

Edgar Filing: UNIONBANCORP INC - Form DEF 14A

UNIONBANCORP INC  
Form DEF 14A  
March 29, 2005

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant [X]

Filed by a Party other than the Registrant [ ]

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

UNIONBANCORP, INC.

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

- (1) Title of each class of securities to which transaction applies: NA  
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- (2) Aggregate number of securities to which transaction applies: NA  
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- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): NA  
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- (4) Proposed maximum aggregate value of transaction: NA  
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- (5) Total fee paid: NA  
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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid: NA
- (2) Form, Schedule or Registration Statement No.: NA
- (3) Filing Party: NA
- (4) Date Filed: NA

Notes:

[LOGO OMITTED]  
UNIONBANCORP, INC.

March 29, 2005

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Dear Fellow Stockholder:

You are cordially invited to attend UnionBancorp, Inc.'s annual meeting of stockholders at the Starved Rock Lodge and Conference Center located in Utica, Illinois, on Tuesday, April 26, 2005, at 10:00 a.m. local time. At the meeting, we will report to you on the progress of UnionBancorp and respond to your comments or questions. Moreover, several members of our management team will be available to speak with you individually about our record of achievement and plans for the future.

Your board of directors has nominated three persons to serve as Class I directors on the board of directors. Their names appear in the enclosed proxy materials. All three of the nominees are incumbent directors. We recommend that you vote your shares for the nominees.

We encourage you to attend the meeting in person. Because it is important that your shares be represented at the meeting, please sign and return the enclosed proxy, whether or not you plan to attend the meeting.

We look forward with pleasure to seeing and visiting with you at the meeting.

With best personal wishes,

/s/ DEWEY R. YAEGER

Dewey R. Yaeger  
President and  
Chief Executive Officer

321 West Main Street o Ottawa Illinois o 815-431-2720

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[LOGO OMITTED] UNIONBANCORP, INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD APRIL 26, 2005  
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TO HOLDERS OF COMMON STOCK:

The annual meeting of stockholders of UnionBancorp, Inc., a Delaware corporation, will be held at the Starved Rock Lodge and Conference Center located in Utica, Illinois, on Tuesday, April 26, 2005, at 10:00 a.m., local time, for the purpose of considering and voting upon the following matters:

1. To elect three Class I directors.

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2. To take action with respect to any other matters that may be properly brought before the meeting and that might be considered by the stockholders of a Delaware corporation at their annual meeting.

We are not aware of any other business to come before the meeting. Only those stockholders of record as of the close of business on March 1, 2005, shall be entitled to notice of the meeting and to vote at the meeting and any adjournments or postponements of the meeting. In the event there are not sufficient votes for a quorum or to approve or ratify any of the foregoing proposals at the time of the meeting, the meeting may be adjourned or postponed in order to permit our further solicitation of proxies.

By Order of the Board of Directors

/s/ DEWEY R. YAEGER

Dewey R. Yaeger  
President and  
Chief Executive Officer

Ottawa, Illinois  
March 29, 2005

PLEASE SIGN AND DATE THE ENCLOSED PROXY AND RETURN IT IN THE ENCLOSED ENVELOPE AS PROMPTLY AS POSSIBLE, WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING IN PERSON. YOUR VOTE IS IMPORTANT TO ENSURE THAT A MAJORITY OF THE STOCK IS REPRESENTED. IT IS HOPED THAT YOU WILL BE ABLE TO ATTEND THE MEETING, AND IF YOU DO YOU MAY VOTE YOUR STOCK IN PERSON IF YOU WISH. IF YOU LATER FIND THAT YOU MAY BE PRESENT AT THE MEETING OR FOR ANY OTHER REASON DESIRE TO REVOKE YOUR PROXY, YOU MAY DO SO AT ANY TIME PRIOR TO ITS EXERCISE. STOCKHOLDERS HOLDING SHARES IN BROKERAGE ACCOUNTS ("STREET NAME" HOLDERS) WHO WISH TO VOTE AT THE MEETING WILL NEED TO OBTAIN A PROXY FROM THE INSTITUTION THAT HOLDS THEIR SHARES.

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UNIONBANCORP, INC.

PROXY STATEMENT

This proxy statement is furnished in connection with the solicitation by the board of directors of UnionBancorp, Inc. of proxies to be voted at the annual meeting of stockholders to be held at the Starved Rock Lodge and Conference Center located in Utica, Illinois, on Tuesday, April 26, 2005, at 10:00 a.m., local time, or at any adjournments or postponements of the meeting.

UnionBancorp, Inc., a Delaware corporation, is a regional financial services company based in Ottawa, Illinois which has one bank subsidiary. Our offices serve communities throughout central and northern Illinois through twenty-two locations.

This proxy statement and the accompanying notice of meeting and proxy are first being mailed to holders of shares of our common stock, par value \$1.00 per share, on or about March 29, 2005 to stockholders of record as of March 1, 2005.

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We are required to file an annual report, called a Form 10-K, with the SEC. A copy of Form 10-K for the fiscal year ended December 31, 2004 is enclosed for your reference.

### Voting Rights and Proxy Information

The board of directors has fixed the close of business on March 1, 2005, as the record date for the determination of stockholders entitled to notice of, and to vote at, the annual meeting. Our transfer books will not be closed between the record date and the date of the annual meeting. The board of directors hopes that all stockholders can be represented at the annual meeting. Whether or not you expect to be present, please sign and return your proxy in the enclosed self-addressed, stamped envelope. Stockholders giving proxies retain the right to revoke them at any time before they are voted by written notice of revocation to the Secretary of UnionBancorp, and stockholders present at the meeting may revoke their proxy and vote in person.

The shares represented by each valid proxy received in time will be voted at the annual meeting and, if a choice is specified on the proxy, it will be voted in accordance with that specification. If no instructions are specified in a signed proxy returned to the company, the shares represented thereby will be voted in FAVOR of the election of the directors listed in the enclosed proxy. If any other matters are properly presented at the annual meeting, including, among other things, consideration of a motion to adjourn the meeting to another time or place, the individuals named as proxies and acting thereunder will have the authority to vote on those matters according to their best judgment to the same extent as the person delivering the proxy would be entitled to vote. If the annual meeting is adjourned or postponed, a proxy will remain valid and may be voted at the adjourned or postponed meeting. As of the date of printing of this proxy statement, we do not know of any other matters that are to be presented at the annual meeting other than the election of three Class I directors.

#### 1.

Stockholders giving proxies retain the right to revoke them at any time before they are voted by written notice of revocation to the Secretary of UnionBancorp, or by a later executed proxy. Attendance at the annual meeting will not automatically revoke a proxy, but a stockholder attending the annual meeting may request a ballot and vote in person, thereby revoking a prior granted proxy.

On March 1, 2005, we had 4,059,110 issued and outstanding shares of common stock. For the election of directors, and for all other matters to be voted upon at the annual meeting, each share of common stock is entitled to one vote. A majority of the outstanding shares of the common stock must be present in person or represented by proxy to constitute a quorum for purposes of the annual meeting. Abstentions and broker non-votes (i.e., shares held by brokers in street name, voting on certain matters due to discretionary authority or instructions from the beneficial owners but not voting on other matters due to lack of authority to vote on such matters without instructions from the beneficial owner) will be counted for purposes of determining a quorum but will not count toward the determination of whether such matters are approved or directors are elected. Directors will be elected by a plurality of the votes present in person or represented by proxy at the meeting and entitled to vote. In all other matters, the affirmative vote of the majority of shares of common stock present in person or represented by proxy at the annual meeting and entitled to vote on the subject matter shall be required to constitute stockholder approval. Abstentions will be treated as votes against a proposal and broker non-votes will have no effect on the vote.

### I. ELECTION OF DIRECTORS

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We have a staggered board of directors, divided into three classes. One class is elected annually to serve for three years. At the annual meeting, our stockholders will be entitled to elect three Class I directors for terms of three years or until their successors are elected and qualified. Each of the nominees for election as Class I directors are incumbent directors. Our board of directors has reviewed the independence of the nominees for election to the board and the independence of the incumbent directors in accordance with the standards of the Nasdaq Stock Market. In accordance with such review, the board of directors has determined that each of Messrs. Breipohl, Doty, McDonnell, Reinhardt, Shinkle, Sullivan and Trainor are independent under those standards. These independent directors constitute a majority of the incumbent members and nominees for election to the board.

The proxy provides instructions for voting for all director nominees or for withholding authority to vote for one or more director nominees. Unless instructed to the contrary, the persons acting under the proxy which we are soliciting will vote for the nominees listed below. In the event, however, that any nominee shall be unable to serve, which is not now contemplated, the proxy holders reserve the right to vote at the annual meeting for a substitute nominee.

### Information About Directors and Nominees

Set forth below is information, current as of March 1, 2005, concerning the nominees for election and for the other directors whose terms of office will continue after the meeting, including the age, year first elected a director and business experience of each during the previous five years. Unless otherwise indicated, each person has held the positions shown for at least five years. The three nominees, if elected at the annual meeting, will serve as Class I directors for three-year terms, expiring in 2008. We recommend that you vote your shares FOR all three nominees.

### 2.

#### NOMINEES

Name (Age) -----	Director Since -----	Position with UnionBancorp and Principal Occupation -----
Class I (term expires 2008)		
Richard J. Berry (Age 52)	1985	Director of UnionBancorp; Attorney, Myers, Berry, O'Connor & Kuzma, Ltd.
Walter E. Breipohl (Age 51)	1993	Director of UnionBancorp; Owner, Kaszynski/ Breipohl Realtors/Developers
John A. Trainor (Age 74)	1985	Director of UnionBancorp; Chairman of UnionBancorp (2000-2002); Owner, Trainor Grain & Supply Company, Inc.

#### CONTINUING DIRECTORS

Name (Age) -----	Director Since -----	Position with UnionBancorp and Principal Occupation -----
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Class II

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(term expires 2006)

Robert J. Doty (Age 77)	1996	Director of UnionBancorp; Chairman of Prairie Bancorp, Inc. (1989-1996); Consultant, Farm Management
I. J. Reinhardt, Jr. (Age 67)	1991	Director of UnionBancorp; Director and General Manager, St. Louis Beverage Company
Dewey R. Yaeger (Age 64)	2003	Director of UnionBancorp; President and Chief Executive Officer of UnionBancorp (since November 2003); Senior Vice President and Chief Credit Officer of UnionBancorp (April-November 2003); President and Chief Executive Officer of Castle Bank, N.A. (1997-2003)

3.

Class III  
(term expires 2007)

Dennis J. McDonnell (Age 62)	2000	Chairman of the Board (since 2002) and Director of UnionBancorp; Chairman of McDonnell Investment Management, LLC (2001-present); Director of Global Decisions Group; President and Chief Operating Officer of Van Kampen Investment Advisory Corporation (1983-2000)
John A. Shinkle (Age 53)	1997	Director of UnionBancorp; Executive Vice President and Director, Synovus Securities, Inc.
Scott C. Sullivan (Age 50)	1996	Director of UnionBancorp; Attorney, Williams & McCarthy

All of our directors will hold office for the terms indicated, or until their respective successors are duly elected and qualified. There are no arrangements or understandings between UnionBancorp and any person pursuant to which any director has been selected. No member of the board of directors is related to any other member of the board of directors.

### Board Committees and Meetings

Our board of directors generally meets on a quarterly basis. The board of directors met six times during 2004. During 2004, all directors attended at least 75 percent of the meetings of the board and the committees on which they served. Our board of directors has standing executive, nominating and corporate governance, audit, compensation and facilities committees.

The executive committee is comprised of Messrs. McDonnell (Chair), Sullivan, Trainor and Yaeger. The executive committee meets on an as needed basis and exercises the power of the board of directors between board meetings. This committee did not meet in 2004.

The audit committee is responsible for assisting the board of directors with oversight of (1) the integrity of our financial statements, (2) our compliance with legal and regulatory requirements, (3) the independent auditor's

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qualifications and independence and (4) the performance of our internal accounting function and independent auditors. The audit committee has the direct authority and responsibility to select, evaluate and, where appropriate, replace the independent auditors, and is an "audit committee" for purposes of Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The members of the audit committee are Messrs. Reinhardt (Chair), Breipohl and Doty. During 2004, the audit committee met four times.

The compensation committee establishes compensation and benefits for the chief executive officer and reviews and recommends compensation and benefits for the other executive officers and employees of our subsidiary, UnionBank. The committee also administers and oversees our stock-based incentive compensation plans. The members of the compensation committee are Messrs. Shinkle (Chair), McDonnell, Sullivan and Yaeger (ex officio). As an ex officio member of the committee, Mr. Yaeger has no voting rights. The compensation committee met four times in 2004.

4.

The facilities committee examines and analyzes existing locations on an ongoing basis and assists the board in implementation of long-range strategies. The members of the facilities committee are Messrs. Breipohl (Chair), Doty and Sullivan. The facilities committee meets on an as needed basis and met three times in 2004.

### Nominating and Corporate Governance Committee

Our board of directors has a nominating and corporate governance committee which consists of three directors. Messrs. McDonnell (Chair), Shinkle and Sullivan are the current members of this committee. The nominating and corporate governance committee identifies individuals to become board members and selects, or recommends for the board's selection, director nominees to be presented for stockholder approval at the annual meeting of stockholders or to fill any vacancies. The nominating and corporate governance committee met two times in 2004.

Our board of directors has adopted a written charter for the nominating and corporate governance committee. A copy of the charter was filed as an exhibit to the 2004 Proxy Statement. Based upon the review described above under the section "Election of Directors", the board of directors has determined that each of the members of our nominating and corporate governance committee is independent under the applicable standards of the Nasdaq Stock Market.

The nominating and corporate governance committee will consider director nominees recommended by stockholders. A stockholder who wishes to recommend a person or persons for consideration as a nominee for election to the Board of Directors must send a written notice by mail, c/o Nominating and Corporate Governance Committee, UnionBancorp, Inc., 321 West Main Street, Ottawa, Illinois 61350, that sets forth: (1) the name, address (business and residence), date of birth and principal occupation or employment (present and for the past five years) of each person whom the stockholder proposes to be considered as a nominee; (2) the number of shares of the common stock beneficially owned (as defined by section 13(d) of the Securities Exchange Act of 1934) by each such proposed nominee; (3) any other information regarding such proposed nominee that would be required to be disclosed in a definitive proxy statement to stockholders prepared in connection with an election of directors pursuant to section 14(a) of the Securities Exchange Act of 1934; and (4) the name and address (business and residential) of the stockholder making the recommendation and the number of shares of the common stock beneficially owned (as defined by section 13(d) of the Securities Exchange Act of 1934) by the stockholder making the recommendation. We may require any proposed nominee to furnish additional

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information as may be reasonably required to determine the qualifications of such proposed nominee to serve as a director of UnionBancorp. Stockholder recommendations will be considered only if received no less than 120 days nor more than 150 days before the date of the proxy statement sent to stockholders in connection with the previous year's annual meeting of stockholders. The nominating and corporate governance committee will consider any nominee recommended by a stockholder in accordance with the preceding paragraph under the same criteria as any other potential nominee.

The nominating and corporate governance committee has not established specific, minimum qualifications for recommended nominees or specific qualities or skills for one or more of our directors to possess. The nominating and corporate governance committee uses a subjective process for identifying and evaluating nominees for director, based on the information available to, and the subjective judgments of, the members of the nominating and corporate governance committee and our then current needs. We do not believe there would be any difference in the manner in which the committee evaluates nominees based on whether the nominee is recommended by a stockholder or not.

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### Code of Ethics

The Company has adopted a Code of Ethics that applies to all of our employees, officers and directors, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. Our Code of Ethics contains written standards that we believe are reasonably designed to deter wrongdoing and to promote:

- o Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- o Full, fair, accurate, timely, and understandable disclosure in reports and documents that we file with, or submit to, the Securities and Exchange Commission and in other public communications we make;
- o Compliance with applicable governmental laws, rules and regulations;
- o The prompt internal reporting of violations of the code to an appropriate person or persons named in the code; and
- o Accountability for adherence to the code.

We will provide to any person without charge, upon request, a copy of our Code of Ethics. Requests for a copy of our Code of Ethics should be made to our secretary at 321 West Main Street, Ottawa, Illinois 61350.

### Stockholder Communications with the Board and Policy for Director Attendance at Annual Meetings

Our board of directors has a process for stockholders to send communications to the board of directors, its nominating and corporate governance committee or its audit committee, including complaints regarding accounting, internal accounting controls, or auditing matters. Communications can be sent to the board of directors, its nominating and corporate governance committee or its audit committee or specific directors either by regular mail to the attention of the board of directors, its nominating and corporate governance committee, its audit committee or specific directors, at our principal executive offices at 321 West Main Street, Ottawa, Illinois 61350. All of these communications will be reviewed by our secretary (1) to filter out communications that our secretary deems, in his or her reasonable judgment, are not appropriate for our directors, such as spam and communications offering to buy or sell products or services, and (2) to sort and relay the remainder to the appropriate committee or directors.



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We expect and encourage all of our directors and nominees for election as directors to attend the annual meeting of stockholders, absent a compelling reason. All of our directors attended the 2004 annual meeting of stockholders.

### Compensation of Directors

Each non-employee director was paid a fee of \$1,000 for each board meeting attended and \$250 for each committee meeting attended. In addition, each non-employee director was paid an annual retainer of \$2,500. Effective March 31, 2004, employee directors are no longer paid additional fees as a director. Each of our non-employee directors may also receive an annual grant of options to purchase shares of common stock under the UnionBancorp, Inc. 2003 Stock Option Plan. The UnionBancorp, Inc. 2003 Stock Option Plan provides for annual formula grants to each of our directors of options to purchase shares of common stock with an exercise price of not less than 100% of the then current market price of the common stock on the date of the grant. Such options become exercisable over five years. During 2004, each non-employee director was granted options to purchase 2,500 shares of common stock at a price of \$21.75 per share. The options vest pro rata over a five year period and terminate on December 17, 2014.

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### Existing Equity Compensation Plans

The Company currently maintains the UnionBancorp, Inc. 2003 Stock Option Plan (the "2003 Stock Option Plan"), which the Company's Board of Directors adopted on December 19, 2002 and the stockholders of the Company approved on April 22, 2003. The UnionBancorp, Inc. 1993 Stock Option Plan (the "1993 Stock Option Plan"), which the Company's Board of Directors adopted on February 18, 1993 and the stockholders of the Company approved on April 12, 1993 was terminated on April 12, 2003. The following table provides information regarding the number of shares of common stock subject to each of these plans as well as information regarding outstanding options to purchase the Company's common stock under the plans as of December 31, 2004.

#### Equity Compensation Plan Information

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 available for future sale under equity compensation plans (excluding securities already sold)
	(a)	(b)	(c)
Equity compensation plans approved by stockholders (1)	288,931	\$14.0004	160,000
Equity compensation plan not approved by stockholders (2)	11,500	\$16.0625	9,200
Total	300,431	\$14.0793	169,200

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(1) Includes shares issuable under the UnionBancorp, Inc. 2003 Stock Option Plan.

(2) In 1999, the Company adopted the UnionBancorp, Inc. Non-qualified Stock Option Plan ("the 1999 Option Plan"), a broadly based compensation plan. Under the 1999 Option Plan, non-qualified options may be granted to employees and eligible directors of the Company and its subsidiaries to purchase the Company's common stock at 100% of the fair market value on the date the option is granted. The Company has authorized 50,000 shares for issuance under the 1999 Option Plan. During 1999, 40,750 of these shares were granted and are vested in three years. The options have an exercise period of ten years from the date of grant.

SECURITY OWNERSHIP OF CERTAIN  
BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information with respect to the beneficial ownership of our common stock at March 1, 2005, by each person known by us to be the beneficial owner of more than 5% of the outstanding common stock, by each director or nominee, by each executive officer named in the summary compensation table which can be found later in this proxy statement, and by all of our directors and executive officers as a group.

The following table is based on information supplied to us by the directors, officers and stockholders described above. The Company has determined beneficial ownership in accordance with the rules of the SEC. Shares of common stock subject to options that are either currently exercisable or exercisable within 60 days of March 1, 2005 are treated as outstanding and beneficially owned by the option holder for the purpose of computing the percentage ownership of the option holder. However, these shares are not treated as outstanding for the

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purpose of computing the percentage ownership of any other person. The table lists applicable percentage ownership based on 4,059,110 shares outstanding as of March 1, 2005. Unless otherwise indicated, the address for each person listed below is 321 West Main Street, Ottawa, Illinois 61350.

Name of Individual or Number of Individuals in Group -----	Amount and Nature of Beneficial Ownership(1) (2) -----
5% Stockholders	
UnionBank, as Trustee for the UnionBancorp, Inc. Employee Stock Ownership Plan ("ESOP") 201 East Main Street Streator, Illinois 61364	466,306 (3)
Wayne W. Whalen 333 W. Wacker Drive, Suite 2100 Chicago, Illinois 60606	847,351 (4)
Jeffrey L. Gendell 55 Railroad Avenue, 3rd Floor Greenwich, Connecticut 06830	396,300 (5)

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### Directors and Nominees

Richard J. Berry	42,779 (6)
Walter E. Breipohl	31,079
Robert J. Doty	13,734
Dennis J. McDonnell	645,308 (7)
I.J. Reinhardt, Jr.	26,047 (8)
John A. Shinkle	16,290 (9)
Scott C. Sullivan	22,101 (10)
John A. Trainor	39,264 (11)
Dewey R. Yaeger	3,323 (12)

### Other Named Executive Officers

Rick R. Clary	19,727 (13)
Jimmie D. Lansford	21,837 (14)
Kurt R. Stevenson	12,590 (15)
All directors and executive officers as a group (12 persons)	894,129 (16)

-----

\* Indicates less than one percent.

(1) The information contained in this column is based upon information furnished to us by the persons named above and the members of the designated group. Amounts reported include shares held directly as well as shares which are held in retirement accounts and shares held by members of the named individuals' families or held by trusts of which the named individual is a trustee or substantial beneficiary, with respect to which shares the respective individual may be deemed to have sole or shared voting and/or investment power. The nature of beneficial ownership for shares shown in this column is sole voting and investment power, except as set forth in the footnotes below. Inclusion of shares shall not constitute an admission of beneficial ownership or voting and investment power over included shares.

8.

(2) Amounts shown include shares obtainable as of March 1, 2005 (or obtainable within 60 days of March 1, 2005) through the exercise of options to purchase shares of common stock granted under UnionBancorp's stock option plans as follows: Mr. Berry - 15,800 shares; Mr. Breipohl - 15,800 shares; Mr. Doty - 10,750 shares; Mr. McDonnell - 6,750 shares; Mr. Reinhardt - 15,900 shares; Mr. Shinkle - 10,750 shares; Mr. Sullivan - 10,750 shares; Mr. Trainor - 12,750 shares; Mr. Clary - 9,620 shares; Mr. Lansford - 9,050 shares and Mr. Stevenson - 6,466 shares. Option holders have the sole power to exercise their respective options and would also be entitled to exercise sole voting and investment power over the shares issued upon the exercise of such options.

(3) All of the shares held by the employee stock ownership plan are allocated to particular participants' accounts and the employee stock ownership plan trustee has shared voting and no investment power over such shares.

(4) As reported to the Securities and Exchange Commission on Schedule 13D dated August 10, 2004. In addition, Mr. Whalen's wife, Paula Wolff, Mr. Whalen's children, the WPW Family Foundation and WPW Associates, L.P., a family limited partnership, were also named as parties sharing voting and investment power over such shares. The amount above also includes approximately 86,070 shares which are issuable upon the conversion of 1,381

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shares of UnionBancorp, Inc. convertible preferred stock held by Mr. Whalen.

- (5) Jeffrey L. Gendell ("Gendell") filed a Schedule 13G/A dated February 14, 2005 reporting that as of December 31, 2004 Gendell, along with certain affiliates (Tontine Financial Partners, L.P., Tontine Management, L.L.C., and Tontine Overseas Associates, L.L.C.), collectively beneficially owned 396,300 shares of common stock, with sole voting and investment power over such shares. Gendell is located at 55 Railroad Avenue, 3rd Floor, Greenwich, Connecticut 06830.
- (6) Includes 11,100 shares held in trusts for which Mr. Berry is a co-trustee, over which shares Mr. Berry has shared voting and investment power.
- (7) Includes shares held jointly by Mr. McDonnell and his wife over which voting and dispositive power is shared. Also includes shares held in trust for which Mr. McDonnell is trustee. The amount above also includes approximately 86,070 shares which are issuable upon the conversion of 1,381 shares of UnionBancorp, Inc. convertible preferred stock held by Mr. McDonnell. Mr. McDonnell's address is 815 Jackson Avenue, River Forest, Illinois 60305.
- (8) Includes 6,000 shares held by Mr. Reinhardt jointly with his spouse, over which shares Mr. Reinhardt has shared voting and investment power.
- (9) Includes 400 shares held by members of Mr. Shinkle's family. Mr. Shinkle has no voting or investment power over 100 of such shares and has shared voting and investment power over the remaining 300 shares. Also includes 2,561 shares held in trust for which Mr. Shinkle serves as trustee. Mr. Shinkle also has voting and investment power over 1,500 shares held in an investment club.
- (10) Includes 1,660 shares held by Mr. Sullivan jointly with his spouse and 1,000 shares held by members of Mr. Sullivan's family. Mr. Sullivan has shared voting and investment power over the 2,660 shares.
- (11) Includes 8,515 shares held solely by Mr. Trainor's spouse, over which shares Mr. Trainor has no voting or investment power.
- (12) Includes 356 shares held by Mr. Yaeger in his 401(k) plan and 303 shares allocated to Mr. Yaeger under the employee stock ownership plan.
- (13) Includes 913 shares held by Mr. Clary jointly with his spouse, over which shares Mr. Clary has shared voting and investment power. Also includes 6,084 shares held by Mr. Clary in his 401(k) plan and 2,810 shares allocated to Mr. Clary under the employee stock ownership plan.
- (14) Includes 2,000 shares held by Mr. Lansford jointly with his spouse, over which shares Mr. Lansford has shared voting and investment power. Also includes 2,858 shares allocated to Mr. Lansford under the employee stock ownership plan. Mr. Lansford retired effective December 31, 2004.
- (15) Includes 425 shares held by Mr. Stevenson jointly with his spouse, over which shares Mr. Stevenson has shared voting and investment power. Also includes 522 shares held by Mr. Stevenson in his 401(k) plan and 5,177 shares allocated to Mr. Stevenson under the employee stock ownership plan.
- (16) Footnotes (2) and (6) through (15) are incorporated herein.

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### Section 16(a) Beneficial Ownership Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires that our executive officers, directors and persons who own more than 10% of our common stock file reports of ownership and changes in ownership with the Securities and Exchange Commission. They are also required to furnish us with copies of all Section 16(a) forms they file. Based solely on our review of the copies of such forms, and, if appropriate, representations made to us by any reporting person concerning whether a Form 5 was required to be filed for 2004, we are not aware that any of our directors, executive officers or 10% stockholders failed to comply with the filing requirements of Section 16(a) during 2004, except for Mr. Sullivan who failed to file one Form 4 reporting one transaction in connection with the purchase of Company common stock through a broker-maintained dividend reinvestment plan.

### EXECUTIVE COMPENSATION

#### Summary Compensation

The following table shows the compensation earned for the last three fiscal years by the chief executive officer and our three other executive officers whose 2004 salary and bonus exceeded \$100,000:

SUMMARY COMPENSATION TABLE							
Name and Principal Position	Year	Annual Compensation			Long Term Awards		
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$) <sup>(6)</sup>	Restricted Stock Award(s) (\$)	Securities Underlying Options/ SARs (#) <sup>(1)</sup>	
Dewey R. Yaeger (2) President and Chief Executive Officer	2004	\$ 220,000	\$ 45,000	---	---	---	---
	2003	121,821	25,000	---	---	---	---
Rick R. Clary (3) Vice President and Chief Operating Officer	2004	\$ 150,000	\$ 25,500	---	---	---	---
	2003	131,875	20,250	---	---	---	---
Jimmie D. Lansford (4) Executive Vice President	2004	\$ 139,887	\$ ---	---	---	---	---
	2003	113,375	12,375	---	---	---	---
	2002	110,000	7,700	---	---	---	5,979
Kurt R. Stevenson (5) Senior Vice President and Chief Financial Officer	2004	\$ 137,500	\$ 22,688	---	---	---	---
	2003	110,000	16,500	---	---	---	---
	2002	110,000	7,700	---	---	---	5,327

(1) All options vest at a rate of 20% per year on or about each anniversary of

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the date of grant.

- (2) We were not required to disclose Mr. Yaeger's salary information with respect to his compensation prior to 2003 because he joined the company in 2003. Represents the dollar value of allocations under our employee stock ownership plan in the amount of \$5,869 for 2004, premiums for split dollar life insurance of \$2,772 for 2004 and \$1,056 for 2003, fees for services provided to our board of directors and director fees for serving on the boards of various subsidiaries of \$2,150 for 2004 and \$6,200 for 2003 and \$7,350 of 401(k) employer contributions for 2004.
- (3) We were not required to disclose Mr. Clary's salary information with respect to his compensation prior to 2003 because he was not named an executive officer until 2003. Represents the dollar value of allocations under our employee stock ownership plan in the amount of \$4,943 for 2004 and \$2,820 for 2003, premiums for split dollar life insurance of \$266 for 2004 and \$227 for 2003, director fees for serving on the board of a subsidiary of \$1,200 for 2003, \$5,108 of 401(k) employer contributions for 2004 and \$4,230 for 2003.

10.

- (4) Represents the dollar value of allocations under our employee stock ownership plan in the amount of \$4,359 for 2004, \$2,422 for 2003 and \$4,400 for 2002, premiums for split dollar life insurance of \$1,214 for 2004, \$1,006 for 2003 and \$891 for 2002, fees for services provided to our board of directors and director fees for serving on the boards of various subsidiaries of \$2,000 for 2003 and \$8,300 for 2002, and \$4,568 of 401(k) employer contributions for 2004, \$3,632 for 2003 and \$3,300 for 2002. Mr. Lansford retired from the company effective December 31, 2004.
- (5) Represents the dollar value of allocations under our employee stock ownership plan in the amount of \$4,409 for 2004, \$2,354 for 2003 and \$4,351 for 2002, premiums for split dollar life insurance of \$206 for 2004, \$155 for 2003 and \$152 for 2002 and \$4,620 of 401(k) employer contributions for 2004, \$3,531 for 2003 and \$3,300 for 2002.
- (6) Perquisites that do not exceed the lower of \$50,000 or 10% of salary and bonus in the aggregate in any year for a named executive officer are not disclosed in the table in accordance with SEC rules.

Stock Option Information

No stock options were granted in 2004 to any of the individuals named above in the summary compensation table. The following table sets forth certain information concerning the exercisable and nonexercisable stock options at December 31, 2004 held by the individuals named in the summary compensation table.

-----  
 AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR-END  
 OPTIONS VALUES  
 -----

Name (#)	Shares Acquired on Exercise (#)	Value Realized (\$)	Number of Securities Underlying Unexercised Options at FY-End (#)		Value In-the- F Exercis
			Exercisable	Unexercisable	

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Rick R. Clary	---	---	8,204	5,407	\$ 54,
Jimmie D. Lansford	1,000	\$ 9,710	26,316	---	\$ 226,
Kurt R. Stevenson	---	---	5,292	4,370	\$ 38,

(1) The dollar amounts under these columns are the result of theoretical calculations at 5% and 10% rates set by the SEC and, therefore, are not intended to forecast possible future appreciation, if any, in the common stock.

Employment Agreements and Other Arrangements

We are not a party to any employment agreements with our executive officers named in the compensation table, except for the following:

On November 3, 2003, the Company entered into change of control agreements with two of its executives, Rick R. Clary and Kurt R. Stevenson. The agreements provide that if, within two years after a change in control occurs, the executive's employment is terminated without "good cause," then the executive shall receive a cash payment equal to two times the executive's salary. On October 26, 2004, Mr. Clary and Mr. Stevenson had their agreements amended to clarify their reporting channels as a result of organizational restructuring initiatives.

Compensation Committee Interlocks and Insider Participation

During 2004, the members of the compensation committee were Messrs. Shinkle (Chair), McDonnell, Sullivan and Yaeger (ex officio). None of these individuals was an officer or employee of UnionBancorp or any of our subsidiaries during 2004, and none of these individuals is a former officer or employee of UnionBancorp or any of our subsidiaries, except for Mr. Yaeger who is president and chief executive officer. Mr. Yaeger did not participate in any decisions pertaining to his compensation.

11.

Board Compensation Committee Report on Executive Compensation

The incorporation by reference of this proxy statement into any document filed with the Securities and Exchange Commission by UnionBancorp shall not be deemed to include the following report unless the report is specifically stated to be incorporated by reference into such document.

The compensation committee of our board of directors is comprised of three independent directors and is responsible for providing oversight to ensure that the company's compensation incentives are competitive and that they are aligned to allow company goals to be successfully achieved. In determining compensation, the following factors are generally taken into consideration:

- o the performance of the executive officers in achieving our short and long-term goals;
- o payment of compensation commensurate with the ability and expertise of the executive officers; and
- o payment of compensation that is competitive with similar companies.

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The committee considers the foregoing factors, as well as others, in determining compensation. There is no assigned weight given to any of these factors.

Additionally, the compensation committee considers various benefits, such as our employee stock ownership plan, 401(k) plan and the stock option plan, together with perquisites in determining compensation. The committee believes that the benefits provided through the stock-based plans more closely tie the compensation of the officers to the interests of the stockholders and provide significant additional performance incentives for the officers which directly benefit the stockholders through an increase in the stock value.

Compensation of the Chief Executive Officer. During 2004, Mr. Yaeger received a base salary of \$220,000. Annually, the compensation committee evaluates four primary areas of performance in determining the chief executive officer's level of compensation. This base salary was set based on:

- o long-range strategic planning and implementation;
- o the Company's financial performance;
- o compliance with regulatory requirements and relations with regulatory agencies; and
- o the individual's effectiveness of managing relationships with stockholders and the board of directors

When evaluating our financial performance, the committee considers profitability, asset growth, asset quality and risk management. The primary evaluation criteria are considered to be essential to our long-term viability and are given equal weight in the evaluation. Finally, the committee reviews compensation packages of peer institutions, as well as compensation surveys provided by independent third parties, to ensure that the chief executive officer's compensation is competitive and commensurate with his level of performance.

Compensation Committee:  
John A. Shinkle (Chair)  
Dennis J. McDonnell  
Scott C. Sullivan  
Dewey R. Yaeger (ex officio)

12.

### Stockholder Return Performance Presentation

The incorporation by reference of this proxy statement into any document filed with the Securities and Exchange Commission by UnionBancorp shall not be deemed to include the following performance graph and related information unless such graph and related information are specifically stated to be incorporated by reference into such document.

The following graph shows a comparison of cumulative total returns for UnionBancorp, the Nasdaq Stock Market (US Companies) and an index of SNL Midwest Bank Stocks for the five-year period beginning January 1, 2000 and ending on December 31, 2004. The graph was prepared at our request by SNL Financial LC, Charlottesville, Virginia.

COMPARISON OF CUMULATIVE TOTAL RETURN  
(ASSUMES \$100 INVESTED ON JANUARY 1, 2000)

TOTAL RETURN PERFORMANCE

[GRAPHIC CHART OMITTED]



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Index	Period Ending			
	12/31/99	12/31/00	12/31/01	12/31/02
UnionBancorp, Inc.	100.00	72.42	101.50	113.25
NASDAQ Composite	100.00	60.82	48.16	33.11
SNL Midwest Bank Index	100.00	121.10	123.76	119.39

Source : SNL Financial LC, Charlottesville, VA  
(C) 2005

13.

TRANSACTIONS WITH MANAGEMENT

Several of our directors and executive officers (including their affiliates, families and companies in which they are principal owners, officers or directors) were loan customers of, and had other transactions with, us and our subsidiaries in the ordinary course of business. These loans and lines of credit were made in the ordinary course of business on substantially the same terms, including interest rates and collateral, as those prevailing at the time for transactions with other persons and did not involve more than the normal risk of collectibility or present other unfavorable features. During 2004, we paid approximately \$414,673 to the law firm of Myers, Berry, O'Connor & Kuzma, Ltd. for legal services, which includes a contingency owed to the firm in connection with litigation involving the Company. Richard J. Berry, a director of UnionBancorp, is a principal of that firm.

ACCOUNTANT FEES

Audit Fees

Audit fees and expenses billed to the Company by Crowe Chizek and Company LLC for the audit of the Company's financial statements for the fiscal years ended December 31, 2004 and December 31, 2003, and for the review of the Company's financial statements included in the Company's quarterly reports on Form 10-Q, are as follows:

2004	2003
----	----
\$169,700	\$123,800

Audit Related Fees

Audit related fees and expenses billed to the Company by Crowe Chizek and Company LLC for fiscal years 2004 and 2003 for services related to the performance of the audit or review of the Company's financial statements that were not included under the heading "Audit Fees", are as follows:

2004	2003
----	----
\$ ---	\$ ---

Tax Fees

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Tax fees and expenses billed to the Company for fiscal years 2004 and 2003 for services related to tax compliance, tax advice and tax planning, consisting primarily of preparing the Company's federal and state income tax returns for the previous fiscal periods and inclusive of expenses are as follows:

2004	2003
----	----
\$30,850	\$37,250

### All Other Fees

Fees and expenses billed to the Company for fiscal years 2004 and 2003 for all other services, which primarily consisted of the audit of the benefit plans are as follows:

2004	2003
----	----
\$29,815	\$41,538

14.

The audit committee, after consideration of the matter, does not believe that the rendering of these services by Crowe Chizek to be incompatible with maintaining its independence as our principal accountant. In accordance with Section 10A(i) of the Exchange Act, before Crowe Chizek and Company LLC is engaged by us to render audit or non-audit services, the engagement is approved by our audit committee. None of the audit-related, tax and other services described in the table above were required to be approved by the audit committee pursuant to Rule 2-01(c) (7) (i) (C) of Regulation S-X.

The audit committee is responsible for reviewing and pre-approving any non-audit services to be performed by the company's independent auditors. The audit committee has delegated its pre-approval authority to the chairman of the audit committee to act between meetings of the audit committee. Any pre-approval given by the chairman of the audit committee pursuant to this delegation is presented to the full audit committee at its next regularly scheduled meeting. The audit committee or chairman of the audit committee reviews and, if appropriate, approves non-audit service engagements, taking into account the proposed scope of the non-audit services, the proposed fees for the non-audit services, whether the non-audit services are permissible under applicable law or regulation and the likely impact of the non-audit services on the independence of the independent auditors. Since the effective date of the SEC rules requiring pre-approval of non-audit services on May 6, 2003, each new engagement of the company's independent auditors to perform non-audit services has been approved in advance by the audit committee or the chairman of the audit committee pursuant to the foregoing procedures.

### AUDIT COMMITTEE REPORT

The incorporation by reference of this proxy statement into any document filed with the Securities and Exchange Commission by UnionBancorp shall not be deemed to include the following report unless the report is specifically stated to be incorporated by reference into such document.

The duties and responsibilities of the audit committee are set forth in the audit committee charter. A copy of the charter was filed as an exhibit to the 2004 Proxy Statement. As described above under the section "Election of Directors", the board of directors has determined that each member of the audit committee is independent as defined in the applicable standards of the Nasdaq Stock Market.

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The audit committee has reviewed and discussed our audited financial statements for the fiscal year ended December 31, 2004 with our management and Crowe Chizek and Company LLC, our independent auditors. The committee has also discussed with Crowe Chizek the matters required to be discussed by SAS 61 (Codification for Statements on Auditing Standards) as well as having received and discussed the written disclosures and the letter from Crowe Chizek required by Independence Standards Board Statement No. 1 (Independence Discussions with Audit Committee). Based on the review and discussions with management and Crowe Chizek, the committee has recommended to the board that the audited financial statements be included in our annual report on Form 10-K for the fiscal year ending December 31, 2004 for filing with the Securities and Exchange Commission.

Audit Committee:  
I.J. Reinhardt, Jr. (Chair)  
Walter E. Breipohl  
Robert J. Doty

15.

### Audit Committee Financial Expert

While the board of directors endorses the effectiveness of our audit committee, its membership does not include a director who qualifies for designation as an "audit committee financial expert" - a new concept under federal regulation that contemplates such designation only when an audit committee member satisfies all five qualification requirements, such as experience (or "experience actively supervising" others engaged in), preparing, auditing, analyzing or evaluating financial statements presenting a level of accounting complexity comparable to what is encountered in connection with our Company's financial statements. The Company is currently trying to recruit an individual that meets the requirement of a financial expert to serve on the board and audit committee.

### STOCKHOLDER PROPOSALS FOR 2006 ANNUAL MEETING

For inclusion in our proxy statement and form of proxy relating to the 2006 annual meeting of stockholders, stockholder proposals must be received by us on or before November 28, 2005. In order to be presented at such meeting, notice of the proposal must be received by UnionBancorp on or before March 27, 2006, and must otherwise comply with our bylaws.

### "HOUSEHOLDING" OF PROXY MATERIALS

In December of 2000, the Securities and Exchange Commission adopted new rules that permit companies and intermediaries (e.g., brokers) to satisfy the delivery requirements for proxy statements, prospectuses and annual reports with respect to two or more security holders sharing the same address by delivering a single copy of proxy statements, prospectuses and annual reports, as the case may be, addressed to those security holders. This process, which is commonly referred to as "householding," potentially means extra convenience for security holders and cost savings for companies.

This year, a number of brokers with accountholders who are UnionBancorp stockholders will be "householding" our proxy materials. As indicated in the notice previously provided by these brokers to UnionBancorp stockholders, a single proxy statement and Form 10-K annual report will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from an affected stockholder. Once you have received notice from your broker or the Company that they will be "householding" communications to your address, "householding" will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in

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"householding" and would prefer to receive a separate proxy statement and Form 10-K annual report, please notify your broker, direct your written request to UnionBancorp, Inc., Investor Relations, 321 West Main Street, Ottawa, IL 61350 or contact Investor Relations at (815) 431-2720.

Stockholders who currently receive multiple copies of the proxy statement and Form 10-K annual report at their address and would like to request "householding" of their communications should contact their broker or, if a stockholder is a direct holder of UnionBancorp shares, they should submit a written request to Computershare Investor Services, the Company's transfer agent, at 2 North LaSalle Street, Chicago, IL 60602.

16.

OTHER MATTERS

We do not intend to present any other business at the meeting and know of no other matters which will be presented. However, if any other matters come before the meeting, it is the intention of the persons named in the accompanying proxy to vote in accordance with their best judgment on those matters. A representative of our independent auditors, Crowe Chizek and Company LLC, is expected to attend the annual meeting and will be available to respond to appropriate questions and to make a statement if he or she so desires.

Your proxy is solicited by the board of directors, and we will pay the cost of solicitation. In addition to soliciting proxies by use of the mail, officers, directors and regular employees of UnionBancorp or our subsidiaries, acting on our behalf, may solicit proxies by telephone, telegraph or personal interview. We will, at our expense, upon the receipt of a request from brokers and other custodians, nominees and fiduciaries, forward proxy soliciting material to the beneficial owners of shares held of record by such persons.

FAILURE TO INDICATE CHOICE

If any stockholder fails to indicate a choice with respect to any of the proposals on the proxy for the annual meeting, the shares of such stockholder shall be voted FOR the nominees listed under proposal 1.

By Order of the Board of Directors

/s/ DEWEY R. YAEGER

Dewey R. Yaeger  
President and  
Chief Executive Officer

Ottawa, Illinois  
March 29, 2005

ALL STOCKHOLDERS ARE URGED TO SIGN  
AND MAIL THEIR PROXIES PROMPTLY

17.

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[ ] Mark this box with an X if you have made changes to your name or address details above.

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Annual Meeting Proxy Card

=====

PROXY IS SOLICITED BY THE BOARD OF DIRECTORS  
FOR THE ANNUAL MEETING OF STOCKHOLDERS - APRIL 26, 2005

The undersigned hereby appoints John A. Shinkle and Scott C. Sullivan, or either of them acting in the absence of the other, with power of substitution, attorneys and proxies, for and in the name and place of the undersigned, to vote the number of shares of common stock that the undersigned would be entitled to vote if then personally present at the annual meeting of the stockholders of UnionBancorp, Inc., to be held at the Starved Rock Lodge and Conference Center located in Utica, Illinois, on Tuesday, April 26, 2005, 10:00 a.m., local time, or any adjournments or postponements of the meeting, upon the matters set forth in the notice of annual meeting and proxy statement (receipt of which is hereby acknowledged) as designated below, and in their discretion, the proxies are authorized to vote upon such other business as may come before the meeting.

THIS PROXY WILL BE VOTED IN ACCORDANCE WITH THE SPECIFICATIONS MADE BELOW. IF NO CHOICES ARE INDICATED, THIS PROXY WILL BE VOTED FOR ALL NOMINEES.

[A] Election of Directors

1. The Board of Directors recommends a vote FOR the listed nominees.

	For	Withhold
01 - Richard J. Berry	[ ]	[ ]
02 - Walter E. Breipohl	[ ]	[ ]
03 - John A. Trainor	[ ]	[ ]
Mark this box with an X if you plan to attend the meeting.		[ ]

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[B] Other Matters

In their discretion, the proxies are authorized to vote upon such other For Withhold matters as may properly come before the meeting.

[C] Authorized Signatures - Sign Here - This section must be completed for your instructions to be executed.

NOTE: Please sign exactly as your name(s) appears. For joint accounts, each owner should sign. When signing as executor, administrator, attorney, trustee or guardian, etc., please give your full title.

Signature 1 - Please keep signature within the box

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Signature 2 - Please keep signature within the box

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Date (mm/dd/yyyy)

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