OLD NATIONAL BANCORP /IN/
Form 10-Q
May 05, 2008

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

þ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 2008

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from __________ to __________
Commission File Number 1-15817

OLD NATIONAL BANCORP
(Exact name of Registrant as specified in its charter)

INDIANA	**35-1539838**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1 Main Street **Evansville, Indiana**	**47708**
(Address of principal executive offices)	(Zip Code)

(812) 464-1294
(Registrant s telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to the filing requirements for at least the past 90 days. Yes þ No o

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.

Large accelerated filer þ	Accelerated filer o	Non-accelerated filer o	Smaller reporting company o
		(Do not check if a smaller reporting company)	

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act).Yes o No þ

Indicate the number of shares outstanding of each of the issuer s classes of common stock. The Registrant has one class of common stock (no par value) with 66,202,000 shares outstanding at April 30, 2008.

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OLD NATIONAL BANCORP
CONSOLIDATED BALANCE SHEET

(dollars and shares in thousands, except per share data)	March 31, 2008 (unaudited)	December 31, 2007	March 31, 2007 (unaudited)
Assets			
Cash and due from banks	**$ 228,734**	$ 255,192	$ 177,585
Federal funds sold and resell agreements			330,000
Money market investments	**72,843**	8,480	30,105
Total cash and cash equivalents	**301,577**	263,672	537,690
Investment securities available-for-sale, at fair value U.S.			
Government-sponsored entities and agencies	**469,311**	688,947	582,901
Mortgage-backed securities	**1,012,127**	940,967	1,029,772
States and political subdivisions	**294,310**	294,884	267,030
Other securities	**210,567**	215,843	196,458
Investment securities available-for-sale	**1,986,315**	2,140,641	2,076,161
Investment securities held-to-maturity, at amortized cost (fair value $120,067, $124,504 and $149,184 respectively)	**119,380**	126,769	153,232
Federal Home Loan Bank stock, at cost	**41,090**	41,090	41,170
Residential loans held for sale, at fair value	**10,155**	13,000	18,976
Loans:			
Commercial	**1,740,278**	1,694,736	1,667,194
Commercial real estate	**1,235,302**	1,270,408	1,454,150
Residential real estate	**528,534**	533,448	560,780
Consumer credit, net of unearned income	**1,176,708**	1,187,764	1,199,108
Total loans	**4,680,822**	4,686,356	4,881,232
Allowance for loan losses	**(72,250)**	(56,463)	(71,330)
Net loans	**4,608,572**	4,629,893	4,809,902
Premises and equipment, net	**45,775**	48,652	54,123
Accrued interest receivable	**44,489**	50,277	49,908
Goodwill	**159,198**	159,198	159,850
Other intangible assets	**31,102**	31,778	34,533
Company-owned life insurance	**216,917**	214,486	209,091
Assets held for sale	**2,996**	3,969	70,322
Other assets	**155,900**	122,701	116,686
Total assets	**$ 7,723,466**	$ 7,846,126	$ 8,331,644
Liabilities			
Deposits:			
Noninterest-bearing demand	**$ 861,114**	$ 855,449	$ 859,402
Interest-bearing:			

NOW	**1,312,216**	1,410,667	1,635,796
Savings	**923,367**	774,054	581,675
Money market	**517,776**	562,127	851,049
Time (including $41,429, $0 and $0, respectively, at fair value)	**1,732,012**	2,061,086	2,681,814
Total deposits	**5,346,485**	5,663,383	6,609,736
Short-term borrowings	**640,503**	638,247	380,966
Other borrowings	**834,888**	656,722	592,473
Accrued expenses and other liabilities	**226,197**	234,893	107,798
Total liabilities	**7,048,073**	7,193,245	7,690,973
Shareholders Equity			
Preferred stock, 2,000 shares authorized, no shares issued or outstanding			
Common stock, $1 stated value, 150,000 shares authorized, 66,202, 66,205 and 66,416 shares issued and outstanding, respectively	**66,202**	66,205	66,416
Capital surplus	**564,397**	563,675	565,827
Retained earnings	**53,563**	34,346	28,699
Accumulated other comprehensive loss, net of tax	**(8,769)**	(11,345)	(20,271)
Total shareholders equity	**675,393**	652,881	640,671
Total liabilities and shareholders equity	**$ 7,723,466**	$ 7,846,126	$ 8,331,644

The accompanying notes to consolidated financial statements are an integral part of these statements.

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OLD NATIONAL BANCORP
CONSOLIDATED STATEMENT OF INCOME (unaudited)

	Three Months Ended March 31,	
(dollars in thousands, except per share data)	**2008**	**2007**
Interest Income		
Loans including fees:		
Taxable	**$ 71,128**	$ 79,663
Nontaxable	**5,461**	5,252
Investment securities, available-for-sale:		
Taxable	**22,562**	23,122
Nontaxable	**3,221**	3,103
Investment securities, held-to-maturity, taxable	**1,430**	1,831
Money market investments	**332**	3,341
Total interest income	**104,134**	116,312
Interest Expense		
Deposits	**29,736**	50,321
Short-term borrowings	**3,929**	3,796
Other borrowings	**10,679**	10,393
Total interest expense	**44,344**	64,510
Net interest income	**59,790**	51,802
Provision for loan losses	**21,905**	2,445
Net interest income after provision for loan losses	**37,885**	49,357
Noninterest Income		
Wealth management fees	**4,569**	4,892
Service charges on deposit accounts	**10,238**	10,233
ATM fees	**4,034**	3,176
Mortgage banking revenue	**1,233**	956
Insurance premiums and commissions	**12,069**	10,639
Investment product fees	**2,718**	2,856
Company-owned life insurance	**2,760**	2,379
Net securities gains (losses)	**4,519**	(2,667)
Gain (loss) on derivatives	**(616)**	14
Gain on sale leaseback	**1,565**	87
Other income	**3,787**	2,192
Total noninterest income	**46,876**	34,757
Noninterest Expense		
Salaries and employee benefits	**42,328**	41,348
Occupancy	**9,645**	6,360
Equipment	**2,568**	3,056

Marketing	**2,044**	2,349
Data processing	**4,622**	5,054
Communication	**2,311**	2,383
Professional fees	**1,658**	1,956
Loan expense	**1,251**	1,187
Supplies	**884**	1,027
Loss on extinguishment of debt	**207**	1,234
Impairment of long-lived assets		1,163
Other expense	**3,418**	5,916
Total noninterest expense	**70,936**	73,033
Income before income taxes	**13,825**	11,081
Income tax expense (benefit)	**(5,515)**	291
Net income	**$ 19,340**	$ 10,790
Net income per common share		
Basic net income per share	**$ 0.29**	$ 0.16
Diluted net income per share	**0.29**	0.16
Weighted average number of common shares outstanding		
Basic	**65,623**	65,806
Diluted	**65,754**	65,863
Dividends per common share (1)	**$**	$ 0.22

(1) A $0.23 cash dividend was paid in the first quarter of 2008. However, the first quarter dividend was declared in December 2007 and is included in fourth quarter 2007 results.

The accompanying notes to consolidated financial statements are an integral part of these statements.

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OLD NATIONAL BANCORP
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY (unaudited)

(dollars and shares in thousands)	Common Stock Shares	Common Stock Amount	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders Equity	Comprehensive Income
Balance, December 31, 2006	66,503	$ 66,503	$ 565,106	$ 35,873	$ (25,113)	$ 642,369	
Comprehensive income							
Net income				10,790		10,790	$ 10,790
Other comprehensive income (1)							
Change in unrealized gain (loss) on securities available for sale, net of reclassification and tax					4,735	4,735	4,735
Reclassification adjustment on cash flows hedges, net of tax					107	107	107
Total comprehensive income							$ 15,632
Adjustment to apply FIN No. 48				(3,368)		(3,368)	
Adjustment to apply EITF No. 06-5				(118)		(118)	
Cash dividends				(14,478)		(14,478)	
Stock repurchased	(8)	(8)	(142)			(150)	
Stock based compensation expense			232			232	
Stock issued (forfeited) under restricted stock and stock compensation plans	(79)	(79)	79				
Stock options issued in acquisition			552			552	
Balance, March 31, 2007	66,416	$ 66,416	$ 565,827	$ 28,699	$ (20,271)	$ 640,671	
Balance, December 31, 2007	**66,205**	**$ 66,205**	**$ 563,675**	**$ 34,346**	**$ (11,345)**	**$ 652,881**	

Comprehensive income							
Net income				**19,340**		**19,340**	**$ 19,340**
Other comprehensive income (1)							
Change in unrealized gain (loss) on securities available for sale, net of reclassification and tax					**2,438**	**2,438**	**2,438**
Reclassification adjustment on cash flows hedges, net of tax					**43**	**43**	**43**
Reclassification adjustment on defined benefit pension plans, net of tax					**95**	**95**	**95**
Total comprehensive income							**$ 21,916**
Other adjustments			**47**	**(123)**		**(76)**	
Stock repurchased	**(13)**	**(13)**	**(213)**			**(226)**	
Exercise of stock options, including tax benefits	**1**	**1**	**23**			**24**	
Stock based compensation expense			**874**			**874**	
Stock issued (forfeited) under restricted stock and stock compensation plans	**9**	**9**	**(9)**				
Balance, March 31, 2008	**66,202**	**$ 66,202**	**$ 564,397**	**$ 53,563**	**$ (8,769)**	**$ 675,393**	

(1) See Note 5 to the consolidated financial statements.

The accompanying notes to consolidated financial statements are an integral part of these statements.

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OLD NATIONAL BANCORP
CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)

(dollars in thousands)	Three Months Ended March 31, 2008	2007
Cash Flows From Operating Activities		
Net income	**$ 19,340**	$ 10,790
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation	**1,493**	2,687
Amortization of other intangible assets and goodwill impairment	**876**	743
Net discount accretion on investment securities	**(443)**	(597)
Restricted stock expense	**765**	165
Stock option expense	**109**	66
Provision for loan losses	**21,905**	2,445
Net securities (gains) losses	**(4,519)**	2,667
Gain on sale leaseback	**(1,565)**	(87)
(Gain) loss on derivatives	**616**	(14)
Net (gains) losses on sales and write-downs of loans and other assets	**(780)**	711
Loss on retirement of debt	**207**	1,234
Increase in cash surrender value of company owned life insurance	**(2,431)**	(2,221)
Residential real estate loans originated for sale	**(43,908)**	(70,885)
Proceeds from sale of residential real estate loans	**47,523**	69,374
Decrease in interest receivable	**5,788**	5,659
(Increase) decrease in other assets	**(31,506)**	8,510
Increase (decrease) in accrued expenses and other liabilities	**4,142**	(27,269)
Total adjustments	**(1,728)**	(6,812)
Net cash flows provided by operating activities	**17,612**	3,978
Cash Flows From Investing Activities		
Cash and cash equivalents of subsidiaries acquired, net		17,429
Purchase of subsidiaries		(78,109)
Purchases of investment securities available-for-sale	**(417,852)**	(268,730)
Proceeds from maturities, prepayments and calls of investment securities available-for-sale	**480,824**	306,612
Proceeds from sales of investment securities available-for-sale	**100,177**	145,470
Proceeds from maturities, prepayments and calls of investment securities held-to-maturity	**7,201**	8,645
Proceeds from redemption of FHLB stock		758
Proceeds from sale of loans	**2,251**	3,876
Net principal collected from (loans made to) customers	**(2,780)**	139,290
Proceeds from sale of premises and equipment and other assets	**4,104**	328
Proceeds from sale leaseback of real estate	**4,542**	
Purchase of premises and equipment	**(2,519)**	(2,568)
Net cash flows provided by investing activities	**175,948**	273,001

Cash Flows From Financing Activities		
Net increase (decrease) in deposits and short-term borrowings:		
Noninterest-bearing demand deposits	**5,666**	(57,767)
Savings, NOW and money market deposits	**6,510**	(4,042)
Time deposits	**(329,642)**	(11,936)
Short-term borrowings	**2,256**	39,736
Payments for maturities on other borrowings	**(50,077)**	(1,072)
Proceeds from issuance of other borrowings	**225,000**	
Payments related to retirement of debt		(187,485)
Cash dividends paid	**(15,166)**	(14,478)
Common stock repurchased	**(226)**	(150)
Proceeds from exercise of stock options, including tax benefit	**24**	
Net cash flows used in financing activities	**(155,655)**	(237,194)
Net increase in cash and cash equivalents	**37,905**	39,785
Cash and cash equivalents at beginning of period	**263,672**	497,905
Cash and cash equivalents at end of period	**$ 301,577**	$ 537,690
Total interest paid	**$ 44,719**	$ 62,153
Total taxes paid (net of refunds)	**$ 5,250**	$ 5,633

The accompanying notes to consolidated financial statements are an integral part of these statements.

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OLD NATIONAL BANCORP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)
NOTE 1 BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements include the accounts of Old National Bancorp and its wholly-owned affiliates (Old National) and have been prepared in conformity with accounting principles generally accepted in the United States of America and prevailing practices within the banking industry. Such principles require management to make estimates and assumptions that affect the reported amounts of assets, liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The allowance for loan losses, goodwill and intangibles, derivative financial instruments and income taxes are particularly subject to change. In the opinion of management, the consolidated financial statements contain all the normal and recurring adjustments necessary for a fair statement of the financial position of Old National as of March 31, 2008 and 2007, and December 31, 2007, and the results of its operations for the three months ended March 31, 2008 and 2007. Interim results do not necessarily represent annual results. These financial statements should be read in conjunction with Old National s Annual Report for the year ended December 31, 2007.

All significant intercompany transactions and balances have been eliminated. Certain prior year amounts have been reclassified to conform with the 2008 presentation. Such reclassifications had no effect on net income.

NOTE 2 RECENT ACCOUNTING PRONOUNCEMENTS

SFAS No. 157 In September 2006, the FASB issued Statement No. 157 *Fair Value Measurements*. The standard defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The standard establishes a fair value hierarchy about the assumptions used to measure fair value and clarifies assumptions about risk and the effect of a restriction on the sale or use of an asset. SFAS No. 157 became effective for the Company on January 1, 2008. See note 19 to the consolidated financial statements for additional information.

FSP SFAS No. 157-2 In February 2008, the FASB issued FASB Staff Position No. 157-2. The staff position delays the effective date of SFAS No. 157 for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis. The delay is intended to allow additional time to consider the effect of various implementation issues with regard to the application of SFAS No. 157. The new staff position defers the effective date of SFAS No. 157 to January 1, 2009 for items within the scope of the staff position. The Company is currently evaluating the impact of FSP SFAS No. 157-2 on the consolidated financial statements.

SFAS No. 159 In February 2007, the FASB issued Statement No. 159 *The Fair Value Option for Financial Assets and Financial Liabilities.* The standard provides companies with an option to report selected financial assets and liabilities at fair value and establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. On January 1, 2008, the date this pronouncement became effective for the Company, Old National elected the fair value option on newly originated residential mortgage loans held for sale and certain retail certificates of deposit on a prospective basis. See note 19 to the consolidated financial statements for additional information.

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SFAS No. 141(R) In December 2007, the FASB issued Statement No. 141(R) *Business Combinations*. This statement replaces FASB Statement No. 141 *Business Combinations*. SFAS No. 141(R) establishes principles and requirements for how an acquiring company (1) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree, (2) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase, and (3) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. The new standard is effective for the Company on January 1, 2009. The Company is currently evaluating the impact of adopting SFAS No. 141(R) on the consolidated financial statements.

SFAS No. 160 In December 2007, the FASB issued Statement No. 160 *Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51*. SFAS No. 160 requires the ownership interests in subsidiaries held by parties other than the parent be clearly identified, labeled and presented in the consolidated balance sheet within equity, but separate from the parent s equity. It also requires the amount of consolidated net income attributable to the parent and the noncontrolling interest be clearly identified and presented on the face of the consolidated statement of income. The new standard is effective for the Company on January 1, 2009. The Company is currently evaluating the impact of adopting SFAS No. 160 on the consolidated financial statements.

SFAS No. 161 In March 2008, the FASB issued Statement No. 161 *Disclosures about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133*. FASB No. 161 requires enhanced disclosures about how and why an entity uses derivative instruments, how derivative instruments and related items are accounted for under Statement 133 and how derivative instruments and related hedged items affect an entity s financial position, financial performance and cash flows. The new standard is effective for the Company on January 1, 2009. The Company is currently evaluating the impact of adopting SFAS No. 161 on the consolidated financial statements.

SAB 109 In November 2007, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 109 (SAB 109). SAB 109 modifies how to apply generally accepted accounting principles to loan commitments that are accounted for at fair value through earnings. Prior to SAB 109, when companies measured the fair value of a derivative loan commitment, the expected net future cash flows related to the associated servicing of the loan was excluded. Under SAB 109, the expected net future cash flows related to the associated servicing of the loans sold will be included in the measurement of all written loan commitments that are accounted for at fair value through earnings. SAB 109 was effective for the Company on January 1, 2008. There was no material impact to Old National s consolidated financial position or results of operations upon adoption.

EITF 06-4 In September 2006, the FASB Emerging Issues Task Force finalized Issue No. 06-4, *Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements.* This EITF Issue addresses accounting for separate agreements which split life insurance policy benefits between an employer and employee. The Issue requires the employer to recognize a liability for future benefits payable to the employee under these agreements. The effects of applying this issue must be recognized through either a change in accounting principle through an adjustment to equity or through the retrospective application to all prior periods. EITF 06-4 became effective for the Company on January 1, 2008, and did not have a material impact on the Company s consolidated financial position or results of operations.

EITF 06-10 In March 2007, the FASB Emerging Issues Task Force reached a consensus on Issue No. 06-10, *Accounting for Deferred Compensation and Postretirement Benefit Aspects of Collateral Assignment Split-Dollar Life Insurance Arrangements.* This Issue provides guidance to help companies determine whether a liability for the postretirement benefit associated with a collateral assignment split-dollar life insurance arrangement should be recorded in accordance with either SFAS No. 106 *Employers Accounting for Postretirement Benefits Other Than Pensions* (if, in substance, a postretirement benefit plan exists) or Accounting Principles Board Opinion No. 12 (if the arrangement is, in substance, an individual deferred compensation contract). EITF 06-10 also provides guidance on how a company should recognize and measure the asset in a collateral assignment split-dollar life insurance contract. EITF 06-10 became effective for the Company on January 1, 2008, and did not have a material impact on the Company s consolidated financial position or results of operations.

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NOTE 3 ACQUISITION

On February 1, 2007, Old National acquired St. Joseph Capital Corporation ("St. Joseph), a banking franchise headquartered in Mishawaka, Indiana, for $78.1 million, including acquisition costs. Pursuant to the merger agreement, the shareholders of St. Joseph received $40.00 in cash for each share of St. Joseph stock in an all-cash transaction. Goodwill of $46.5 million was recorded on the date of acquisition and subsequently adjusted to $45.8 million, of which none is deductible for tax purposes. In addition, intangible assets totaling $14.5 million related to core deposits and customer relationships were recorded and are being amortized over 10 to 11 years. See Note 9 to the consolidated financial statements for additional information. On the date of acquisition, unaudited financial statements of St. Joseph showed assets of $452.9 million, which included $336.6 million of loans and $78.6 million of securities, $357.3 million of deposits and year-to-date net interest income and other income of $0.8 million and net loss of $3.3 million.

NOTE 4 NET INCOME PER SHARE

Basic net income per share is computed by dividing net income by the weighted-average number of common shares outstanding during each period. Diluted net income per share reflects additional common shares that would have been outstanding if dilutive potential common shares had been issued. At March 31, 2008 and 2007, stock options to purchase approximately 5.7 million and 6.1 million shares, respectively, were excluded from the computation of diluted net income per share because their inclusion would have been anti-dilutive.

The following table reconciles basic and diluted net income per share for the three months ended March 31:

(dollars and shares in thousands, except per share data)	**Three Months Ended March 31, 2008**			**Three Months Ended March 31, 2007**		
	Income	**Shares**	**Amount**	**Income**	**Shares**	**Amount**
Basic Net Income Per Share						
Income from operations	**$ 19,340**	**65,623**	**$ 0.29**	$ 10,790	65,806	$ 0.16
Effect of dilutive securities:						
Restricted stock		**106**			27	
Stock options		**25**			30	
Diluted Net Income Per Share						
Income from operations and assumed conversions	**$ 19,340**	**65,754**	**$ 0.29**	$ 10,790	65,863	$ 0.16

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NOTE 5 COMPREHENSIVE INCOME

Comprehensive income includes all changes in equity during a period, except those resulting from investments by and distributions to owners. Following is a summary of other comprehensive income for the three months ended March 31, 2008 and 2007:

(dollars in thousands)	2008	2007
Net income	**$ 19,340**	$ 10,790
Other comprehensive income		
Change in securities available for sale:		
Unrealized holding gains (losses) arising during the period	**8,344**	5,268
Reclassification adjustment for securities (gains) losses realized in income	**(4,519)**	2,667
Income tax effect	**(1,387)**	(3,200)
Cash flow hedges:		
Net unrealized derivative gains (losses) on cash flow hedges		
Reclassification adjustment on cash flow hedges	**71**	176
Income tax effect	**(28)**	(69)
Defined benefit pension plans:		
Amortization of net (gain) loss recognized in income	**158**	
Income tax effect	**(63)**	
Total other comprehensive income	**2,576**	4,842
Comprehensive income	**$ 21,916**	$ 15,632

The following table summarizes the changes within each classification of accumulated other comprehensive income for the three months ended March 31, 2008 and 2007:

(dollars in thousands)	Unrealized gains (losses) on securities	Unrecognized gain (loss) on cash flow hedges	Defined benefit pension plans	Accumulated other comprehensive income
Balance at December 31, 2007	**$ (3,704)**	**$ (655)**	**$ (6,986)**	**$ (11,345)**
Other comprehensive income	**2,438**	**43**	**95**	**2,576**
Balance at March 31, 2008	**$ (1,266)**	**$ (612)**	**$ (6,891)**	**$ (8,769)**
Balance at December 31, 2006	$ (16,286)	$ (998)	$ (7,829)	$ (25,113)
Other comprehensive income	4,735	107		4,842
Balance at March 31, 2007	$ (11,551)	$ (891)	$ (7,829)	$ (20,271)

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NOTE 6 INVESTMENT SECURITIES

The following table summarizes the amortized cost and fair value of the available-for-sale and held-to-maturity investment securities portfolio at March 31, 2008 and December 31, 2007 and the corresponding amounts of unrealized gains and losses therein:

(dollars in thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2008				
Available-for-sale				
U.S. Government-sponsored entities and agencies	**$ 456,317**	**$ 12,994**	**$**	**$ 469,311**
Mortgage-backed securities	**1,029,654**	**5,506**	**(23,033)**	**1,012,127**
States and political subdivisions	**283,599**	**10,979**	**(268)**	**294,310**
Other securities	**219,649**	**2,456**	**(11,538)**	**210,567**
Total available-for-sale securities	**$ 1,989,219**	**$ 31,935**	**$ (34,839)**	**$ 1,986,315**
Held-to-maturity				
Mortgage-backed securities	**$ 103,504**	**$ 474**	**$**	**$ 103,978**
Other securities	**15,876**	**213**		**16,089**
Total held-to-maturity securities	**$ 119,380**	**$ 687**	**$**	**$ 120,067**
December 31, 2007				
Available-for-sale				
U.S. Government-sponsored entities and agencies	$ 678,545	$ 10,757	$ (355)	$ 688,947
Mortgage-backed securities	963,039	1,838	(23,910)	940,967
States and political subdivisions	286,898	8,404	(418)	294,884
Other securities	218,888	1,007	(4,052)	215,843
Total available-for-sale securities	$ 2,147,370	$ 22,006	$ (28,735)	$ 2,140,641
Held-to-maturity				
Mortgage-backed securities	$ 107,830	$	$ (2,237)	$ 105,593
Other securities	18,939		(28)	18,911
Total held-to-maturity securities	$ 126,769	$	$ (2,265)	$ 124,504

For the three months ended March 31, 2008 and 2007, proceeds from the sales of investment securities available-for-sale were $100.2 million and $145.5 million, respectively. For the three months ended March 31, 2008, realized gains were $4.6 million and losses were $0.1 million. Included in the $4.6 million of gains were $3.4 million of gains related to securities that were called by the issuers. For the three months ended March 31, 2007, realized gains were $0.2 million and losses were $2.9 million.

At March 31, 2008, Old National does not believe any individual unrealized loss represents other-than-temporary impairment. The unrealized losses are primarily attributable to changes in interest rates and recent market events. Factors considered in evaluating the securities included whether the securities were backed by U.S. Government-sponsored entities and agencies and credit quality concerns surrounding the recovery of the full principal balance. At March 31, 2008, approximately 74% of the mortgage-backed securities held by Old National were issued by U.S. government-sponsored entities and agencies. Because the decline in market value is attributable to changes in interest rates and not credit quality, and because the Company has the intent and ability to hold these mortgage-backed securities until a recovery of fair value, which may be maturity, the Company does not consider these securities to be other-than-temporarily impaired at March 31, 2008.

The Company s unrealized losses on other securities relate primarily to its investment in pooled trust preferred securities. The decline in value is attributable to temporary illiquidity in that market and not credit quality. Due to the illiquidity in that market, it is unlikely that the Company would be able to recover its investment in the pooled trust preferred securities if the Company sold the securities at this time. Because the Company has the intent and ability to hold these securities until a recovery of fair value, which may be at maturity, it does not consider the investment in the pooled trust preferred securities to be other-than-temporary impairment at March 31, 2008.

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NOTE 7 LOANS HELD FOR SALE

Effective January 1, 2008, residential loans that Old National has committed to sell are recorded at fair value in accordance with SFAS No. 159 *The Fair Value Option for Financial Assets and Financial Liabilities*. Prior to this, these residential loans had been recorded at the lower of cost or market value. At March 31, 2008 and December 31, 2007, Old National had residential loans held for sale of $10.2 million and $13.0 million, respectively.

During the first quarter of 2008, $2.2 million of commercial loans were reclassified to loans held for sale and sold, with no write-down on the loans transferred. During the first quarter of 2007, $3.8 million of commercial real estate loans were transferred to loans held for sale and sold, with no write-down on the loans transferred.

NOTE 8 ALLOWANCE FOR LOAN LOSSES

Activity in the allowance for loan losses was as follows:

	Three Months Ended March 31,	
(dollars in thousands)	**2008**	**2007**
Balance, January 1	**$ 56,463**	$ 67,790
Additions:		
Provision charged to expense	**21,905**	2,445
Allowance of acquired bank		5,699
Deductions:		
Loans charged-off	**8,689**	7,704
Recoveries	**(2,571)**	(3,100)
Net charge-offs	**6,118**	4,604
Balance, March 31	**$ 72,250**	$ 71,330

Individually impaired loans were as follows:

(dollars in thousands)	**March 31, 2008**	**December 31, 2007**
Impaired loans without an allowance for loan losses allocation	**$ 12,578**	$ 11,278
Impaired loans with an allowance for loan losses allocation	**47,339**	19,027
Total impaired loans	**$ 59,917**	$ 30,305
Allowance for loan losses allocated to impaired loans	**$ 23,832**	$ 5,904

For the three months ended March 31, 2008 and 2007, the average balance of impaired loans was $45.1 million and $42.1 million, respectively, for which no interest income was recorded. No additional funds are committed to be advanced in connection with impaired loans. Loans deemed impaired are evaluated using the fair value of the underlying collateral.

Nonperforming loans were as follows:

(dollars in thousands)	**March 31, 2008**	**December 31, 2007**
Nonaccrual loans	**$ 70,223**	$ 40,816
Renegotiated loans		

Total nonperforming loans	**$**	**70,223**	$	40,816
Past due loans (90 days or more and still accruing)	**$**	**1,547**	$	1,511

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Nonperforming loans includes both smaller balance homogeneous loans that are collectively evaluated for impairment and individually classified impaired loans. Included in nonaccrual loans at March 31, 2008, is $23.0 million related to the misconduct of a former loan officer.

NOTE 9 GOODWILL AND OTHER INTANGIBLE ASSETS

The following table shows the changes in the carrying amount of goodwill by segment for the three months ended March 31, 2008 and 2007:

(dollars in thousands)	Community Banking	Other	Total
Balance, January 1, 2008	**$ 119,325**	**$ 39,873**	**$ 159,198**
Adjustments to goodwill			
Balance, March 31, 2008	**$ 119,325**	**$ 39,873**	**$ 159,198**
Balance, January 1, 2007	$ 73,477	$ 39,873	$ 113,350
Goodwill acquired during the period	46,500		46,500
Balance, March 31, 2007	$ 119,977	$ 39,873	$ 159,850

Goodwill is reviewed annually for impairment. Old National completed its most recent annual goodwill impairment test as of August 31, 2007 and determined that no impairment existed as of this date. Old National recorded $46.5 million of goodwill in the first quarter of 2007 associated with the acquisition of St. Joseph Capital Corporation.

The gross carrying amount and accumulated amortization of other intangible assets at March 31, 2008 and December 31, 2007 was as follows:

(dollars in thousands)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
March 31, 2008			
Amortized intangible assets:			
Core deposit	**$ 15,623**	**$ (6,230)**	**$ 9,393**
Customer business relationships	**25,753**	**(7,989)**	**17,764**
Customer loan relationships	**4,413**	**(468)**	**3,945**
Total intangible assets	**$ 45,789**	**$ (14,687)**	**$ 31,102**
December 31, 2007			
Amortized intangible assets:			
Core deposit	$ 15,623	$ (5,897)	$ 9,726
Customer business relationships	25,553	(7,546)	18,007
Customer loan relationships	4,413	(368)	4,045
Total intangible assets	$ 45,589	$ (13,811)	$ 31,778

Other intangible assets consist of core deposit intangibles and customer relationship intangibles and are being amortized primarily on an accelerated basis over their estimated useful lives, generally over a period of 10 to 25 years. Old National reviews intangible assets for possible impairment whenever events or changes in circumstances indicate that carrying amounts may not be recoverable. Old National recorded $14.5 million of other intangibles associated with the acquisition of St. Joseph Capital Corporation in 2007. Total amortization expense associated with other intangible assets for the three months ended March 31 was $0.9 million in 2008 and $0.7 million in 2007.

Estimated amortization expense for the future years is as follows:

(dollars in thousands)		
2008 remaining	$	2,605
2009		3,319
2010		3,134
2011		2,988
2012		2,811
Thereafter		16,245
Total	$	31,102

NOTE 10 ASSETS HELD FOR SALE

Assets held for sale are summarized as follows:

(dollars in thousands)	**March 31, 2008**	**December 31, 2007**
Assets held for sale:		
Land	**$ 895**	$ 21,637
Building and improvements	**5,862**	101,284
Total	**6,757**	122,921
Accumulated depreciation	**(3,761)**	(52,599)
Assets held for sale net	**$ 2,996**	$ 70,322

Included in assets held for sale at March 31, 2008 are five financial centers which are pending sale. Old National plans to continue occupying these properties under long-term lease arrangements. See note 16 to the consolidated financial statements for additional information on Old National s long-term lease arrangements.

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NOTE 11 FINANCING ACTIVITIES

The following table summarizes Old National s and its subsidiaries other borrowings at March 31, 2008, and December 31, 2007:

(dollars in thousands)	March 31, 2008	December 31, 2007
Old National Bancorp:		
Medium-term notes, Series 1997 (fixed rate 3.50%) maturing June 2008	**$ 100,000**	$ 100,000
Senior unsecured note (fixed rate 5.00%) maturing May 2010	**50,000**	50,000
Junior subordinated debenture (fixed rates 6.27% to 8.00% and variable rate 5.75%) maturing April 2032 to March 2035	**108,000**	108,000
SFAS 133 fair value hedge and other basis adjustments	**(1,227)**	(1,872)
Old National Bank:		
Securities sold under agreements to repurchase (fixed rates 2.45% to 4.06%) maturing December 2010 to October 2012	**99,000**	74,000
Federal Home Loan Bank advances (fixed rates 2.11% to 8.34%) maturing July 2008 to January 2023	**324,301**	124,369
Senior unsecured bank notes (fixed rate 3.95%) maturing February 2008		50,000
Subordinated bank notes (fixed rate 6.75%) maturing October 2011	**150,000**	150,000
Capital lease obligation	**4,418**	4,427
SFAS 133 fair value hedge and other basis adjustments	**396**	(2,202)
Total other borrowings	**$ 834,888**	$ 656,722

Contractual maturities of other borrowings at March 31, 2008, were as follows:

(dollars in thousands)	
Due in 2008	$ 101,028
Due in 2009	2,040
Due in 2010	124,043
Due in 2011	250,046
Due in 2012	150,688
Thereafter	207,874
SFAS 133 fair value hedge and other basis adjustments	(831)
Total	$ 834,888

LINE OF CREDIT

Subsequent to the end of the first quarter of 2008, Old National entered into a $100 million revolving credit facility at the parent company level. Three unrelated financial institutions serve as lenders for the facility. The facility has an interest rate of LIBOR plus 1.00% and a maturity of 364 days. The proceeds will be used primarily to retire debt.

FEDERAL HOME LOAN BANK

Federal Home Loan Bank advances had weighted-average rates of 3.76% and 5.19% at March 31, 2008, and December 31, 2007, respectively. These borrowings are collateralized by investment securities and residential real estate loans up to 150% of outstanding debt.

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SUBORDINATED BANK NOTES

Subordinated bank notes qualify as Tier 2 Capital for regulatory purposes, subject to certain limitations, and are in accordance with the senior and subordinated global bank note program in which Old National Bank may issue and sell up to a maximum of $1 billion. Notes issued by Old National Bank under the global note program are not obligations of, or guaranteed by, Old National Bancorp.

JUNIOR SUBORDINATED DEBENTURES

Junior subordinated debentures related to trust preferred securities are classified in other borrowings . These securities qualify as Tier 1 capital for regulatory purposes, subject to certain limitations.

Old National guarantees the payment of distributions on the trust preferred securities issued by ONB Capital Trust II. ONB Capital Trust II issued $100 million in preferred securities in April 2002. The preferred securities have a liquidation amount of $25 per share with a cumulative annual distribution rate of 8.0% or $2.00 per share payable quarterly and maturing on April 15, 2032. Proceeds from the issuance of these securities were used to purchase junior subordinated debentures with the same financial terms as the securities issued by ONB Capital Trust II. Old National may redeem the junior subordinated debentures and thereby cause a redemption of the trust preferred securities in whole (or in part from time to time) on or after April 12, 2007. Costs associated with the issuance of these trust preferred securities totaling $3.3 million in 2002 were capitalized and are being amortized through the maturity dates of the securities. The unamortized balance is included in other assets in the consolidated balance sheet.

During February 2007, Old National acquired St. Joseph Capital Trust I and St. Joseph Capital Trust II in conjunction with its acquisition of St. Joseph Capital Corporation. Old National guarantees the payment of distributions on the trust preferred securities issued by St. Joseph Capital Trust I and St. Joseph Capital Trust II. St. Joseph Capital Trust I issued $3.0 million in preferred securities in July 2003. The preferred securities carry a variable rate of interest priced at the three-month LIBOR plus 305 basis points, payable quarterly and maturing on July 11, 2033. Proceeds from the issuance of these securities were used to purchase junior subordinated debentures with the same financial terms as the securities issued by St. Joseph Capital Trust I. St. Joseph Capital Trust II issued $5.0 million in preferred securities in March 2005. The preferred securities have a cumulative annual distribution rate of 6.27% until March 2010 when it will carry a variable rate of interest priced at the three-month LIBOR plus 175 basis points, payable quarterly and maturing on March 17, 2035. Proceeds from the issuance of these securities were used to purchase junior subordinated debentures with the same financial terms as the securities issued by St. Joseph Capital Trust II. Old National may redeem the junior subordinated debentures and thereby cause a redemption of the trust preferred securities in whole (or in part from time to time) on or after September 30, 2008 (for debentures owned by St. Joseph Capital Trust I) and on or after March 31, 2010 (for debentures owned by St. Joseph Capital Trust II), and in whole (but not in part) following the occurrence and continuance of certain adverse federal income tax or capital treatment events.

CAPITAL LEASE OBLIGATION

On January 1, 2004, Old National entered into a long-term capital lease obligation for a financial center in Owensboro, Kentucky, which extends for 25 years with one renewal option for 10 years. The economic substance of this lease is that Old National is financing the acquisition of the building through the lease and accordingly, the building is recorded as an asset and the lease is recorded as a liability. The fair value of the capital lease obligation was estimated using a discounted cash flow analysis based on Old National s current incremental borrowing rate for similar types of borrowing arrangements.

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At March 31, 2008, the future minimum lease payments under the capital lease were as follows:

(dollars in thousands)		
2008 remaining	$	278
2009		390
2010		390
2011		390
2012		390
Thereafter		11,704
Total minimum lease payments		13,542
Less amounts representing interest		9,124
Present value of net minimum lease payments	$	4,418

NOTE 12 EMPLOYEE BENEFIT PLANS

RETIREMENT PLAN

Old National maintains a funded noncontributory defined benefit plan (the Retirement Plan) that was frozen as of December 31, 2005. Retirement benefits are based on years of service and compensation during the highest paid five years of employment. The freezing of the plan provides that future salary increases will not be considered. Old National s policy is to contribute at least the minimum funding requirement determined by the plan s actuary.

Old National also maintains an unfunded pension restoration plan (the Restoration Plan) which provides benefits for eligible employees that are in excess of the limits under Section 415 of the Internal Revenue Code of 1986, as amended, that apply to the Retirement Plan. The Restoration Plan is designed to comply with the requirements of ERISA. The entire cost of the plan, which was also frozen as of December 31, 2005, is supported by contributions from the Company.

Old National contributed $0.6 million to cover benefit payments from the Restoration Plan during the first three months of 2008. Old National expects to contribute an additional $0.2 million to cover benefit payments from the Restoration Plan during the remainder of 2008.

The net periodic benefit cost and its components were as follows for the three months ended March 31:

	Three Months Ended March 31,			
(dollars in thousands)		**2008**		**2007**
Interest cost	**$**	**536**	$	593
Expected return on plan assets		**(792)**		(822)
Recognized actuarial loss		**158**		219
Settlement				300
Net periodic benefit cost	**$**	**(98)**	$	290

NOTE 13 STOCK-BASED COMPENSATION

Under the 1999 Equity Incentive Plan, Old National is authorized to grant up to 7.6 million shares of common stock. At March 31, 2008, 6.6 million shares were outstanding under the plan, including 6.0 million stock options and 0.6 million shares of restricted stock, 0.5 million shares have been exercised or released, and 0.5 million shares were available for issuance.

Stock Options

Old National recorded $0.1 million of stock based compensation expense, net of tax, during the first three months of 2008 as compared to $0.1 million for the first three months of 2007.

The Company granted 278 thousand stock options during the first quarter of 2008. Using the Black-Scholes option pricing model, the Company estimated the fair value of these stock options to be $0.3 million. The Company will expense this amount ratably over the three-year vesting period. The assumptions used in the option pricing model and the determination of stock option expense were an expected volatility of 15.8%; a risk free interest rate of 3.03%; an expected option term of six years; a 5.33% dividend yield; and a forfeiture rate of 7%. These options expire in ten years.

Restricted Stock

Old National recorded expense of $0.5 million, net of tax benefit, during the first three months of 2008, compared to expense of $0.1 million during the first three months of 2007 related to the vesting of restricted share awards. Included in the first three months of 2007 is the reversal of $0.7 million of expense associated with certain performance-based restricted stock grants.

The Company granted 136 thousand shares of performance based restricted stock awards to certain key officers during 2008, with shares vesting at the end of a thirty-six month period based on the achievement of certain targets. In addition, the Company granted 43 thousand time-based restricted stock awards to certain key officers during 2008, with shares vesting at the end of a thirty-six month period. Compensation expense is recognized on a straight-line basis over the vesting period. Shares are subject to certain restrictions and risk of forfeiture by the participants. As of March 31, 2008, unrecognized compensation expense was estimated to be $6.4 million for unvested restricted share awards.

NOTE 14 INCOME TAXES

Following is a summary of the major items comprising the differences in taxes from continuing operations computed at the federal statutory rate and as recorded in the consolidated statement of income for the three months ended March 31:

	Three Months Ended March 31,	
(dollars in thousands)	**2008**	**2007**
Provision at statutory rate of 35%	**$ 4,839**	$ 3,878
Tax-exempt income	**(3,773)**	(3,516)
Reversal of portion of unrecognized tax benefits	**(6,611)**	
State income taxes	**4**	
Other, net	**26**	(71)
Income tax expense (benefit)	**$ (5,515)**	$ 291
Effective tax rate	**(39.9)%**	2.6%

For the three months ended March 31, 2008, the effective tax rate was lower than for the three months ended March 31, 2007. The lower effective tax rate was primarily a result of a decrease in the unrecognized tax benefit liability.

Unrecognized Tax Benefits

The Company and its subsidiaries file a consolidated U.S. federal income tax return, as well as filing various state returns. In the first quarter, the Company reversed $6.6 million related to uncertain tax positions accounted for under FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes.* The positive $6.6 million income tax reversal primarily relates to a recent U.S. Tax Court decision. The opinion issued by the Court confirmed that a subsidiary of a bank can deduct the interest expense of tax exempt obligations it has purchased. The time for the Internal Revenue Service to appeal the court ruling expired in the first quarter. The Company also has been informed by the Internal Revenue Service that they will not audit tax year 2005 as they previously indicated. As a result of these items, the Company reversed a total of $6.6 million from its unrecognized tax benefit liability which includes $0.5 million of interest.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

(dollars in thousands)	2008
Balance at January 1	**$ 11,554**
Additions based on tax positions related to the current year	**29**
Reductions of tax positions of prior years	**(4,735)**
Settlements	**(1,360)**
Balance at March 31	**$ 5,488**

Approximately $1.7 million of unrecognized tax benefits, if recognized, would favorably affect the effective income tax rate in future periods.

NOTE 15 DERIVATIVE FINANCIAL INSTRUMENTS

Old National designates its derivatives based upon criteria established by SFAS No. 133, as amended by SFAS No. 138, *Accounting for Certain Derivative Instruments and Certain Hedging Activities, an Amendment to FASB Statement No. 133*, and SFAS No. 149, *Amendment of Statement 133 on Derivative Instruments and Hedging Activities.*

The following table summarizes the derivative financial instruments utilized by Old National:

	March 31, 2008			December 31, 2007		
	Notional	Estimated Fair Value		Notional	Estimated Fair Value	
(dollars in thousands)	Amount	Gain	Loss	Amount	Gain	Loss
Fair Value Hedges						
Receive fixed interest rate swaps	**$ 176,813**	**$ 3,224**	**$**	$ 216,735	$ 716	$ (649)
Forward mortgage loan contracts				12,935		(62)
Stand Alone Derivatives						
Receive fixed interest rate swaps	**41,080**	**79**				
Interest rate lock commitments	**20,689**	**114**		6,900	70	
Forward mortgage loan contracts	**30,001**		**(232)**	6,702		(55)
Matched Customer Hedges						
Customer interest rate swaps	**383,100**	**24,735**		369,109	13,929	(118)
Counterparty interest rate swaps	**383,100**		**(24,934)**	369,109	118	(13,929)
Customer interest rate cap & collars	**5,454**	**131**		3,573	53	
Counterparty interest rate cap & collars	**5,454**		**(133)**	3,573		(53)
Customer commodity swaps	**558**		**(1,902)**	558		(2,011)
Counterparty commodity swaps	**558**	**1,902**		558	2,011	
Total	**$ 1,046,807**	**$ 30,185**	**$ (27,201)**	$ 989,752	$ 16,897	$ (16,877)

Old National utilizes interest rate swap agreements as part of its asset liability management strategy to help manage its interest rate risk position. The notional amount of the interest rate swaps does not represent amounts exchanged by the parties. The amount exchanged is determined by reference to the notional amount and the other terms of the individual interest rate swap agreements.

The notional amount of Old National s mortgage derivatives represents the dollar amount of loans which are committed and the notional amount of the customer commodity swaps represents the per period units times the fixed commodity price.

Interest Rate Swaps

Interest rate swaps with notional amounts totaling $176.8 million and $216.7 million as of March 31, 2008 and December 31, 2007, respectively, were designated as fair value hedges of changes in the benchmark interest rate of certain fixed-rate liabilities. As of March 31, 2008, Old National paid the counterparty a weighted average variable rate of 3.39% and received a fixed rate of 4.78%. Derivative gains and losses from these fair value hedges are recognized in earnings currently along with the change in fair value of the hedged item attributable to the risk being hedged. Ineffectiveness related to these fair value hedges was not material for the periods ended March 31, 2008 and 2007, and is reported in other income in the consolidated statement of income.

A portion of Old National s interest rate swaps are not designated as fair value hedges and are treated as stand-alone derivatives. The fair value of the interest rate swaps is reflected as a derivative asset or liability with changes in the fair values included in other income.

Mortgage Banking Derivatives

Commitments to fund certain mortgage loans (interest rate locks) and forward commitments for the future delivery of mortgage loans to third party investors are considered derivatives. It is the Company s practice to enter into forward commitments for the future delivery of residential mortgage loans to third party investors when interest rate lock commitments are entered into in order to economically hedge the effect of changes in interest rates resulting from its commitment to fund the loans.

These interest rate lock commitments and forward commitments for the future delivery of mortgage loans are considered stand alone derivatives and are recorded at fair value. The fair value of these instruments fluctuates based on changes in interest rates over time. The fair value adjustment is recorded as a derivative asset or liability with the change recorded in net gain on sale of loans.

As of January 1, 2008, the Company no longer designates any portion of its forward commitments as fair value hedges.

Customer Derivatives

Old National enters into various derivative contracts with its clients, which include interest rate swaps, caps, foreign exchange forward contracts and commodity swaps and options. Old National offsets nearly all of the exposure associated with these derivatives by entering into offsetting third-party contract with reputable counterparties with matching terms, which are offset through earnings. Contracts are carried at fair value with changes recorded as a component of other noninterest income. Old National assumes no interest rate risk associated with these contracts and a minimal amount of credit risk.

NOTE 16 COMMITMENTS AND CONTINGENCIES

LITIGATION

In the normal course of business, various legal actions and proceedings, which are being vigorously defended, are pending against Old National and its affiliates. Management does not believe any of these claims will have a material impact on Old National s results of operations.

LEASES

Old National rents certain premises and equipment under operating leases, which expire at various dates. Many of these leases require the payment of property taxes, insurance premiums, maintenance and other costs. In some cases, rentals are subject to increase in relation to a cost-of-living index.

In December 2006, Old National entered into a sale leaseback agreement for its three main buildings in downtown Evansville, Indiana. Old National sold assets with a carrying value of $69.9 million, received approximately $79.0 million in cash and incurred $0.4 million of selling costs. The $8.7 million deferred gain will be amortized over the term of the lease. The agreement requires rent payments of approximately $6.6 million per year over the next 23 years.

During 2007, seventy-three financial centers were sold in a series of sale leaseback transactions to an unrelated party. Old National received cash proceeds of $176.3 million, net of selling costs. The properties sold had a carrying value of $65.3 million, resulting in a gain of $111.1 million. In 2007, $4.7 million of this gain was recognized, the remainder will be deferred and amortized over the term of the leases. The leases have terms of ten to twenty-four years, and Old National has the right, at its option, to extend the term of the leases for four additional successive terms of five years each, upon specified terms and conditions. Under the agreements signed in 2007, Old National is obligated to pay base rents for the properties in an aggregate annual amount of $14.0 million in the first year.

In addition, Old National sold an office building located in Evansville, Indiana to an unrelated party in a separate transaction during 2007. This transaction resulted in cash proceeds of $3.4 million, net of selling costs. The property had a carrying value of $3.7 million, resulting in a loss of $0.3 million. Old National agreed to lease back the building for a term of five years. Under the lease agreement, Old National is obligated to pay a base rent of $0.4 million per year.

During March 2008, Old National sold four financial centers in a series of sale leaseback transactions to unrelated parties. Old National received cash proceeds of $2.8 million, net of selling costs. The properties sold had a carrying value of $0.9 million. The $1.9 million deferred gain will be amortized over the term of the leases. The leases have terms of fifteen to twenty years. Under the lease agreements, Old National is obligated to pay a base rent of $0.4 million per year.

CREDIT-RELATED FINANCIAL INSTRUMENTS

In the normal course of business, Old National s banking affiliates have entered into various agreements to extend credit, including loan commitments of $1.168 billion and standby letters of credit of $109.0 million at March 31, 2008. At March 31, 2008, approximately $1.093 billion of the loan commitments had variable rates and $75 million had fixed rates, with the fixed interest rates ranging from 2.75% to 21.0%. At December 31, 2007, loan commitments were $1.195 billion and standby letters of credit were $114.1 million. These commitments are not reflected in the consolidated financial statements. At March 31, 2008 and December 31, 2007, the balance of the allowance for unfunded loan commitments was $3.0 million and $3.7 million, respectively.

At March 31, 2008 and December 31, 2007, Old National had credit extensions of $50.1 million and $55.6 million, respectively, with various unaffiliated banks related to letter of credit commitments issued on behalf of Old National s clients. At March 31, 2008 and December 31, 2007, Old National provided collateral to the unaffiliated banks to secure credit extensions totaling $32.7 million and $41.8 million, respectively. Old National did not provide collateral for the remaining credit extensions.

NOTE 17 FINANCIAL GUARANTEES

Old National holds instruments, in the normal course of business with clients, that are considered financial guarantees in accordance with FIN 45, *Guarantor s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others,* which requires the Company to record the instruments at fair value. Standby letters of credit guarantees are issued in connection with agreements made by clients to counterparties. Standby letters of credit are contingent upon failure of the client to perform the terms of the underlying contract. Credit risk associated with standby letters of credit is essentially the same as that associated with extending loans to clients and is subject to normal credit policies. The term of these standby letters of credit is typically one year or less. At March 31, 2008, the notional amount of standby letters of credit was $109.0 million, which represents the maximum amount of future funding requirements, and the carrying value was $0.4 million.

During the second quarter of 2007, Old National entered into a risk participation in an interest rate swap. The interest rate swap has a notional amount of $9.6 million.

NOTE 18 SEGMENT INFORMATION

Old National operates in two operating segments: community banking and treasury. The community banking segment serves customers in both urban and rural markets providing a wide range of financial services including commercial, real estate and consumer loans; lease financing; checking, savings, time deposits and other depository accounts; cash management services; and debit cards and other electronically accessed banking services and Internet banking. Treasury manages investments, wholesale funding, interest rate risk, liquidity and leverage for Old National. Additionally, treasury provides other miscellaneous capital markets products for its corporate banking clients. Other is comprised of the parent company and several smaller business units including insurance, wealth management and brokerage. It includes unallocated corporate overhead and intersegment revenue and expense eliminations.

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In order to measure performance for each segment, Old National allocates capital, corporate overhead and income tax provision to each segment. Capital and corporate overhead are allocated to each segment using various methodologies, which are subject to periodic changes by management. Income taxes are allocated using the effective tax rate. Intersegment sales and transfers are not significant.

Old National uses a funds transfer pricing (FTP) system to eliminate the effect of interest rate risk from net interest income in the community banking segment and from companies included in the other column. The FTP system is used to credit or charge each segment for the funds the segments create or use. The net FTP credit or charge is reflected in segment net interest income.

The financial information for each operating segment is reported on the basis used internally by Old National s management to evaluate performance and is not necessarily comparable with similar information for any other financial institution.

Summarized financial information concerning segments is shown in the following table for the three months ended March 31:

(dollars in thousands)	Community Banking	Treasury	Other	Total
Three months ended March 31, 2008				
Net interest income	**$ 63,240**	**$ (3,029)**	**$ (421)**	**$ 59,790**
Provision for loan losses	**21,886**	**19**		**21,905**
Noninterest income	**19,101**	**6,643**	**21,132**	**46,876**
Noninterest expense	**51,915**	**1,335**	**17,686**	**70,936**
Income before income taxes	**8,540**	**2,260**	**3,025**	**13,825**
Income tax benefit	**(3,537)**	**(1,944)**	**(34)**	**(5,515)**
Segment profit	**12,077**	**4,204**	**3,059**	**19,340**
Total assets	**4,935,482**	**2,670,811**	**117,173**	**7,723,466**
Three months ended March 31, 2007				
Net interest income	$ 55,066	$ (2,637)	$ (627)	$ 51,802
Provision for loan losses	1,979	466		2,445
Noninterest income	18,651	(1,953)	18,059	34,757
Noninterest expense	55,335	342	17,356	73,033
Income (loss) before income taxes	16,403	(5,398)	76	11,081
Income tax expense (benefit)	3,000	(2,731)	22	291
Segment profit (loss)	13,403	(2,667)	54	10,790
Total assets	5,152,032	3,052,898	126,714	8,331,644

NOTE 19 FAIR VALUE

Effective January 1, 2008, the Company adopted SFAS No. 157 and SFAS No. 159. Both standards address aspects of the expanding application of fair value accounting.

SFAS No. 157 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. SFAS No. 157 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair values:

Level 1 Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

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Level 3 Significant unobservable inputs that reflect a company s own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Old National used the following methods and significant assumptions to estimate the fair value of each type of financial instrument:

Investment securities: The fair values for investment securities are determined by quoted market prices, if available (Level 1). For securities where quoted prices are not available, fair values are calculated based on market prices of similar securities (Level 2).

Residential loans held for sale: The fair value of loans held for sale is determined using quoted prices for a similar asset, adjusted for specific attributes of that loan (Level 2).

Derivative financial instruments: The fair values of derivative financial instruments are based on derivative valuation models using market data inputs as of the valuation date (Level 2).

Deposits: The fair value of retail certificates of deposit is estimated by discounting future cash flows using rates currently offered for deposits with similar remaining maturities (Level 2).

Assets and liabilities measured at fair value under SFAS No. 157 on a recurring basis, including financial assets and liabilities for which the Company has elected the fair value option, are summarized below:

		Fair Value Measurements at March 31, 2008 Using		
(dollars in thousands)	Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets				
Investment securities available-for-sale	**$ 1,986,315**		**$ 1,986,315**	
Residential loans held for sale	**10,155**		**10,155**	
Derivative assets	**30,185**		**30,185**	
Financial Liabilities				
Certain retail certificates of deposit	**41,429**		**41,429**	
Derivative liabilities	**27,201**		**27,201**	

Financial instruments recorded using SFAS No. 159

Under SFAS No. 159, the Company may elect to report most financial instruments and certain other items at fair value on an instrument-by instrument basis with changes in fair value reported in net income. After the initial adoption, the election is made at the acquisition of an eligible financial asset, financial liability or firm commitment or when certain specified reconsideration events occur. The fair value election may not be revoked once an election is made. Additionally, the transaction provisions of SFAS No. 159 permit a one-time election for existing positions at the adoption date with a cumulative-effect adjustment included in beginning retained earnings and future changes in fair value reported in net income. The Company did not elect the fair value option for any existing position at January 1, 2008.

The Company did elect the fair value option under SFAS No. 159 prospectively for the following items:

Residential mortgage loans held for sale

Certain retail certificates of deposit

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Residential mortgage loans held for sale

Old National has elected the fair value option under SFAS No. 159 for newly originated conforming fixed-rate and adjustable-rate first mortgage loans held for sale. These loans are intended for sale and are hedged with derivative instruments. Old National has elected the fair value option to mitigate accounting mismatches in cases where hedge accounting is complex and to achieve operational simplification. The fair value option was not elected for loans held for investment. This election was effective for applicable loans originated since January 1, 2008.

The balance of these residential mortgage loans held for sale was $10.2 million as of March 31, 2008. The aggregate fair value exceeded the unpaid principal balances by $0.2 million as of March 31, 2008. None of these loans were 90 days or more past due, nor were any on nonaccrual status.

The change in fair value of these residential mortgage loans held for sale resulted in a gain of $0.2 million recorded in mortgage banking revenue and interest income of $0.1 million recorded in interest income during the first quarter of 2008.

Certain retail certificates of deposit

Old National has elected the fair value option under SFAS No. 159 for certain retail certificates of deposit; specifically, pools of retail certificates of deposit that have been hedged with derivative instruments. Old National has elected the fair value option to mitigate accounting mismatches in cases where hedge accounting is complex and to achieve operational simplification. This election was adopted prospectively for certain retail certificates of deposit originated since January 1, 2008.

The balance of these retail certificates of deposit was $41.4 million as of March 31, 2008. The aggregate fair value exceeded the carrying value by $0.3 million as of March 31, 2008.

The $0.3 million change in fair value of these retail certificates of deposit resulted in an other loss of $0.2 million and interest expense of $0.1 million for the first quarter of 2008.

As of March 31, 2008, the difference between the aggregate fair value and the aggregate remaining principal balance for loans and certificates of deposit for which the fair value option has been elected was:

(dollars in thousands)	Aggregate Fair Value	Difference	Contractual Principal
Residential loans held for sale	**10,155**	**168**	**9,987**
Certain retail certificates of deposit	**41,429**	**296**	**41,133**

For items for which the fair value option has been elected, interest income is recorded in the consolidated statements of income based on the contractual amount of interest income earned on financial assets (except any that are on nonaccrual status). Interest expense is recorded based on the contractual amount of interest expense incurred.

The following table presents the amount of gains and losses from fair value changes included in income before income taxes for financial assets and liabilities carried at fair value for the three months ended March 31, 2008:

Changes in Fair Value for the Period ended March 31, 2008, for Items Measured at Fair Value Pursuant to Election of the Fair Value Option

(dollars in thousands)	Other Gains and (Losses)	Interest Income	Interest Expense	Total Changes in Fair Values Included in Current Period Earnings
Residential loans held for sale	**166**	**96**		**262**
Certain retail certificates of deposit	**(152)**		**(144)**	**(296)**

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PART I. FINANCIAL INFORMATION

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion is an analysis of Old National s results of operations for the three months ended March 31, 2008 and 2007, and financial condition as of March 31, 2008, compared to March 31, 2007, and December 31, 2007. This discussion and analysis should be read in conjunction with Old National s consolidated financial statements and related notes. This discussion contains forward-looking statements concerning Old National s business that are based on estimates and involves certain risks and uncertainties. Therefore, future results could differ significantly from management s current expectations and the related forward-looking statements.

EXECUTIVE SUMMARY

Net interest margin in the first quarter of 2008 improved to 3.68% compared to 3.56% during the fourth quarter of 2007, and 3.00% year-over-year. The margin benefited from both the Company s deposit pricing initiatives as well as the Federal Reserve s interest rate reductions and their impact on the Company s slightly liability sensitive balance sheet.

While the Company s fundamental credit quality remains strong, provision expense of $21.9 million was recorded during the first quarter. Approximately $17.0 million of this amount is related to the misconduct of a single loan officer. The former loan officer s misconduct included falsified documentation and other violations of the Company s lending policies, which combined with the slowing economy and other factors, contributed to downgrades of several credits during the quarter. Old National believes that only one employee of the Company, the former loan officer, was involved in the misconduct and that it does not represent systemic issues within the Company s commercial loan portfolio or a breakdown of internal controls over financial reporting. Management will work hard to minimize any actual losses on this loan portfolio and should the Company experience a loss that is directly tied to fraud, it may have the ability to recover that loss through insurance.

Other items significantly impacting the first quarter of 2008 include the reversal of a $6.6 million income tax liability related to previous accruals for uncertain tax positions, a $1.5 million gain related to the redemption of Class B VISA shares, and securities gains of $4.5 million - the majority resulting from securities called by the issuers.

Net income for the first quarter of 2008 is $19.3 million, compared to $22.0 million for the quarter ended December 31, 2007 and $10.8 million compared to the quarter ending March 31, 2007. The first quarter of 2007 included various strategic initiatives to improve the Company s operating platform. These initiatives, which included balance sheet restructuring, workforce reductions, and costs associated with eight branch closures resulted in pre-tax charges of $7.7 million during that quarter.

During 2008, management will focus on managing through the current credit cycle, maintaining a strong capital position and continuing to improve its efficiency ratio.

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RESULTS OF OPERATIONS

The following table sets forth certain income statement information of Old National for the three months ended March 31, 2008 and 2007:

	Three Months Ended March 31,		%
(dollars in thousands)	**2008**	**2007**	**Change**
Income Statement Summary:			
Net interest income	**$ 59,790**	$ 51,802	15.4%
Provision for loan losses	**21,905**	2,445	795.9
Noninterest income	**46,876**	34,757	34.9
Noninterest expense	**70,936**	73,033	(2.9)
Other Data:			
Return on average equity	**11.51**%	6.74%	
Efficiency ratio	**63.87**	80.44	
Tier 1 leverage ratio	**8.03**	7.14	
Net charge-offs to average loans	**0.52**	0.38	

Net Interest Income

Net interest income is Old National s most significant component of earnings, comprising over 56% of revenues at March 31, 2008. Net interest income and margin are influenced by many factors, primarily the volume and mix of earning assets, funding sources and interest rate fluctuations. Other factors include prepayment risk on mortgage and investment-related assets and the composition and maturity of earning assets and interest-bearing liabilities. Loans typically generate more interest income than investment securities with similar maturities. Funding from client deposits generally cost less than wholesale funding sources. Factors, such as general economic activity, Federal Reserve Board monetary policy and price volatility of competing alternative investments, can also exert significant influence on Old National s ability to optimize its mix of assets and funding and its net interest income and margin.

Net interest income and net interest margin in the following discussion are presented on a fully taxable equivalent basis, which adjusts tax-exempt or nontaxable interest income to an amount that would be comparable to interest subject to income taxes using the federal statutory tax rate of 35% in effect for all periods. Net income is unaffected by these taxable equivalent adjustments as the offsetting increase of the same amount is made to income tax expense. Net interest income includes taxable equivalent adjustments of $4.4 million and $4.2 million for the three months ended March 31, 2008 and 2007, respectively.

Taxable equivalent net interest income was $64.2 million for the three months ended March 31, 2008, up from the $56.0 million reported for the three months ended March 31, 2007. The net interest margin was 3.68% for the three months ended March 31, 2008, compared to 3.00% for the three months ended March 31, 2007. The increase in both net interest income and net interest margin is primarily due to the decrease in the cost of funding being greater than the decrease in the earning asset yields, combined with a change in the mix of interest earning assets and interest-bearing liabilities. The yield on average earning assets decreased 26 basis points from 6.51% to 6.25%. The cost of interest-bearing liabilities decreased 95 basis points from 3.93% to 2.98%.

Average earning assets were $6.974 billion for the three months ended March 31, 2008, compared to $7.463 billion for the three months ended March 31, 2007, a decrease of 6.5%, or $488.8 million. Significantly affecting average earning assets at March 31, 2008 compared to March 31, 2007, was the reduction in federal funds sold combined with the reduction of the size of the loan portfolio and the investment portfolio. During the first quarter of 2008, $284.9 million of investment securities were called by the issuers. In addition, commercial and commercial real estate loans have been affected by continued weak loan demand in Old National s markets, more stringent loan underwriting standards and the Company s desire to lower future potential credit risk by being cautious towards the real estate market. During the last three quarters of 2007, the Company sold $17.1 million of nonaccrual and substandard commercial and commercial real estate loans. During the first quarter of 2008, the Company sold $2.2 million of commercial loans. Year over year, commercial and consumer loans, which have an average yield higher than the investment portfolio, have increased as a percent of interest earning assets.

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Also affecting margin was a decrease in time deposits. In 2007, Old National called $98 million of high cost brokered certificates of deposit and $48.3 million of retail certificates of deposit. In the first quarter of 2008, Old National called $22.5 million of retail certificates of deposit; and $85.7 million of high cost brokered certificates of deposit were called or matured. In addition, a $50 million bank note matured in the first quarter of 2008. Year over year, brokered certificates of deposit, which have an average interest rate higher than other types of deposits, have decreased as a percent of interest-bearing liabilities. Borrowed funds have increased as a percent of interest-bearing liabilities, due to the Company s ability to purchase low-cost FHLB advances during 2008.

Provision for Loan Losses

The provision for loan losses was $21.9 million for the first three months ended March 31, 2008, compared to $2.4 million for the three months ended March 31, 2007. The higher provision in 2008 is primarily attributable to the increase in nonaccrual loans associated with the misconduct of a former loan officer in the Indianapolis market and subsequent deterioration of these credits.

Noninterest Income

Old National generates revenues in the form of noninterest income through client fees and sales commissions from its core banking franchise and other related businesses, such as wealth management, investment consulting, investment products and insurance. Noninterest income for the three months ended March 31, 2008, was $46.9 million, an increase of $12.1 million, or 34.9%, from the $34.8 million reported for the three months ended March 31, 2007.

Net securities gains were $4.5 million for the three months ended March 31, 2008, compared to net securities losses of $2.7 million for the three months ended March 31, 2007, an increase of $7.2 million. During the first quarter of 2008, $284.9 million of securities were called by the issuers, resulting in gains of approximately $3.4 million. The primary reason for the net securities losses in the first quarter of 2007 was management s decision to reduce the size of the investment portfolio.

Insurance premiums and commissions increased to $12.1 million during the first quarter of 2008 compared to $10.6 million during the first quarter of 2007. The increase was primarily a result of higher contingency revenue in the first quarter of 2008.

Amortization of deferred gains associated with the sale leaseback transactions were $1.6 million in the three months ended March 31, 2008, compared to $0.1 million in the three months ended March 31, 2007. Old National entered into a sale and leaseback transaction of its corporate offices in December of 2006. In addition, seventy-three financial centers were sold in a series of sale leaseback transactions during 2007. The majority of the $111.1 million gain associated with these transactions was deferred and is being amortized over the term of the leases.

Other income increased $1.7 million from the first quarter of 2007 primarily as a result of a $1.5 million gain associated with the redemption of class B VISA shares during in the first quarter of 2008.

Noninterest Expense

Noninterest expense for the three months ended March 31, 2008, totaled $70.9 million, a decrease of $2.1 million, or 2.9%, from the $73.0 million recorded for the three months ended March 31, 2007.

Salaries and benefits is the largest component of noninterest expense. For the three months ended March 31, 2008, salaries and benefits were $42.3 million compared to $41.3 million for the three months ended March 31, 2007. The increase is primarily attributable to higher performance-based compensation expense in 2008.

Occupancy expense increased $3.3 million in the three months ended March 31, 2008, compared to the three months ended March 31, 2007, primarily as a result of a $3.6 million increase in rent expense. The increase is rent expense is related to the sale leaseback transactions that occurred in December of 2006 and during 2007. Partially offsetting the increase in rent expense was a $0.7 million decrease in depreciation expense, also related to the sale leaseback transactions.

Loss on extinguishment of debt decreased $1.0 million in the first quarter of 2008 compared to the first quarter of 2007. During the first quarter of 2007, Old National recorded a $1.2 million loss on the extinguishment of debt related to the early retirement of Federal Home Loan Bank advances and repurchase agreements.

The first quarter of 2007 included $1.2 million of impairment associated with eight financial centers which the Company consolidated into other higher performing branches during the first quarter of 2007.

Other expense for the three months ended March 31, 2008, totaled $3.4 million, a decrease of $2.5 million compared to the three months ended March 31, 2007. Included in the first quarter of 2008 were a reduction of $0.3 million in litigation settlements and a $0.7 million reduction in the provision expense for unfunded commitments. The first quarter of 2007 included $1.2 million in charges to terminate leases on buildings that the Company no longer occupies.

Provision for Income Taxes

Old National records a provision for income taxes currently payable and for income taxes payable or benefits to be received in the future, which arise due to timing differences in the recognition of certain items for financial statement and income tax purposes. The major difference between the effective tax rate applied to Old National s financial statement income and the federal statutory tax rate is caused by interest on tax-exempt securities and loans. The provision for income taxes on continuing operations, as a percentage of pre-tax income, was (39.9)% for the three months ended March 31, 2008, compared to 2.6% for the three months ended March 31, 2007. The negative effective tax rate in 2008 resulted from a $6.6 million reversal of tax liability related to previous accruals for uncertain tax positions. See note 14 to the consolidated financial statements for additional information.

FINANCIAL CONDITION

Overview

Old National s assets at March 31, 2008, were $7.723 billion, a 7.3% decrease compared to March 31, 2007 assets of $8.332 billion, and an annualized decrease of 6.3% compared to December 31, 2007 assets of $7.846 billion. The redemption of $284.9 million of investment securities in the first quarter of 2008 combined with the reduction in federal funds sold, a decrease in commercial real estate loan balances and the various sale-leaseback transactions have lowered our total assets, reducing the Company s reliance on high-cost deposits and brokered certificates of deposit. Year over year, brokered certificates of deposit, which have an average interest rate higher than other types of deposits, have decreased as a percent of interest-bearing liabilities. Borrowed funds have increased as a percent of interest-bearing liabilities due to the Company s ability to purchase low-cost FHLB advances during 2008.

Earning Assets

Old National s earning assets are comprised of investment securities, loans and loans held for sale, and money market investments. Earning assets were $6.911 billion at March 31, 2008, a decrease of 8.2% from March 31, 2007, and an annualized decrease of 6.0% since December 31, 2007.

Investment Securities

Old National classifies investment securities primarily as available-for-sale to give management the flexibility to sell the securities prior to maturity if needed, based on fluctuating interest rates or changes in the Company s funding requirements. However, Old National also has some 15- and 20-year fixed-rate mortgage pass-through securities in its held-to-maturity investment portfolio. At March 31, 2008, Old National does not believe any individual unrealized loss on available-for-sale securities represents other-than-temporary impairment. The unrealized losses are primarily attributable to changes in interest rates and recent market conditions. As of March 31, 2008, Old National had both the intent and ability to hold the securities for a time necessary to recover the amortized cost.

At March 31, 2008, the investment securities portfolio was $2.147 billion compared to $2.271 billion at March 31, 2007, a decrease of $123.8 million or 5.5%. Investment securities decreased $161.7 million compared to December 31, 2007, an annualized decrease of 28.0%. Investment securities represented 31.1% of earning assets at March 31, 2008, compared to 30.2% at March 31, 2007, and 32.9% at December 31, 2007. Approximately $284.9 million of investment securities were called by their issuers during the first quarter of 2008. The cash proceeds from these sales were used to purchase similarly yielding securities and to reduce brokered certificates of deposit. Stronger commercial loan demand in the future could result in increased investments in loans and a continued reduction in the investment securities portfolio.

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The investment securities available-for-sale portfolio had net unrealized losses of $2.9 million at March 31, 2008, a decrease of $16.8 million compared to net unrealized losses of $19.7 million at March 31, 2007, and a decrease of $3.8 million compared to net unrealized losses of $6.7 million at December 31, 2007. The decrease over the past twelve months was primarily attributable to changes in interest rates and recent market conditions.

The investment portfolio had an average duration of 3.56 years at March 31, 2008, compared to 2.94 years at March 31, 2007, and 2.96 years at December 31, 2007. The annualized average yields on investment securities, on a taxable equivalent basis, were 5.07% for the three months ended March 31, 2008, compared to 5.09% for the three months ended March 31, 2007, and 5.21% for the three months ended December 31, 2007.

Residential Loans Held for Sale

Residential loans held for sale were $10.2 million at March 31, 2008, compared to $19.0 million at March 31, 2007, and $13.0 million at December 31, 2007. Residential loans held for sale are loans that are closed, but not yet purchased by investors. The amount of residential loans held for sale on the balance sheet varies depending on the amount of originations and timing of loan sales to the secondary market. The decrease in residential loans held for sale from March 31, 2007, is primarily attributable to increased efficiencies in processing loan sales and the timing of loan sales to the secondary market.

Old National elected the fair value option under SFAS No. 159 prospectively for residential loans held for sale. The election was effective for loans originated since January 1, 2008. The aggregate fair value exceeded the unpaid principal balances by $0.2 million as of March 31, 2008.

Commercial and Commercial Real Estate Loans

Commercial and commercial real estate loans are the largest classification within the earning assets of Old National, representing 43.1% of earning assets at March 31, 2008, an increase from 41.4% at March 31, 2007, and an increase from 42.3% at December 31, 2007. At March 31, 2008, commercial and commercial real estate loans were $2.976 billion, a decrease of $145.8 million since March 31, 2007, and an increase of $10.4 million since December 31, 2007. Commercial loans have increased $73.1 million since March 31, 2007 while commercial real estate loans have decreased $218.8 million since March 31, 2007. During the last three quarters of 2007, the Company sold $8.3 million of commercial and $8.8 million of commercial real estate loans. During the first quarter of 2008, the Company sold $2.2 million of commercial loans. Weak loan demand in Old National s markets continues to affect loan growth. Old National s conservative underwriting standards have also contributed to slower loan growth. The Company continues to be cautious towards the real estate market in an effort to lower credit risk.

Consumer Loans

At March 31, 2008, consumer loans, including automobile loans, personal and home equity loans and lines of credit, and student loans, decreased $22.4 million or 1.9% compared to March 31, 2007, and decreased $11.1 million or, annualized, 3.7% since December 31, 2007.

Residential Real Estate Loans

Residential real estate loans, primarily 1-4 family properties, have decreased in significance to the loan portfolio over the past five years due to higher levels of loan sales into the secondary market, primarily to private investors. Old National sells the majority of residential real estate loans originated as a strategy to better manage interest rate risk and liquidity. Old National sells almost all residential real estate loans servicing released without recourse.

At March 31, 2008, residential real estate loans were $528.5 million, a decrease of $32.2 million, or 5.8%, from March 31, 2007.

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Goodwill and Other Intangible Assets

Goodwill and other intangible assets at March 31, 2008, totaled $190.3 million, a decrease of $4.1 million compared to $194.4 million at March 31, 2007, and a decrease of $0.7 million compared to $191.0 million at December 31, 2007. These decreases were the result of standard amortization expense related to the other intangible assets.

Assets Held for Sale

Assets held for sale were $3.0 million at March 31, 2008, a decrease of $67.3 compared to $70.3 million at March 31, 2007. The sale leaseback transactions that have occurred in 2007 and the first quarter of 2008 were the reason for the decline. Included in assets held for sale at March 31, 2008 are five financial centers that are pending sale. Old National plans to continue occupying these properties under long-term lease agreements.

Other assets have increased $33.2 million, or 33.6%, since December 31, 2007 primarily as a result of increases in customer derivative swap valuations and deferred tax assets.

Funding

Total funding, comprised of deposits and wholesale borrowings, was $6.822 billion at March 31, 2008, a decrease of 10.0% from $7.583 billion at March 31, 2007, and an annualized decrease of 7.8% from $6.958 billion at December 31, 2007. Included in total funding were deposits of $5.346 billion at March 31, 2008, a decrease of $1.263 billion, or 19.1%, compared to March 31, 2007, and a decrease of $316.9 million compared to December 31, 2007. In 2007, Old National called $98 million of high cost brokered certificates of deposit and $48.3 million of retail certificates of deposit. In the first quarter of 2008, Old National called $22.5 million of retail certificates of deposit; and $85.7 million of high cost brokered certificates of deposit were called or matured. Savings deposits increased 58.7 % or $341.7 million compared to March 31, 2007. Money market deposits decreased 39.2% or $333.3 million and time deposits decreased 35.4% or $949.8 million compared to March 31, 2007. Year over year, Old National has experienced a shift into lower cost deposit types.

Effective January 1, 2008, Old National elected the fair value option under SFAS No. 159 prospectively for certain retail certificates of deposit. The balance of these retail certificates of deposit was $41.1 million as of March 31, 2008. The aggregate fair value exceeded the carrying value by $0.3 million as of March 31, 2008.

Old National uses wholesale funding to augment deposit funding and to help maintain its desired interest rate risk position. At March 31, 2008, wholesale borrowings, including short-term borrowings and other borrowings, increased $502.0 million, or 51.6%, from March 31, 2007 and increased $180.4 million, or 55.7%, annualized, from December 31, 2007, respectively. Wholesale funding as a percentage of total funding was 21.6% at March 31, 2008, compared to 12.8% at March 31, 2007, and 18.6% at December 31, 2007. Short-term borrowings have increased $259.5 million since March 31, 2007 while long-term borrowings have increased $242.4 million since March 31, 2007. Old National purchased $200.0 million low-cost FHLB advances during the first quarter of 2008.

Other liabilities have increased $118.4 million, or 109.8%, since March 31, 2007 primarily as a result of the deferred gains arising from the sale leaseback transactions entered into by Old National during 2007 and 2008.

Capital

Shareholders equity totaled $675.4 million at March 31, 2008, compared to $640.7 million at March 31, 2007, and $652.9 million at December 31, 2007.

During the fourth quarter of 2007, Old National declared a cash dividend of $0.23 per share for the first quarter of 2008, which was included in the fourth quarter 2007 financial results. Old National paid cash dividends of $0.22 per share for the three months ended March 31, 2007, which decreased equity by $14.5 million. Old National purchased shares of its stock, reducing shareholders equity by $0.2 million during both the three months ended March 31, 2008 and March 31, 2007, respectively. The change in unrealized losses on investment securities increased equity by $2.4 million during the three months ended March 31, 2008, and increased equity by $4.7 million during the three months ended March 31, 2007. Shares issued for stock options, restricted stock and stock compensation plans increased shareholders equity by $0.9 million during the three months ended March 31, 2008, compared to $0.2 million during the three months ended March 31, 2007. In addition, $0.5 million of restricted stock and options were issued in connection with the acquisition of St. Joseph in 2007. The adoption of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109*, resulted in a $3.4 million reduction in equity during the first quarter of 2007. The adoption of EITF 06-5, *Accounting for Purchases of Life*

Insurance Determining the Amount That Could Be Realized in Accordance with FASB Technical Bulletin No. 85-4 (Accounting for Purchases of Life Insurance), also affected equity in the first quarter of 2007, resulting in a $0.1 million reduction.

Capital Adequacy

Old National and the banking industry are subject to various regulatory capital requirements administered by the federal banking agencies. Old National s consolidated capital position remains strong as evidenced by the following comparisons of key industry ratios.

	Regulatory Guidelines Minimum	March 31, 2008	March 31, 2007	December 31, 2007
Risk-based capital:				
Tier 1 capital to total avg assets (leverage ratio)	4.00%	**8.03**%	7.14%	7.72%
Tier 1 capital to risk-adjusted total assets	4.00	**10.95**	9.70	10.60
Total capital to risk-adjusted total assets	8.00	**13.84**	12.97	13.34
Shareholders equity to assets	N/A	**8.74**	7.69	8.32

RISK MANAGEMENT

Overview

Old National management, with the oversight of the Board of Directors, has in place company-wide structures, processes, and controls for managing and mitigating risk. The following discussion addresses the three major risks facing Old National: credit, market, and liquidity.

Credit Risk

Credit risk represents the risk of loss arising from an obligor s inability or failure to meet contractual payment or performance terms. Old National s primary credit risks result from the Company s investment and lending activities.

Investment Activities

Within Old National s securities portfolio, the non-agency collateralized mortgage obligations represent the greatest exposure to the current instability in the residential real estate and credit markets. At March 31, 2008, Old National had non-agency collateralized mortgage obligations of $260.3 million or approximately 13% of the available-for-sale securities portfolio.

The Company expects conditions in the overall residential real estate and credit markets to remain uncertain for the foreseeable future. Deterioration in the performance of the underlying loan collateral could result in deterioration in the performance of our asset-backed securities.

At March 31, 2008, Old National does not believe that any individual unrealized loss represents an other-than-temporary impairment. The majority of the unrealized losses on mortgage-backed securities are attributable to both changes in interest rates and market aberrations.

The Company also carries a higher exposure to loss in its pooled trust preferred securities due to illiquidity in that market and performance of underlying collateral. At March 31, 2008, Old National had pooled trust preferred securities of approximately $40.5 million, or 2% of the available-for-sale securities portfolio.

The remainder of Old National s mortgage-backed securities are backed by U.S. government-sponsored or federal agencies. Municipal bonds, corporate bonds and other debt securities are evaluated by reviewing the credit-worthiness of the issuer and general market conditions. The Company has the intent and ability to hold all securities in an unrealized loss position at March 31, 2008 until the market value recovers or the securities mature.

Lending Activities

Community-based lending personnel, along with region-based independent underwriting and analytic support staff, extend credit under guidelines established and administered by Old National s Risk and Credit Policy Committee. This committee, which meets quarterly, is made up of outside directors. The committee monitors credit quality through its review of information such as delinquencies, credit exposures, peer comparisons, problem loans and charge-offs. In addition, the committee reviews and approves recommended loan policy changes to assure it remains appropriate for the current lending environment.

Old National lends primarily to small- and medium-sized commercial and commercial real estate clients in various industries including manufacturing, agribusiness, transportation, mining, wholesaling and retailing. As measured by Old National at March 31, 2008, the Company had no concentration of loans in any single industry exceeding 10% of its portfolio and has no exposure to foreign borrowers or lesser-developed countries. Old National s policy is to concentrate its lending activity in the geographic market areas it serves, primarily Indiana, Illinois and Kentucky. Old National continues to be affected by weakness in the economy of its principal markets. Management expects that trends in under-performing, criticized and classified loans will be influenced by the degree to which the economy strengthens or weakens.

Summary of under-performing, criticized and classified loans:

	March 31,		December 31,
(dollars in thousands)	**2008**	**2007**	**2007**
Nonaccrual loans			
Commercial and commercial real estate	**$ 59,915**	$ 52,140	$ 30,303
Residential real estate	**5,890**	4,255	5,996
Consumer	**4,418**	4,045	4,517
Total nonaccrual loans	**70,223**	60,440	40,816
Renegotiated loans		30	
Past due loans (90 days or more and still accruing)			
Commercial and commercial real estate	**958**	199	738
Residential real estate	**121**		
Consumer	**468**	340	773
Total past due loans	**1,547**	539	1,511
Foreclosed properties	**2,320**	3,551	2,876
Total under-performing assets	**$ 74,090**	$ 64,560	$ 45,203
Classified loans (includes nonaccrual, renegotiated, past due 90 days and other problem loans)	**$ 153,732**	$ 166,428	$ 115,121
Criticized loans	**103,815**	97,808	103,210
Total criticized and classified loans	**$ 257,547**	$ 264,236	$ 218,331
Asset Quality Ratios:			
Non-performing loans/total loans (1) (2)	**1.50%**	1.23%	0.87
Under-performing assets/total loans and foreclosed properties (1)	**1.58**	1.32	0.96
Under-performing assets/total assets	**0.96**	0.77	0.58
Allowance for loan losses/under-performing assets	**97.52**	110.49	124.91

(1) Loans include residential loans held for sale.

(2) Non-performing loans include nonaccrual and renegotiated loans.

Loan charge-offs, net of recoveries, totaled $6.1 million for the three months ended March 31, 2008, an increase of $1.5 million from the three months ended March 31, 2007. Included in the first quarter of 2008 is $3.0 million of charge-offs associated with the misconduct of a former loan officer in the Indianapolis market. Annualized, net charge-offs to average loans were 0.52% for the three months ended March 31, 2008, as compared to 0.38% for the three months ended March 31, 2007.

Under-performing assets totaled $74.1 million at March 31, 2008, an increase of $9.5 million compared to $64.6 million at March 31, 2007, and an increase of $28.9 million compared to $45.2 million at December 31, 2007. As a percent of total loans and foreclosed properties, under-performing assets at March 31, 2008, were 1.58%, an increase from the March 31, 2007 ratio of 1.32% and an increase from the December 31, 2007 ratio of 0.96%. Nonaccrual loans were $70.2 million at March 31, 2008, compared to $60.4 million at March 31, 2007, and $40.8 million at December 31, 2007. The increase in nonaccrual loans from December 31, 2007 to March 31, 2008 is primarily related to $23.0 million of nonaccrual loans associated with the misconduct of a former loan officer in the Indianapolis market. Management will continue its efforts to reduce the level of under-performing loans and will consider the possibility of sales of troubled and non-performing loans, which could result in additional charge-offs to the allowance for loan losses.

Total classified and criticized loans were $257.5 million at March 31, 2008, a decrease of $6.7 million from March 31, 2007, and an increase of $39.2 million from December 31, 2007.

Allowance for Loan Losses and Reserve for Unfunded Commitments

To provide for the risk of loss inherent in extending credit, Old National maintains an allowance for loan losses. The determination of the allowance is based upon the size and current risk characteristics of the loan portfolio and includes an assessment of individual problem loans, actual loss experience, current economic events and regulatory guidance. At March 31, 2008, the allowance for loan losses was $72.3 million, an increase of $0.9 million compared to $71.3 million at March 31, 2007, and an increase of $15.8 million compared to $56.5 million at December 31, 2007. As a percentage of total loans, the allowance increased to 1.54% at March 31, 2008, compared to 1.46% at March 31, 2007, and 1.20% at December 31, 2007. The provision for the three months ended March 31, 2008, amounted to $21.9 million compared to $2.4 million for the three months ended March 31, 2007. Approximately $17.0 million of the increase in the provision during the first quarter of 2008 is associated with the misconduct of a former loan officer in the Indianapolis market.

Old National maintains an allowance for losses on unfunded commercial lending commitments and letters of credit to provide for the risk of loss inherent in these arrangements. The allowance is computed using a methodology similar to that used to determine the allowance for loan losses, modified to take into account the probability of a drawdown on the commitment. In accordance with generally accepted accounting principles, the $3.0 million reserve for unfunded loan commitments is classified as a liability account on the balance sheet. The reserve for unfunded loan commitments decreased $0.7 million during the first three months of 2008 from $3.7 million at December 31, 2007, as the methodology indicated a lower reserve balance was appropriate.

Market Risk

Market risk is the risk of loss arising from adverse changes in the fair value of financial instruments due to changes in interest rates, currency exchange rates, and other relevant market rates or prices. Interest rate risk is Old National s primary market risk and results from timing differences in the re-pricing of assets and liabilities, changes in the slope of the yield curve, and the potential exercise of explicit or embedded options.

Old National manages interest rate risk within an overall asset and liability management framework that includes attention to credit risk, liquidity risk and capitalization. A principal objective of asset/liability management is to manage the sensitivity of net interest income to changing interest rates. Asset and liability management activity is governed by a policy reviewed and approved annually by the Board of Directors. The Board of Directors has delegated the administration of this policy to the Funds Management Committee, a committee of the Board of Directors, and the Executive Balance Sheet Management Committee, a committee comprised of senior executive management. The Funds Management Committee meets quarterly and oversees adherence to policy and recommends policy changes to the Board. The Executive Balance Sheet Management committee meets quarterly. This committee determines balance sheet management strategies and initiatives for the Company. A group comprised of corporate and line management meets monthly to implement strategies and initiatives determined by the Executive Balance Sheet Management Committee.

Old National uses two modeling techniques to quantify the impact of changing interest rates on the Company, Net Interest Income at Risk and Economic Value of Equity. Net Interest Income at Risk is used by management and the Board of Directors to evaluate the impact of changing rates over a two-year horizon. Economic Value of Equity is used to evaluate long-term interest rate risk. These models simulate the likely behavior of the Company s net interest income and the likely change in the Company s economic value due to changes in interest rates under various possible interest rate scenarios. Because the models are driven by expected behavior in various interest rate scenarios and many factors besides market interest rates affect the Company s net interest income and value, Old National recognizes that model outputs are not guarantees of actual results. For this reason, Old National models many different combinations of interest rates and balance sheet assumptions to understand its overall sensitivity to market interest rate changes.

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Old National s Board of Directors, through its Funds Management Committee, monitors the Company s interest rate risk. Policy guidelines, in addition to March 31, 2008 and 2007 results, are as follows:

Net Interest Income 12 Month Policies (+/-)

	Interest Rate Change in Basis Points (bp)					
	Down 300	**Down 200**	**Down 100**	**Up 100**	**Up 200**	**Up 300**
Green Zone	12.00%	6.50%	3.00%	3.00%	6.50%	12.00%
Yellow Zone	12.00% - 15.00%	6.50% - 8.50%	3.00% - 4.00%	3.00% - 4.00%	6.50% - 8.50%	12.00% - 15.00%
Red Zone	15.00%	8.50%	4.00%	4.00%	8.50%	15.00%
3/31/2008	**N/A**	**-0.91%**	**1.16%**	**-0.84%**	**-1.91%**	**-2.83%**
3/31/2007	-1.38%	0.87%	1.30%	-0.90%	-1.69%	-2.79%

Net Interest Income 24 Month Cumulative Policies (+/-)

	Interest Rate Change in Basis Points (bp)					
	Down 300	**Down 200**	**Down 100**	**Up 100**	**Up 200**	**Up 300**
Green Zone	10.00%	5.00%	2.25%	2.25%	5.00%	10.00%
Yellow Zone	10.00% - 12.50%	5.00% - 7.00%	2.25% - 3.25%	2.25% - 3.25%	5.00% - 7.00%	10.00% - 12.50%
Red Zone	12.50%	7.00%	3.25%	3.25%	7.00%	12.50%
3/31/2008	**N/A**	**-4.57%**	**-0.42%**	**0.29%**	**0.19%**	**0.22%**
3/31/2007	-2.85%	-0.33%	0.81%	-1.10%	-2.38%	-4.06%

Economic Value of Equity Policies (+/-)

	Interest Rate Change in Basis Points (bp)					
	Down 300	**Down 200**	**Down 100**	**Up 100**	**Up 200**	**Up 300**
Green Zone	22.00%	12.00%	5.00%	5.00%	12.00%	22.00%
Yellow Zone	22.00% - 30.00%	12.00% - 17.00%	5.00% - 7.50%	5.00% - 7.50%	12.00% - 17.00%	22.00% - 30.00%
Red Zone	30.00%	17.00%	7.50%	7.50%	17.00%	30.00%
3/31/2008	**N/A**	**-15.15%**	**-2.89%**	**-1.32%**	**-5.34%**	**-10.46%**
3/31/2007	-22.33%	-11.24%	-2.40%	1.71%	1.25%	-0.87%

Red zone policy limits represent Old National s absolute interest rate risk exposure compliance limit. Policy limits defined as green zone represent the range of potential interest rate risk exposures that the Funds Management Committee believes to be normal and acceptable operating behavior. Yellow zone policy limits represent a range of interest rate risk exposures falling below the bank s maximum allowable exposure (red zone) but above its normally acceptable interest rate risk levels (green zone).

At March 31, 2008, modeling indicated Old National was within the green zone policy limits for all Net Interest Income at Risk Scenarios. Old National s green zone is considered the normal and acceptable interest rate risk level. Modeling for the Down 300 Basis Point Net Interest Income at Risk Scenario is not applicable in the current rate environment; the scenarios floor at zero before absorbing the full 300 basis point drop.

At March 31, 2008, modeling indicated Old National was within the yellow zone policy limit for the Down 200 Economic Value of Equity Scenario. The Funds Management Committee has deemed this scenario as an acceptable risk in the short term given the company s interest rate outlook. All other modeling scenarios fell within Old National s green zone, which is considered the normal and acceptable interest rate risk level. Modeling for the Down 300 Basis

Point Economic Value of Equity Scenario is not applicable in the current rate environment; the scenario floors at zero before absorbing the full 300 basis point drop.

Old National uses derivatives, primarily interest rate swaps, as one method to manage interest rate risk in the ordinary course of business. The Company s derivatives had an estimated fair value gain of $3.0 million at March 31, 2008, compared to an estimated fair value gain of $20 thousand at December 31, 2007. In addition, the notional amount of derivatives increased by $57.1 million. The increase in market value is primarily due to the rapid reduction in market rates since December 31, 2007, specifically affecting the receive fixed interest rate swaps.

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Liquidity Risk

Liquidity risk arises from the possibility the Company may not be able to satisfy current or future financial commitments, or may become unduly reliant on alternative funding sources. The Funds Management Committee of the Board of Directors establishes liquidity risk guidelines and, along with the Balance Sheet Management Committee, monitors liquidity risk. The objective of liquidity management is to ensure Old National has the ability to fund balance sheet growth and meet deposit and debt obligations in a timely and cost-effective manner. Management monitors liquidity through a regular review of asset and liability maturities, funding sources, and loan and deposit forecasts. The Company maintains strategic and contingency liquidity plans to ensure sufficient available funding to satisfy requirements for balance sheet growth, properly manage capital markets funding sources and to address unexpected liquidity requirements.

Loan repayments and maturing investment securities are a relatively predictable source of funds. However, deposit flows, calls of investment securities and prepayments of loans and mortgage-related securities are strongly influenced by interest rates, the housing market, general and local economic conditions, and competition in the marketplace. We continually monitor marketplace trends to identify patterns that might improve the predictability of the timing of deposit flows or asset prepayments.

Old National s ability to acquire funding at competitive prices is influenced by rating agencies views of the Company s credit quality, liquidity, capital and earnings. Standard and Poor s, Moody s Investor Service and Dominion Bond Rating Services have each issued a stable outlook in conjunction with their ratings as of March 31, 2008. Fitch Rating Services reaffirmed a negative outlook in conjunction with their ratings as of March 31, 2008. The senior debt ratings of Old National Bancorp and Old National Bank at March 31, 2008, are shown in the following table.

SENIOR DEBT RATINGS

	Standard and Poor s		**Moody s Investor Services**		**Fitch, Inc.**		**Dominion Bond Rating Svc.**	
	Long term	**Short term**	**Long term**	**Short term**	**Long term**	**Short term**	**Long term**	**Short term**
Old National Bancorp	BBB	N/A	A2	N/A	BBB	F2	BBB (high)	R-2 (high)
Old National Bank	BBB+	A2	A1	P-1	BBB+	F2	A (low)	R-1 (low)

N/A = not applicable

As of March 31, 2008, Old National Bank had the capacity to borrow $675.7 million from the Federal Reserve Bank s discount window. Old National Bank is also a member of the Federal Home Loan Bank (FHLB) of Indianapolis, which provides a source of funding through FHLB advances. Old National maintains relationships in capital markets with brokers and dealers to issue certificates of deposits and short-term and medium-term bank notes as well.

Old National Bancorp, the parent company, has routine funding requirements consisting primarily of operating expenses, dividends to shareholders, debt service, net derivative cash flows and funds used for acquisitions. Old National Bancorp obtains funding to meet its obligations from dividends and management fees collected from its subsidiaries and the issuance of debt securities. At March 31, 2008, the parent company s other borrowings outstanding was $258.2 million, remaining constant with $258.2 million at December 31, 2007. Old National Bancorp, the parent company, has $100 million of debt scheduled to mature within the next 3 months.

Federal banking laws regulate the amount of dividends that may be paid by banking subsidiaries without prior approval. Prior regulatory approval is required if dividends to be declared in any year would exceed net earnings of the current year plus retained net profits for the preceding two years. At December 31, 2006, Old National Bank had received regulatory approval to declare a dividend up to $76 million in the first quarter of 2007. The holding company used the cash obtained from the dividend to fund its purchase of St. Joseph Capital Corporation during the first quarter of 2007. As a result of this special dividend, Old National Bank requires approval of regulatory authority for the payment of dividends to the holding company in 2008. Such approval was obtained for the payment of dividends at March 31, 2008.

OFF-BALANCE SHEET ARRANGEMENTS

Off-balance sheet arrangements include commitments to extend credit and financial guarantees. Commitments to extend credit and financial guarantees are used to meet the financial needs of Old National s customers. Old National s banking affiliates have entered into various agreements to extend credit, including loan commitments of $1.168 billion and standby letters of credit of $109.0 million at March 31, 2008. At March 31, 2008, approximately $1.093 billion of the loan commitments had variable rates and $75.0 million had fixed rates, with the fixed rates ranging from 2.75% to 21.0%. At December 31, 2007, loan commitments were $1.195 billion and standby letters of credit were $114.1 million. The term of these off-balance sheet arrangements is typically one year or less.

During the second quarter of 2007, Old National entered into a risk participation in an interest rate swap. The interest rate swap has a notional amount of $9.6 million.

CONTRACTUAL OBLIGATIONS

The following table presents Old National s significant fixed and determinable contractual obligations at March 31, 2008:

CONTRACTUAL OBLIGATIONS

	Payments Due In				
(dollars in thousands)	One Year or Less (A)	One to Three Years	Three to Five Years	Over Five Years	Total
Deposits without stated maturity	$ 3,614,473	$	$	$	$ 3,614,473
IRAs, consumer and brokered certificates of deposit	956,522	415,701	140,134	219,655	1,732,012
Short-term borrowings	640,503				640,503
Other borrowings	101,028	126,083	400,734	207,043	834,888
Operating leases	21,271	54,620	51,543	326,551	453,985

(A) For the remaining nine months of fiscal 2008.

Old National rents certain premises and equipment under operating leases. See note 16 to the consolidated financial statements for additional information on long-term lease arrangements.

Old National is party to various derivative contracts as a means to manage the balance sheet and its related exposure to changes in interest rates, to manage its residential real estate loan origination and sale activity, and to provide derivative contracts to its clients. Since the derivative liabilities recorded on the balance sheet change frequently and do not represent the amounts that may ultimately be paid under these contracts, these liabilities are not included in the table of contractual obligations presented above. Further discussion of derivative instruments is included in Note 15 to the consolidated financial statements.

In the normal course of business, various legal actions and proceedings are pending against Old National and its affiliates which are incidental to the business in which they are engaged. Further discussion of contingent liabilities is included in Note 16 to the consolidated financial statements.

In addition, liabilities recorded under FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109* (FIN 48) are not included in the table because the amount and timing of any cash payments cannot be reasonably estimated. Further discussion of income taxes and liabilities recorded under FIN 48 is included in Note 14 to the consolidated financial statements.

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CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Old National s accounting policies are described in Note 1 to the consolidated financial statements included in the Company s Annual Report on Form 10-K for the year ended December 31, 2007. Certain accounting policies require management to use significant judgment and estimates, which can have a material impact on the carrying value of certain assets and liabilities. We consider these policies to be critical accounting policies. The judgment and assumptions made are based upon historical experience or other factors that management believes to be reasonable under the circumstances. Because of the nature of the judgment and assumptions, actual results could differ from these judgments and estimates which could have a material affect on our financial condition and results of operations.

The following accounting policies materially affect our reported earnings and financial condition and require significant judgments and estimates.

Allowance for Loan Losses. The allowance for loan losses is maintained at a level believed adequate by management to absorb probable incurred losses in the consolidated loan portfolio. Management s evaluation of the adequacy of the allowance is an estimate based on reviews of individual loans, pools of homogeneous loans, assessments of the impact of current and anticipated economic conditions on the portfolio and historical loss experience. The allowance represents management s best estimate, but significant downturns in circumstances relating to loan quality and economic conditions could result in a requirement for additional allowance. Likewise, an upturn in loan quality and improved economic conditions may allow a reduction in the required allowance. In either instance, unanticipated changes could have a significant impact on results of operations.

The allowance is increased through a provision charged to operating expense. Uncollectible loans are charged-off through the allowance. Recoveries of loans previously charged-off are added to the allowance. A loan is considered impaired when it is probable that contractual interest and principal payments will not be collected either for the amounts or by the dates as scheduled in the loan agreement. Old National s policy for recognizing income on impaired loans is to accrue interest unless a loan is placed on nonaccrual status. A loan is generally placed on nonaccrual status when principal or interest becomes 90 days past due unless it is well secured and in the process of collection, or earlier when concern exists as to the ultimate collectibility of principal or interest. Old National monitors the quality of its loan portfolio on an on-going basis and uses a combination of detailed credit assessments by relationship managers and credit officers, historic loss trends, and economic and business environment factors in determining its allowance for loan losses. Old National records provisions for loan losses based on current loans outstanding, grade changes, mix of loans and expected losses. A detailed loan loss evaluation on an individual loan basis for the Company s highest risk loans is performed quarterly. Management follows the progress of the economy and how it might affect Old National s borrowers in both the near and the intermediate term. Old National has a formalized and disciplined independent loan review program to evaluate loan administration, credit quality and compliance with corporate loan standards. This program includes periodic reviews and regular reviews of problem loan reports, delinquencies and charge-offs.

Old National uses migration analysis as a tool to determine the adequacy of the allowance for loan losses for non-retail loans that are not impaired. Migration analysis is a statistical technique that attempts to estimate probable losses for existing pools of loans by matching actual losses incurred on loans back to their origination.

Old National calculates migration analysis using several different scenarios based on varying assumptions to evaluate the widest range of possible outcomes. The migration-derived historical commercial loan loss rates are applied to the current commercial loan pools to arrive at an estimate of probable losses for the loans existing at the time of analysis. The amounts determined by migration analysis are adjusted for management s best estimate of the effects of current economic conditions, loan quality trends, results from internal and external review examinations, loan volume trends, credit concentrations and various other factors. Historic loss ratios adjusted for expectations of future economic conditions are used in determining the appropriate level of allowance for consumer and residential real estate loans.

Management s analysis of probable losses in the portfolio at March 31, 2008, resulted in a range for allowance for loan losses of $7.5 million with the potential effect to net income ranging from a decrease of $0.7 million to an increase of $4.1 million. These sensitivities are hypothetical and are not intended to represent actual results.

Goodwill and Intangibles. For acquisitions, Old National is required to record the assets acquired, including identified intangible assets, and the liabilities assumed at their fair value. These often involve estimates based on third-party valuations, such as appraisals, or internal valuations based on discounted cash flow analyses or other valuation techniques that may include estimates of attrition, inflation, asset growth rates or other relevant factors. In addition, the determination of the useful lives for which an intangible asset will be amortized is subjective. Under Statement of Financial Accounting Standards (SFAS) No. 142 *Goodwill and Other Intangible Assets*, goodwill and indefinite-lived assets recorded must be reviewed for impairment on an annual basis, as well as on an interim basis if events or changes indicate that the asset might be impaired. An impairment loss must be recognized for any excess of carrying value over fair value of the goodwill or the indefinite-lived intangible asset with subsequent reversal of the impairment loss being prohibited.

The determination of fair values is based on internal valuations using management s assumptions of future growth rates, future attrition, discount rates, multiples of earnings or other relevant factors. Changes in these factors, as well as downturns in economic or business conditions, could have a significant adverse impact on the carrying values of goodwill or intangible assets and could result in impairment losses affecting the financials of the Company as a whole and the individual lines of business in which the goodwill or intangibles reside.

Derivative Financial Instruments. As part of the Company s overall interest rate risk management, Old National uses derivative instruments to reduce exposure to changes in interest rates and market prices for financial instruments. The application of the hedge accounting policy requires judgment in the assessment of hedge effectiveness, identification of similar hedged item groupings and measurement of changes in the fair value of derivative financial instruments and hedged items. To the extent hedging relationships are found to be effective, as determined by SFAS No. 133 *Accounting for Derivative Instruments and Hedging Activities*, changes in fair value of the derivatives are offset by changes in the fair value of the related hedged item or recorded to other comprehensive income. However, if in the future the derivative financial instruments used by the Company no longer qualify for hedge accounting treatment, all changes in fair value of the derivative would flow through the consolidated statements of income in other noninterest income, resulting in greater volatility in our earnings. Management believes hedge effectiveness is evaluated properly in preparation of the financial statements. All of the derivative financial instruments used by the Company have active markets and indications of fair value can be readily obtained. As of March 31, 2008, the Company was not using the short-cut method of accounting for any fair value derivatives.

Income Taxes. The Company is subject to the income tax laws of the U.S., its states and the municipalities in which the Company operates. These tax laws are complex and subject to different interpretations by the taxpayer and the relevant government taxing authorities. In establishing a provision for income tax expense, the Company must make judgments and interpretations about the application of these inherently complex tax laws. The Company must also make estimates about when in the future certain items will affect taxable income in the various tax jurisdictions. Disputes over interpretations of the tax laws may be subject to review/adjudication by the court systems of the various tax jurisdictions or may be settled with the taxing authority upon examination or audit. The Company reviews income tax expense and the carrying value of deferred tax assets quarterly; and as new information becomes available, the balances are adjusted as appropriate.

On January 1, 2007, the Company adopted FIN 48 to account for uncertain tax positions. FIN 48 prescribes a recognition threshold of more-likely-than-not, and a measurement attribute for all tax positions taken or expected to be taken on a tax return, in order for those tax positions to be recognized in the financial statements. See Note 14 to the Consolidated Financial Statements for a further description of the Company s provision and related income tax assets and liabilities.

Management has discussed the development and selection of these critical accounting estimates with the Audit Committee of the Board of Directors and the Audit Committee has reviewed the Company s disclosure relating to it in this Management s Discussion and Analysis .

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FORWARD-LOOKING STATEMENTS

The following is a cautionary note about forward-looking statements. In its oral and written communications, Old National from time to time includes forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements can include statements about estimated cost savings, plans and objectives for future operations, and expectations about performance as well as economic and market conditions and trends. These statements often can be identified by the use of words like expect, may, could, intend, project, estimate, believe or anticipate. Old National may include forward-looking statements in filings with the Securities and Exchange Commission, such as this Form 10-Q, in other written materials and in oral statements made by senior management to analysts, investors, representatives of the media and others. It is intended that these forward-looking statements speak only as of the date they are made, and Old National undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the forward-looking statement is made or to reflect the occurrence of unanticipated events. By their nature, forward-looking statements are based on assumptions and are subject to risks, uncertainties and other factors. Actual results may differ materially from those contained in any forward-looking statement. Uncertainties which could affect Old National s future performance include, but are not limited to: (1) economic, market, operational, liquidity, credit and interest rate risks associated with Old National s business; (2) economic conditions generally and in the financial services industry; (3) increased competition in the financial services industry either nationally or regionally, resulting in, among other things, credit quality deterioration; (4) the ability of Old National to achieve loan and deposit growth; (5) volatility and direction of market interest rates; (6) governmental legislation and regulation, including changes in accounting regulation or standards; (7) the ability of Old National to execute its business plan; (8) a weakening of the economy which could materially impact credit quality trends and the ability to generate loans; (9) changes in the securities markets; and (10) changes in fiscal, monetary and tax policies. Investors should consider these risks, uncertainties and other factors in addition to those mentioned by Old National in this and its other filings from time to time when considering any forward-looking statement.

ITEM 3. QUANTITIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See Management s Discussion and Analysis of Financial Condition and Results of Operations-Market Risk and Liquidity Risk.

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ITEM 4. CONTROLS AND PROCEDURES

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Evaluation of disclosure controls and procedures. Old National s principal executive officer and principal financial officer have concluded that Old National s disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended), based on their evaluation of these controls and procedures as of the end of the period covered by this Form 10-Q, are effective at the reasonable assurance level as discussed below to ensure that information required to be disclosed by Old National in the reports it files under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission and that such information is accumulated and communicated to Old National s management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Limitations on the Effectiveness of Controls. Management, including the principal executive officer and principal financial officer, does not expect that Old National s disclosure controls and internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgements in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls.

The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be only reasonable assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, control may become inadequate because of changes in conditions or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Changes in Internal Control over Financial Reporting. There were no changes in Old National s internal control over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, Old National s internal control over financial reporting.

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PART II OTHER INFORMATION

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors previously disclosed in the Risk Factors section of the Company s annual report on Form 10-K for the year ended December 31, 2007.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(c) **ISSUER PURCHASES OF EQUITY SECURITIES**

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publically Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
01/01/08 - 01/31/08		$		4,323,645
02/01/08 - 02/29/08	13,433	16.81	13,433	4,310,212
03/01/08 - 03/31/08				4,310,212
Quarter-to-date 03/31/08	13,433	$ 16.81	13,433	4,310,212

ITEM 5. OTHER INFORMATION

(a) None

(b) There have been no material changes in the procedure by which security holders recommend nominees to the Company s board of directors.

ITEM 6. EXHIBITS

Exhibit No.	Description
3.1	Articles of Incorporation of Old National, amended May 22, 2007 (incorporated by reference to Exhibit 3.1 of Old National s Current Report on Form 8-K, filed with the Securities and Exchange Commission on May 22, 2007).
3.2	By-Laws of Old National, amended April 26, 2007 (incorporated by reference to Exhibit 3.1 of Old National s Current Report on Form 8-K filed with the Securities and Exchange Commission on April 30, 2007).
4.1	Senior Indenture between Old National and J.P. Morgan Trust Company, National Association (as successor to Bank One, NA), as trustee (incorporated by reference to Exhibit 4.3 to Old National s Registration Statement on Form S-3, Registration No. 333-118374, filed with the Securities and Exchange Commission on December 2, 2004).
4.2	Form of Indenture between Old National and J.P. Morgan Trust Company, National Association (as successor to Bank One, NA), as trustee (incorporated by reference to Exhibit 4.1 to Old National s Registration Statement on Form S-3, Registration No. 333-87573, filed with the Securities and Exchange Commission on September 22, 1999).

4.3	Rights Agreement, dated March 1, 1990, as amended on February 29, 2000, between Old National Bancorp and Old National Bank, as trustee (incorporated by reference to Old National s Form 8-A, dated March 1, 2000).

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Exhibit No.	Description
4.4	First Indenture Supplement dated as of May 20, 2005, between Old National and J.P. Morgan Trust Company, as trustee, providing for the issuance of its 5.00% Senior Notes due 2010 (incorporated by reference to Exhibit 4.1 of Old National s Current Report on Form 8-K filed with the Securities and Exchange Commission on May 20, 2005).
4.5	Form of 5.00% Senior Notes due 2010 (incorporated by reference to Exhibit 4.2 of Old National s Current Report on Form 8-K filed with the Securities and Exchange Commission on May 20, 2005).
10.1	Deferred Compensation Plan for Directors of Old National Bancorp and Subsidiaries (As Amended and Restated Effective as of January 1, 2003) (incorporated by reference to Exhibit 10(a) of Old National s Current Report on Form 8-K filed with the Securities and Exchange Commission on December 15, 2004).*
10.2	Second Amendment to the Deferred Compensation Plan for Directors of Old National Bancorp and Subsidiaries (As Amended and Restated Effective as of January 1, 2003) (incorporated by reference to Exhibit 10(b) of Old National s Current Report on Form 8-K filed with the Securities and Exchange Commission on December 15, 2004).*
10.3	2005 Directors Deferred Compensation Plan (Effective as of January 1, 2005) (incorporated by reference to Exhibit 10(c) of Old National s Current Report on Form 8-K filed with the Securities and Exchange Commission on December 15, 2004).*
10.4	Supplemental Deferred Compensation Plan for Select Executive Employees of Old National Bancorp and Subsidiaries (As Amended and Restated Effective as of January 1, 2003) (incorporated by reference to Exhibit 10(d) of Old National s Current Report on Form 8-K filed with the Securities and Exchange Commission on December 15, 2004).*
10.5	Second Amendment to the Supplemental Deferred Compensation Plan for Select Executive Employees of Old National Bancorp and Subsidiaries (As Amended and Restated Effective as of January 1, 2003) (incorporated by reference to Exhibit 10(e) of Old National s Current Report on Form 8-K filed with the Securities and Exchange Commission on December 15, 2004).*
10.6	Third Amendment to the Supplemental Deferred Compensation Plan for Select Executive Employees of Old National Bancorp and Subsidiaries (As Amended and Restated Effective as of January 1, 2003) (incorporated by reference to Exhibit 10(f) of Old National s Current Report on Form 8-K filed with the Securities and Exchange Commission on December 15, 2004).*
10.7	2005 Executive Deferred Compensation Plan (Effective as of January 1, 2005) (incorporated by reference to Exhibit 10(g) of Old National s Current Report on Form 8-K filed with the Securities and Exchange Commission on December 15, 2004).*
10.8	Summary of Old National Bancorp s Outside Director Compensation Program (incorporated by reference to Old National s Quarterly Report on Form 10-Q for the quarter ended June 30, 2003).*
10.9	Old National Bancorp Short-Term Incentive Compensation Plan (incorporated by reference to Appendix II of Old National s Definitive Proxy Statement filed with the Securities and Exchange

	Commission on March 16, 2005).*
10.10	Old National Bancorp 1999 Equity Incentive Plan (incorporated by reference to Old National s Form S-8 filed on July 20, 2001).*
10.11	First Amendment to the Old National Bancorp 1999 Equity Incentive Plan (incorporated by reference to Exhibit 10(f) of Old National s Quarterly Report on Form 10-Q for the quarter ended September 30, 2004).*

Exhibit No.	**Description**
10.12	Form of 2004 Performance-Based Restricted Stock Award Agreement between Old National and certain key associates (incorporated by reference to Exhibit 10(g) of Old National s Quarterly Report on Form 10-Q for the quarter ended September 30, 2004).*
10.13	Form of 2005 Performance-Based Restricted Stock Award Agreement between Old National and certain key associates, (incorporated by reference to Exhibit 10(r) of Old National s Quarterly Report on Form 10-Q for the quarter ended March 31, 2005). *
10.14	Form of Executive Stock Option Award Agreement between Old National and certain key associates (incorporated by reference to Exhibit 10(h) of Old National s Quarterly Report on Form 10-Q for the quarter ended September 30, 2004).*
10.15	Stock Purchase and Dividend Reinvestment Plan (incorporated by reference to Old National s Registration Statement on Form S-3, Registration No. 333-120545 filed with the Securities and Exchange Commission on November 16, 2004).
10.16	Form of 2006 Performance-Based Restricted Stock Award Agreement between Old National and certain key associates (incorporated by reference to Exhibit 99.1 of Old National s Current Report on Form 8-K filed with the Securities and Exchange Commission on March 2, 2006).*
10.17	Form of 2006 Service-Based Restricted Stock Award Agreement between Old National and certain key associates (incorporated by reference to Exhibit 99.2 of Old National s Current Report on Form 8-K filed with the Securities and Exchange Commission on March 2, 2006).*
10.18	Form of 2006 Non-qualified Stock Option Agreement (incorporated by reference to Exhibit 99.3 of Old National s Current Report on Form 8-K filed with the Securities and Exchange Commission on March 2, 2006).*
10.19	Form of 2007 Performance-Based Restricted Stock Award Agreement between Old National and certain key associates (incorporated by reference to Exhibit 10(w) of Old National s Annual Report on Form 10-K for the year ended December 31, 2006).*
10.20	Form of 2007 Service-Based Restricted Stock Award Agreement between Old National and certain key associates (incorporated by reference to Exhibit 10(x) of Old National s Annual Report on Form 10-K for the year ended December 31, 2006).*
10.21	Form of 2007 Non-qualified Stock Option Agreement between Old National and certain key associates (incorporated by reference to Exhibit 10(y) of Old National s Annual Report on Form 10-K for the year ended December 31, 2006).*
10.22	Purchase and Sale Agreement dated December 20, 2006, between Old National Bancorp, Old National Bank, Old National Realty Company, Inc., ONB One Main Landlord, LLC, ONB 123 Main Landlord, LLC, and ONB 4th Street Landlord, LLC (incorporated by reference to Exhibit 10(z) of Old National s Annual Report on Form 10-K for the year ended December 31, 2006).
10.23	

	Lease Agreement, dated December 20, 2006 between ONB One Main Landlord, LLC and Old National Bank (incorporated by reference to Exhibit 10(aa) of Old National s Annual Report on Form 10-K for the year ended December 31, 2006).
10.24	Lease Agreement, dated December 20, 2006 between ONB 123 Main Landlord, LLC and Old National Bank (incorporated by reference to Exhibit 10(ab) of Old National s Annual Report on Form 10-K for the year ended December 31, 2006).

Exhibit No.	**Description**
10.25	Lease Agreement, dated December 20, 2006 between ONB 4th Street Landlord, LLC and Old National Bank (incorporated by reference to Exhibit 10(ac) of Old National s Annual Report on Form 10-K for the year ended December 31, 2006).
10.26	Agreement and Plan of Merger dated as of October 21, 2006 by and among Old National Bancorp, St. Joseph Capital Corporation and SMS Subsidiary, Inc. (the schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K) (incorporated by reference to Exhibit 2.1 of Old National s Current Report on Form 8-K filed with the Securities and Exchange Commission on October 23, 2006).
10.27	Purchase and Sale Agreement dated September 19, 2007, by and among Old National Bank, ONB Insurance Group, Inc., ONB CTL Portfolio Landlord #1, LLC, ONB CTL Portfolio Landlord #2, LLC, ONB CTL Portfolio Landlord #3, LLC, ONB CTL Portfolio Landlord #4, LLC and ONB CTL Portfolio Landlord #5, LLC (incorporated by reference to Exhibit 99.1 of Old National s Current Report on Form 8-K filed with the Securities and Exchange Commission on September 25, 2007).
10.28	Master Lease Agreement dated September 19, 2007, by and between ONB CTL Portfolio Landlord #1, LLC, and Old National Bank (incorporated by reference to Exhibit 99.2 of Old National s Current Report on Form 8-K filed with the Securities and Exchange Commission on September 25, 2007). 8-K filed with the Securities and Exchange Commission on September 24, 2007).
10.29	Lease Supplement No. 1 dated September 19, 2007, by and between ONB CTL Portfolio Landlord #1, LLC, Old National Bank and ONB Insurance Group, Inc. (incorporated by reference to Exhibit 99.3 of Old National s Current Report on Form 8-K filed with the Securities and Exchange Commission on September 25, 2007).
10.30	Master Lease Agreement dated September 19, 2007, by and between ONB CTL Portfolio Landlord #2, LLC, and Old National Bank (incorporated by reference to Exhibit 99.4 of Old National s Current Report on Form 8-K filed with the Securities and Exchange Commission on September 25, 2007).
10.31	Master Lease Agreement dated September 19, 2007, by and between ONB CTL Portfolio Landlord #3, LLC, and Old National Bank (incorporated by reference to Exhibit 99.5 of Old National s Current Report on Form 8-K filed with the Securities and Exchange Commission on September 25, 2007).
10.32	Master Lease Agreement dated September 19, 2007, by and between ONB CTL Portfolio Landlord #4, LLC, and Old National Bank (incorporated by reference to Exhibit 99.6 of Old National s Current Report on Form 8-K filed with the Securities and Exchange Commission on September 25, 2007).
10.33	Master Lease Agreement dated September 19, 2007, by and between ONB CTL Portfolio Landlord #5, LLC, and Old National Bank (incorporated by reference to Exhibit 99.7 of Old National s Current Report on Form 8-K filed with the Securities and Exchange Commission on September 25, 2007).

10.34	Purchase and Sale Agreement dated October 19, 2007, by and among Old National Bank, American National Trust and Investment Management Company, ONB Traditional Portfolio Landlord, LLC, ONB Site 3 Landlord, LLC, ONB Site Landlord 4, LLC, ONB Site Landlord 6, LLC, ONB Site Landlord 14, LLC, ONB Site Landlord 15, LLC, ONB Site Landlord 17, LLC, ONB Site Landlord 19, LLC, ONB Site Landlord 20, LLC, ONB Site Landlord 25, LLC, ONB Site Landlord 26, LLC, ONB Site Landlord 27, LLC, ONB Site Landlord 29, LLC, ONB Site Landlord 33, LLC, ONB Site Landlord 35, LLC, ONB Site Landlord 36, LLC, ONB Site Landlord 37, LLC, ONB Site Landlord 41, LLC, ONB Site Landlord 43, LLC, ONB Site Landlord 44, LLC, ONB Site Landlord 45, LLC, ONB Site Landlord 47, LLC, ONB Site Landlord 48, LLC and ONB Site Landlord 57, LLC (incorporated by reference to Exhibit 99.1 of Old National s Current Report on Form 8-K filed with the Securities and Exchange Commission on October 25, 2007).

Exhibit No.	Description
10.35	Form of Lease Agreement dated October 19, 2007 entered into by affiliates of Old National Bancorp and affiliates of SunTrust Equity Funding, LLC (incorporated by reference to Exhibit 99.2 of Old National s Current Report on Form 8-K filed with the Securities and Exchange Commission on October 25, 2007).
10.36	Purchase and Sale Agreement dated December 27, 2007, by and among Old National Bank, ONB Traditional Portfolio Landlord, LLC, ONB Site 1 Landlord, LLC, ONB Site 8 Landlord, LLC, ONB Site 9 Landlord, LLC, ONB Site 38 Landlord, LLC, and ONB Site 42 Landlord, LLC (as incorporated by reference to Exhibit 99.1 of Old National s Current Report on Form 8-K filed with the Securities and Exchange Commission on December 31, 2007).
10.37	Form of Lease Agreement dated December 27, 2007 entered into by affiliates of Old National Bancorp and affiliates of SunTrust Equity Funding, LLC (as incorporated by reference to Exhibit 99.2 of Old National s Current Report on Form 8-K filed with the Securities and Exchange Commission on December 31, 2007).
10.38	Form of 2008 Non-qualified Stock Option Award Agreement (incorporated by reference to Exhibit 99.1 of Old National s Current Report on Form 8-K filed with the Securities and Exchange Commission on January 30, 2008).*
10.39	Form of 2008 Performance-Based Restricted Stock Award Agreement between Old National and certain key associates (incorporated by reference to Exhibit 99.2 of Old National s Current Report on Form 8-K filed with the Securities and Exchange Commission on January 30, 2008).*
10.40	Form of 2008 Service-Based Restricted Stock Award Agreement between Old National and certain key associates (incorporated by reference to Exhibit 99.3 of Old National s Current Report on Form 8-K filed with the Securities and Exchange Commission on January 30, 2008).*
10.41	Form of Employment Agreement for Robert G. Jones, Daryl D. Moore, Barbara A. Murphy and Christopher A. Wolking (incorporated by reference to Exhibit 10.1 of Old National s Current Report on Form 8-K filed with the Securities and Exchange Commission on March 21, 2008).*
10.42	Severance/Change in Control Agreement between Old National and Annette W. Hudgions (incorporated by reference to Exhibit 10.2 of Old National s Current Report on Form 8-K filed with the Securities and Exchange Commission on March 21, 2008).*
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Management contract or compensatory plan or arrangement

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

OLD NATIONAL BANCORP
(Registrant)

By: /s/ Christopher A. Wolking
Christopher A. Wolking
Senior Executive Vice President and Chief Financial Officer
Duly Authorized Officer and Principal Financial Officer

Date: May 5, 2008

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