15.9 million in cash in consideration of the deposit premium. Subject to regulatory approval, the transaction is anticipated to close in the first quarter of 2009.

About Old National Bancorp

Old National Bancorp is the largest financial services holding company headquartered in Indiana and, with \$7.6 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 one of the largest independent insurance agencies headquartered in Indiana, offering complete personal and commercial insurance solutions. For more information and financial data, please visit the Company's website at www.oldnational.com.

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EXHIBIT "E"

December 12, 2008

Via Hand Delivery

Old National Bancorp
1 Main Street
Evansville, Indiana 47708

Dear _____,

Old National Bancorp (the "Company") anticipates entering into a Securities Purchase Agreement (the "Investment Agreement"), with the United States Department of Treasury (the "Treasury") that provides for the Company's participation in the Treasury's TARP Capital Purchase Program (the "CPP"). If the Company does not participate or ceases at any time to participate in the CPP, this letter shall be of no further force and effect.

For the Company to participate in the CPP and as a condition to the closing of the investment contemplated by the Investment Agreement, the Company is required to establish specified standards for incentive compensation to its senior executive officers and to make changes to its compensation arrangements. To comply with these requirements, and in consideration of the benefits that you will receive as a result of the Company's participation in the CPP, you agree as follows:

1. No Golden Parachute Payments. The Company is prohibiting any Golden Parachute Payment to you during any "CPP Covered Period." A "CPP Covered Period" is any period during which (A) you are a Senior Executive Officer and (B) the Treasury holds an equity or debt position acquired from the Company in the CPP.
2. Recovery of Bonus and Incentive Compensation. Any bonus and incentive compensation paid to you during a CPP Covered Period is subject to recovery or "clawback" by the Company if the payments were based on materially inaccurate financial statements or any other materially inaccurate performance metric criteria.
3. Compensation Program Amendments. Each of the Company's compensation, bonus, incentive, deferred compensation and other benefit plans, arrangements and agreements (including golden parachute, severance, change in control and employment agreements) (collectively, "Benefit Plans") with respect to you is hereby amended to the extent necessary to give effect to Provisions 1 and 2 above. For reference, certain affected Benefit Plans are set forth in Appendix A to this letter.

The Company is also required to review its Benefit Plans to ensure that they do not encourage Senior Executive Officers to take unnecessary and excessive risks that threaten the value of the Company. To the extent any such review requires revisions to any Benefit Plan with respect to you, you and the Company agree to negotiate such changes promptly and in good faith so as to not encourage unnecessary and excessive risks.

The letter shall be interpreted in light of the following definitions:

- a. "Senior Executive Officer" means the Company's "senior executive officers" as defined in subsection 111(b)(3) of the EESA.
- b. "Golden Parachute Payment" is used with same meaning as in Section 111(b)(2)(C) of EESA.
- c. "EESA" means the Emergency Economic Stabilization Act of 2008 as implemented by guidance or regulation issued by the Department of the Treasury and as published in the Federal Register on October 20, 2008.
- d. The term "Closing Date" means the date the transaction between the Company and the Treasury closes.
- e. The term "Company" includes any entities treated as a single employer with the Company under 31 C.F.R. § 30.1(b) (as in effect on the Closing Date). You are also delivering a Waiver pursuant to the Investment Agreement, and, as between the Company and you, the term "employer" in that waiver will be deemed to mean the Company as used in this letter.
- f. The term "CPP Covered Period" shall be limited by, and interpreted in a manner consistent with, 31 C.F.R. § 30.10 (as in effect on the Closing Date).

Provisions 1 and 2 of this letter are intended to, and will be interpreted, administered and construed to comply with Section 111 of the EESA (and, to the maximum extent consistent with the preceding, to permit operation of the Benefit Plans in accordance with their terms before giving effect to this letter). To the extent not subject to federal law, this letter will be governed by and construed in accordance with the laws of the State of Indiana. This letter may be executed in two or more counterparts, each of which will be deemed to be an original. A signature transmitted by facsimile will be deemed an original signature.

December 12, 2008
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The Company's Board of Directors appreciates the concessions you are making and looks forward to your continued leadership during these financially turbulent times.

Yours sincerely,

OLD NATIONAL BANCORP

By: _____
Larry E. Dunigan
Chairman of the Board of Directors

Intending to be legally bound, I agree with and accept the foregoing terms as of the date set forth below.

Date

Affected Benefit Plans