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

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2003

Commission File Number 1-15817

OLD NATIONAL BANCORP

(Exact name of the Registrant as specified in its charter)

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

(812) 464-1434
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act

Title of Each Class	Name of each exchange on which registered
Common Stock, No Par Value	**New York Stock Exchange**
Preferred Stock Purchase Rights	

Securities registered pursuant to Section 12(g) of the Act:
None

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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined by Rule 12b-2 of the Act). Yes [X] No [ ]

The aggregate market value of the Registrant's voting common stock held by non-affiliates on June 30, 2003, was $1,460,687,361 (based on the closing price on that date of $21.90, as quoted on the New York Stock Exchange). In calculating the market value of securities by non-affiliates of the Registrant, the Registrant has treated as securities held by affiliates as of June 30, 2003, voting stock owned of record by its directors and principal executive officers, and voting stock held by the Registrant's trust department in a fiduciary capacity.

The number of shares outstanding of the Registrant's classes of common stock, as of January 31, 2004, was 66,226,000.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the Annual Meeting of Shareholders to be held April 29, 2004, is incorporated by reference into Part III of this Form 10-K.

OLD NATIONAL BANCORP
2003 ANNUAL REPORT ON FORM 10-K

TABLE OF CONTENTS

OLD NATIONAL BANCORP
2003 ANNUAL REPORT ON FORM 10-K

PART I

ITEM 1. BUSINESS

GENERAL

Old National Bancorp ("Old National") is a financial holding company incorporated in the State of Indiana and maintains its principal executive office in Evansville, Indiana. Old National, through its wholly-owned banking subsidiary, provides a wide range of services, including commercial and consumer banking, depository services, lease financing and other traditional banking services. Through its non-bank affiliates, Old National provides services to supplement the banking business including fiduciary and trust services, investment and brokerage services, asset management, insurance and other financial services. As of December 31, 2003, Old National employed 3,019 full-time equivalent employees.

COMPANY PROFILE

Old National Bank, Old National Bancorp's wholly-owned banking subsidiary, was founded in 1834 and is the oldest company in Evansville, Indiana. In 1982, Old National Bancorp was formed and in 2001 became a financial holding company. Also in 2001, Old National completed the consolidation of 21 bank charters enabling Old National to operate under a common name with consistent product offerings throughout the banking locations, improving back-office efficiency and allowing Old National to provide more convenient service to customers. Over the past several years, Old National has grown to include financial services operations in Indiana, Illinois, Ohio, Kentucky, Tennessee and Missouri.

In 2002, Old National identified four components of growth essential to the achievement of the company's long-term earnings and financial performance objectives:

- In Old National's traditional banking markets, growth strategies will be focused on adding products and services. Old National's operations in these communities continue to account for a high percentage of the company's revenue and the growth of revenue from these slower growth markets will come primarily from providing additional services to current customers.
- Old National Signature Group is responsible for fee-based services such as insurance, investment, trust, asset management, financial planning and similar non-traditional banking services. It is anticipated that these units will generate revenue growth at rates exceeding Old National's traditional banking products.
- Mortgage lending is a traditional offering at Old National banking centers. By aligning these mortgage initiatives more closely and focusing a management team on them, Old National has improved efficiencies, added new products and increased revenue. In addition, Old National plans to use stand-alone mortgage offices to help gain entry into new markets.
- Old National is continuing to add to its presence in Indianapolis, Louisville and St. Louis, where it anticipates opportunities to attract high-value clients to Old National's strong service emphasis.

During the third quarter of 2003, Old National determined that it must intensify its efforts to improve lending administration and overall operating efficiency in order to improve its overall financial performance. Old National has identified the following initiatives as having very high priority:

- <u>Improving credit quality approval processes and disciplines and the reduction of non-performing loans in the portfolio</u>

  Lending operations have been reorganized to realign the traditional relationship management and credit analysis functions. Local lending and customer relationship officers will still have primary responsibility for business development and loan approval, but credit analysts independent of local bank management will work with lenders on credit approvals. This formalized process will ensure consistency in underwriting criteria across the organization, while maintaining a strong commitment to being responsive to customer needs. In addition to these efforts aimed at improving the quality of new loans, additional staff and resources have been assigned to manage the problem loan portfolio. These efforts include intensified work-out and restructuring efforts with borrowers, negotiations with borrowers to move the credit relationship to other lenders, and the consideration of the sale of pools of problem loans.

- Improving efficiencies and optimizing profit in all aspects of the operation through an intense company-wide review of revenue and expense opportunities

  Old National retained the services of EHS Partners, LLC to assist in this project. EHS has worked with a wide range of financial institutions similar to Old National that have experienced growth through acquisitions and product expansion and had a desire to conduct a similar company-wide operations review. The project, referred to as "Ascend," involves two phases. The first phase is an intensive idea generation and evaluation process which is expected to be completed in early April 2004. The implementation of profit improvement strategies is expected to begin during the second quarter of 2004 and to be fully implemented by the end of 2005.

ACQUISITION STRATEGY

Since the formation of Old National Bancorp in 1982, Old National has acquired more than 40 financial institutions and financial services companies. As a part of Old National's four component strategy as previously described, Old National has acquired several financial services companies primarily to grow the non-bank services segment and to achieve a presence in various targeted metro markets:

- Insurance and Risk Management based in Fort Wayne, Indiana, acquired in August 2003, is an insurance agency that offers products including commercial and personal property and casualty insurance, employee benefits insurance and third party administrator services.
- Graham and Peat Insurance Agency based in St. Louis, Missouri, acquired in June 2003, is an insurance agency that offers property and casualty and life insurance.
- James L. Will Insurance Agency, Inc., based in Evansville, Indiana, acquired in May 2003, is an insurance agency focused on commercial property and casualty as well as personal lines of insurance.
- Terrill Group, Inc., based in St. Louis, Missouri, acquired in December 2002, is an insurance agency that offers property and casualty, health, life, disability and accident insurance.
- Fund Evaluation Group, Inc., acquired July 2002, is an investment and consulting firm based in Cincinnati, Ohio, that provides investment consulting and performance management services to a wide range of institutional clients.

In the future, Old National will continue to pursue opportunities to acquire both financial institutions and financial services companies, focusing on the following primary objectives:

- Acquire financial institutions in the Midwestern and South-central regions of the United States, generally with assets in the range of $200 million to $3 billion.
- Acquire financial services companies located in, but not limited to, the same geographic markets that provide products and services consistent with and complementary to those products and services offered by Old National Signature Group.

As with previous acquisitions, the consideration paid by Old National will be in the form of cash, debt or Old National Bancorp stock. The amount and structure of such consideration is based on reasonable growth and cost savings assumptions and a thorough analysis of the impact on both long and short term financial results.

OPERATING SEGMENTS

Old National has been divided into three operating segments: community banking, non-bank services and treasury. A description of each segment is described below.

Community Banking Segment

The community banking segment, operating under the name of Old National Bank, has traditionally been the most significant contributor to Old National, historically representing approximately 80% of consolidated net income. The primary goal of the community banking segment is to provide products and services that address the client's needs and help clients reach their financial goals by providing quality services at prices that are fair. Old National's banking centers focus on convenience factors such as location, adequate space for private consultations, quick client access to routine transactions and good parking.

As of December 31, 2003, Old National's affiliate bank operated over 120 banking centers in Indiana, Illinois, Kentucky, Tennessee and a limited area in Ohio. The community banking segment primarily consists of lending and depository activities, but also includes services such as merchant services, cash management services, payroll services, Internet banking and services relating to the general banking business. In addition, the community banking segment includes the Indiana Old National Insurance Company ("IONIC") and Central Life Insurance Company, which reinsure credit life insurance. IONIC also provides captive property and casualty insurance for Old National and reinsures most of the coverage with non-affiliated carriers.

Lending Activities
Old National earns interest income on loans as well as fee income from the origination of loans. Lending activities include loans to individuals, which primarily consist of home equity lines of credit, residential real estate loans and consumer loans, and loans to small business and commercial customers, which include commercial loans, commercial real estate, letters of credit and lease financing. Typically, fixed-rate residential real estate loans are sold to secondary investors with servicing rights retained by Old National, with gains or losses from the sales being recognized, while adjustable-rate loans are held in the portfolio.

Depository Activities
Old National strives to provide depository services to individuals and commercial customers that fit their needs at competitive rates. Old National pays interest on the interest-bearing deposits and receives service fee revenue on various accounts. The transaction accounts include products such as noninterest-bearing demand, NOW, savings and money market, and time deposits. Debit and ATM cards provide access to the customer's accounts 24 hours a day at any ATM location. Old National also provides 24-hour telephone access as well as other electronic banking services.

Non-bank Services Segment
The non-bank services segment provides a variety of financial services including investment advisory and trust services, investment and brokerage services, asset management consulting services and insurance agency services. Old National has identified the non-bank services segment as an important growth opportunity. This accelerates Old National's transition to a financial services company with broader client relationships and less dependence on interest rate conditions. The non-bank services, especially those geared toward high net worth clients, help open new markets for Old National. Old National's non-bank services segment operates in the same geographical markets as the community banking segment and through acquisitions has broadened its scope to include Missouri and expanded its area in Ohio.

Investment Advisory and Trust Services
Fiduciary and trust services are offered through an affiliate trust company under the business name of Old National Trust Company. Signal Capital Management, Inc., an affiliate of Old National Trust Company, provides fee-based asset management and manages and sells mutual funds.

Investment and Brokerage Services
ONB Investments Services, Inc., a registered broker-dealer, operates as a subsidiary of Old National Bank in order to provide bank customers with convenient and professional investment services and a variety of brokerage products. ONB Investment Services, Inc. offers a full-array of investment options and investment advice to bank customers and members of the general public.

Asset Management Consulting Services
Fund Evaluation Group, Inc. specializes in portfolio structure, investment management research and performance reporting, providing asset management consulting services to its investment customers.

Insurance Agency Services
Through its insurance agency subsidiaries, Old National offers full service insurance brokerage services including commercial property and casualty, surety loss control services, employee benefits consulting and administration, and

personal insurance. These subsidiaries are insurance agencies that offer products that are issued and underwritten by various insurance companies not affiliated with Old National.

Treasury Segment
Treasury manages investments, wholesale funding, interest rate risk, liquidity and leverage for Old National. Additionally, treasury provides other miscellaneous capital markets products for Old National's corporate banking customers.

Additional information about Old National's business segments is included in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 21 to the consolidated financial statements.

MARKET AREA
Old National operates primarily in the state of Indiana, with limited presence in the northern part of the state. Old National is also located in the eastern and southeastern regions of Illinois and central and western regions of Kentucky and has a strong presence in Clarksville, Tennessee. These markets include a number of densely populated areas as well as rural areas in which Old National has achieved the first or second ranking in deposit share. The income classes include some high-income areas as well as many middle-income and some low-to-moderate income areas. In addition, through acquisitions, the market area has expanded to include insurance agency operations based in St. Louis, Missouri, and asset management consulting based in Cincinnati, Ohio. Old National continues to add to its metropolitan strategy in order to increase its presence within targeted cities including Indianapolis, Indiana; Louisville, Kentucky; and St. Louis, Missouri. Old National is considering expansion into additional larger metropolitan markets within a 250-mile radius of Old National's Evansville, Indiana, headquarters.

Indiana, Old National's primary state of operations, has faced several long-term challenges to its future growth and has been among the national leaders in job losses over the past few years. According to a report issued by the U.S. Conference of Mayors in coordination with the Indiana Association of Cities and Towns, Indiana is the most highly industrialized state in the nation. Indiana relies on manufacturing for 20.2% of jobs and 27.2% of Gross State Product as of May 2003. This almost doubles the U.S. average dependence on manufacturing for jobs and Gross State Product. The manufacturing industry has been one of the most affected by the economic downturn experienced by the nation.

The following table reflects Old National's market share for significant markets with most recent data available.

Old National Deposit Market Share and Number of Branch Locations
Deposits as of June 30, 2003

Market Location	Number of Branches	Deposit Market Share Rank
Evansville, Indiana	15	1st
Clarksville, Tennessee	4	1st
Muncie, Indiana	8	2nd
Bloomington, Indiana	5	3rd
Terre Haute, Indiana	8	2nd
Danville, Illinois	4	1st

Source: SNL Financial

COMPETITION
The banking industry and related financial service providers operate in a highly competitive market. Within its six-state geography, Old National competes with financial services providers such as local, regional and national banking institutions, savings and loan associations, credit unions, thrifts, finance companies and mortgage banking companies. In addition, Old National's non-bank services segment faces competition with investment brokers, asset managers and advisory services, money market and mutual fund companies and insurance agencies.

SUPERVISION AND REGULATION
Old National is registered as a bank holding company and has elected to be a financial holding company. It is subject to the supervision of, and regulation by, the Board of Governors of the Federal Reserve System ("Federal Reserve") under the Bank Holding Company Act of 1956, as amended ("BHC Act"). The Federal Reserve has issued regulations under the BHC Act requiring a bank holding company to serve as a source of financial and managerial strength to its subsidiary banks. It is the policy of the Federal Reserve that, pursuant to this requirement, a bank holding company should stand ready to use its resources to provide adequate capital funds to its subsidiary banks during periods of financial stress or adversity.

The BHC Act requires the prior approval of the Federal Reserve to acquire more than a 5% voting interest of any bank or bank holding company. Additionally, the BHC Act restricts Old National's non-banking activities to those which are determined by the Federal Reserve to be closely related to banking and a proper incident thereto.

On July 30, 2002, the Senate and the House of Representatives of the United States (Congress) enacted the Sarbanes-Oxley Act of 2002, a law that addresses, among other issues, corporate governance, auditing and accounting, executive compensation, and enhanced and timely disclosures of corporate information. The New York Stock Exchange has also proposed corporate governance rules that were presented to the Securities and Exchange Commission for review and approval. The proposed changes are intended to allow stockholders to more easily and efficiently monitor the performance of companies and directors.

Effective August 29, 2002, as directed by Section 302(a) of the Sarbanes-Oxley Act, Old National's principal executive officer and principal financial officer are required to certify that Old National's quarterly and annual reports do not contain any untrue statements of a material fact. The rules also require that these officers certify that they are responsible for establishing, maintaining and regularly evaluating the effectiveness of Old National's internal controls; they have made certain disclosures to auditors and the Audit Committee of the Board of Directors about internal controls; and they have included information in Old National's quarterly and annual reports about their evaluation and whether there have been significant changes in Old National's internal controls or in other factors that could significantly affect internal controls subject to the evaluation.

On January 23, 2003, the Board of Directors of Old National Bancorp approved various corporate governance matters to strengthen and improve its already strong corporate governance practices. The Board adopted a Corporate Governance and Nominating Committee Charter, amended the Audit Committee Charter and adopted a Compensation Committee Charter. In addition, the Board of Directors approved Corporate Governance Guidelines, a Code of Business Conduct and Ethics which applies to all officers and employees as well as Directors of the Corporation, and a Senior Financial and Executive Officer Code of Ethics. These documents are available for review under the Corporate Governance link on Old National's website at www.oldnational.com.

On October 26, 2001, the USA Patriot Act of 2001 was signed into law. Enacted in response to the terrorist attacks in New York, Pennsylvania, and Washington, D.C. on September 11, 2001, the Patriot Act is intended to strengthen U.S. law enforcement's and the intelligence community's ability to work cohesively to combat terrorism on a variety of fronts. The potential impact of the Patriot Act on financial institutions of all kinds is significant and wide-ranging. The Patriot Act contains sweeping anti-money laundering and financial transparency laws and requires various regulations, including: (a) due diligence requirements for financial institutions that administer, maintain, or manage private banks accounts or correspondent accounts for non-U.S. persons; (b) standards for verifying customer identification at account opening; (c) rules to promote cooperation among financial institutions, regulators and law enforcement entities in identifying parties that may be involved in terrorism or money laundering; (d) reports by non-financial trades and business filed with the Treasury Department's Financial Crimes Enforcement Network for transactions exceeding $10,000; and (e) filing of suspicious activities reports by brokers and dealers if they believe a customer may be violating U.S. laws and regulations.

Under the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA"), a bank holding company is required to guarantee the compliance of any insured depository institution subsidiary that may become "undercapitalized" (as defined in FDICIA) with the terms of any capital restoration plan filed by such subsidiary with its appropriate federal bank regulatory agency.

Bank holding companies are required to comply with the Federal Reserve's risk-based capital guidelines. The Federal Deposit Insurance Corporation ("FDIC") and the Office of the Comptroller of the Currency ("OCC") have adopted risk-based capital ratio guidelines to which depository institutions under their respective supervision are subject. The guidelines establish a systematic analytical framework that makes regulatory capital requirements more sensitive to differences in risk profiles among banking organizations. Risk-based capital ratios are determined by allocating assets and specified off-balance sheet commitments to four risk-weighted categories, with higher levels of capital being required for the categories perceived as representing greater risk. Old National's affiliate bank met all risk-based capital requirements of the FDIC and OCC as of December 31, 2003. For Old National's regulatory capital ratios and regulatory requirements as of December 31, 2003, see Note 19 to the consolidated financial statements.

Old National's affiliate bank is subject to the provisions of the National Bank Act, is supervised, regulated and examined by the OCC, and is subject to the rules and regulations of the OCC, Federal Reserve and the FDIC.

A substantial portion of Old National's cash revenue is derived from dividends paid to it by its affiliate bank. These dividends are subject to various legal and regulatory restrictions as summarized in Note 19 to the consolidated financial statements.

Both federal and state law extensively regulates various aspects of the banking business, such as reserve requirements, truth-in-lending and truth-in-savings disclosures, equal credit opportunity, fair credit reporting, trading in securities and other aspects of banking operations.

Branching by Old National's affiliate bank is subject to the jurisdiction and requires notice to or the prior approval of the OCC.

Old National and its affiliate bank are subject to the Federal Reserve Act, which restricts financial transactions between banks and affiliated companies. The statute limits credit transactions between banks, affiliated companies and its executive officers and its affiliates. The statute prescribes terms and conditions for bank affiliate transactions deemed to be consistent with safe and sound banking practices, and restricts the types of collateral security permitted in connection with a bank's extension of credit to an affiliate. Additionally, all transactions with an affiliate must be on terms substantially the same or at least as favorable to the institution as those prevailing at the time for comparable transactions with nonaffiliated parties.

FDICIA accomplished a number of sweeping changes in the regulation of depository institutions, including Old National's affiliate bank. FDICIA requires, among other things, federal bank regulatory authorities to take "prompt corrective action" with respect to banks which do not meet minimum capital requirements. FDICIA further directs that each federal banking agency prescribe standards for depository institutions and depository institution holding companies relating to internal controls, information systems, internal audit systems, loan documentation, credit underwriting, interest rate exposure, asset growth, management compensation, a maximum ratio of classified assets to capital, minimum earnings sufficient to absorb losses, a minimum ratio of market value to book value of publicity traded shares and such other standards as the agency deems appropriate.

The deposits of Old National's affiliate bank are insured up to $100,000 per insured account by the Bank Insurance Fund ("BIF"), which is administered by the FDIC, except for deposits acquired in connection with affiliations with savings associations, which deposits are insured by the Savings Association Insurance Fund ("SAIF"). Accordingly, Old National's affiliated bank pays deposit insurance premiums to both BIF and SAIF.

The Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 allows for interstate banking and interstate branching without regard to whether such activity is permissible under state law. Bank holding companies may now acquire banks anywhere in the United States subject to certain state restrictions.

The Gramm-Leach-Bliley Act ("GLBA") permits bank holding companies which have elected to become financial holding companies to engage in a substantially broader range of non-banking activities, including securities, investment advice and insurance activities, than is permissible for bank holding companies that have not elected to become financial holding companies. Old National has elected to be a financial holding company. As a result, Old National may underwrite and sell securities and insurance. It may acquire, or be acquired by, brokerage firms and insurance underwriters. GLBA established new requirements for financial institutions to provide enhanced privacy protections to customers. In June of 2000, the Federal banking agencies jointly adopted a final regulation providing for the implementation of these protections. Financial institutions are required to provide notice to consumers which details its privacy policies and practices, describes under what conditions a financial institution may disclose nonpublic personal information about consumers to nonaffiliated third parties and provides an "opt-out" method which enables consumers to prevent the financial institution from disclosing customer information to nonaffiliated third parties. Financial institutions were required to be in compliance with the final regulation by July 1, 2001, and Old National was in compliance at such date and continues to be in compliance.

In addition to the matters discussed above, Old National's affiliate bank is subject to additional regulation of its activities, including a variety of consumer protection regulations affecting its lending, deposit and collection activities and regulations affecting secondary mortgage market activities. The earnings of financial institutions are also affected by general economic conditions and prevailing interest rates, both domestic and foreign and by the monetary and fiscal policies of the United States government and its various agencies, particularly the Federal Reserve.

Additional legislative and administrative actions affecting the banking industry may be considered by the United States Congress, state legislatures and various regulatory agencies, including those referred to above. It cannot be predicted with certainty whether such legislative or administrative action will be enacted or the extent to which the banking industry in general or Old National and its affiliate bank in particular would be affected.

FORWARD-LOOKING STATEMENTS AND RISK FACTORS
The following is a cautionary note about forward-looking statements. In its oral and written communication, 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. They 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-K, 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 the 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) volatility and direction of market interest rates; (5) governmental legislation and regulation (see the discussion under the heading "Supervision and Regulation" above), including changes in accounting regulation or standards; (6) ability of Old National to execute its business plan; (7) a weakening of the economy which could materially impact credit quality trends and the ability to generate loans; (8) changes in the securities markets; and (9) 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 its other filings from time to time when considering any forward-looking statement.

AVAILABLE INFORMATION
All reports filed electronically by Old National Bancorp with the Securities and Exchange Commission ("SEC"), including the annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy and information statements, other information and amendments to those reports filed (if applicable), are accessible at no cost on Old National's web site at www.oldnational.com. These filings are also accessible on the SEC's web site at www.sec.gov. The public may read and copy any materials filed by Old National with the SEC at the SEC's Public Reference Room at 450 Fifth Street, NW, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

ITEM 2. PROPERTIES

The principal executive offices of Old National and its community banking, non-banking services and treasury segments are currently located in leased space in the multi-story Old National Bank building located at 420 Main Street, Evansville, Indiana. The building is owned by a non-affiliated third party. Old National began construction of a new headquarters building at One Main Street in Evansville, Indiana, on June 27, 2002, with completion in 2004, at which time this location will become the principal executive offices. On October 11, 2002, Old National entered into a $52 million construction contract for the new building with a company controlled by a director.

Old National's affiliate bank and subsidiaries conduct business primarily from facilities Old National Bank owns. Of the over 120 banking and financial services centers operated by Old National Bank in Indiana, Illinois, Kentucky, Tennessee and Ohio, 47 are leased from non-affiliated third parties and the remainder are owned by Old National Bank and are free from mortgages and major encumbrances.

ITEM 3. LEGAL PROCEEDINGS

Old National has no material pending legal proceedings required to be disclosed under Item 3. See Note 17 to the consolidated financial statements for further discussion of Old National's legal proceedings.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders of Old National during the fourth quarter of 2003.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

Old National's stock is traded on the New York Stock Exchange ("NYSE") under the ticker symbol ONB. Old National's shares began trading on the NYSE on February 15, 2002. The following table lists the NASDAQ price quotes, share volume and dividend data from January 1, 2002 to February 14, 2002. The NYSE price quotes, share volume and dividend data are used from February 15, 2002 to December 31, 2003.

	Price Per Share		Share	Dividend
	High	Low	Volume	Declared
2003				
First Quarter	**$22.71**	**$20.18**	**3,742,305**	**$0.18**
Second Quarter	**22.67**	**20.52**	**4,263,000**	**0.18**
Third Quarter	**22.82**	**21.29**	**3,785,250**	**0.18**
Fourth Quarter	**22.14**	**20.61**	**3,862,846**	**0.18**
2002				
First Quarter	$22.36	$21.30	2,685,139	$0.15
Second Quarter	23.56	21.81	2,742,910	0.15
Third Quarter	24.04	20.69	3,352,703	0.18
Fourth Quarter	23.04	20.85	3,555,783	0.18

Data adjusted for all stock dividends, including a 5% stock dividend to shareholders of record on January 6, 2004, distributed on January 27, 2004.

In December 2003, a 5% stock dividend was declared to shareholders of record on January 6, 2004. There were 25,459 shareholders of record as of December 31, 2003. Also, Old National declared $0.72 per share in dividends during the year ended December 31, 2003, and $0.66 per share in dividends for the year ended December 31, 2002. Old National's ability to pay cash dividends primarily depends on cash dividends received from Old National Bank. Dividend payments from Old National Bank are subject to various regulatory restrictions. See Note 19 to the consolidated financial statements for additional information.

ITEM 6. SELECTED FINANCIAL DATA

SELECTED FINANCIAL DATA

(dollars in thousands, except per share data)	2003	2002	2001	2000	1999	1998	Five-Year Growth Rate
Results of Operations							
Net interest income (1)	**$297,130**	$314,606	$312,620	$289,510	$299,165	$277,892	1.3 %
Fee and service charge income	**168,593**	129,580	108,197	101,832	80,513	71,808	18.6
Net securities gains (losses)	**23,556**	12,444	4,770	(119)	2,637	1,090	N/M
Gain on branch divestitures	**-**	12,473	-	-	-	-	N/M
Total revenue (1)	**489,279**	469,103	425,587	391,223	382,315	350,790	6.9
Provision for loan losses	**85,000**	33,500	28,700	29,803	14,798	14,987	41.5
Salaries and other operating expenses	**299,716**	257,845	245,109	228,034	223,897	199,088	8.5
Merger and restructuring costs	**-**	-	9,703	37,503	-	-	N/M
Income taxes (1)	**34,150**	59,826	49,031	34,187	50,363	51,272	(7.8)
Income from continuing operations	**70,413**	117,932	93,044	61,696	93,257	85,443	(3.8)
Discontinued operations (after-tax)	**-**	-	-	-	4,101	(9,854)	N/M
Net income	**$ 70,413**	$117,932	$ 93,044	$ 61,696	$ 97,358	$ 75,589	(1.4) %
Per Share Data (2)							
Net income (diluted)	**$ 1.05**	$ 1.75	$ 1.36	$ 0.90	$ 1.36	$ 1.06	(0.1) %
Cash dividends paid	**0.72**	0.66	0.59	0.56	0.51	0.46	9.5
Book value at year-end	**10.75**	11.05	9.48	8.98	8.51	8.76	4.2
Stock price at year-end	**21.76**	22.04	21.81	24.63	25.42	27.73	(4.7)
Balance Sheet Data (at December 31)							
Total assets	**$9,353,896**	$9,612,556	$9,080,473	$8,767,748	$8,086,012	$7,334,271	5.0 %
Loans (3)	**5,586,455**	5,769,635	6,132,854	6,348,313	5,714,688	5,058,460	2.0
Deposits	**6,493,092**	6,439,280	6,616,440	6,583,906	5,962,069	5,436,381	3.6
Other borrowings	**1,624,092**	1,234,014	1,083,046	863,165	768,055	675,745	19.2
Shareholders' equity	**715,490**	740,710	639,235	626,341	584,995	605,849	3.4
Performance Ratios							
Return on average assets	**0.74** %	1.27 %	1.05 %	0.73 %	1.25 %	1.08 %	
Return on average shareholders' equity	**9.48**	17.05	14.45	10.55	15.82	12.65	
Dividend payout	**68.69**	37.25	43.13	62.84	36.52	40.38	
Average equity to average assets	**7.78**	7.47	7.27	6.92	7.90	8.57	
Net interest margin (1)	**3.37**	3.65	3.77	3.65	4.09	4.26	
Efficiency ratio (noninterest expense/revenue) (1)	**61.26**	54.97	59.87	67.87	58.56	56.75	
Net charge-offs to average loans (3)	**1.21**	0.34	0.45	0.39	0.17	0.24	
Allowance for loan losses to ending loans (3)	**1.87**	1.52	1.21	1.16	1.15	1.17	
Other Data							
Number of full-time equivalent employees	**3,019**	2,941					
Number of shareholders	**25,459**	25,718					
Number of shares traded (in thousands) (2)	**15,653**	12,337					

(1) Includes the effect of taxable equivalent adjustments of $25.1 million for 2003, $25.2 million for 2002, $21.3 million for 2001, $19.6 million for 2000, $17.9 million for 1999, and $15.9 million for 1998 using the federal statutory tax rate in effect of 35% for all periods.
(2) All share and per share data have been adjusted for stock dividends and stock splits, including a 5% stock dividend to shareholders of record on January 6, 2004, distributed on January 27, 2004. Diluted data assumes the conversion of stock options and subordinated debentures.
(3) Includes residential loans held for sale.
N/M = Not meaningful

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

EXECUTIVE SUMMARY

The 2003 net income of Old National decreased significantly compared to previous years. Old National was negatively affected by considerable credit quality issues during 2003, resulting in substantially increased provisions for loan losses. In addition, a reserve for the settlement of pending litigation resulted in $10.0 million of additional expenses for the year. Weak loan demand in the markets served by Old National as well as low interest rates negatively affected the net interest margin.

As a result of management's balance sheet strategies, Old National's financial condition showed a decrease in assets and liabilities at December 31, 2003, reflecting heavy refinancing of residential real estate loans during the year, a reduction in the investment portfolio, and a reduction of certificates of deposits and borrowed funds. Management uses various indicators such as return on assets, return on equity and asset quality ratios in order to evaluate the performance of the business. These are discussed throughout this "Management's Discussion and Analysis of Financial Condition and Results of Operations."

FINANCIAL BASIS

The following discussion is an analysis of Old National's results of operations for the years ended December 31, 2001 through 2003, and financial condition as of December 31, 2003 and 2002. 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. See Item 1, "Business" for further information regarding forward-looking statements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The "Management's Discussion and Analysis of Financial Condition and Results of Operations," as well as disclosures found elsewhere in the annual report, are based upon Old National's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires Old National to make estimates and judgements that affect the reported amounts of assets, liabilities, revenues and expenses. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses, the valuation of the mortgage servicing rights and the valuation of goodwill and intangibles. Actual results could differ from those estimates.

- **Allowance for Loan Losses.** The allowance for loan losses is maintained at a level believed adequate by management to absorb probable losses inherent in the consolidated loan portfolio. Management's evaluation of the adequacy of the allowance is an estimate based on reviews of individual 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 in the near future. Likewise, an upturn in loan quality and improved economic conditions may allow a reduction in the required reserve. 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.

- **Mortgage Servicing Rights.** Mortgage servicing rights are recognized as separate assets when loans are sold with servicing retained. The total price of loans sold is allocated between the loans sold and the mortgage servicing rights retained based on the relative fair values of each. The fair value of capitalized mortgage servicing rights is estimated by calculating the present value of estimated future net servicing income derived from related cash flows. Amortization of capitalized mortgage servicing rights is determined in proportion to and over the period of estimated net servicing income of the underlying financial assets. Impairment of mortgage servicing rights exists if the book value of the mortgage servicing rights exceed its estimated fair value. In determining impairment, mortgage servicing rights are stratified by interest rates. Critical assumptions used in determining fair value include expected mortgage loan prepayment rates, discount rates and other economic factors, which are determined based on current market conditions. The expected rates of mortgage loan prepayments are the most significant factors driving the value of mortgage servicing rights. Increases in expected mortgage loan prepayments reduce estimated future net servicing cash flows because the life of the underlying loan is reduced. Fair values, using estimated mortgage loan prepayment rates, are derived from a third-party statistical model. Negative adjustments to the value, if any, are recognized through a valuation allowance by charges against mortgage servicing income. The use of a valuation allowance enables the recovery of this value as market conditions become more favorable.

- **Goodwill and Intangibles.** Effective January 1, 2002, Old National adopted Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations," and SFAS No. 142, "Goodwill and Other Intangible Assets". SFAS No. 141 requires the use of the purchase method of accounting for all business combinations initiated after June 30, 2001. SFAS No. 142 discontinued amortization of goodwill and indefinite-lived assets. Intangible assets with a determinable useful life continue to be amortized over that period. For purchase acquisitions, Old National is required to record the assets acquired, including identified intangible assets, and the liabilities assumed at their fair value, which in many instances involves 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 SFAS No. 142, 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 with subsequent reversal of the impairment loss being prohibited. The tests for impairment fair values are based on internal valuations using management's assumptions of future growth rates, future attrition, discount rates, multiples of earnings or other relevant factors. The resulting estimated fair values could have a significant impact on the carrying values of goodwill or intangibles 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.

Management believes the accounting estimates related to the allowance for loan losses; the capitalization, amortization and valuations of mortgage servicing rights; and the valuation of goodwill and intangibles are "critical accounting estimates" because: (1) the estimates are highly susceptible to change from period to period because they require company management to make assumptions concerning, among other factors, the changes in the types and volumes of the portfolios, rates of future prepayments, valuation assumptions and anticipated economic conditions, and (2) the impact of recognizing an impairment or loan loss could have a material effect on Old National's assets reported on the balance sheet as well as net income. 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.

NON-GAAP FINANCIAL MEASURES

In January 2003, the United States Securities and Exchange Commission ("SEC") issued Regulation G, "Conditions for Use of Non-GAAP Financial Measures." A non-GAAP financial measure is a numerical measure of a company's historical or future performance, financial position or cash flow that excludes or includes amounts or adjustments that are not in accordance with generally accepted accounting principles ("GAAP"). Regulation G requires companies that present non-GAAP financial measures to disclose a numerical reconciliation to the most directly comparable measurement using GAAP as well as the reason why the non-GAAP measure is an important measure. Management does not believe it has used any non-GAAP financial measures in this annual report on Form 10-K.

ACQUISITION, CONSOLIDATION AND DIVESTITURE ACTIVITY

During 2003 and 2002, Old National acquired various financial services companies. These acquisitions were accounted for as purchases in accordance with SFAS No. 141, "Business Combinations." These key acquisitions in the asset management consulting and insurance agency operations enhanced the growth of the non-bank services segment, also referred to as the Old National Signature Group, and expanded Old National into its targeted metropolitan markets. See Note 2 to the consolidated financial statements for more details regarding the various acquisitions.

During the third quarter of 2002, Old National finalized branch sales in markets no longer considered consistent with the company's strategy resulting in a pre-tax gain of $12.5 million and an after-tax gain of $8.3 million. The branch sales resulted in a decrease in total loans of $107.3 million and total deposits of $202.9 million. During 2001, Old National completed its One Bank consolidation project that started in 1999 with the merger of its remaining banking charters into one bank. The goals of One Bank included a single brand image, common products offered throughout the banking locations and improved back-office efficiency. In the second quarter of 2001, Old National further streamlined its regional banking administrative structure and incurred after-tax expenses of $5.9 million in the consolidation of acquisitions made in 2000.

RESULTS OF OPERATIONS

Earnings Summary

In 2003, Old National generated $70.4 million of net income and $1.05 net income per share compared to $117.9 million and $1.75, respectively in 2002. The 2002 earnings included an $8.3 million, or $0.12 per share, after-tax gain on branch sales. Old National's return on average assets was 0.74% and return on average shareholders' equity was 9.48% for the year, which decreased significantly from 2002 ratios of 1.27% and 17.05%, respectively.

The most significant impact on net income in 2003 was the provision for loan losses of $85.0 million, an increase of $51.5 million over the $33.5 million recorded in 2002, resulting from significant deterioration in credit quality. Other significant factors negatively affecting net income included weak commercial loan demand, deterioration of the net interest margin from declining interest rates, and a charge of $10.0 million pre-tax, or $6.7 million after-tax, to establish a reserve related to litigation settlements. During 2003, Old National recognized $23.6 million of gains on the sales of investment securities compared to $12.4 million recognized in 2002. In addition, record origination volumes in mortgage operations and acquisitions in the non-bank services segment had a positive impact on 2003 earnings results.

Business Line Results

Old National is managed in three primary business segments. Table 1 summarizes Old National's business line results for the years ended December 31.

BUSINESS LINE RESULTS (TABLE 1)

(dollars in thousands)	**2003**	**2002**	**2001**
Community banking	**$58,759**	$ 93,260	$78,671
Non-bank services	**4,472**	2,402	2,200
Treasury	**13,916**	13,988	18,093
Other	**(6,734)**	8,282	(5,920)
Consolidated net income	**$70,413**	$117,932	$93,044

The 2003 community banking segment profit decreased $34.5 million from 2002. Increases in noninterest income of $13.3 million over 2002, were offset by the increased provision for loan losses of $51.5 million and decreases in net interest income of $6.8 million. Net interest income suffered from the refinancing of residential real estate loans, with many of the new loans being sold into the secondary market, and weak commercial and commercial real estate loan demand in the regions served by Old National. Noninterest income for 2003 increased primarily due to the increased mortgage banking activity during the current year. Noninterest expense increased $8.3 million, or 3.4% primarily due to outside processing expenses related to the third-party subcontracting of the servicing functions of Old National's mortgage banking activities.

The 2003 non-bank services segment profit increased $2.1 million from 2002 primarily due to acquisitions of several insurance agencies and an asset management company over the past year and a half. These acquisitions increased noninterest income by $29.4 million and noninterest expense by $24.8 million over 2002.

The treasury segment showed very little change in 2003 as compared to 2002, as the net securities gains increase of $11.1 million in 2003 compared to 2002, was offset by an $11.6 million decrease in net interest income for this segment. Treasury's net interest income included income derived from the company's interest rate risk position that was negatively impacted by declining interest rates during most of 2003.

The "Other" segment profit included gains or charges which management chose not to allocate to the various segments. "Other" for 2003 included expenses to record the litigation reserve of $10.0 million and 2002 included the gain of $12.5 million related to the sales of branches.

Net Interest Income

Net interest income, the difference between interest income earned on interest-earning assets, such as loans and investments, and interest expense incurred on interest-bearing liabilities, such as deposits and borrowed funds, was the most significant component of Old National's earnings, comprising over 58% of Old National's 2003 revenues. Net interest income and net interest margin in the following discussion is 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 in effect of 35% for all periods. Net income is unaffected by these taxable equivalent adjustments. Net interest income included taxable equivalent adjustments of $25.1 million for 2003 and $25.2 million for 2002.

Net interest income and margin are influenced by many factors, primarily the volume and mix of earning assets and funding sources and the interest rate fluctuations. Other factors include accelerated prepayments of mortgage-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 customer 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.

Taxable equivalent net interest income was $297.1 million in 2003, a 5.6% decrease from the $314.6 million reported in 2002. The net interest margin was 3.37% for 2003, compared to 3.65% reported for 2002. Average earning assets grew $191.2 million, which primarily consisted of increased investment securities of $417.6 million net of decreased loans of $226.8 million, while the yield on average earning assets declined 103 basis points from 6.65% to 5.62%. Much of the asset growth was funded by interest-bearing liabilities that increased $172.5 million or 2.2%, and the cost of interest-bearing liabilities declined only 83 basis points from 3.32% to 2.49%. Noninterest-bearing deposits provided an additional $40.5 million in funding and other liabilities and equity increased $75.1 million.

The decline in interest rates was the primary factor contributing to lower net interest income and net interest margin in 2003. The target Federal funds rate, the rate that dictates national prime rate and determines many other short-term loan and liability rates, declined in June 2003 to 1.00% and was unchanged through the remainder of the year. Market-driven interest rates, as evidenced by the five-year United States Treasury Note yield, decreased during 2003 before rebounding by the end of 2003. The five-year Treasury note yield fell from 2.93% in January 2003 to 2.29% in May 2003 before increasing to 3.25% by December 2003.

The decrease in interest rates during 2003 had a significant impact on the mix and yield of earning assets. Driven by lower rates, many of the company's residential real estate loans were refinanced in 2003, with the new loan production being sold into the secondary loan market, shrinking the residential loan portfolio. Additionally, commercial and commercial real estate loans did not grow appreciably during the year, a result of both continued weak loan demand in our markets and more stringent loan underwriting standards. The decline in loans shifted much of the company's asset growth to investment securities, a lower yielding asset class compared to loans. In addition, many of the company's investment securities matured, prepaid or were sold in 2003 because of lower rates and were replaced by lower yielding securities.

Table 2 presents a three-year average balance sheet and for each major asset and liability category, its related interest income and yield or its expense and rate for the years ended December 31. Table 3 shows fluctuations in net interest income attributable to the impact of changes in the average balances of assets and liabilities and the yields earned or rates paid for the years ended December 31.

THREE-YEAR AVERAGE BALANCE SHEET AND NET INTEREST ANALYSIS (TABLE 2)

(tax equivalent basis, dollars in thousands)	2003 Average Balance	2003 Interest & Fees	2003 Yield/ Rate	2002 Average Balance	2002 Interest & Fees	2002 Yield/ Rate	2001 Average Balance	2001 Interest & Fees	2001 Yield/ Rate
Earning Assets									
Money market investments	**$ 26,284**	**$ 314**	**1.19 %**	$ 25,841	$ 383	1.48 %	$ 21,683	$ 805	3.71 %
Investment securities:									
U.S. Treasury and Government agencies (1)	**2,338,860**	**94,475**	**4.04**	1,934,693	100,076	5.17	1,254,893	79,644	6.35
States and political subdivisions (4)	**667,498**	**46,856**	**7.02**	656,085	46,777	7.13	581,725	41,125	7.07
Other securities	**122,507**	**5,956**	**4.86**	120,467	7,135	5.92	159,501	10,155	6.37
Total investment securities	**3,128,865**	**147,287**	**4.71**	2,711,245	153,988	5.68	1,996,119	130,924	6.56
Loans: (2)									
Commercial (4)	**1,686,664**	**94,706**	**5.61**	1,690,377	111,201	6.58	1,691,817	138,433	8.18
Commercial real estate	**1,866,105**	**109,475**	**5.87**	1,844,492	127,877	6.93	1,855,338	152,575	8.22
Residential real estate (3)	**1,003,098**	**63,947**	**6.37**	1,286,664	94,135	7.32	1,682,167	130,664	7.77
Consumer, net of unearned income	**1,095,567**	**79,142**	**7.22**	1,056,730	84,976	8.04	1,051,673	97,627	9.28
Total loans (3)	**5,651,434**	**347,270**	**6.14**	5,878,263	418,189	7.11	6,280,995	519,299	8.27
Total earning assets	**8,806,583**	**$494,871**	**5.62 %**	8,615,349	$572,560	6.65 %	8,298,797	$651,028	7.84 %
Less: Allowance for loan losses	**(93,154)**			(81,365)			(74,491)		
Non-Earning Assets									
Cash and due from banks	**178,189**			186,534			180,227		
Other assets	**660,360**			543,421			459,941		
Total assets	**$9,551,978**			$9,263,939			$8,864,474		
Interest-Bearing Liabilities									
NOW deposits	**$1,504,662**	**$ 13,550**	**0.90 %**	$1,215,858	$ 15,033	1.24 %	$ 930,120	$ 14,712	1.58 %
Savings deposits	**479,328**	**3,511**	**0.73**	462,633	5,454	1.18	409,220	7,839	1.92
Money market deposits	**612,044**	**5,729**	**0.94**	644,037	10,003	1.55	778,366	25,864	3.32
Time deposits	**3,061,922**	**115,881**	**3.78**	3,468,623	156,070	4.50	3,706,416	205,199	5.54
Total interest-bearing deposits	**5,657,956**	**138,671**	**2.45**	5,791,151	186,560	3.22	5,824,122	253,614	4.35
Short-term borrowings	**687,588**	**7,258**	**1.06**	688,958	10,971	1.59	583,035	21,862	3.75
Other borrowings	**1,590,262**	**51,812**	**3.26**	1,283,225	60,423	4.71	1,062,377	62,932	5.92
Total interest-bearing liabilities	**7,935,806**	**$197,741**	**2.49 %**	7,763,334	$257,954	3.32 %	7,469,534	$338,408	4.53 %
Noninterest-Bearing Liabilities									
Demand deposits	**752,788**			712,308			664,347		
Other liabilities	**120,300**			96,601			86,499		
Shareholders' equity	**743,084**			691,696			644,094		
Total liabilities and shareholders' equity	**$9,551,978**			$9,263,939			$8,864,474		
Interest Margin Recap									
Interest income/average earning assets		**$494,871**	**5.62 %**		$572,560	6.65 %		$651,028	7.84 %
Interest expense/average earning assets		**197,741**	**2.25**		257,954	3.00		338,408	4.07
Net interest income and margin		**$297,130**	**3.37 %**		$314,606	3.65 %		$312,620	3.77 %

(1) Includes Government agency mortgage-backed securities.
(2) Includes principal balances of nonaccrual loans. Interest income relating to nonaccrual loans is included only if received. Includes loan fees of $8.9 million in 2003, $12.2 million in 2002 and $12.0 million in 2001.
(3) Includes residential loans held for sale.
(4) Interest on states and political subdivision investment securities and commercial loans includes the effect of taxable equivalent adjustments of $15.9 million and $9.2 million, respectively, in 2003; $16.0 million and $9.2 million, respectively, in 2002; and $13.4 million and $7.9 million, respectively, in 2001; using the federal statutory tax rate in effect of 35% for all periods.

NET INTEREST INCOME - RATE/VOLUME ANALYSIS (TABLE 3)

(tax equivalent basis, dollars in thousands)	2003 vs. 2002 Total Change	2003 vs. 2002 Attributed to Volume	2003 vs. 2002 Attributed to Rate	2002 vs. 2001 Total Change	2002 vs. 2001 Attributed to Volume	2002 vs. 2001 Attributed to Rate
Interest Income						
Money market investments	**$ (69)**	**$ 6**	**$ (75)**	$ (422)	$ 108	$ (530)
Investment securities (1)	**(6,701)**	**21,689**	**(28,390)**	23,064	43,761	(20,697)
Loans (1)	**(70,919)**	**(15,038)**	**(55,881)**	(101,110)	(30,974)	(70,136)
Total interest income	**(77,689)**	**6,657**	**(84,346)**	(78,468)	12,895	(91,363)
Interest Expense						
NOW deposits	**(1,483)**	**3,086**	**(4,569)**	321	4,026	(3,705)
Savings deposits	**(1,943)**	**160**	**(2,103)**	(2,385)	827	(3,212)
Money market deposits	**(4,274)**	**(398)**	**(3,876)**	(15,861)	(3,275)	(12,586)
Time deposits	**(40,189)**	**(16,846)**	**(23,343)**	(49,129)	(11,932)	(37,197)
Short-term borrowings	**(3,713)**	**(18)**	**(3,695)**	(10,891)	2,829	(13,720)
Other borrowings	**(8,611)**	**12,231**	**(20,842)**	(2,509)	11,741	(14,250)
Total interest expense	**(60,213)**	**(1,785)**	**(58,428)**	(80,454)	4,216	(84,670)
Net interest income	**$(17,476)**	**$ 8,442**	**$(25,918)**	$ 1,986	$ 8,679	$ (6,693)

The variance not solely due to rate or volume is allocated equally between the rate and volume variances.

(1) Interest on investment securities and loans includes the effect of taxable equivalent adjustments of $15.9 million and $9.2 million, respectively, in 2003; $16.0 million and $9.2 million, respectively, in 2002; and $13.4 million and $7.9 million, respectively, in 2001; using the federal statutory tax rate in effect of 35% for all periods.

Provision for Loan Losses

The provision for loan losses is the charge to earnings that management determines necessary to provide an adequate allowance for losses in the loan portfolio. The provision for loan losses was $85.0 million for 2003, a significant increase from the $33.5 million recorded in 2002. Refer to "Allowance for Loan Losses and Asset Quality " section for further discussion of non-performing loans, charge-offs and additional items impacting the provision.

Noninterest Income

Old National generates revenues in the form of noninterest income through fees and sales commissions from its core banking franchise and other related businesses, such as trust and asset management, investment products and insurance. This source of revenue has grown as a percentage of total revenue to 39.3% in 2003 compared to 32.9% in 2002, which has been beneficial during this downward turn in net interest income. Old National will continue to focus on noninterest income revenue streams while carefully managing balance sheet risk positions to ensure that Old National is well-positioned for the anticipated turnaround in market conditions.

Noninterest income for 2003 was $192.1 million, an increase of $37.7 million, or 24.4% over the $154.5 million reported for 2002. In 2003, Old National realized $23.6 million of gains on the sales of investment securities in comparison to $12.4 million for the same period of 2002. Investment securities transactions are considered as part of the continuing management of the balance sheet to address interest rate and yield curve shifts.

Total fee and service charge income in 2003 increased 30.1% from 2002. Mortgage banking revenue, a major component of this increase, totaled $19.1 million for 2003 compared to $14.5 million for 2002, an increase of $4.6 million, or 32.1%. Residential real estate loan originations reached record levels in 2003 with dollars of loans closed of $1.316 billion compared to $1.100 billion for 2002 and number of closed loans of 13,249 in 2003 compared to 11,537 in 2002. Trust and asset management, insurance brokerage and investment product revenues totaled $80.3 million during 2003 compared to $50.1 million during 2002. During 2003 and in the second half of 2002, Old National acquired various insurance agencies and an asset management consulting company, which provided Old National with additional sources of noninterest income. The acquisition of these companies increased noninterest trust and asset management fees by $5.0 million, insurance brokerage fees by $22.6 million and investment product revenue by $0.5 million over 2002 results. Deposit-related fees and service charges were $44.9 million in 2003 compared to $42.0 million for 2002, an increase of $2.9 million, or 6.8%. This increase came from growth in transaction accounts, collection initiatives and an increase in service charge rates.

Table 4 presents changes in the components of noninterest income for the years ended December 31.

NONINTEREST INCOME (TABLE 4)

(dollars in thousands)	2003	2002	2001	% Change From Prior Year 2003	% Change From Prior Year 2002
Trust and asset management fees	**$ 30,470**	$ 24,387	$ 20,681	**24.9 %**	17.9 %
Service charges on deposit accounts	**44,855**	41,988	40,478	**6.8**	3.7
ATM fees	**7,474**	6,876	5,604	**8.7**	22.7
Mortgage banking revenue	**19,144**	14,496	9,737	**32.1**	48.9
Insurance premiums and commissions	**39,225**	16,686	13,296	**135.1**	25.5
Investment product fees	**10,567**	8,983	6,819	**17.6**	31.7
Bank-owned life insurance	**6,922**	7,944	5,349	**(12.9)**	48.5
Other income	**9,936**	8,220	6,233	**20.9**	31.9
Total fee and service charge income	**168,593**	129,580	108,197	**30.1**	19.8
Net securities gains	**23,556**	12,444	4,770	**N/M**	N/M
Gain on branch divestitures	**-**	12,473	-	**N/M**	N/M
Total noninterest income	**$192,149**	$154,497	$112,967	**24.4 %**	36.8 %
Noninterest income to total revenue (1)	**39.3 %**	32.9 %	26.5 %		

(1) Total revenue includes the effect of a taxable equivalent adjustment of $25.1 million in 2003, $25.2 million in 2002 and $21.3 million in 2001.

Noninterest Expense

Old National strives to improve its efficiency through cost control efforts and technology advancements while still providing quality customer service. In the banking industry, the efficiency ratio, which is calculated by dividing noninterest expense by the sum of taxable equivalent net interest income and noninterest income, is often used to measure expense levels. The efficiency ratio decreases when revenue is greater in relation to expenses and increases when revenue is lesser in relation to expenses. A decreasing efficiency ratio represents positive trends and improved efficiency. The efficiency ratio increased to 61.26% in 2003 from 54.97% in 2002, representing a negative trend.

A company-wide program, "Ascend," has been initiated as discussed in Item 1, "Business," which is designed to be an intense evaluation of every aspect of operations for expense reductions and revenue growth ideas. As a result of this program, Old National expects to have significant improvements in efficiency by the end of the implementation phase in 2005.

Noninterest expense for 2003 totaled $299.7 million, an increase of $41.9 million, or 16.2% over the $257.8 million recorded in 2002. Salaries and benefits, the largest component of noninterest expense, totaled $169.0 million in 2003 compared to $148.5 million in 2002, an increase of $20.6 million, of which $18.1 million directly related to acquisitions. Outside processing expenses totaled $19.1 million for 2003 compared to $13.6 million recorded in 2002. This increase in 2003 primarily resulted from a full year of expense related to the mortgage third-party servicing subcontractor compared to one-half year in 2002. Other losses of $14.7 million in 2003 compared to $5.4 million in 2002, included a $10.0 million charge in 2003 to establish a reserve in connection with litigation, which was partially settled during the fourth quarter. For additional information, see Note 17 to the consolidated financial statements. Overall, the remaining components of noninterest expense totaled $96.9 million for 2003 compared to $90.3 million for 2002, an increase of 7.3% or $6.6 million, with $6.1 million directly related to acquisitions.

Old National will complete construction of its principal executive offices in 2004. It is expected that the net increase to occupancy, equipment and other noninterest expense components will have an annualized impact to net income per share of $0.02. However, the impact does not take into account that the lease of Old National’s current headquarters would have increased substantially beginning in 2005, decreasing the impact below $0.02.

Table 5 presents changes in the components of noninterest expense for the years ended December 31.

NONINTEREST EXPENSE (TABLE 5)

(dollars in thousands)	2003	2002	2001	% Change From Prior Year 2003	% Change From Prior Year 2002
Salaries and employee benefits	**$169,025**	$148,450	$138,210	**13.9 %**	7.4 %
Occupancy	**18,166**	16,154	15,599	**12.5**	3.6
Equipment	**14,296**	15,153	16,206	**(5.7)**	(6.5)
Marketing	**11,085**	11,026	8,109	**0.5**	36.0
FDIC insurance premiums	**1,007**	1,132	1,222	**(11.0)**	(7.4)
Outside processing	**19,078**	13,640	10,757	**39.9**	26.8
Communications and transportation	**11,595**	11,738	10,907	**(1.2)**	7.6
Professional fees	**9,111**	8,959	7,415	**1.7**	20.8
Loan expense	**7,041**	6,496	6,416	**8.4**	1.2
Supplies	**4,829**	5,048	5,529	**(4.3)**	(8.7)
Other losses	**14,676**	5,445	6,177	**169.5**	(11.9)
Goodwill amortization	**-**	-	5,909	**-**	(100.0)
Other intangible amortization	**2,612**	1,174	865	**122.5**	35.7
Other expense	**17,195**	13,430	11,788	**28.0**	13.9
Salaries and other operating expenses	**299,716**	257,845	245,109	**16.2**	5.2
Merger and restructuring costs	**-**	-	9,703	**N/M**	N/M
Total noninterest expense	**$299,716**	$257,845	$254,812	**16.2 %**	1.2 %

N/M = Not meaningful

Provision for Income Taxes

Old National records a provision for income taxes currently payable and for income taxes payable 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. Old National's effective tax rate was 11.4% in 2003 and 22.7% in 2002. The decreased tax rate in 2003 resulted from a higher percentage of tax-exempt income to total income. The reduction in 2003 total income is discussed in the earnings summary above. See Note 11 to the consolidated financial statements for additional details on Old National's income tax provision.

Interim Financial Data

Table 6 provides a detailed summary of quarterly results of operations for the years ended December 31. These results contain all normal and recurring adjustments necessary for a fair and consistent presentation.

INTERIM FINANCIAL DATA (TABLE 6)

(unaudited, dollars and shares in thousands, except per share data)	Quarters Ended 2003 December 31	September 30	June 30	March 31	Quarters Ended 2002 December 31	September 30	June 30	March 31
Interest income	**$111,176**	**$114,761**	**$120,233**	**$123,578**	$131,052	$136,277	$139,704	$140,350
Interest expense	**44,909**	**47,289**	**51,768**	**53,775**	61,001	64,710	66,350	65,893
Net interest income	**66,267**	**67,472**	**68,465**	**69,803**	70,051	71,567	73,354	74,457
Provision for loan losses	**26,000**	**27,500**	**22,500**	**9,000**	7,500	11,000	7,500	7,500
Noninterest income	**40,543**	**45,773**	**62,913**	**42,920**	40,354	52,512	31,124	30,507
Noninterest expense	**80,126**	**75,465**	**73,960**	**70,165**	69,307	66,729	60,545	61,264
Income before income taxes	**684**	**10,280**	**34,918**	**33,558**	33,598	46,350	36,433	36,200
Income tax expense (benefit)	**(4,592)**	**(1,530)**	**7,851**	**7,298**	6,869	11,521	7,920	8,339
Net income	**$ 5,276**	**$ 11,810**	**$ 27,067**	**$ 26,260**	$ 26,729	$ 34,829	$ 28,513	$ 27,861
Net income per share (1)								
Basic	**$0.08**	**$0.17**	**$0.41**	**$0.39**	$0.40	$0.52	$0.42	$0.41
Diluted	**0.08**	**0.17**	**0.41**	**0.39**	0.40	0.52	0.42	0.41
Weighted average shares (1)								
Basic	**66,678**	**66,904**	**66,646**	**66,889**	66,794	67,096	67,433	67,393
Diluted	**66,728**	**67,071**	**66,699**	**66,945**	66,863	67,279	67,603	67,495

(1) All share and per share data have been adjusted for stock dividends, including a 5% stock dividend to shareholders of record on January 6, 2004, distributed on January 27, 2004. Diluted data assumes the conversion of stock options.

FINANCIAL CONDITION

Overview
Old National's assets at December 31, 2003, were $9.354 billion, a 2.7% decrease compared to $9.613 billion recorded at December 31, 2002. Investments and loans decreased $160.6 million and $106.9 million, respectively, and total liabilities declined $233.4 million compared to December 31, 2002. Total shareholders' equity decreased $25.2 million from year-end 2002.

Earning Assets
Old National's earning assets are comprised of loans and loans held for sale, investment securities and money market investments. Earning assets were $8.518 billion at December 31, 2003, a decrease of 3.9% from December 31, 2002. During the first half of 2003, investment securities increased as a temporary source of earning assets. During the second half of 2003, Old National reduced its investment portfolio due to fewer attractive investment opportunities and the company's need to reduce its sensitivity to rising interest rates. Despite the continued weakness in commercial lending and the specific sales of $62.7 million of nonaccrual commercial and residential real estate loans, total loans decreased only slightly as these factors were partially offset by consumer loan growth.

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 added 15- and 20-year fixed-rate mortgage pass-through securities to its held-to-maturity investment portfolio during 2003.

At December 31, 2003, the investment securities portfolio was $2.917 billion compared to $3.078 billion at December 31, 2002, a decrease of 5.2%. Investment securities represented 34.2% of earning assets at December 31, 2003, compared to 34.7% at December 31, 2002. During 2002 and the first half of 2003, Old National increased the investment portfolio as a short-term alternative source of earning assets to offset declining residential real estate and minimal commercial and consumer loan growth. During the second half of 2003, Old National began decreasing the size of the investment portfolio and used the cash flows generated by the declining investment portfolio to reduce borrowed funds. Stronger economic activity and stronger commercial loan demand would likely result in increased investments in loans and the investment portfolio would stabilize or decrease. Continued weak commercial loan demand, however, may cause Old National to use cash flows to reinvest in securities.

Investment securities available-for-sale portfolio had net unrealized gains of $23.7 million at December 31, 2003, compared to $86.2 million at December 31, 2002. The decrease was a result of higher market interest rates and a smaller portfolio of securities available-for-sale at December 31, 2003, compared to December 31, 2002. Also, Old National realized pre-tax gains on sales of securities from this portfolio of $23.6 million during 2003.

The investment portfolio had an average life of 4.86 years at December 31, 2003, compared to 3.10 years at December 31, 2002. The average yields on available-for-sale investment securities, on a taxable equivalent basis, were 4.90% in 2003 and 5.43% in 2002. The average yield on the held-to-maturity portfolio was 4.29% in 2003.

At December 31, 2003, Old National had a concentration of investment securities issued by certain states and their political subdivisions with the following aggregate market values: $149.0 million by Indiana, which represented 20.8% of shareholders' equity, and $119.4 million by Illinois, which represented 16.7% of shareholders' equity. At December 31, 2002, the aggregate market values of the concentration of certain states and their political subdivisions were $156.8 million by Indiana, which represents 21.2% of shareholders' equity, and $122.8 million by Illinois, which represents 16.6% of shareholders' equity. There were no other concentrations of investment securities issued by an individual state and its political subdivisions that were greater than 10% of shareholders' equity.

Residential Loans Held for Sale
Residential loans held for sale were $16.3 million at December 31, 2003, compared to $92.6 million at December 31, 2002. Residential loans held for sale are loans that are closed, but not yet sold on the secondary market. The amount of residential loans held for sale on the balance sheet varies depending on the timing of movement of originations and loan sales to the secondary market. At December 31, 2003, loan originations were down compared to December 31, 2002, primarily due to an upturn in interest rates at the end of 2003.

Lending and Loan Administration
Old National's credit culture has historically featured decision-making near the customer with corporate oversight. In 2003, due to continued credit quality concerns, Old National implemented certain credit approval disciplines in order to continue to focus on the reduction of problem and non-performing loans in the portfolio, including a restructuring of the manner in which commercial loans are analyzed and approved. Community-based loan personnel, which now include independent underwriting and analytic support staff, continue to have the authority to extend credit under guidelines established and administered by Old National's Credit Policy Committee. This committee, which meets quarterly, includes members from both the holding company and the bank. The committee monitors credit quality through its review of information such as delinquencies, problem loans and charge-offs and regularly reviews the loan policy to assure it remains appropriate for the current lending environment.

Old National lends primarily to small- and medium-sized commercial and commercial real estate customers in various industries including manufacturing, agribusiness, transportation, mining, wholesaling and retailing. As measured by Old National, 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, Kentucky and Tennessee, with a focus on increasing its presence in the metropolitan markets, including Indianapolis, Louisville and St. Louis. Old National has been affected by weakness in the economy of its principal markets, particularly in its home state of Indiana, which has resulted in minimal growth of commercial and consumer loans and tighter credit underwriting standards. Old National anticipates that when the economy in Old National's principal markets begins to improve, commercial and consumer loans will begin to show higher levels of growth.

In the past four years, commercial loans average growth rate was 4.9% per year while commercial real estate grew 9.1% per year. Residential real estate loans declined 18.7% per year while consumer loans rose 5.9% annually over the same period. Table 7 presents the composition of the loan portfolio at December 31.

LOAN PORTFOLIO AT YEAR-END (TABLE 7)

(dollars in thousands)	2003	2002	2001	2000	1999	Four-Year Growth Rate
Commercial	**$1,618,095**	$1,696,347	$1,742,937	$1,606,509	$1,338,255	4.9 %
Commercial real estate	**1,849,275**	1,883,303	1,848,945	1,810,805	1,306,312	9.1
Consumer credit	**1,163,337**	1,053,620	1,064,109	1,042,629	926,345	5.9
Total loans excluding residential real estate	**4,630,707**	4,633,270	4,655,991	4,459,943	3,570,912	6.7
Residential real estate	**939,422**	1,043,816	1,449,080	1,890,872	2,148,974	(18.7)
Subtotal	**5,570,129**	5,677,086	6,105,071	6,350,815	5,719,886	(0.7) %
Less: Unearned income	**12**	49	317	2,502	5,198	
Total loans	**5,570,117**	5,677,037	6,104,754	6,348,313	5,714,688	
Less: Allowance for loan losses	**104,571**	87,742	74,241	73,833	65,685	
Net loans	**$5,465,546**	$5,589,295	$6,030,513	$6,274,480	$5,649,003	

Commercial and Consumer Loans
Commercial and consumer loans are the largest classification within the earning assets of Old National representing 54.4% of earning assets at December 31, 2003, a slight increase from 52.3% at December 31, 2002. At December 31, 2003, commercial and commercial real estate loans decreased $78.3 million and $34.0 million, respectively, from December 31, 2002. During 2003, Old National sold $48.2 million of non-performing commercial loans, which contributed to the change in commercial and commercial real estate loans. A write-down of $11.3 million was recorded against the allowance for loan losses related to these sales. Consumer loans, including automobile loans, personal and home equity loans and lines of credit, and student loans, increased $109.8 million or 10.4% at December 31, 2003, compared to December 31, 2002, primarily due to a renewed focus on consumer lending.

Table 8 presents the maturity distribution and rate sensitivity of commercial loans and an analysis of these loans that have predetermined and floating interest rates. A significant percentage of commercial loans are due within one year, reflecting the short-term nature of a large portion of these loans.

DISTRIBUTION OF COMMERCIAL LOAN MATURITIES AT DECEMBER 31, 2003 (TABLE 8)

(dollars in thousands)	Within 1 Year	1 - 5 Years	Beyond 5 Years	Total
Interest rates:				
Predetermined	**$216,322**	**$383,597**	**$210,477**	**$ 810,396**
Floating	**531,657**	**224,078**	**51,964**	**807,699**
Total	**$747,979**	**$607,675**	**$262,441**	**$1,618,095**

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 on the secondary market, primarily to Federal Home Loan Mortgage Corporation or Federal National Mortgage Association. Old National sells the majority of residential real estate loans originated as a strategy to better manage interest rate risk and liquidity. These loans are sold with loan servicing retained in order to maintain customer relationships and generate noninterest income and fees. By using this strategy, Old National is able to recognize an immediate gain in noninterest income versus a small net interest income spread over a longer period of time. Old National sells the majority of the residential real estate loans without recourse, currently having less than 1% of loans sold with recourse.

During 2003, residential real estate loans continued to liquidate at extraordinary levels in the low interest rate environment and the related boom in refinancing. As of December 31, 2003, residential real estate loans were $939.4 million, a decrease of $104.4 million or 10.0% from December 31, 2002. Old National's residential real estate loan portfolio was also affected by the sales of delinquent loans in 2003. These sales were to improve credit quality and reduce the level of non-performing loans and are not a part of Old National's ongoing strategy. Delinquent residential real estate loans of $14.5 million were sold to independent investors resulting in write-downs of $3.4 million recorded against the allowance for loan losses. During 2003, Old National developed additional mortgage products that fit within the company's interest rate risk profile that will be retained by the bank. As a result of this strategy, Old National would expect to see a stabilization of residential real estate loans on the consolidated balance sheet.

Allowance for Loan Losses and Asset Quality Administration
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 and projected 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 the continuing slow recovery 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. Its loan review system evaluates loan administration, credit quality and compliance with corporate loan standards. This program includes periodic reviews conducted at the community bank locations as well as regular reviews of problem loan reports, delinquencies and charge-offs.

Each month, problem loan reports are prepared and reviewed, which include borrowers that show indications of being unable to meet debt obligations in the normal course of business, and loans which have other characteristics deemed by bank management to warrant special attention or have been criticized by regulators in the examination process. Classified loans include non-performing loans, past due 90 days and other problem loans while criticized loans, also known as special mention loans, are loans that have potential weaknesses that deserve management's close attention and require specific quarterly reviews by the bank.

Assets determined by the various evaluation processes to be under-performing receive special attention by Old National management. Under-performing assets consist of: 1) nonaccrual loans where the ultimate collectibility of interest or principal is uncertain; 2) loans renegotiated in some manner, primarily to provide for a reduction or deferral of interest or principal payments because the borrower's financial condition deteriorated; 3) loans with principal or interest past due ninety (90) days or more; and 4) foreclosed properties.

A loan is generally placed on nonaccrual status when principal or interest become 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. When loans are classified as nonaccrual, interest accrued during the year is reversed against earnings; interest accrued in the prior year, if any, is charged to the allowance for loan losses. Cash received while a loan is classified as nonaccrual is recorded to principal.

Adjustments to the allowance for loan losses are made as deemed necessary for probable losses inherent in the portfolio. While an estimate of future losses is, by its very nature, difficult to precisely predict, management of Old National believes that the methodology that it uses in determining an appropriate reserve for future losses is reasonable.

Loan officers grade the larger commercial and commercial real estate loans in the portfolio periodically as determined by loan policy requirements or determined by specific guidelines based on loan characteristics as set by management and banking regulation. Periodically, these loan grades are reviewed independently by the loan review department. For impaired loans, an assessment is conducted as to whether there is likely loss in the event of default. If such a loss is determined to be likely, the loss is quantified and a specific reserve is assigned to the loan. For the balance of the commercial and commercial real estate loan portfolio, loan grade migration projections coupled with historic loss experience within the respective grades is used to develop reserve requirement ranges based on expected future losses.

A loan is considered impaired under SFAS No. 114, "Accounting by Creditors for Impairment of a Loan, an amendment of FASB Statement No. 5 and 15" when, based on current information and events, it is probable that a creditor will be unable to collect all amounts due according to the contractual terms of the loan agreement. An impaired loan does not include larger groups of smaller-balance homogeneous loans that are collectively evaluated for impairment, loans that are measured at fair value or at the lower of cost or fair value, leases and debt securities. During the third quarter of 2003, Old National revised its interpretation of impaired loans to strictly follow SFAS No. 114. Previous to this change, Old National's interpretation of impaired loans more conservatively included all problem credits with a potential collateral deficiency in the event of default and nonaccrual loans in larger groups of smaller-balance homogeneous loans. Had Old National made this in the prior year, impaired loans would have totaled $80.4 million rather than $303.2 million as reported at December 31, 2002. At December 31, 2003, the total impaired loans were $91.6 million of which $60.6 million had an allocated reserve of $20.6 million and $31.0 million had no specific reserve recorded.

Historic loss ratios adjusted for future expectations of economic conditions are used in determining the appropriate level of reserves for consumer and residential real estate loans. The methodology used by Old National to predict losses on loans that are not impaired uses a system of allocating losses back to the original time the respective loans were booked and then moving those losses through the different loan grades as the loans migrate to higher risk classifications.

Allowance for Loan Losses and Asset Quality
At December 31, 2003, the allowance for loan losses was $104.6 million, an increase of $16.8 million compared to $87.7 million at December 31, 2002. As a percentage of total loans held for investment, the allowance increased to 1.88% at December 31, 2003, from 1.55% at December 31, 2002. During 2003, the provision for loan losses amounted to $85.0 million, an increase of $51.5 million over 2002. Various factors led to Old National's higher provision in 2003. First, the amount necessary to cover the higher than normal losses in 2003 was significant. Second, loan collateral values in the markets served by Old National deteriorated which led to the need for higher reserves in the event of liquidation. Third, recent experience elevated the rate of expected future losses.

The increase in the allowance for loan losses for commercial and commercial real estate loans accounted for virtually all of the increase in the total reserve from December 31, 2002, to December 31, 2003. For commercial and commercial real estate loans, the reserve as a percentage of that portfolio increased to 2.64% at December 31, 2003, from 2.22% at December 31, 2002. While the absolute level of classified and criticized loans at December 31, 2003, decreased 21.5% from December 31, 2002, bank management believed this level was appropriate given continued economic weakness and stresses in the Midwestern region on commercial borrowers. As a result, the reserve for commercial and commercial real estate loans increased by $12.3 million.

The reserve for residential real estate loans as a percentage of that portfolio increased to 0.5% at December 31, 2003, from 0.1% at December 31, 2002. This increase reflected an increase in historical loss rates due to higher residential real estate loan charge-offs during 2003, including the losses resulting from the sales of non-performing residential real estate loans. The reserve for consumer loans increased only slightly and the reserve as a percentage of loans in this portfolio was unchanged from December 31, 2002, to December 31, 2003 at 0.7% of the portfolio. This was reflective of little or no change in the performance and loss experience on the consumer loan portfolio. Table 9 details the allowance for loan losses by loan category and the percent of loans in each category compared to total loans at December 31.

ALLOCATION OF THE ALLOWANCE FOR LOAN LOSSES BY CATEGORY OF LOANS AND THE PERCENTAGE OF LOANS BY CATEGORY TO TOTAL LOANS (TABLE 9)

	2003		2002		2001		2000		1999	
(dollars in thousands)	Amount	Percent of Loans to Total Loans	Amount	Percent of Loans to Total Loans	Amount	Percent of Loans to Total Loans	Amount	Percent of Loans to Total Loans	Amount	Percent of Loans to Total Loans
Commercial and commercial real estate	**$ 91,671**	**62.2 %**	$79,412	63.1 %	$65,669	58.9 %	$61,450	53.8 %	$53,460	46.3 %
Residential real estate	**4,400**	**16.9**	1,200	18.4	1,422	23.7	1,500	29.8	1,400	37.6
Consumer credit	**8,500**	**20.9**	7,130	18.5	7,150	17.4	10,883	16.4	10,825	16.1
Total	**$104,571**	**100.0 %**	$87,742	100.0 %	$74,241	100.0 %	$73,833	100.0 %	$65,685	100.0 %

Charge-offs, net of recoveries, totaled $53.4 million in 2003 and $20.0 million in 2002. Additionally in 2003, write-downs of $14.7 million from loans transferred to held for sale related to loan sales were recognized. The 2003 charge-offs included significant items including one loan relationship write-down of $10.3 million and a $6.5 million single commercial credit charge-off resulting from fraud in the customer's operation. Although net charge-offs have been concentrated primarily in commercial loans reflecting slowdown of the economy, no single industry segment represented a significant share of total net charge-offs. The allowance to average loans, which ranged from 1.18% to 1.85% for the last five years, was 1.85% at December 31, 2003. Table 10 summarizes activity in the allowance for loan losses for the years ended December 31, along with related statistics for the allowance and net charge-offs.

ALLOWANCE FOR LOAN LOSSES (TABLE 10)

(dollars in thousands)	2003	2002	2001	2000	1999
Balance, January 1	**$ 87,742**	$74,241	$73,833	$65,685	$59,371
Loans charged-off:					
Commercial and commercial real estate	**50,173**	16,429	25,292	19,561	6,977
Residential real estate	**1,358**	1,211	1,399	1,500	1,524
Consumer credit	**10,123**	9,936	9,461	8,284	8,358
Total charge-offs	**61,654**	27,576	36,152	29,345	16,859
Recoveries on charged-off loans:					
Commercial and commercial real estate	**5,622**	3,989	5,013	2,402	2,975
Residential real estate	**82**	913	165	510	443
Consumer credit	**2,523**	2,675	2,682	2,546	3,957
Total recoveries	**8,227**	7,577	7,860	5,458	7,375
Net charge-offs	**53,427**	19,999	28,292	23,887	9,484
Write-downs on loans transferred to held for sale	**14,744**	-	-	-	-
Provision charged to expense	**85,000**	33,500	28,700	29,803	14,798
Acquired by acquisition	**-**	-	-	2,232	1,000
Balance, December 31	**$104,571**	$87,742	$74,241	$73,833	$65,685
Average loans for the year (1)	**$5,651,434**	$5,878,263	$6,280,995	$6,087,869	$5,425,148
Asset Quality Ratios: (1)					
Allowance/year-end loans	**1.87 %**	1.52 %	1.21 %	1.16 %	1.15 %
Allowance/average loans	**1.85**	1.49	1.18	1.21	1.21
Net charge-offs/average loans (2)	**1.21**	0.34	0.45	0.39	0.17

(1) Loans include residential loans held for sale.

(2) Net charge-offs include write-downs on loans transferred to held for sale.

Under-performing assets at year-end totaled $118.5 million in 2003 and $117.7 million in 2002. As a percent of total loans and foreclosed properties, under-performing assets at December 31 were 2.12% for 2003 and 2.04% for 2002. In 2003, the nonaccrual category of under-performing loans was $104.6 million, an increase of $4.3 million since December 31, 2002. This increase and the lower net loan balance at December 31, 2003, were significant contributors to the higher ratio of under-performing assets to total loans and foreclosed properties. In a review of industry standards during 2003 and in discussions with regulators, the company strengthened its internal policies in regards to nonaccrual loans. Also, in order to reduce the negative impact on earnings from high levels of nonaccrual loans, Old National sold $62.7 million of non-performing loans. At December 31, 2003, the allowance for loan losses to under-performing assets ratio stood at 88.24% compared to 74.54% at December 31, 2002.

Management believes that it has appropriately identified and reserved for loan losses related to nonaccrual loans at December 31, 2003. 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 collection of principal or interest. Approximately $42.4 million of nonaccrual loans less than thirty days delinquent were still contractually performing at December 31, 2003. Management will continue its efforts to reduce the level of non-performing loans and may consider the possibility of additional sales of troubled and non-performing loans, which could result in additional write-downs to the allowance for loan losses.

Management expects that trends in nonaccrual loans will be influenced by the degree to which the economy strengthens. Old National operates in the Midwest, primarily in the state of Indiana, which has been particularly negatively impacted by the weakness in the manufacturing segment of the economy. The longer the significant softness in manufacturing continues, the more stress it puts on Old National's borrowers, increasing the potential for additional nonaccrual loans.

Interest income of approximately $16.7 million in 2003 and $14.2 million in 2002 would have been recorded on nonaccrual and renegotiated loans if such loans had been accruing interest throughout the year in accordance with their original terms. The amount of interest income actually recorded on nonaccrual and restructured loans was $8.2 million in 2003 and $3.8 million in 2002. Old National had no renegotiated loans at December 31, 2003 and 2002, however, in 2001, Old National had renegotiated loans of $25.9 million from two borrowers whose loan payment schedules were modified to reduce their cash flow requirements while obtaining additional collateral and/or guarantees and shortening the loan term.

Classified loans were $343.9 million at December 31, 2003, a decrease of $111.8 million from $455.7 million at December 31, 2002. Of this total, other problem loans, which are loans reviewed for the borrowers' ability to comply with present repayment terms, totaled $234.2 million at December 31, 2003, compared to $345.9 million at December 31, 2002. Criticized loans, or special mention loans, were $215.7 million at December 31, 2003, a decrease of $41.4 million from $257.1 million at December 31, 2002. Management believes it has taken a prudent approach to the evaluation of under-performing credits and the loan portfolio in general, both in acknowledging the portfolio's general condition and in establishing the allowance for loan losses.

Table 11 presents the components of under-performing assets for the years ended December 31.

UNDER-PERFORMING ASSETS (TABLE 11)

(dollars in thousands)	**2003**	**2002**	**2001**	**2000**	**1999**
Nonaccrual loans	**$104,627**	$100,287	$37,894	$22,690	$19,286
Renegotiated loans	**-**	-	25,871	227	450
Past due loans (90 days or more):					
Commercial and commercial real estate	**4,127**	8,567	8,024	2,269	1,797
Residential real estate	**67**	322	2,946	2,795	2,462
Consumer	**926**	627	1,610	1,524	947
Total past due loans	**5,120**	9,516	12,580	6,588	5,206
Foreclosed properties	**8,763**	7,916	9,204	3,616	3,700
Total under-performing assets	**$118,510**	$117,719	$85,549	$33,121	$28,642
Classified loans (includes nonaccrual, renegotiated, past due 90 days and other problem loans)	**$343,943**	$455,723	$359,847	$211,108	$122,466
Criticized loans	**215,700**	257,059	340,007	198,064	133,666
Total criticized and classified loans	**$559,643**	$712,782	$699,854	$409,172	$256,132
Asset Quality Ratios:					
Non-performing loans/total loans (1) (2)	**1.87 %**	1.74 %	1.04 %	0.36 %	0.35 %
Under-performing assets/total loans and foreclosed properties (1)	**2.12**	2.04	1.39	0.52	0.50
Under-performing assets/total assets	**1.27**	1.22	0.94	0.38	0.35
Allowance for loan losses/ under-performing assets	**88.24**	74.54	86.78	222.92	229.33

(1) Loans include residential loans held for sale.

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

Goodwill and Other Intangibles

The non-bank services segment acquired various financial services companies in 2003, which increased goodwill to $129.3 million at December 31, 2003 from $110.6 million at December 31, 2002. Also as a result of these acquisitions, other intangible assets, primarily related to customer business relationships, increased to $41.9 million at December 31, 2003, from $27.0 million at December 31, 2002. Old National performs impairment testing of goodwill and other intangibles on an annual basis. As of December 31, 2003 and 2002, there was no impairment.

Funding

Total average funding, comprised of deposits and wholesale borrowings, was $8.689 billion at December 31, 2003, an increase of 2.5% from $8.476 billion at December 31, 2002. Average deposits decreased 1.4% in 2003 compared to an increase of 0.2% in 2002. Old National experienced growth in demand deposits and other low cost transaction accounts due to the lower rate environment and customer preference for transaction accounts.

Old National uses wholesale funding to augment deposit funding and to help maintain its desired interest rate risk position. Average wholesale borrowings, including short-term borrowings and other borrowings, increased 15.5% in 2003 compared to 19.9% in 2002. Increases during the first half of 2003 financed investment portfolio growth, offset a reduction in certificates of deposits and was designed to take advantages of favorable interest rates. During the second half of 2003, wholesale borrowings decreased as investment portfolio growth slowed. See Notes 9 and 10 to the consolidated financial statements for additional details on Old National's financing activities. Table 12 presents changes in the average balances of all funding sources for the years ended December 31.

FUNDING SOURCES - AVERAGE BALANCES (TABLE 12)

(dollars in thousands)	2003	2002	2001	% Change From Prior Year 2003	% Change From Prior Year 2002
Demand deposits	**$ 752,788**	$ 712,308	$ 664,347	**5.7 %**	7.2 %
NOW deposits	**1,504,662**	1,215,858	930,120	**23.8**	30.7
Savings deposits	**479,328**	462,633	409,220	**3.6**	13.1
Money market deposits	**612,044**	644,037	778,366	**(5.0)**	(17.3)
Time deposits	**3,061,922**	3,468,623	3,706,416	**(11.7)**	(6.4)
Total deposits	**6,410,744**	6,503,459	6,488,469	**(1.4)**	0.2
Short-term borrowings	**687,588**	688,958	583,035	**(0.2)**	18.2
Other borrowings	**1,590,262**	1,283,225	1,062,377	**23.9**	20.8
Total funding sources	**$8,688,594**	$8,475,642	$8,133,881	**2.5 %**	4.2 %

Table 13 presents a maturity distribution for certificates of deposit with denominations of $100,000 or more at December 31.

CERTIFICATES OF DEPOSIT, $100,000 AND OVER (TABLE 13)

(dollars in thousands)	Year-End Balance	Maturity Distribution 1-90 Days	91-180 Days	181-365 Days	Beyond 1 Year
2003	**$760,278**	**$477,835**	**$ 79,753**	**$41,435**	**$161,255**
2002	887,366	507,218	115,535	53,242	211,371
2001	984,632	443,084	256,004	78,771	206,773

Capital Resources and Regulatory Guidelines

Shareholders' equity totaled $715.5 million or 7.6% of total assets at December 31, 2003, and $740.7 million or 7.7% of total assets at December 31, 2002. The reduction in shareholders' equity during 2003 was primarily attributed to the change in the unrealized gains on investment securities, reflecting the change in the interest rate environment during 2003 and the fact that securities with gains of $23.6 million were sold during the year, with the gains recognized in income.

Old National paid cash dividends of $0.72 per share in 2003 (restated for the 5% stock dividend distributed on January 27, 2004), which decreased equity by $48.4 million. Also in 2003, Old National purchased shares of its stock in the open market under an ongoing repurchase program, reducing shareholders' equity by $37.8 million. Shares reissued for stock options and stock purchase plans, and stock issued for purchase merger transactions increased shareholders' equity by $6.7 million and $21.1 million, respectively, in 2003.

Old National and the banking industry are subject to various regulatory capital requirements administered by the federal banking agencies. For additional information on capital adequacy see Note 19 to the consolidated financial statements.

CONTRACTUAL OBLIGATIONS, COMMITMENTS, CONTINGENT LIABILITIES AND OFF-BALANCE SHEET ARRANGEMENTS

Table 14 presents Old National's significant fixed and determinable contractual obligations and significant commitments at December 31, 2003. Further discussion of each obligation or commitment is included in the referenced note to the consolidated financial statements.

CONTRACTUAL OBLIGATIONS, COMMITMENTS, CONTINGENT LIABILITIES AND OFF-BALANCE SHEET ARRANGEMENTS (TABLE 14)

		Payments Due In				
(dollars in thousands)	Note Reference	One Year or Less	One to Three Years	Three to Five Years	Over Five Years	Total
Deposits without stated maturity		**$3,484,895**	**$ -**	**$ -**	**$ -**	**$3,484,895**
Consumer and brokered certificates of deposit		**1,399,163**	**1,001,453**	**128,953**	**478,628**	**3,008,197**
Short-term borrowings	9	**414,588**	**-**	**-**	**-**	**414,588**
Other borrowings	10	**256,700**	**447,461**	**454,470**	**465,461**	**1,624,092**
Operating leases	17	**8,740**	**12,567**	**6,864**	**12,085**	**40,256**
Commitments, Contingent Liabilities and Off-Balance Sheet Arrangements						
Commitments to extend credit	17	**1,577,124**	**-**	**-**	**-**	**1,577,124**
Commercial letters of credit	17	**19,297**	**-**	**-**	**-**	**19,297**
Standby letters of credit	17	**85,381**	**-**	**-**	**-**	**85,381**

Old National is party to various derivative contracts as a means to manage the balance sheet, as a means to manage exposure to changes in interest rates in its residential real estate loan origination and sale activity, and to provide derivative contracts with its customers. 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 16 to the consolidated financial statements.

Old National has entered into a $52 million contract for the construction of its Evansville, Indiana, bank headquarters and banking center. The contract is expected to be complete in 2004.

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 17 to the consolidated financial statements.

COMPARISON OF 2002 WITH 2001

Net income in 2002 was $117.9 million and diluted net income per share was $1.75 compared to $93.0 million and $1.36, respectively, in 2001. The increases in net income and net income per share were primarily due to increases in noninterest income resulting from securities gains of $12.4 million and a $12.5 million pre-tax gain on branch divestitures in 2002. These gains along with strong growth in mortgage banking revenue more than offset increases in the provision for loan losses related to deteriorating economic conditions in the company's geographic markets. In addition, 2001 net income included merger and restructuring costs as a result of the completion of the One Bank consolidation project resulting in additional pre-tax expense of $9.7 million.

Return on average assets was 1.27% and return on shareholders' equity was 17.05% in 2002 compared with 1.05% and 14.45%, respectively, in 2001.

Net interest income on a taxable equivalent basis was $314.6 million and net interest margin was 3.65% in 2002 compared to $312.6 million and 3.77%, respectively, in 2001. The decrease in net interest margin was due primarily to declining interest rates during 2002, and a change in the asset and funding mix. Net interest income includes taxable equivalent adjustments of $25.2 million for 2002 and $21.3 million for 2001.

The increase in the provision for loan losses to $33.5 million in 2002 from $28.7 million in 2001 resulted from a slowdown in the pace of the current economic recovery in the geographic areas served by Old National and significant increases in the level of non-performing loans.

Noninterest income was $154.5 million in 2002, compared to $113.0 million in 2001. The 2002 results included a gain on branch divestitures of $12.5 million and realized net securities gains of $12.4 million. A major contributor to the remaining amount of increase was mortgage banking revenue. With the decrease in interest rates during 2002, loan origination volumes reached $1.100 billion compared to $929.2 million in 2001, increasing mortgage banking revenue to $14.5 million from $9.7 million in 2001, or 48.9%. In addition, trust and asset management fees, insurance premiums and commissions, and investment product fees increased 22.7% in 2002. These increases were a result of acquisitions of an asset management consulting firm, which contributed an additional $5.0 million of fee income for 2002 and an insurance agency, which added $1.6 million fee income for 2002. Investment and brokerage business fees increased 31.7% in 2002, primarily from strong annuity sales.

Old National's efficiency ratio was 54.97% in 2002 compared to 59.87% in 2001. Increases in total revenue, primarily from noninterest income, exceeded increases in noninterest expense resulting in an improved efficiency ratio.

Noninterest expense was $257.8 million in 2002, an increase of 1.2% over the $254.8 million recorded in 2001. The primary reason for the increase in expense was acquisitions in the non-bank services segment during the second half of 2002, resulting in an additional $5.7 million of noninterest expense. Salaries and benefits, which comprised approximately 58% of total noninterest expense, grew $10.2 million or 7.4%, including $4.0 million from acquisitions. Marketing expense increased 36.0% related to a new marketing campaign used to better describe the broadening scope of financial services and markets being served by Old National. Outside processing expense increased 26.8% reflecting costs associated with subcontracting the servicing functions of Old National's mortgage banking activities to an outside company. Goodwill amortization ceased in January 2002 in accordance with generally accepted accounting principles contributing a decrease of $5.9 million from 2001. In addition, noninterest expense decreased $9.7 million from 2001 related to merger and restructuring charges incurred when Old National further streamlined its regional banking administrative structure and incurred expenses in the consolidation of acquisitions made in 2000.

Provision for income taxes was $34.6 million in 2002 compared to $27.7 million in 2001. Old National's effective tax rate was 22.7% in 2002 compared to 22.9% in 2001.

In regard to segment reporting, the community banking segment profit was $93.3 million in 2002 compared to $78.7 million in 2001, as revenues grew with very little growth in expenses. The non-bank services segment profit was $2.4 million in 2002 compared to $2.2 million in 2001 with acquisitions in the second half of 2002 accounting for the majority of the changes in noninterest income and noninterest expenses. The treasury segment profit showed a decrease from $18.1 million in 2001 to $14.0 million in 2002, with increased income from investment portfolio growth and decreased borrowing costs from a declining interest rate environment more than offseting the decline in profits generated from the corporate balance sheet position and associated interest rate risk profile. The remaining profit includes $8.3 million after-tax gain related to the sales of branches in 2002 and after-tax loss of $5.9 million related to the restructuring of the regional banking administrative structure in 2001. Management chose not to allocate these charges to the various segments.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

MARKET RISK MANAGEMENT

Inherent in Old National's balance sheet is market risk, defined as the sensitivity of income, fair market values and capital to changes in interest rates, foreign currency exchange rates, commodity prices and other relevant market rates or prices. The primary market risk to which Old National has exposure is interest rate risk. Interest rate risk arises because assets and liabilities may reprice, mature or prepay at different times or based upon different indices as market interest rates change. Changes in the slope of the yield curve and the pace of changes in interest rates may also impact net interest income and the fair value of the balance sheet.

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 oversight of the administration of this policy to the Funds Management Committee, a committee of the Board of Directors, which meets quarterly. In addition, a second oversight committee, the Balance Sheet Management Committee comprised of senior executive managers, provides guidance for the execution of the activities.

Old National uses two modeling techniques to quantify the impact of changing interest rates on the company, Net Interest Income at Risk and Market 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 while Market Value of Equity is more useful for 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 market value due to changes in interest rates under possible interest rate scenarios. Because the models are driven by expected behavior in various interest rate scenarios and many factors besides market interest rates impact the company's net interest income and value, Old National recognizes that model outputs are not guarantees for actual results. For this reason, Old National models many different combinations of interest rates and balance sheet assumptions to best understand its overall sensitivity to market interest rate changes.

Old National's Board of Directors, through its Funds Management Committee, monitors the company's interest rate risk. The Funds Management Committee establishes policy guidelines for the allowable change in cumulative net interest income over a two-year period and the change in Market Value of Equity in an up or down 200 basis point instantaneous parallel change to the yield curve (+/- 200 basis point yield curve shock). The current guidelines for Net Interest Income at Risk is +/- 5% of net interest income over a two-year period in a 200 basis point shock to the yield curve. As of December 31, 2003, Old National projects that in a -200 basis point shock to interest rates, net interest income would be down 2.19% cumulative over the next two years. In a +200 basis point shock to interest rates, Old National projects net interest income would be down 5.59% cumulative over the next two years. The current guidelines for the allowable fluctuation in Market Value of Equity are +/- 12% in a 200 basis point shock to the yield curve. As of December 31, 2003, Old National projects Market Value of Equity to decrease by 7.39% in a -200 basis point shock to interest rates and to decrease by 8.07% in a +200 basis point shock.

At December 31, 2003, Old National was slightly outside its policy of Net Interest Income at Risk in a +200 basis point interest rate shock. The significant steepening of the yield curve during the second half of 2003 and its impact on the duration of the company's investment portfolio and the growth of money market and interest bearing checking accounts during the year contributed to the change in the company's interest rate risk profile from December 2002. Old National continues to lengthen the repricing of its deposits and wholesale funding, and shorten the repricing of its asset portfolios to bring the interest rate risk position back within the policy guideline.

YIELD CURVE SHOCK

Interest Rate Change	Estimated 24-Month Cumulative Impact On Net Interest Income at Risk		Estimated Change in Market Value of Equity	
(basis points)	**Policy**	**Actual**	**Policy**	**Actual**
2003				
+200	**+/- 5.00 %**	**-5.59 %**	**+/- 12.00 %**	**-8.07 %**
-200	**+/- 5.00**	**-2.19**	**+/- 12.00**	**-7.39**
2002				
+200	+/- 5.00 %	2.12 %	+/- 12.00 %	-1.32 %
-200	+/- 5.00	-6.64	+/- 12.00	-14.16

At December 31, 2003, Old National's most likely interest rate scenario was one in which interest rates gradually increase during the next 24 months. Many factors can impact the interest rate outlook and it is possible that the company's interest rate outlook could change. The Net Interest Income model scenario that most closely matches the company's current outlook was a 25 basis point upward shift in the yield curve quarterly for four quarters, then flat rates for the following four quarters (+100 basis point ramp). The estimated 24-month cumulative impact on net interest income was down 1.57% in this scenario. Given that balance sheet assumptions and interest rate forecasts in the model are inherently uncertain, the company views the rate risk position as virtually neutral in this scenario.

Old National uses derivatives to manage interest rate risk in the ordinary course of business. See Note 16 to the consolidated financial statements for a discussion of derivative financial instruments. These transactions serve to better balance the repricing of assets and liabilities in various rate change scenarios and protect the company from changes in interest rates.

LIQUIDITY MANAGEMENT

The Funds Management Committee of the Board of Directors and the Balance Sheet Management Committee establish liquidity risk guidelines and monitor 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 to minimize funding risk. 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.

Old National's ability to raise funding at competitive prices is influenced by rating agencies' views of the company's credit quality, liquidity, capital and earnings. The senior debt ratings of Old National Bancorp and Old National Bank at December 31, 2003, are shown in the following table.

SENIOR DEBT RATINGS

	Standard and Poor's		Moody's Investor Services		Fitch, Inc.	
	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term
Old National Bancorp	BBB	N/A	Baa1	N/A	BBB	F2
Old National Bank	BBB+	A2	A3	P-2	BBB	F2

N/A = not applicable

Standard & Poor's Rating Services lowered its long-term ratings on Old National Bancorp and Old National Bank from BBB+ to BBB and A- to BBB+, respectively, during 2003. The outlook was revised to stable. Moody's Investor Services affirmed its stable outlook on Old National Bancorp and Old National Bank's long-term ratings at Baa1 and A3, respectively, during 2003. Fitch, Inc. affirmed its ratings and changed its outlook on Old National Bancorp and Old National Bank from "stable" to "negative" during 2003. Subsequent to year-end, on January 30, 2004, Fitch, Inc. lowered its ratings on Old National Bancorp and Old National Bank to BBB, however, changed its outlook on Old National from "negative" to "stable."

As of December 31, 2003, Old National Bank had the capacity to borrow $766 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 also maintains relationships in capital markets with brokers and dealers to issue certificates of deposits and short-term and medium-term bank notes. In addition, at December 31, 2003, Old National had $660 million available for issuance under a $1 billion global bank note program for senior and subordinated debt.

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 December 31, 2003, the parent company's other borrowings outstanding was $270.5 million, compared with $58.3 million at December 31, 2002. The increase in other borrowings in 2003 was driven by the issuance of $100 million of fixed-rate medium-term notes and the reclassification of $160.2 million related to guaranteed preferred beneficial interests in subordinated debentures, which was partially offset by medium-term note maturities of $45 million. See Note 10 to the consolidated financial statements for a discussion of the reclassification. Old National Bancorp's debt scheduled to mature in the next 12-months is $3.2 million. These debt obligations are expected to be met through current cash balances and dividends from subsidiaries. Federal banking laws regulate the amount of dividends that may be paid by banking subsidiaries without prior approval. For further information regarding dividend restrictions, see Note 19 to the consolidated financial statements. At December 31, 2003, Old National had an SEC shelf registration in place for the issuance of $200 million preferred securities by a series of Trusts. Old National has issued $150 million of these securities, called trust preferred securities, and has the capacity to issue an additional $50 million.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF MANAGEMENT

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of the financial statements and related financial information appearing in this annual report on Form 10-K. The financial statements and notes have been prepared in conformity with generally accepted accounting principles and include some amounts which are estimates based upon currently available information and management's judgement of current conditions and circumstances. Financial information throughout this annual report on Form 10-K is consistent with that in the financial statements.

SYSTEM OF INTERNAL ACCOUNTING CONTROLS

Management maintains a system of internal accounting controls which is believed to provide, in all material respects, reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, transactions are properly authorized and recorded, and the financial records are reliable for preparing financial statements and maintaining accountability for assets. In addition, Old National has a Code of Business Conduct and Ethics, a Senior Financial and Executive Officer Code of Ethics and Corporate Governance Guidelines that outline high levels of ethical business standards. All systems of internal accounting controls are based on management's judgement that the cost of controls should not exceed the benefits to be achieved and that no system can provide absolute assurance that control objectives are achieved. Management believes Old National's system provides the appropriate balance between costs of controls and the related benefits.

In order to monitor compliance with this system of controls, Old National maintains an extensive internal audit program. Internal audit reports are issued to appropriate officers and significant audit exceptions, if any, are reviewed with management and the Audit Committee of the Board of Directors.

AUDIT COMMITTEE OF THE BOARD

The Board of Directors, through an Audit Committee comprised solely of outside directors, oversees management's discharge of its financial reporting responsibilities. The Audit Committee meets regularly with Old National's independent public accountants, PricewaterhouseCoopers LLP, and the managers of internal auditing and loan review. During these meetings, the committee has the opportunity to meet privately with the independent public accountants as well as with internal audit and loan review personnel to review accounting, auditing, loan, and financial reporting matters. The appointment of the independent public accountants is made by the Audit Committee of the Board of Directors.

INDEPENDENT ACCOUNTANTS

The financial statements in this annual report on Form 10-K have been audited by PricewaterhouseCoopers LLP, for the purpose of determining that the financial statements are presented fairly in all material respects. PricewaterhouseCoopers LLP's report on the financial statements follows. Their audit included a consideration of Old National's system of internal accounting controls for the purpose of setting the scope and timing of their auditing procedures.

PRICEWATERHOUSECOOPERS

Report of Independent Auditors

To the Shareholders and
Board of Directors of
Old National Bancorp:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, of changes in shareholders' equity and of cash flows present fairly, in all material respects, the financial position of Old National Bancorp and affiliates (the "Company") at December 31, 2003 and 2002, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2003 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Company adopted Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets*, on January 1, 2002.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chicago, Illinois
February 23, 2004

OLD NATIONAL BANCORP
CONSOLIDATED BALANCE SHEET

	December 31,	
(dollars and shares in thousands)	**2003**	**2002**
Assets		
Cash and due from banks	**$ 222,385**	$ 223,007
Money market investments	**14,504**	13,219
Total cash and cash equivalents	**236,889**	236,226
Investment securities - available-for-sale, at fair value	**2,706,340**	3,077,798
Investment securities - held-to-maturity, at amortized cost (fair value $209,316)	**210,905**	-
Residential loans held for sale	**16,338**	92,598
Loans, net of unearned income	**5,570,117**	5,677,037
Allowance for loan losses	**(104,571)**	(87,742)
Net loans	**5,465,546**	5,589,295
Premises and equipment, net	**181,398**	134,914
Accrued interest receivable	**55,800**	59,101
Goodwill	**129,251**	110,648
Other intangible assets	**41,912**	27,042
Mortgage servicing rights	**14,659**	11,367
Other assets	**294,858**	273,567
Total assets	**$9,353,896**	$9,612,556
Liabilities		
Deposits:		
Noninterest-bearing demand	**$ 823,146**	$ 778,429
Interest-bearing:		
NOW	**1,612,145**	1,365,821
Savings	**441,427**	475,434
Money market	**608,177**	588,611
Time	**3,008,197**	3,230,985
Total deposits	**6,493,092**	6,439,280
Short-term borrowings	**414,588**	918,349
Other borrowings	**1,624,092**	1,234,014
Guaranteed preferred beneficial interests in subordinated debentures	**-**	163,843
Accrued expenses and other liabilities	**106,634**	116,360
Total liabilities	**8,638,406**	8,871,846
Commitments and contingencies (Note 17)		
Shareholders' Equity		
Preferred stock, 2,000 shares authorized, no shares issued or outstanding	**-**	-
Common stock, $1 stated value, 150,000 shares authorized, 66,575 and 63,856 shares issued and outstanding, respectively	**66,575**	63,856
Capital surplus	**581,224**	528,379
Retained earnings	**53,107**	96,652
Accumulated other comprehensive income, net of tax	**14,584**	51,823
Total shareholders' equity	**715,490**	740,710
Total liabilities and shareholders' equity	**$9,353,896**	$9,612,556

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

OLD NATIONAL BANCORP
CONSOLIDATED STATEMENT OF INCOME

	Years Ended December 31,		
(dollars and shares in thousands, except per share data)	**2003**	**2002**	**2001**
Interest Income			
Loans including fees:			
Taxable	**$320,859**	$391,412	$495,138
Nontaxable	**17,240**	17,578	16,231
Investment securities, available-for-sale:			
Taxable	**93,564**	107,268	89,867
Nontaxable	**30,828**	30,742	27,666
Investment securities, held-to-maturity, taxable	**6,943**	-	-
Money market investments	**314**	383	805
Total interest income	**469,748**	547,383	629,707
Interest Expense			
Deposits	**138,671**	186,560	253,614
Short-term borrowings	**7,258**	10,971	21,862
Other borrowings	**51,812**	60,423	62,932
Total interest expense	**197,741**	257,954	338,408
Net interest income	**272,007**	289,429	291,299
Provision for loan losses	**85,000**	33,500	28,700
Net interest income after provision for loan losses	**187,007**	255,929	262,599
Noninterest Income			
Trust and asset management fees	**30,470**	24,387	20,681
Service charges on deposit accounts	**44,855**	41,988	40,478
ATM fees	**7,474**	6,876	5,604
Mortgage banking revenue	**19,144**	14,496	9,737
Insurance premiums and commissions	**39,225**	16,686	13,296
Investment product fees	**10,567**	8,983	6,819
Bank-owned life insurance	**6,922**	7,944	5,349
Net securities gains	**23,556**	12,444	4,770
Gain on branch divestitures	**-**	12,473	-
Other income	**9,936**	8,220	6,233
Total noninterest income	**192,149**	154,497	112,967
Noninterest Expense			
Salaries and employee benefits	**169,025**	148,450	138,210
Occupancy	**18,166**	16,154	15,599
Equipment	**14,296**	15,153	16,206
Marketing	**11,085**	11,026	8,109
FDIC insurance premiums	**1,007**	1,132	1,222
Outside processing	**19,078**	13,640	10,757
Communication and transportation	**11,595**	11,738	10,907
Professional fees	**9,111**	8,959	7,415
Loan expense	**7,041**	6,496	6,416
Supplies	**4,829**	5,048	5,529
Other losses	**14,676**	5,445	6,177
Goodwill amortization	**-**	-	5,909
Other intangible amortization	**2,612**	1,174	865
Other expense	**17,195**	13,430	11,788
Merger and restructuring costs	**-**	-	9,703
Total noninterest expense	**299,716**	257,845	254,812
Income before income taxes	**79,440**	152,581	120,754
Income tax expense	**9,027**	34,649	27,710
Net income	**$ 70,413**	$117,932	$ 93,044
Net Income Per Common Share			
Basic	**$1.05**	$1.75	$1.36
Diluted	**1.05**	1.75	1.36
Weighted Average Number Of Common Shares Outstanding			
Basic	**66,779**	67,177	68,506
Diluted	**66,832**	67,308	68,608

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

OLD NATIONAL BANCORP
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(dollars and shares in thousands)	Common Stock Shares	Common Stock Amount	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity	Comprehensive Income
Balance, December 31, 2000	60,311	$60,311	$457,267	$106,809	$ 1,954	$626,341	
Net income	-	-	-	93,044	-	93,044	$ 93,044
Unrealized net securities gains, net of $10,573 tax	-	-	-	-	17,241	17,241	17,241
Reclassification adjustment for gains included in net income, net of $(1,813) tax	-	-	-	-	(2,957)	(2,957)	(2,957)
Net unrealized derivative losses on cash flow hedges, net of $(1,069) tax	-	-	-	-	(1,706)	(1,706)	(1,706)
Cash dividends	-	-	-	(40,131)	-	(40,131)	
5% stock dividend	2,913	2,913	65,747	(68,660)	-	-	
Stock repurchased	(2,131)	(2,131)	(52,592)	-	-	(54,723)	
Stock reissued under dividend reinvestment, stock options, and stock purchase plans	81	81	2,045	-	-	2,126	
Balance, December 31, 2001	61,174	61,174	472,467	91,062	14,532	639,235	$105,622
Net income	-	-	-	117,932	-	117,932	$117,932
Unrealized net securities gains, net of $28,458 tax	-	-	-	-	44,075	44,075	44,075
Reclassification adjustment for gains included in net income, net of $(4,882) tax	-	-	-	-	(7,562)	(7,562)	(7,562)
Net unrealized derivative gain on on cash flow hedge, net of $389 tax	-	-	-	-	603	603	603
Reclassification adjustment on cash flow hedges, net of $113 tax	-	-	-	-	175	175	175
Stock issued for acquisition	656	656	14,717	-	-	15,373	
Cash dividends	-	-	-	(43,926)	-	(43,926)	
5% stock dividend	3,040	3,040	65,376	(68,416)	-	-	
Stock repurchased	(1,302)	(1,302)	(30,250)	-	-	(31,552)	
Stock reissued under stock option and stock purchase plans	288	288	6,069	-	-	6,357	
Balance, December 31, 2002	**63,856**	**63,856**	**528,379**	**96,652**	**51,823**	**740,710**	**$155,223**
Net income	**-**	**-**	**-**	**70,413**	**-**	**70,413**	**$70,413**
Unrealized net securities losses, net of $(15,566) tax	**-**	**-**	**-**	**-**	**(23,321)**	**(23,321)**	**(23,321)**
Reclassification adjustment for gains included in net income, net of $(9,429) tax	**-**	**-**	**-**	**-**	**(14,127)**	**(14,127)**	**(14,127)**
Net unrealized derivative gain on cash flow hedge, net of $23 tax	**-**	**-**	**-**	**-**	**35**	**35**	**35**
Reclassification adjustment on cash flow hedges, net of $113 tax	**-**	**-**	**-**	**-**	**174**	**174**	**174**
Stock issued for acquisitions	**918**	**918**	**20,156**	**-**	**-**	**21,074**	
Cash dividends	**-**	**-**	**-**	**(48,366)**	**-**	**(48,366)**	
5% stock dividend	**3,170**	**3,170**	**62,422**	**(65,592)**	**-**	**-**	
Stock repurchased	**(1,681)**	**(1,681)**	**(36,149)**	**-**	**-**	**(37,830)**	
Stock reissued under stock option and stock purchase plans	**312**	**312**	**6,416**	**-**	**-**	**6,728**	
Balance, December 31, 2003	**66,575**	**$66,575**	**$581,224**	**$ 53,107**	**$14,584**	**$715,490**	**$33,174**

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

OLD NATIONAL BANCORP
CONSOLIDATED STATEMENT OF CASH FLOWS

	Years Ended December 31,		
(dollars in thousands)	**2003**	**2002**	**2001**
Cash Flows From Operating Activities			
Net income	**$ 70,413**	$ 117,932	$ 93,044
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation	**13,018**	12,401	13,513
Amortization of goodwill	**-**	-	5,909
Amortization of other intangible assets	**2,612**	1,174	865
Net premium amortization on investment securities	**12,472**	7,074	1,242
Provision for loan losses	**85,000**	33,500	28,700
Net securities gains	**(23,556)**	(12,444)	(4,770)
Gain on branch divestitures	**-**	(12,473)	-
(Gains) losses on sale of other assets	**(11,369)**	(5,977)	432
Residential real estate loans originated for sale	**(844,902)**	(913,794)	(779,264)
Proceeds from sale of residential real estate loans	**930,999**	853,755	752,193
(Increase) decrease in interest receivable	**3,301**	(5,740)	(6,785)
Increase in other assets	**(39,404)**	(35,856)	(16,851)
Increase (decrease) in accrued expenses and other liabilities	**5,408**	(10,167)	(2,741)
Total adjustments	**133,579**	(88,547)	(7,557)
Net cash flows provided by operating activities	**203,992**	29,385	85,487
Cash Flows From Investing Activities			
Purchases of investment securities available-for-sale	**(2,155,166)**	(2,339,004)	(1,558,133)
Proceeds from maturities, prepayments and calls of investment securities available-for-sale	**1,413,262**	812,993	819,282
Proceeds from sales of investment securities available-for-sale	**1,062,875**	762,066	328,601
Purchases of investment securities held-to-maturity	**(237,190)**	-	-
Proceeds from maturities, prepayments and calls of investment securities held-to-maturity	**25,417**	-	-
Purchases of subsidiaries, net of cash acquired	**(12,838)**	(30,115)	-
Payments related to branch divestitures	**-**	(82,160)	-
Proceeds from sale of loans	**47,934**	-	-
Net principal collected from (loans made to) customers	**(9,185)**	303,969	214,199
Proceeds from sale of premises and equipment	**1,434**	2,305	1,448
Purchases of premises and equipment	**(57,246)**	(32,223)	(4,968)
Net cash flows provided by (used in) investing activities	**79,297**	(602,169)	(199,571)
Cash Flows From Financing Activities			
Net increase (decrease) in deposits and short-term borrowings:			
Noninterest-bearing demand deposits	**44,717**	58,740	22,401
Savings, NOW and money market deposits	**231,883**	292,520	124,647
Time deposits	**(222,788)**	(326,207)	(115,004)
Short-term borrowings	**(503,761)**	316,037	42,489
Proceeds from guaranteed preferred beneficial interests in subordinated debentures	**-**	100,000	-
Payments for maturities on other borrowings	**(184,809)**	(135,008)	(202,867)
Proceeds from issuance of other borrowings	**431,600**	275,683	415,363
Cash dividends paid	**(48,366)**	(43,926)	(40,131)
Common stock repurchased	**(37,830)**	(31,552)	(54,723)
Common stock reissued under stock option and stock purchase plans	**6,728**	6,357	2,126
Net cash flows provided by (used in) financing activities	**(282,626)**	512,644	194,301
Net increase (decrease) in cash and cash equivalents	**663**	(60,140)	80,217
Cash and cash equivalents at beginning of period	**236,226**	296,366	216,149
Cash and cash equivalents at end of period	**$ 236,889**	$ 236,226	$ 296,366

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

OLD NATIONAL BANCORP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying consolidated financial statements include the accounts of Old National Bancorp and its wholly-owned affiliates ("Old National") and have been prepared in conformity with generally accepted accounting principles 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.

All significant intercompany transactions and balances have been eliminated. A summary of the more significant accounting and reporting policies used in preparing the statements is presented below.

NATURE OF OPERATIONS

Old National, a financial holding company headquartered in Evansville, Indiana, operates in Indiana, Illinois, Kentucky, Tennessee, Ohio and Missouri. Through its bank and non-bank affiliates, Old National provides to its customers an array of financial services including loan, deposit, trust and asset management, investment and insurance products.

INVESTMENT SECURITIES

Old National classifies investment securities as available-for-sale or held-to maturity on the date of purchase. Securities classified as available-for-sale are recorded at fair value with the unrealized gains and losses, net of tax effect, recorded as a separate component of shareholders' equity. Realized gains and losses affect income and the prior fair value adjustments are reclassified within shareholders' equity. Securities classified as held-to-maturity, which management has the intent and ability to hold to maturity, are reported at amortized cost.

Premiums and discounts are recognized in interest income using the interest method over the period to maturity. Gains and losses on the sale of available-for-sale securities are determined using the specific-identification method.

RESIDENTIAL LOANS HELD FOR SALE

Residential loans held for sale are recorded at lower of cost or market value determined as of the balance sheet date. Old National's residential loans held for sale have been hedged using fair value hedge accounting in accordance with Statement of Financial Accounting Standard ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended. The loans' carrying basis reflects the effects of the SFAS No. 133 adjustments.

LOANS

Loans are stated at the principal amount outstanding. Interest income is accrued on the principal balances of loans outstanding, except on discounted loans, which are recognized using other methods that generally approximate the interest method. 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 collection of principal or interest. Interest accrued during the current year on such loans is reversed against earnings. Interest accrued in the prior year, if any, is charged to the allowance for loan losses. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current, remain current for six months and future payments are reasonably assured.

ALLOWANCE FOR LOAN LOSSES

The allowance for loan losses is maintained at a level believed adequate by management to absorb probable losses inherent in the consolidated loan portfolio. Management's evaluation of the adequacy of the allowance is an estimate based on reviews of individual loans, assessments of the impact of current and anticipated economic conditions on the portfolio, and historical loss experience. The allowance is increased through a provision charged to operating expense. Loans deemed to be uncollectible are charged to 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.

PREMISES AND EQUIPMENT

Premises and equipment are stated at cost less accumulated depreciation. Depreciation is charged to operating expense over the useful lives of the assets, principally on the straight-line method. Maintenance and repairs are expensed as incurred while major additions and improvements are capitalized. Interest costs on construction of qualifying assets are capitalized.

GOODWILL AND OTHER INTANGIBLE ASSETS

The excess of the cost of acquired entities over the fair value of identifiable assets acquired less liabilities assumed is recorded as goodwill. Amortization on goodwill and indefinite-lived assets are no longer recorded as a result of Old National's adoption of SFAS No. 142 as described further in this footnote. However, the recoverability of goodwill and other intangible assets are annually tested for impairment. Other intangible assets are amortized, on an accelerated cash flow basis over the period benefited, ranging from 4 to 40 years.

MORTGAGE SERVICING RIGHTS

Mortgage servicing rights are recognized as separate assets when loans are sold with servicing retained. The total price of loans sold is allocated between the loans sold and the mortgage servicing rights retained based on the relative fair values of each. The fair value of capitalized mortgage servicing rights is estimated by calculating the present value of estimated future net servicing income derived from related cash flows. Amortization of capitalized mortgage servicing rights is determined in proportion to and over the period of estimated net servicing income of the underlying financial assets. Impairment of mortgage servicing rights exists if the book value of the mortgage servicing rights exceed its estimated fair value. In determining impairment, mortgage servicing rights are stratified by interest rates. Critical assumptions used in determining fair value include expected mortgage loan prepayment rates, discount rates and other economic factors, which are determined based on current market conditions. The expected rates of mortgage loan prepayments are the most significant factors driving the value of mortgage servicing rights. Increases in expected mortgage loan prepayments reduce estimated future net servicing cash flows because the life of the underlying loan is reduced. Fair values, using estimated mortgage loan prepayment rates, are derived from a third-party statistical model. Negative adjustments to the value, if any, are recognized through a valuation allowance by charges against mortgage servicing income. The use of a valuation allowance enables the recovery of this value as market conditions become more favorable.

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." Old National uses interest rate contracts such as interest rate swaps to manage its interest rate risk. These contracts are designated as hedges of specific assets and liabilities. For a derivative designated as a fair value hedge, the derivative is recorded at fair value on the consolidated balance sheet. Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties. The change in fair value of the derivative and hedged item (related to the hedged risk) along with any ineffectiveness of the hedge is recorded in current earnings. For a derivative designated as a cash flow hedge, the effective portion of the derivative's gain or loss is initially reported as a component of accumulated other comprehensive income (loss) and subsequently reclassified into earnings when the hedged exposure affects earnings. Any ineffective portion of the gain or loss is reported in earnings immediately. The net interest receivable or payable on swaps is accrued and recognized as an adjustment to the interest income or expense of the hedged asset or liability. Old National assesses the effectiveness of each hedging relationship by comparing the changes in fair value or cash flows of the derivative hedging instrument with the changes in fair value or cash flows of the designated hedged item or transaction.

CREDIT-RELATED FINANCIAL INSTRUMENTS

In the ordinary course of business, Old National's affiliate bank has entered into credit-related financial instruments consisting of commitments to extend credit, commercial letters of credit and standby letters of credit. These commitments are not reflected in the consolidated financial statements until they are funded.

FORECLOSED REAL ESTATE

Other assets include real estate properties acquired as a result of foreclosure and are valued at the lower of the recorded investment in the related loan or fair value of the property less estimated cost to sell. The recorded investment is the sum of the outstanding principal loan balance, any accrued interest which has not been received and acquisition cost associated with the loan. Any excess recorded investment over the fair value of the property received is charged to the allowance for loan losses. Any subsequent write-downs are charged to expense, as are the costs of operating the properties. Such costs are not material to Old National's results of operation.

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 year, adjusted to reflect all stock dividends. Diluted net income per share is computed as above and assumes the conversion of outstanding stock options. The following table reconciles basic and diluted net income per share for the years ended December 31:

NET INCOME PER SHARE RECONCILIATION

	2003			2002			2001		
(dollars and shares in thousands, except per share data)	Income	Shares	Amount	Income	Shares	Amount	Income	Shares	Amount
Basic Net Income Per Share									
Income from operations	**$70,413**	**66,779**	**$1.05**	$117,932	67,177	$1.75	$93,044	68,506	$1.36
Effect Of Dilutive Securities									
Stock options	-	**53**		-	131		-	102	
Diluted Net Income Per Share									
Income from operations and assumed conversions	**$70,413**	**66,832**	**$1.05**	$117,932	67,308	$1.75	$93,044	68,608	$1.36

INCOME TAXES

Deferred income tax assets and liabilities are determined using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the temporary differences between the book and tax bases of the various balance sheet assets and liabilities and gives current recognition to changes in tax rates and laws. Recognition of deferred tax assets is based on management's belief that it is more likely than not that the tax benefit associated with certain temporary differences, tax operating loss carryforwards and tax credits will be realized.

STATEMENT OF CASH FLOWS DATA

For the purpose of presentation in the accompanying consolidated statement of cash flows, cash and cash equivalents are defined as cash, due from banks and money market investments, which have maturities less than 90 days. Cash paid during 2003, 2002 and 2001 for interest was $201.8 million (net of capitalized interest of $1.2 million), $261.2 million, (net of capitalized interest of $0.3 million) and $353.0 million, respectively. Cash paid for income tax during 2003, 2002 and 2001 were $26.0 million, $33.0 million and $34.7 million, respectively. Other noncash transactions include stock issued in acquisitions of subsidiaries of $21.1 million in 2003 and $15.4 million in 2002 and loans transferred to loans held for sale of $62.7 million in 2003.

IMPACT OF ACCOUNTING CHANGES

In December 2003, the Financial Accounting Standards Board ("FASB") revised SFAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits." This statement requires disclosures in addition to those in the original SFAS No. 132, which provides additional information regarding assets, obligations, cash flows and net periodic benefit costs of defined benefit pension plans. The revised SFAS No. 132 is effective for financial statements with fiscal years ending after December 15, 2003. Old National adopted this statement as of December 31, 2003, and has included all such required disclosures in Note 12.

In December 2003, the FASB revised FASB Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities," which was initially released in January 2003. FIN 46 provides guidance with respect to variable interest entities and when the assets, liabilities, noncontrolling interest and results of operations of a variable interest entity need to be included in a company's consolidated financial statements. FIN 46 is effective for companies with "special-purpose entities" as of December 31, 2003. Old National does not have special-purpose entities. However, under this new guidance, Old National was required to deconsolidate ONB Capital Trust I and ONB Capital Trust II as these trusts no longer meet the definition of a related subsidiary under the terms of FIN 46. This change also resulted in the remaining debt being disclosed in "other borrowings" for the year ended December 31, 2003, compared to the separate disclosure on the balance sheet at December 31, 2002. The effect of this deconsolidation was an increase of $4.6 million to both assets and liabilities with no impact to the results of operations. The effective date for consolidation of all other entities is after March 15, 2004, at which time Old National will be required to consolidate various low income housing partnerships. Old National does not expect the consolidation of low income housing partnerships to have a material impact on the results of operations or financial position.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity." SFAS No. 150 establishes standards for classification and measurement in the statement of financial position of certain financial instruments with characteristics of both liabilities and equity. Old National has determined that it has no such instruments.

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." This statement clarifies reporting of contracts as either derivatives or hybrid instruments. Old National has determined that all derivatives or hybrid instruments covered under this statement have been properly reported under SFAS No. 149.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-based Compensation – Transition and Disclosure," which provides guidance on how to transition from the intrinsic value method of accounting for stock-based compensation under Accounting Principles Board ("APB") Opinion No. 25 to SFAS No. 123's fair value method of accounting, if a company so elects. Old National applies APB Opinion No. 25 and related Interpretations in accounting for the stock option plan. Accordingly, no compensation costs have been recognized. Had compensation cost for Old National's stock option plan been recorded based on the fair value at the grant dates for awards under the plan consistent with the method prescribed by SFAS No. 123, net income would have been adjusted to a proforma amount as indicated for the years ended December 31. All per share data has been adjusted for stock dividends, including a 5% stock dividend distributed to shareholders on January 27, 2004.

(dollars in thousands, except per share data)	2003	2002	2001
Net income as reported	**$70,413**	$117,932	$93,044
Deduct total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	**(6,002)**	(2,992)	(3,090)
Proforma net income	**$64,411**	$114,940	$89,954
Basic net income per share:			
As reported	**$1.05**	$1.75	$1.36
Proforma	**0.96**	1.71	1.31
Diluted net income per share:			
As reported	**$1.05**	$1.75	$1.36
Proforma	**0.96**	1.71	1.31

In November 2002, FIN 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" was issued. FIN 45 elaborates on the disclosures to be made by a guarantor in its financial statements about its obligations under certain guarantees that it has issued. It also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. Certain guarantee contracts that are excluded from both the disclosure and recognition requirements of FIN 45, including, among others, residual value guarantees under capital lease arrangements, commercial letters of credit and loan commitments. The disclosure requirements of FIN 45 were effective as of December 31, 2002. The recognition requirements of FIN 45 are to be applied prospectively to guarantees issued or modified after December 31, 2002. The impact of FIN 45 at December 31, 2003, resulted in additional liabilities of $0.3 million and reduced noninterest income by the same amount.

In June 2001, the FASB issued SFAS No. 141, "Business Combinations." The Statement addresses financial accounting and reporting for business combinations and supersedes APB Opinion No. 16, "Business Combinations."

It requires all business combinations within the scope of the Statement to be accounted for using one method, the purchase method. It establishes criteria for the initial recognition of intangible assets acquired in a business combination. The provisions of the Statement apply to all business combinations initiated after June 30, 2001.

In June 2001, the FASB issued SFAS No. 142, "Goodwill and Other Intangible Assets," addressing financial accounting and reporting for acquired goodwill and other intangible assets and supersedes APB Opinion No. 17, "Intangible Assets." Under this Statement, goodwill and other intangible assets that have indefinite useful lives will not be subject to amortization. The Statement is effective for fiscal years beginning after December 15, 2001.

Old National adopted SFAS No. 141 and SFAS No. 142 effective January 1, 2002. As of the date of adoption, Old National had unamortized goodwill in the amount of $82.8 million and unamortized identifiable intangible assets in the amount of $4.4 million, all of which were subject to the transition provisions of SFAS No. 141 and 142. As part of the adoption, Old National performed a transitional impairment test on its goodwill assets, which indicated no impairment charge was required. As of the date of transition, Old National had no indefinite-lived intangible assets recorded on its consolidated balance sheet. In addition, no material reclassifications or adjustments to the useful lives of definite-lived intangible assets were made as a result of adopting the new guidance. The following table is a reconciliation of net income and net income per share had goodwill amortization been excluded for the year ended December 31, 2001. All per share data has been adjusted for stock dividends, including a 5% stock dividend distributed to shareholders on January 27, 2004. Refer to Note 7 for additional information regarding goodwill and intangible assets.

IMPACT OF ACCOUNTING CHANGE FOR GOODWILL

	2001	
(dollars in thousands, except per share data)	**Net Income**	**Net Income Per Share**
Basic earnings per common share computation:		
Reported net income	$93,044	$1.36
Add back goodwill amortization	5,417	0.08
Adjusted net income/Net income per share	$98,461	$1.44
Diluted earnings per common share computation:		
Reported net income	$93,044	$1.36
Add back goodwill amortization	5,417	0.08
Adjusted net income/Net income per share	$98,461	$1.44

RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform with the 2003 presentation. Such reclassifications had no effect on net income.

NOTE 2 – ACQUISITION AND DIVESTITURE ACTIVITY

COMPLETED MERGERS

Old National acquired several companies in the non-bank services segment during 2003 and 2002. All acquisitions were accounted for as purchases in accordance with SFAS No. 141.

(dollars in thousands)		Purchase Price					
Entity Acquired	**Date**	**Shares Issued**	**Stock Value**	**Cash Paid**	**Total**	**Goodwill**	**Other Intangibles**
Insurance and Risk Management	08/01/2003	590,411	$13,739	$16,206	$29,945	$14,213	$12,376
Graham and Peat Insurance Agency	06/01/2003	131,992	3,029	72	3,101	2,058	1,797
James L. Will Insurance Agency	05/01/2003	195,427	4,306	92	4,398	2,634	2,667
Terrill Group, Inc.	12/01/2002	656,180	15,373	4,951	20,324	15,383	11,229
Fund Evaluation Group, Inc.	07/01/2002	-	-	26,838	26,838	12,668	11,800 (1)

(1) Includes an indefinite-lived intangible asset of $2.8 million.

Intangible assets related to customer business relationships from these purchases are being amortized over 4 to 40 years. Of the $47.0 million of goodwill recorded from these transactions $26.9 million is expected to be deductible for tax purposes. Unaudited financial statements of aggregate companies acquired during 2003 showed assets of $12.2 million on the acquisition dates and revenues from the beginning of the year to acquisition dates of $10.9 million with net income of $1.5 million. Unaudited financial statements of aggregate companies acquired during 2002 showed assets of $12.5 million on the acquisition dates and revenues from the beginning of the year to acquisition dates of $19.8 million with net income of $0.6 million. Contingent payments are often made as a result of these acquisitions. These payments, which are not deemed to be material, result in a change to the purchase price and goodwill when paid.

DIVESTITURES

During 2003, Old National sold its Fort Wayne, Indiana, trust operations resulting in a pre-tax gain totaling $0.3 million. Old National finalized the sales of branches in the normal course of business resulting in a pre-tax gain totaling $12.5 million during 2002.

NOTE 3 - INVESTMENT SECURITIES

The following tables summarize the amortized cost and fair value of the available-for-sale and held-to-maturity investment securities portfolio at December 31 and the corresponding amounts of unrealized gains and losses therein:

(dollars in thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
2003				
Available-for-Sale				
U.S. Treasury	**$ 25,972**	**$ 115**	**$ (30)**	**$ 26,057**
U.S. Government agencies and corporations	**590,941**	**1,863**	**(11,984)**	**580,820**
Mortgage-backed securities	**1,306,293**	**12,629**	**(20,041)**	**1,298,881**
States and political subdivisions	**617,703**	**37,543**	**(178)**	**655,068**
Other securities	**141,682**	**3,862**	**(30)**	**145,514**
Total available-for-sale securities	**$2,682,591**	**$56,012**	**$(32,263)**	**$2,706,340**
Held-to-Maturity				
Mortgage-backed securities	**$210,905**	**$170**	**$(1,759)**	**$209,316**
2002				
Available-for-Sale				
U.S. Treasury	$ 5,113	$ 251	$ -	$ 5,364
U.S. Government agencies and corporations	765,230	11,978	-	777,208
Mortgage-backed securities	1,442,486	39,000	(100)	1,481,386
States and political subdivisions	676,071	32,734	(608)	708,197
Other securities	102,706	3,022	(85)	105,643
Total available-for-sale securities	$2,991,606	$86,985	$(793)	$3,077,798

Proceeds from sales of investment securities available-for-sale were $1.063 billion in 2003, $762.1 million in 2002 and $328.6 million in 2001. In 2003, realized gains were $24.3 million and losses were $0.7 million. In 2002, realized gains were $12.7 million and losses were $0.3 million. In 2001, realized gains were $4.8 million. At December 31, investment securities were pledged to secure public and other funds with a carrying value of $1.743 billion in 2003 and $1.489 billion in 2002.

The amortized cost and fair value of the investment securities portfolio are shown by expected maturity. Expected maturities may differ from contractual maturities if borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

	2003		Weighted	2002		Weighted
(dollars in thousands)	Amortized	Fair	Average	Amortized	Fair	Average
Maturity	Cost	Value	Yield	Cost	Value	Yield
Available-for-Sale						
Within one year	**$ 148,498**	**$ 149,591**	**4.31 %**	$ 730,555	$ 741,579	4.92 %
One to five years	**1,394,858**	**1,402,042**	**4.46**	1,599,632	1,647,012	5.02
Five to ten years	**704,216**	**698,180**	**4.60**	251,045	262,762	6.34
Beyond ten years	**435,019**	**456,527**	**7.01**	410,374	426,445	7.36
Total	**$2,682,591**	**$2,706,340**	**4.90 %**	$2,991,606	$3,077,798	5.43 %
Held-to-Maturity						
One to five years	**$210,905**	**$209,316**	**4.29 %**	$ -	$ -	**-** %

Weighted average yield is based on amortized cost (taxable equivalent basis).

The following table summarizes the available-for-sale and held-to-maturity investment securities with unrealized losses at December 31, 2003, by aggregated major security type and length of time in a continuous unrealized loss position:

	Less than 12 months		12 months or longer		Total	
	Fair	Unrealized	Fair	Unrealized	Fair	Unrealized
(dollars in thousands)	Value	Losses	Value	Losses	Value	Losses
Available-for-Sale						
U.S. Treasury	**$ 7,939**	**$ (30)**	**$ -**	**$ -**	**$ 7,939**	**$ (30)**
U.S. Government agencies and corporations	**399,248**	**(11,984)**	**-**	**-**	**399,248**	**(11,984)**
Mortgage-backed securities	**837,218**	**(20,041)**	**-**	**-**	**837,218**	**(20,041)**
States and political subdivisions	**17,243**	**(167)**	**444**	**(11)**	**17,687**	**(178)**
Other securities	**688**	**(30)**	**-**	**-**	**688**	**(30)**
Total available-for-sale	**$1,262,336**	**$(32,252)**	**$444**	**$(11)**	**$1,262,780**	**$(32,263)**
Held-to-Maturity						
Mortgage-backed securities	**$162,808**	**$(1,759)**	**$ -**	**$ -**	**$162,808**	**$(1,759)**

The investment shown in the 12 months or longer column is an AAA rated, 100% insured municipal bond, and thus has been determined to have no permanent impairment.

NOTE 4 – LOANS HELD FOR SALE

At December 31, 2003 and 2002, Old National had residential loans held for sale of $16.3 million and $92.6 million, respectively. During 2003, residential real estate loans of $14.5 million and commercial loans of $48.2 million were transferred to loans held for sale. As a result of these transfers, write-downs of $3.4 million and $11.3 million, respectively, were recorded against the allowance for loan losses. These loans, which were classified as nonaccrual, were sold for $11.1 million and $36.9 million, respectively, net of expenses incurred with the sale.

NOTE 5 - LOANS

The composition of loans at December 31 by lending classification was as follows:

(dollars in thousands)	2003	2002
Commercial	**$1,618,095**	$1,696,347
Commercial real estate	**1,849,275**	1,883,303
Residential real estate	**939,422**	1,043,816
Consumer credit, net of unearned	**1,163,325**	1,053,571
Total loans	**$5,570,117**	$5,677,037

Through its affiliates, Old National makes loans to customers in various industries including manufacturing, agribusiness, transportation, mining, wholesaling and retailing. Old National predominately operates in the geographic market areas of Indiana, Illinois, Kentucky and Tennessee. Old National has no concentration of loans in any single industry exceeding 10% of its portfolio.

Executive officers and directors of Old National and significant subsidiaries and their related interests are loan customers of Old National's affiliate bank in the normal course of business. These loans are made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with unrelated parties and involve no unusual risk of collectibility. An analysis of the current year activity of these loans is as follows:

(dollars in thousands)	**2003**
Balance, January 1	**$ 67,209**
New loans	**102,070**
Repayments	**(143,053)**
Officer and director changes	**(5,127)**
Balance, December 31	**$ 21,099**

NOTE 6 - ALLOWANCE FOR LOAN LOSSES

Activity in the allowance for loan losses was as follows:

(dollars in thousands)	**2003**	**2002**	**2001**
Balance, January 1	**$ 87,742**	$74,241	$73,833
Additions:			
Provision charged to expense	**85,000**	33,500	28,700
Deductions:			
Write-downs on loans transferred to held for sale	**14,744**	-	-
Loans charged-off	**61,654**	27,576	36,152
Recoveries	**(8,227)**	(7,577)	(7,860)
Net charge-offs and other charges	**68,171**	19,999	28,292
Balance, December 31	**$104,571**	$87,742	$74,241

The following is a summary of loans deemed by management to be impaired in accordance with accounting requirements as of December 31:

(dollars in thousands)	**2003**	**2002**
Impaired loans without a valuation allowance	**$31,027**	$ 47,772
Impaired loans with a valuation allowance	**60,562**	255,407
Total impaired loans	**$91,589**	$303,179
Valuation allowance related to impaired loans	**$20,588**	$66,932

For the year ended December 31, 2003, the average balance of impaired loans was $182.6 million for which no interest was recorded. For the year ended December 31, 2002, the average balance of impaired loans was $261.8 million for which $14.0 million of interest was recorded. During 2003, Old National revised its interpretation of impaired loans to strictly follow SFAS No. 114. Previous to this change, Old National's interpretation of impaired loans more conservatively included all problem credits with a potential collateral deficiency in the event of default and nonaccrual loans in larger groups of smaller-balance homogeneous loans. Had Old National made this interpretation in the prior year, impaired loans would have totaled $80.4 million with a valuation allowance of $22.5 million rather than $303.2 million with a valuation allowance of $66.9 million as reported at December 31, 2002. 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.

NOTE 7 – GOODWILL AND OTHER INTANGIBLE ASSETS

At December 31, 2003 and 2002, Old National had goodwill in the amount of $129.3 million and $110.6 million, respectively. Old National performed its annual impairment testing resulting in no impairment for 2003 and 2002. The change in the carrying amount of goodwill by segment for the year ended December 31, 2003, was as follows:

(dollars in thousands)	Community Banking	Non-bank Services	Total
Balance, January 1	**$70,944**	**$39,704**	**$110,648**
Goodwill acquired during the year	**-**	**18,905**	**18,905**
Adjustments to goodwill acquired in prior year	**-**	**(74)**	**(74)**
Goodwill related to divestitures	**-**	**(228)**	**(228)**
Balance, December 31	**$70,944**	**$58,307**	**$129,251**

Old National continues to amortize definite-lived intangible assets over the estimated remaining life of each respective asset. At December 31, 2003, Old National had $41.9 million in unamortized intangible assets compared with $27.0 million in unamortized identifiable intangible assets at December 31, 2002. Indefinite-lived assets of $2.8 million were included in each year.

The following table shows the gross carrying amounts and accumulated amortization for intangible assets as of December 31:

(dollars in thousands)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
2003			
Amortized intangible assets:			
Core deposit	**$ 5,574**	**$(3,044)**	**$ 2,530**
Customer business relationships	**36,676**	**(1,984)**	**34,692**
Non-compete agreements	**1,100**	**(82)**	**1,018**
Technology	**1,300**	**(428)**	**872**
Total amortizing intangible assets	**44,650**	**(5,538)**	**39,112**
Unamortized intangible assets:			
Trade name	**2,800**	**-**	**2,800**
Total intangible assets	**$47,450**	**$(5,538)**	**$41,912**
2002			
Amortized intangible assets:			
Core deposit	$ 5,574	$(2,385)	$ 3,189
Customer business relationships	19,193	(371)	18,822
Non-compete agreements	1,100	(27)	1,073
Technology	1,300	(142)	1,158
Total amortizing intangible assets	27,167	(2,925)	24,242
Unamortized intangible assets:			
Trade name	2,800	-	2,800
Total intangible assets	$29,967	$(2,925)	$27,042

Total amortization expense associated with intangible assets was $2.6 million in 2003, $1.2 million in 2002, $0.9 million in 2001. The following is the estimated amortization expense for the future years:

(dollars in thousands)	Estimated Amortization Expense
2004	$ 3,175
2005	3,065
2006	2,849
2007	2,386
2008	2,213
Thereafter	25,424
Total	$39,112

NOTE 8 – MORTGAGE SERVICING RIGHTS

Mortgage servicing rights derived from loans sold with servicing retained were $14.7 million and $11.4 million at December 31, 2003 and 2002, respectively. Loans serviced for others are not included in the accompanying consolidated balance sheet. The unpaid principal balance of mortgage loans serviced for others at December 31 was $1.738 billion in 2003, $1.523 billion in 2002 and $1.148 billion in 2001.

The following summarizes the activities related to mortgage servicing rights and the related valuation allowance:

(dollars in thousands)	**2003**	**2002**
Balance before valuation allowance, January 1	**$13,423**	$ 8,820
Rights capitalized	**8,655**	8,245
Amortization	**(6,288)**	(3,033)
Impairment	**-**	(609)
Balance before valuation allowance, December 31	**15,790**	13,423
Valuation allowance:		
Balance, January 1	**(2,056)**	-
Additions to valuation allowance	**(6,433)**	(2,056)
Reductions to valuation allowance	**7,358**	-
Balance, December 31	**(1,131)**	(2,056)
Mortgage servicing rights, net	**$14,659**	$11,367

The following summarizes the fair market value of mortgage servicing rights as of December 31 and the key economic assumptions used in determining this value as well as a sensitivity analysis:

(dollars in thousands)	**2003**	**2002**
Fair market value	**$15,039**	$11,367
Expected weighted-average life (in years)	**5.2**	3.1
Weighted-average prepayment speed assumptions	**335**	473
Discount rate	**8.50 %**	8.50 %
Prepayment speed assumptions:		
Decrease in fair value from 10% adverse change	**$ (743)**	
Decrease in fair value from 20% adverse change	**(1,423)**	
Discount rate:		
Decrease in fair value from 10% adverse change	**(376)**	
Decrease in fair value from 20% adverse change	**(735)**	

The key economic assumptions used in determining the fair value of mortgage servicing rights capitalized during the year was as follows:

Weighted-average prepayment speed assumptions	**397**	
Weighted-average life (in years)	**4.4**	
Weighted-average discount rate	**9.43**	%

NOTE 9 – SHORT-TERM BORROWINGS

The following table presents the distribution of Old National's short-term borrowings and related weighted-average interest rates for each of the years ended December 31:

(dollars in thousands)	Federal Funds Purchased		Repurchase Agreements		Other Short-term Borrowings		Total	
2003								
Outstanding at year-end	**$123,582**		**$276,471**		**$14,535**		**$ 414,588**	
Average amount outstanding	**340,124**		**327,101**		**20,363**		**687,588**	
Maximum amount outstanding at any month-end	**592,880**		**429,425**		**73,397**			
Weighted-average interest rate:								
During year	**1.18**	**%**	**0.91**	**%**	**1.42**	**%**	**1.06**	**%**
End of year	**0.92**		**0.94**		**0.77**		**0.93**	
2002								
Outstanding at year-end	$500,180		$334,418		$ 83,751		$ 918,349	
Average amount outstanding	299,846		323,386		65,726		688,958	
Maximum amount outstanding at any month-end	500,180		352,687		281,889			
Weighted-average interest rate:								
During year	1.67	%	1.49	%	1.76	%	1.59	%
End of year	1.21		1.09		1.42		1.18	
2001								
Outstanding at year-end	$119,700		$351,086		$131,526		$ 602,312	
Average amount outstanding	226,561		286,267		70,207		583,035	
Maximum amount outstanding at any month-end	468,799		351,086		184,453			
Weighted-average interest rate:								
During year	4.21	%	3.25	%	4.30	%	3.75	%
End of year	1.64		1.44		1.40		1.47	

LINES OF CREDIT

During 2003, Old National cancelled an unused, unsecured line of credit with an unaffiliated bank. At December 31, 2002, Old National had $25 million available borrowing capacity under this line of credit, however there were no borrowings under the line of credit during 2002. During 2001, the average interest rate on the lines of credit was 5.61%.

NOTE 10 - FINANCING ACTIVITIES

The following table summarizes Old National's other borrowings at December 31:

(dollars in thousands)	2003	2002
Old National Bancorp:		
Medium-term notes, Series A	**$ -**	$ 5,000
Medium-term notes, Series 1997 (fixed rates 3.50% to 7.03%) maturities July 2004 to June 2008	**113,200**	53,200
Junior subordinated debentures (fixed rates 8.00% to 9.50%) maturities March 2030 to April 2032	**150,000**	-
SFAS 133 hedge and other basis adjustments	**7,336**	144
Old National Bank:		
Securities sold under agreements to repurchase (variable rates 0.64% to 2.36%) maturities March 2006 to December 2008	**248,000**	83,000
Federal Home Loan Bank advances (fixed rates 3.59% to 8.34% and variable rates 1.96% to 2.17%) maturities January 2004 to October 2022	**765,347**	868,556
Senior unsecured bank notes (fixed rate 3.95% and variable rates 1.17% to 1.48%) maturities June 2004 to February 2008	**190,000**	60,000
Subordinated bank notes (fixed rate 6.75%) maturing October 2011	**150,000**	150,000
SFAS 133 hedge and other basis adjustments	**209**	14,114
Total other borrowings	**$1,624,092**	$1,234,014

FEDERAL HOME LOAN BANK
Federal Home Loan Bank advances had weighted-average rates of 5.48% and 5.44% at December 31, 2003, and 2002, respectively. These borrowings are secured by investment securities and residential real estate loans up to 150% of outstanding debt.

SUBORDINATED BANK NOTES
Subordinated bank notes qualify as Tier 2 Capital for regulatory purposes 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.

GUARANTEED PREFERRED BENEFICIAL INTERESTS IN COMPANY'S SUBORDINATED DEBENTURES
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 guarantees the payment of distributions on the preferred securities issued by ONB Capital Trust II.

ONB Capital Trust I issued $50 million in preferred securities in March 2000. The preferred securities have a liquidation amount of $25 per share with a cumulative annual distribution rate of 9.5% or $2.375 per share payable quarterly and maturing on March 15, 2030. 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 I. Old National guarantees the payment of distributions on the preferred securities issued by ONB Capital Trust I.

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 March 15, 2005 (for debentures owned by ONB Capital Trust I) and on or after April 12, 2007 (for debentures owned by ONB 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. These securities qualify as Tier 1 capital for regulatory purposes and the SEC registration related to these securities has remaining funding capacity of $50 million.

Costs associated with the issuance of the trust preferred securities totaling $3.3 million in 2002 and $1.8 million in 2000, 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.

In accordance with FIN 46, the remaining junior subordinated debentures related to these trust preferred securities were reclassed to "other borrowings" at December 31, 2003, from the separate disclosure on the balance sheet at December 31, 2002.

Contractual maturities of long-term debt at December 31, 2003, were as follows:

(dollars in thousands)	
Due in 2004	$ 256,700
Due in 2005	195,053
Due in 2006	252,408
Due in 2007	110,000
Due in 2008	344,470
Thereafter	457,916
SFAS 133 hedge and other basis adjustments	7,545
Total	$1,624,092

NOTE 11 – TAXES

Following is a summary of the major items comprising the differences in taxes computed at the federal statutory tax rate and as recorded in the consolidated statement of income for the years ended December 31:

	2003	**2002**	**2001**
Provision at statutory tax rate	**35.0 %**	35.0 %	35.0 %
Tax-exempt income	**(24.0)**	(12.5)	(12.8)
State income taxes	**(0.7)**	0.9	0.2
Other, net	**1.1**	(0.7)	0.5
Effective tax rate	**11.4 %**	22.7 %	22.9 %

The effective tax rate was significantly lower in 2003 as compared to 2002 and 2001. The main factor for the significant decrease in the effective tax rate was that tax-exempt income comprised a larger percentage of total income compared to prior years.

The provision for income taxes consisted of the following components for the years ended December 31:

(dollars in thousands)	**2003**	**2002**	**2001**
Income taxes currently payable			
Federal	**$16,715**	$31,829	$32,375
State	**(914)**	2,114	(9)
Deferred income taxes related to:			
Provision for loan losses	**(6,505)**	(5,642)	(758)
Other, net	**(269)**	6,348	(3,898)
Deferred income tax expense (benefit)	**(6,774)**	706	(4,656)
Provision for income taxes	**$ 9,027**	$34,649	$27,710

Significant components of net deferred tax assets (liabilities) were as follows at December 31:

(dollars in thousands)	2003	2002
Deferred Tax Assets		
Allowance for loan losses,		
net of recapture	**$ 40,372**	$ 33,867
Benefit plan accruals	**3,706**	8,922
AMT credit	**8,389**	8,480
Net operating loss	**8,523**	-
Other, net	**1,416**	-
Total deferred tax assets	**62,406**	51,269
Deferred Tax Liabilities		
Premises and equipment	**(3,580)**	(1,257)
Accretion on investment securities	**(47)**	(417)
Unrealized gains on available-		
for-sale investment securities	**(8,933)**	(33,553)
Lease receivable, net	**(12,713)**	(12,041)
Mortgage servicing rights	**(5,717)**	(4,433)
Purchase accounting	**(7,047)**	(3,440)
Other, net	**-**	(1,499)
Total deferred tax liabilities	**(38,037)**	(56,640)
Net deferred tax assets (liabilities)	**$ 24,369**	$ (5,371)

No valuation allowance was recorded at December 31, 2003 and 2002.

NOTE 12 - EMPLOYEE BENEFIT PLANS

RETIREMENT PLAN

Old National has a noncontributory defined benefit retirement plan. During 2001, Old National amended this plan freezing the benefits accrued for all participants except active participants who had completed at least 20 years of service or who had attained age 50 with at least five years of vesting service. This curtailment resulted in $7.6 million reduction in the benefit obligation as of year-end 2001 and a $0.2 million reduction in pension expense in 2001. In addition, the amendment discontinued new enrollments under the plan after December 31, 2001.

Retirement benefits are based on years of service and compensation during the highest paid five years of employment. Old National's policy is to contribute at least the minimum funding requirement determined by the plan's actuary. Old National uses a December 31 measurement date for its pension plans.

The following table sets forth the plan's benefit obligation and funded status at December 31:

(dollars in thousands)	2003	2002	2001
Change in Benefit Obligation			
Balance at January 1	**$ 54,267**	$ 51,912	$ 43,833
Service cost	**1,866**	1,816	3,600
Interest cost	**3,846**	3,720	3,344
Benefits paid	**(4,605)**	(6,422)	(6,426)
Actuarial loss	**8,145**	3,241	15,178
Curtailment adjustment	**-**	-	(7,617)
Balance at December 31	**63,519**	54,267	51,912
Change in Plan Assets			
Fair value at January 1	**27,409**	32,253	39,947
Actual return on plan assets	**3,405**	(2,549)	(1,170)
Employer contributions	**18,726**	4,127	217
Benefits paid	**(4,605)**	(6,422)	(6,426)
Administrative expenses	**-**	-	(315)
Fair value at December 31	**44,935**	27,409	32,253
Funded status	**(18,584)**	(26,858)	(19,659)
Unrecognized:			
Net actuarial loss	**23,298**	17,436	9,398
Transition asset	**(431)**	(862)	(1,293)
Prior service cost	**233**	267	300
Net amount recognized	**$ 4,516**	$(10,017)	$(11,254)

The accumulated benefit obligation for the defined benefit pension plan was $45.6 million, $39.1 million and $37.6 million at December 31, 2003, 2002 and 2001, respectively.

The net periodic benefit cost and its components were as follows for the years ended December 31:

(dollars in thousands)	2003	2002	2001
Service cost	**$ 1,866**	$ 1,816	$ 3,600
Interest cost	**3,846**	3,720	3,344
Expected return on plan assets	**(2,411)**	(2,622)	(3,162)
Amortization of prior service cost	**33**	33	(42)
Amortization of transitional asset	**(431)**	(431)	(431)
Recognized actuarial loss	**1,291**	373	140
Curtailment gain	**-**	-	(227)
Net periodic benefit cost	**$ 4,194**	$ 2,889	$ 3,222

The weighted-average assumptions used to determine benefit obligations at December 31 were as follows:

	2003	2002	2001
Discount rate	**6.25 %**	6.75 %	7.25 %
Rate of compensation increase	**5.00**	5.00	5.00

The weighted-average assumptions used to determine net periodic benefit costs for the years ended December 31 were as follows:

	2003	2002	2001
Discount rate	**6.75 %**	7.25 %	7.75 %
Expected return on plan assets	**8.00**	8.00	8.00
Rate of compensation increase	**5.00**	5.00	5.00

Old National's pension plan weighted-average asset allocations at December 31 by asset category were as follows:

Asset Category	2004 Target Allocation	2003	2002	2001
Equity securities	40 - 70%	**50 %**	53 %	60 %
Debt securities	30 - 60%	**27**	39	37
Cash equivalents	0 - 15%	**23**	8	3
Total		**100 %**	100 %	100 %

The expected long-term rate of return on assets, based on 10-year compounded trailing returns on equity and fixed income indices weighted by the typical asset allocation for the plan, exceeds the assumed long-term rate of return of 8%. This assumption is monitored on an on-going basis.

The plan's assets are invested in the plan trust within the ranges specified above. Fixed income and cash equivalents must meet minimum rating standards. Exposure to any particular company or industry are also limited. The investment policy is reviewed annually. Equity securities included common stock of Old National in the amount of $3.3 million (7% of total plan assets), $3.4 million (12% of total plan assets) and $3.3 million (10% of total plan assets), at December 31, 2003, 2002 and 2001 respectively.

At December 31, 2003, asset category allocations were outside the target range due to a December employer contribution included in cash equivalents. On January 31, 2004, subsequent to investing this contribution, allocations were 60% equity securities, 31% debt securities and 9% cash equivalents.

Old National expects to contribute $0.2 million to the pension plan in 2004. In addition, the following benefit payments, which reflect expected future service, are expected to be paid:

(dollars in thousands)	
2004	$ 1,362
2005	1,603
2006	1,881
2007	2,257
2008	2,656
Years 2009 - 2013	20,571

EMPLOYEE STOCK OWNERSHIP PLAN

Old National has an employee stock ownership plan (previously known as the Employee's Savings and Profit Sharing Plan) covering all employees who have completed an eligibility period of at least 12 months of employment and 1,000 hours of service, as defined under the plan. Contributions, in cash or Old National Bancorp stock, made to the plan are a percentage match, based on years of service, of each eligible participant's contributions to the Old National Bancorp Employees' Savings Plan (401K). In addition, Old National may contribute an amount designated at the sole discretion of the Board of Directors. Contribution expense under the plan was $7.4 million in 2003, $7.7 million in 2002 and $7.6 million in 2001.

RESTRICTED STOCK PLAN

Old National has a restricted stock plan, which covers certain officers. Shares were earned each year based on the achievement of net income targets and are currently fully vested.

STOCK OPTIONS

On January 31, 2003, Old National granted 2.6 million stock options to key employees at an option price of $21.71, the closing price of Old National's stock on that date. On January 22, 2002, Old National granted 2.0 million of stock options to key employees at an exercise price of $21.62, the closing price of Old National's stock on that date. On June 27, 2001, Old National granted 1.6 million of stock options to key employees at an exercise price of $22.79, the closing price of Old National's stock on that date. The options vest 25% per year over a four-year period and expire in ten years. If certain financial targets are achieved, vesting is accelerated. Old National was authorized to grant up to 7.3 million shares of common stock under the 1999 Equity Incentive Plan. Under this plan, active employees with unvested restricted stock shares could exchange those shares for stock options by August 27, 2001. On that date, 76,858 unvested restricted stock shares were converted to 0.5 million of stock options.

Old National applies APB Opinion No. 25 and related Interpretations in accounting for the stock option plan. Accordingly, no compensation costs have been recognized. See Note 1 for proforma net income and net income per share data.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model using the following weighted-average assumptions: dividend yield of 3.1% in 2003, 3.0% in 2002 and 2.7% in 2001; expected volatility of 18.0% in 2003, 18.0% in 2002, 18.2% in 2001; and a risk-free rate of 4.5% in 2003, 5.4% in 2002 and 5.3% in 2001. All per share data and exercise price data have been adjusted for a 5% stock dividend that was declared to shareholders of record on January 6, 2004, and distributed on January 27, 2004.

	2003		**2002**		**2001**	
(shares in thousands)	**Shares**	**Weighted Average Exercise Price**	**Shares**	**Weighted Average Exercise Price**	**Shares**	**Weighted Average Exercise Price**
Outstanding, January 1	**4,054**	**$21.87**	2,246	$21.79	233	$11.47
Granted	**2,608**	**21.71**	1,980	21.62	1,965	22.79
Exercised	**(21)**	**9.67**	(57)	9.37	(49)	13.49
Forfeited	**(175)**	**22.06**	(115)	22.21	(10)	22.79
Outstanding, December 31	**6,466**	**$21.84**	4,054	$21.87	2,139	$21.79
Options exercisable at end of year	**2,202**	**$21.96**	975	$21.25	613	$19.29
Weighted-average fair value of options granted during the year		**4.39**		5.13		5.87

Information pertaining to options outstanding was as follows at December 31, 2003:

(shares in thousands)	**Options Outstanding**			**Options Exercisable**	
Range of Exercise Price	**Number Outstanding**	**Weighted Average Remaining Contractual Life**	**Weighted Average Exercise Price**	**Number Exercisable**	**Weighted Average Exercise Price**
$ 5.33 - 7.76	**9**	**0.4 Years**	**$ 7.44**	**9**	**$ 7.44**
9.67 - 11.67	**62**	**3.4**	**10.83**	**62**	**10.83**
12.50 - 15.08	**31**	**4.5**	**14.06**	**31**	**14.06**
16.61 - 18.02	**14**	**4.1**	**17.27**	**14**	**17.27**
21.62 - 22.79	**6,350**	**8.3**	**22.01**	**2,086**	**22.51**
Total	**6,466**	**8.2**	**$21.84**	**2,202**	**$21.96**

NOTE 13 – OUTSIDE DIRECTOR STOCK COMPENSATION PROGRAM

During 2003, Old National implemented a director stock compensation program covering all outside directors. Compensation shares are earned semi-annually. A maximum of 157,500 shares of common stock is available for issuance under this program. As of December 31, 2003, Old National had issued 6,221 shares under this program.

NOTE 14 - SHAREHOLDERS' EQUITY

STOCK DIVIDEND

A 5% stock dividend was declared on December 4, 2003, and distributed on January 27, 2004, to the shareholders of record on January 6, 2004. All share and per share amounts have been retroactively adjusted to reflect this stock dividend.

DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN

Old National has a dividend reinvestment and stock purchase plan under which common shares issued may be either repurchased shares or authorized and previously unissued shares. As of December 31, 2003, 500,000 authorized and unissued common shares were reserved for issuance under the plan.

SHAREHOLDER RIGHTS PLAN

Old National has adopted a Shareholder Rights Plan whereby one right was distributed for each outstanding share of Old National's common stock. The rights become exercisable on the tenth day following a public announcement that a person has acquired or intends to acquire beneficial ownership of 20% or more of Old National's outstanding common stock. Upon exercising the rights, the holder is entitled to buy 1/100 of a share of Junior Preferred Stock at $60, subject to adjustment, for every right held. Upon the occurrence of certain events, the rights may be redeemed by Old National at a price of $0.01 per right.

In the event an acquiring party becomes the beneficial owner of 20% or more of Old National's outstanding shares, rights holders (other than the acquiring person) may purchase two shares of Old National common stock for the price of one share at the then market price. If Old National is acquired and is not the surviving corporation, or if Old National survives a merger but has all or part of its common stock exchanged, each rights holder will be entitled to acquire shares of the acquiring company with a value of two times the then exercise price of the rights for each right held.

NOTE 15 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of certain financial instruments, both assets and liabilities recognized and not recognized in the consolidated balance sheet, are required to be disclosed when it is practicable to estimate fair value. The following methods and assumptions were used to estimate the fair value of each type of financial instrument.

CASH, DUE FROM BANKS AND MONEY MARKET INVESTMENTS

For these instruments, the carrying amounts approximate fair values.

INVESTMENT SECURITIES

For investment securities, fair values are based on quoted market prices, if available. For securities where quoted prices are not available, fair values are estimated based on market prices of similar securities.

RESIDENTIAL LOANS HELD FOR SALE

Residential loans held for sale have been hedged using fair value hedge accounting in accordance with SFAS No. 133. The loans' carrying basis reflects the effects of the SFAS No. 133 adjustments, thus their carrying amount is a reasonable estimate of their fair value.

LOANS

The fair value of loans is estimated by discounting future cash flows using current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.

MORTGAGE SERVICING RIGHTS

Fair value is determined using prices for similar assets with similar characteristics, when available, or based upon discounted cash flows using market-based assumptions.

DERIVATIVE FINANCIAL INSTRUMENTS

The fair values of derivative financial instruments are determined based on dealer quotes and are recorded in "Other assets" or "Accrued expenses and other liabilities".

DEPOSITS

The fair value of noninterest-bearing demand deposits and savings, NOW and money market deposits is the amount payable as of the reporting date. The fair value of fixed-maturity certificates of deposit is estimated using rates currently offered for deposits with similar remaining maturities.

SHORT-TERM BORROWINGS
Federal funds purchased and securities sold under agreements to repurchase generally have an original term to maturity of 30 days or less and, therefore, their carrying amount is a reasonable estimate of fair value.

OTHER BORROWINGS
The fair values of other borrowings are estimated using rates currently available to Old National for obligations with similar terms and remaining maturities.

STANDBY LETTERS OF CREDIT
Fair values for standby letters of credit are based on fees currently charged to enter into similar agreements. In 2003, the fair value for standby letters of credit was recorded in "Accrued expenses and other liabilities" on the consolidated balance sheet in accordance with FIN 45.

OFF-BALANCE SHEET FINANCIAL INSTRUMENTS
Fair values for off-balance sheet credit-related financial instruments are based on fees currently charged to enter into similar agreements, and for fixed-rate commitments, also considered the difference between current levels of interest rates and committed rates. For further information regarding the notional amounts of these financial instruments, see Note 17.

The estimated carrying and fair values of Old National's financial instruments as of December 31 are as follows:

(dollars in thousands)	Carrying Value	Fair Value
2003		
Financial Assets		
Cash, due from banks and money market investments	$ 236,889	$ 236,889
Investment securities available-for-sale	2,706,340	2,706,340
Investment securities held-to-maturity	210,905	209,316
Residential loans held for sale	16,338	16,338
Loans, net	5,465,546	5,460,630
Mortgage servicing rights	14,659	15,039
Derivative assets	15,317	15,317
Financial Liabilities		
Deposits	$6,493,092	$6,542,898
Short-term borrowings	414,588	414,588
Other borrowings	1,624,092	1,692,186
Derivative liabilities	13,024	13,024
Standby letters of credit	326	326
Off-Balance Sheet Financial Instruments		
Commitments to extend credit	$ -	$2,590
Commercial letters of credit	-	69

(dollars in thousands)	Carrying Value	Fair Value
2002		
Financial Assets		
Cash, due from banks and money market investments	$ 236,226	$ 236,226
Investment securities available-for-sale	3,077,798	3,077,798
Residential loans held for sale	92,598	92,598
Loans, net	5,589,295	5,614,204
Mortgage servicing rights	11,367	11,367
Derivative assets	34,920	34,920
Financial Liabilities		
Deposits	$6,439,280	$6,522,471
Short-term borrowings	918,349	918,349
Other borrowings	1,397,857	1,429,949
Derivative liabilities	574	574
Off-Balance Sheet Financial Instruments		
Commitments to extend credit	$ -	$2,544
Commercial letters of credit	-	234
Standby letters of credit	-	282

NOTE 16 – DERIVATIVE FINANCIAL INSTRUMENTS

The following table summarizes the derivative financial instruments utilized by Old National at December 31:

	2003			2002		
	Notional	Estimated Fair Value		Notional	Estimated Fair Value	
(dollars in thousands)	Amount	Gain	Loss	Amount	Gain	Loss
Fair Value Hedges						
Received fixed interest rate swaps	**$ 714,696**	**$12,878**	**$(11,784)**	$ 824,000	$32,804	$ (1)
Interest rate lock commitments	**26,152**	**239**	**-**	89,694	989	-
Forward mortgage loan contracts	**36,832**	**-**	**(266)**	133,076	-	(573)
Options on contracts purchased	**3,000**	**-**	**(3)**	-	-	-
Loans held for sale warehouse	**16,338**	**73**	**-**	-	-	-
Mortgage rate lock derivative	**26,152**	**41**	**-**	89,694	135	-
Cash Flow Hedges						
HELOC cash flow	**100,000**	**1,127**	**-**	50,000	992	-
Pay fixed interest rate swaps	**30,000**	**-**	**(12)**	-	-	-
Customer interest rate swaps	**43,756**	**618**	**(293)**	-	-	-
Customer interest rate swaps with counterparty	**43,756**	**293**	**(618)**	-	-	-
Customer interest rate cap	**13,000**	**-**	**(48)**	-	-	-
Customer interest rate cap with counterparty	**13,000**	**48**	**-**	-	-	-
Total	**$1,066,682**	**$15,317**	**$(13,024)**	$1,186,464	$34,920	$(574)

Old National has interest rate contracts that are an exchange of interest payments with no effect on the principal amounts of the underlying hedged liabilities. For the fair value hedges, Old National pays the counterparty a variable rate based on LIBOR and receives fixed rates ranging from 2.00% to 9.50%. The contracts terminate on or prior to April 15, 2032. Old National has cash flow hedges that pay the counterparty a variable rate based on prime and receives a fixed rate ranging from 2.12% to 6.15%.

During 2001, Old National entered into an interest rate swap with a notional value of $75 million for a forecasted issuance of debt. The transaction was designated as a cash flow hedge with the effective portion of the derivative's loss initially reported as a component of accumulated other comprehensive income (loss). Upon termination of the derivative, the loss on the interest rate swap of approximately $1.5 million is being reclassified into earnings as a yield adjustment over the 10-year term of the $150 million 6.75% fixed-rate subordinated bank notes issued on October 5, 2001.

In accordance with SFAS No. 149 adopted in 2003, loan commitments that relate to the origination of residential real estate loan commitments with customers that will be held for sale are accounted for as derivative instruments at fair value. Accordingly, Old National marks these derivatives to market through earnings.

Old National uses derivatives, primarily mortgage-backed whole loan cash forward sale agreements, to hedge exposure to changes in interest rates in its residential real estate loan origination and sale activity. In addition, beginning in February 2003, Old National began fair value hedge accounting for the closed loans held for sale warehouse. As of December 31, 2003, no ineffectiveness was recognized, therefore no income statement impact was recorded as a result of these mortgage banking derivatives.

In 2003, Old National began entering into various derivative contracts with its customers, which include interest rate swaps and caps. Old National hedges the exposure of these derivatives by entering into an offsetting third-party contract with reputable counterparties with matching terms. These derivative contracts are not linked to specific assets and liabilities in the balance sheet or to a forecasted transaction in an accounting hedge relationship, therefore, do not qualify for hedge accounting. Contracts are carried at fair value with changes recorded as a component of other noninterest income.

Old National is exposed to losses if a counterparty fails to make its payments under a contract in which Old National is in the net receiving position. Old National anticipates that the counterparties will be able to fully satisfy their obligations under the agreements. In addition, Old National obtains collateral up to certain thresholds of the fair value of its hedges for each counterparty based upon their credit standing.

NOTE 17 - 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.

Among these are several lawsuits relating to activities during 1995 of First National Bank & Trust Company, Carbondale, Illinois, ("First National"), which was purchased by Old National in 1999. These lawsuits include one class action brought by alleged third-party creditors of structured settlement trusts. The lawsuits are pending against Old National Bank, as successor to First National, and allege actual damages totaling approximately $31 million, as well as unspecified punitive damages, and other damages and attorneys' fees. The cases are pending against Old National Bank in the City of St. Louis, Missouri; St. Clair County, Madison County and Cook County, Illinois; and U.S. Federal District Court in Southern Illinois.

During the fourth quarter of 2003, Old National advanced steps to settle certain litigation arising out of these claims and has established a reserve of $10 million for the settlement and other related litigation still pending. $16 million of the estimated $31 million exposure has been ruled in favor of Old National at the trial court level and is currently on appeal, with the remaining $15 million of the exposure to be covered by the reserve. It is not expected that any future losses will have a material impact on Old National's results of operations.

BUILDING COMMITMENT

On October 11, 2002, Old National entered into a $52 million contract awarded to a company controlled by a director for the construction of its Evansville-based main banking center and bank headquarters. Construction began on June 27, 2002, and is expected to be complete in 2004.

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. Total rental expense was $6.8 million in 2003, $5.7 million in 2002 and $5.2 million in 2001. The following is a summary of future minimum lease commitments as of December 31, 2003:

(dollars in thousands)	
2004	$ 8,740
2005	7,254
2006	5,313
2007	3,365
2008	3,499
Thereafter	12,085

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 $1.577 billion, commercial letters of credit of $19.3 million and standby letters of credit of $85.4 million at December 31, 2003. At December 31, 2002, loan commitments were $1.178 billion, commercial letters of credit were $62.4 million and standby letters of credit were $70.0 million. These commitments are not reflected in the consolidated financial statements. No material losses are expected to result from these transactions.

At December 31, 2003, Old National had credit extensions of $70.2 million with various unaffiliated banks related to letter of credit commitments issued on behalf of Old National's customers. At December 31, 2003, the unsecured portion was $31.6 million and the secured portion was $38.6 million.

NOTE 18 – FINANCIAL GUARANTEES

Old National holds instruments, in the normal course of business with customers, that are considered financial guarantees in accordance with FIN 45. Standby letters of credit guarantees are issued in connection with agreements made by customers to counterparties. Standby letters of credit are contingent upon failure of the customer 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 customers and is subject to normal credit policies. The term of these standby letters of credit is typically one year or less. At December 31, 2003, the notional amount of standby letters of credit was $85.4 million, which represents the maximum amount of future funding requirements, and the carrying value was $0.3 million.

Old National also enters into forward contracts for the future delivery of conforming residential real estate loans at a specified interest rate to reduce interest rate risk associated with loans held for sale. These forward contracts are considered derivative instruments accounted for under SFAS No. 133. See additional information in Note 16.

NOTE 19 - REGULATORY RESTRICTIONS

RESTRICTIONS ON CASH AND DUE FROM BANKS
Old National's affiliate bank is required to maintain reserve balances on hand and with the Federal Reserve Bank which are noninterest bearing and unavailable for investment purposes. The reserve balances at December 31 were $58.5 million in 2003 and $52.2 million in 2002.

RESTRICTIONS ON TRANSFERS FROM AFFILIATE BANK
Regulations limit the amount of dividends an affiliate bank can declare in any year without obtaining prior regulatory approval. At December 31, 2003, prior regulatory approval was not required for Old National's affiliate bank.

CAPITAL ADEQUACY
Old National and its bank subsidiary are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can elicit certain mandatory actions by regulators that, if undertaken, could have a direct material effect on Old National's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, Old National and its bank subsidiary must meet specific capital guidelines that involve quantitative measures of assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. The capital amounts and classifications are also subject to qualitative judgements by the regulators about components, risk weightings and other factors. Prompt corrective action provisions are not applicable to bank holding companies. Quantitative measures established by regulation to ensure capital adequacy require Old National and its bank subsidiary to maintain minimum amounts and ratios as set forth in the following table.

At December 31, 2003, Old National and its bank subsidiary exceeded the regulatory minimums and met the regulatory definition of well-capitalized. To be categorized as well-capitalized, the bank subsidiary must maintain minimum total risk-based, Tier 1 risked-based and Tier 1 leverage ratios. The following table summarizes capital ratios for Old National and its significant bank subsidiary as of December 31:

	Actual		For Capital Adequacy Purposes		For Well Capitalized Purposes	
(dollars in thousands)	**Amount**	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
December 31, 2003						
Total capital to risk-weighted assets						
Old National Bancorp	**$905,941**	**14.65 %**	**$494,882**	**8.00 %**	**$ N/A**	**N/A %**
Old National Bank	**861,986**	**14.23**	**484,706**	**8.00**	**605,883**	**10.00**
Tier 1 capital to risk-weighted assets						
Old National Bancorp	**678,279**	**10.96**	**247,441**	**4.00**	**N/A**	**N/A**
Old National Bank	**635,898**	**10.50**	**242,353**	**4.00**	**363,530**	**6.00**
Tier 1 capital to average assets						
Old National Bancorp	**678,279**	**7.35**	**369,195**	**4.00**	**N/A**	**N/A**
Old National Bank	**635,898**	**6.97**	**273,526**	**3.00**	**455,876**	**5.00**
December 31, 2002						
Total capital to risk-weighted assets						
Old National Bancorp	$928,848	14.75 %	$503,650	8.00 %	$ N/A	N/A %
Old National Bank	845,743	13.68	494,721	8.00	618,401	10.00
Tier 1 capital to risk-weighted assets						
Old National Bancorp	700,061	11.12	251,825	4.00	N/A	N/A
Old National Bank	618,365	10.00	247,360	4.00	371,040	6.00
Tier 1 capital to average assets						
Old National Bancorp	700,061	7.53	371,888	4.00	N/A	N/A
Old National Bank	618,365	6.71	276,515	3.00	460,859	5.00

The capital treatment of trust securities is currently under review by the Federal Reserve Board ("FRB") due to the issuing trust companies being deconsolidated under FIN 46. See Note 1 for additional information on this deconsolidation. Depending on the capital treatment resolution, trust securities may no longer qualify for Tier 1 Capital treatment, but instead would qualify for Tier 2 Capital. On July 2, 2003, the FRB issued a Supervision and Regulation Letter requiring that bank holding companies continue to follow the current instructions for reporting trust securities in its regulatory reports. Accordingly, Old National will continue to report trust securities in Tier 1 Capital until further notice from the FRB.

NOTE 20 - PARENT COMPANY FINANCIAL STATEMENTS

The following are the condensed parent company only financial statements of Old National Bancorp:

OLD NATIONAL BANCORP (PARENT COMPANY ONLY)
CONDENSED BALANCE SHEET

	December 31,	
(dollars in thousands)	**2003**	**2002**
Assets		
Deposits in affiliate bank	**$ 174**	$ 127
Deposits in banks	**8**	8
Investments at fair value	**1,181**	999
Investment in affiliates:		
Bank, including purchase accounting goodwill of $5,102 in 2003 and 2002	**731,978**	751,052
Non-banks	**112,411**	75,280
Advances to affiliates	**81,611**	77,807
Other assets	**84,418**	73,475
Total assets	**$1,011,781**	$978,748
Liabilities and Shareholders' Equity		
Other liabilities	**$ 25,755**	$ 15,851
Other borrowings	**270,536**	58,344
Guaranteed preferred beneficial interests in subordinated debentures	**-**	163,843
Shareholders' equity	**715,490**	740,710
Total liabilities and shareholders' equity	**$1,011,781**	$978,748

OLD NATIONAL BANCORP (PARENT COMPANY ONLY)
CONDENSED STATEMENT OF INCOME

	Years Ended December 31,		
(dollars in thousands)	**2003**	**2002**	**2001**
Income			
Dividends from affiliates	**$56,000**	$ 71,550	$145,500
Other income	**2,089**	2,263	1,171
Other income from affiliates	**24,306**	22,311	28,108
Total income	**82,395**	96,124	174,779
Expense			
Interest on borrowings	**8,141**	9,726	10,758
Amortization of goodwill	**-**	-	559
Other expenses	**34,557**	19,709	28,740
Total expense	**42,698**	29,435	40,057
Income before income taxes and equity in undistributed earnings of affiliates	**39,697**	66,689	134,722
Income tax benefit	**(8,042)**	(3,417)	(4,768)
Income before equity in undistributed earnings of affiliates	**47,739**	70,106	139,490
Equity in undistributed earnings of affiliates	**22,674**	47,826	(46,446)
Net income	**$70,413**	$117,932	$ 93,044

OLD NATIONAL BANCORP (PARENT COMPANY ONLY)
CONDENSED STATEMENT OF CASH FLOWS

	Years Ended December 31,		
(dollars in thousands)	**2003**	**2002**	**2001**
Cash Flows From Operating Activities			
Net income	**$ 70,413**	$117,932	$ 93,044
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation	**491**	483	668
Amortization of goodwill	**-**	-	559
(Increase) decrease in other assets	**(13,108)**	(26,891)	1,464
Increase in other liabilities	**9,904**	3,850	1,460
Equity in undistributed earnings of affiliates	**(22,674)**	(47,826)	46,446
Total adjustments	**(25,387)**	(70,384)	50,597
Net cash flows provided by operating activities	**45,026**	47,548	143,641
Cash Flows From Investing Activities			
Purchases of subsidiaries	**(16,295)**	(31,863)	-
Purchases (sales) of investment securities available-for-sale	**-**	16,608	(17,584)
Net advances to affiliates	**(3,804)**	(38,344)	(31,403)
Purchases of premises and equipment	**(412)**	(670)	(451)
Net cash flows used in investing activities	**(20,511)**	(54,269)	(49,438)
Cash Flows From Financing Activities			
Payments for maturities on other borrowings	**(45,000)**	(24,100)	(1,500)
Proceeds from issuance of other borrowings	**100,000**	-	-
Proceeds from guaranteed preferred beneficial interest in subordinated debentures	**-**	100,000	-
Cash dividends paid	**(48,366)**	(43,926)	(40,131)
Common stock repurchased	**(37,830)**	(31,552)	(54,723)
Common stock reissued under stock option and stock purchase plans	**6,728**	6,357	2,126
Net cash flows provided by (used in) financing activities	**(24,468)**	6,779	(94,228)
Net increase (decrease) in cash and cash equivalents	**47**	58	(25)
Cash and cash equivalents at beginning of period	**135**	77	102
Cash and cash equivalents at end of period	**$ 182**	$ 135	$ 77

NOTE 21 - SEGMENT INFORMATION

Old National operates in three reportable segments: community banking, non-bank services 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. The non-bank services segment combines the management and operations of trust, asset management, insurance brokerage and investment and annuity sales. 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 customers. The accounting policies of the segments are the same as those described in Note 1.

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 management changes. Income taxes are allocated using the effective tax rate. Also, to provide a basis for employee incentives, revenues and expenses related to the non-bank services segment are allocated to the community banking segment and reflected in both the community banking segment and the non-bank services segment. This allocation of revenue and expense is eliminated in the "Other" column. The "Other" column for 2003 includes noninterest expense of $10.0 million and segment loss of $6.7 million after-tax related to litigation as discussed in Note 17. The "Other" column for 2002 also includes noninterest income of $12.5 million and segment profit of $8.3 million after-tax related to the branch divestitures as discussed in Note 2. In

2001, the "Other" column includes segment noninterest expense of $9.7 million and segment loss of $5.9 million after-tax related to merger and restructuring costs as discussed in Note 22. 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 the community banking and non-bank services segments net interest income. 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 years ended December 31:

(dollars in thousands)	**Community Banking**	**Non-bank Services**	**Treasury**	**Other**	**Total**
2003					
Net interest income	**$ 292,643**	**$ 272**	**$ (24,882)**	**$ 3,974**	**$ 272,007**
Provision for loan losses	**85,000**	**-**	**-**	**-**	**85,000**
Noninterest income	**124,796**	**75,055**	**30,647**	**(38,349)**	**192,149**
Noninterest expense	**254,353**	**68,686**	**1,052**	**(24,375)**	**299,716**
Income tax expense (benefit)	**19,327**	**2,169**	**(9,203)**	**(3,266)**	**9,027**
Segment profit (loss)	**58,759**	**4,472**	**13,916**	**(6,734)**	**70,413**
Total assets	**5,794,286**	**137,927**	**3,286,544**	**135,139**	**9,353,896**
2002					
Net interest income	$ 299,429	$ 1,565	$ (13,242)	$ 1,677	$ 289,429
Provision for loan losses	33,500	-	-	-	33,500
Noninterest income	111,477	50,464	20,706	(28,150)	154,497
Noninterest expense	246,030	48,405	2,355	(38,945)	257,845
Income tax expense (benefit)	38,116	1,222	(8,879)	4,190	34,649
Segment profit	93,260	2,402	13,988	8,282	117,932
Total assets	6,066,210	97,051	3,359,363	89,932	9,612,556
2001					
Net interest income	$ 282,412	$ 779	$ 5,940	$ 2,168	$ 291,299
Provision for loan losses	28,700	-	-	-	28,700
Noninterest income	100,713	35,335	9,864	(32,945)	112,967
Noninterest expense	241,697	32,742	1,447	(21,074)	254,812
Income tax expense (benefit)	34,057	1,172	(3,736)	(3,783)	27,710
Segment profit (loss)	78,671	2,200	18,093	(5,920)	93,044
Total assets	6,505,072	28,101	2,454,630	92,670	9,080,473

NOTE 22 - MERGER AND RESTRUCTURING COSTS

During the second quarter of 2001, Old National announced that it would further restructure its regional banking administrative structure and incur additional expenses in the consolidation of ANB Corporation, which it acquired in the first quarter of 2000. The restructuring of the banking operations involved consolidating the administrative structure of the banking franchise from six regions into three regions and the closure or sale of up to 10 branches. Approximately 100 positions were eliminated and the charges associated with severance, facilities and equipment write-offs were $7.7 million. The operations and management integration plan was finalized for the ANB acquisition and additional charges of $2.0 million for personnel costs and costs of consolidating the operation function of the Trust business were recorded. The components of the charges were as follows:

(dollars in thousands)	
Professional fees	$ 428
Severance and related costs	6,477
Fixed asset write-downs	2,047
Other	751
Total merger and restructuring costs	$9,703

The changes to the remaining restructuring charge accrual were as follows for the years ended December 31:

(dollars in thousands)	**2003**	**2002**
Balance, January 1	**$1,039**	$ 4,124
Payments:		
Professional fees	-	(126)
Severance and related costs	**(630)**	(2,000)
Fixed asset write-downs	**(53)**	(457)
Other	-	(502)
Balance, December 31	**$ 356**	$ 1,039

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable

ITEM 9A. 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-14(c) 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 annual report on Form 10-K, 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 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.

Significant changes were made during 2003 to upgrade and improve the systems and controls used by management in the determination of an appropriate allowance for loan losses at December 31, 2003. These new controls continue to be tested and refined and management used a variety of additional information and analytical techniques to supplement the data provided by the new methodology in arriving at the appropriate allowance at year-end 2003.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

This information is omitted from this report pursuant to General Instruction G.(3) of Form 10-K as Old National will file with the Commission its definitive Proxy Statement pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended, not later than 120 days after December 31, 2003.

Old National has adopted a code of ethics that applies to Old National's principal executive officer, principal financial officer and principal accounting officer. The text of the code of ethics is available on Old National's Internet website at www.oldnational.com.

ITEM 11. EXECUTIVE COMPENSATION

This information is omitted from this report pursuant to General Instruction G.(3) of Form 10-K as Old National will file with the Commission its definitive Proxy Statement pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended, not later than 120 days after December 31, 2003.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

This information is omitted from this report, with the exception of the equity compensation plan information, pursuant to General Instruction G.(3) of Form 10-K as Old National will file with the Commission its definitive Proxy Statement pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended, not later than 120 days after December 31, 2003.

EQUITY COMPENSATION PLAN INFORMATION

The following table contains information concerning the 1999 Equity Incentive Plan approved by security holders in 1999 as of the fiscal year ended December 31, 2003.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plan (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	6,350,433	$22.01	924,372
Equity compensation plans not approved by security holders	-	-	-
Total	6,350,433	$22.01	924,372

NOTE: Old National has assumed a number of stock options through various mergers. The number of stock options outstanding related to acquisitions at December 31, 2003, was 115,834 with a weighted-average exercise price of $12.17. The stock options outstanding and the exercise price have been adjusted for a 5% stock dividend to shareholders of record on January 6, 2004, and distributed on January 27, 2004.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

This information is omitted from this report pursuant to General Instruction G.(3) of Form 10-K as Old National will file with the Commission its definitive Proxy Statement pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended, not later than 120 days after December 31, 2003.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

This information is omitted from this report pursuant to General Instruction G.(3) of Form 10-K as Old National will file with the Commission its definitive Proxy Statement pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended, not later than 120 days after December 31, 2003.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) 1. Financial Statements:

The following consolidated financial statements of the registrant and its subsidiaries are filed as part of this document under "Item 8. Financial Statements and Supplementary Data."

Report of Independent Accountants
Consolidated Balance Sheet--December 31, 2003 and 2002
Consolidated Statement of Income--Years Ended December 31, 2003, 2002 and 2001
Consolidated Statement of Changes in Shareholders' Equity--Years Ended December 31, 2003, 2002 and 2001
Consolidated Statement of Cash Flows--Years Ended December 31, 2003, 2002 and 2001
Notes to Consolidated Financial Statements

2. Financial Statement Schedules

The schedules for Old National and its subsidiaries are omitted because absence of conditions under which they are required, or because the information is set forth in the consolidated financial statements or the notes thereto.

3. Exhibits

The exhibits filed as part of this report and exhibits incorporated herein by reference to other documents are as follows:

Exhibit
Number

3 (i) Articles of Incorporation of Old National (incorporated by reference to Exhibit 3(i) of Old National's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002).

3 (ii) By-Laws of Old National (incorporated by reference to Exhibit 3(ii) of Old National's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002).

4 Instruments defining rights of security holders, including indentures

Form of Indenture between Old National and Bank One Trust Company, 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).

10 Material contracts

(a) Old National Bancorp Employees' Retirement Plan (incorporated by reference to Old National's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997).*

(b) Employees' Savings and Profit Sharing Plan of Old National Bancorp (incorporated by reference to Old National's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997).*

(c) Form of Severance Agreement for James A. Risinger, Thomas F. Clayton, Michael R. Hinton, Daryl D. Moore and John S. Poelker, as amended (incorporated by reference to Old National's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998).*

(d) Old National Bancorp 1999 Equity Incentive Plan (incorporated by reference to Old National's Form S-8 filed on July 20, 2001).*

(e) Stock Purchase and Dividend Reinvestment Plan (incorporated by reference to Old National's Post-Effective Amendment of the Registration Statement on Form S-3, Registration No. 333-20083, filed with the Securities and Exchange Commission on August 14, 2000).

(f) Construction Manager Contract, dated as of May 30, 2002, between Old National Bancorp and Industrial Contractors, Inc. (incorporated by reference to Old National's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002).

(g) Owner-Contractor Agreement, dated as of October 11, 2002, between Old National Bancorp and Industrial Contractors, Inc. (incorporated by reference to Old National's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002).

(h) 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).*

21 Subsidiaries of Old National

23 Consent of PricewaterhouseCoopers LLP

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

With the exception of the information herein expressly incorporated by reference, the 2003 Proxy Statement is not to be deemed filed as part of this annual report on Form 10-K.

(b) Reports on Form 8-K filed during the quarter ended December 31, 2003.

Old National filed a current report on Form 8-K dated October 24, 2003. The purpose of this Form 8-K was to report the comments of the conference call held by Old National for the third quarter 2003.

Old National filed a current report on Form 8-K dated October 23, 2003. The purpose of this Form 8-K was to report Old National's results for the third quarter 2003.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, Old National has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

OLD NATIONAL BANCORP

By: /s/ James A. Risinger Date: March 15, 2004

James A. Risinger,
Chairman of the Board of Directors,
Chief Executive Officer (Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on March 15, 2004, by the following persons on behalf of Old National and in the capacities indicated.

By: /s/ Alan W. Braun

Alan W. Braun, Director

By: /s/ Larry E. Dunigan

Larry E. Dunigan, Director

By: /s/ David E. Eckerle

David E. Eckerle, Director

By: /s/ Niel C. Ellerbrook

Niel C. Ellerbrook, Director

By: /s/ Douglas D. French

Douglas D. French, Director

By: /s/ Andrew E. Goebel

Andrew E. Goebel, Director

By: /s/ Phelps L. Lambert

Phelps L. Lambert, Director

By: /s/ Lucien H. Meis

Lucien H. Meis, Director

By: /s/ Louis L. Mervis

Louis L. Mervis, Director

By: /s/ James A. Risinger

James A. Risinger,
Chairman of the Board of Directors and
Chief Executive Officer (Principal Executive Officer)

By: /s/ Marjorie Z. Soyugenc

Marjorie Z. Soyugenc, Director

By: /s/ Kelly N. Stanley

Kelly N. Stanley, Director

By: /s/ Charles D. Storms

Charles D. Storms, Director

By: /s/ John S. Poelker

John S. Poelker,
Executive Vice President and Chief
Financial Officer (Principal Financial Officer)

By: /s/ Candice J. Jenkins

Candice J. Jenkins,
Vice President and Corporate Controller
(Principal Accounting Officer)