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OLD SECOND BANCORP INC

Form S-4

December 19, 2007

As filed with the Securities and Exchange Commission on December 19, 2007

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-4

REGISTRATION STATEMENT

UNDER THE SECURITIES ACT OF 1933

OLD SECOND BANCORP, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

6022
(Primary Standard Industrial
Classification Code Number)

36-3143493
(I.R.S. Employer
Identification Number)

37 South River Street

Aurora, Illinois 60506

(630) 892-0202

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

William B. Skoglund
President and Chief Executive Officer

Old Second Bancorp, Inc.

37 South River Street

Aurora, Illinois 60506

(630) 892-0202

(name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Dennis R. Wendte, Esq.

Douglas J. Tucker, Esq.

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Barack Ferrazzano Kirschbaum &

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective and all other conditions to the proposed merger described herein have been satisfied or waived.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Share(2)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee
Common Stock, \$1.00 par value per share	1,563,636	N/A	\$14,938,042	\$459

(1) The number of shares of common stock, par value \$1.00 per share, of Old Second Bancorp, Inc. to be registered pursuant to this registration statement is based upon 50% of the number of shares of common stock, par value \$20.00 per share, of HeritageBanc, Inc. presently outstanding or which may be issued and outstanding before the proposed merger transaction to which this registration statement relates, multiplied by the maximum exchange ratio of 375.7386 shares of Old Second Bancorp, Inc. common stock per share of HeritageBanc, Inc. common stock.

(2) Pursuant to Rule 457(f)(2) under the Securities Act of 1933, as amended, the registration fee is based on the per share book value of HeritageBanc, Inc. common stock as of September 30, 2007, multiplied by the estimated maximum number of shares that may be exchanged for the Old Second Bancorp, Inc. common stock being registered.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information contained herein is not complete and may change. A registration statement relating to the securities to be issued by Old Second Bancorp, Inc. has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted before the registration statement becomes effective. This document shall not constitute an offer to sell or the solicitation of any offer to buy these securities in any jurisdiction in which such offer, solicitation or sale is not permitted.

Subject to completion, dated December 19, 2007

Proxy Statement/Prospectus

**Proxy Statement for HeritageBanc, Inc. Special Meeting
Prospectus of Old Second Bancorp, Inc.**

Dear HeritageBanc Shareholder:

You are cordially invited to attend a special meeting of the shareholders of HeritageBanc, Inc., or HeritageBanc, to be held on _____, 2008 at _____ .m., local time, at the _____, located at _____, _____, Illinois.

At the special meeting, you will be asked to consider and vote upon a proposal to approve and adopt the Agreement and Plan of Merger that HeritageBanc entered into with Old Second Bancorp, Inc., or Old Second, on November 5, 2007, which we refer to as the merger agreement, and the merger of Old Second Acquisition, Inc., a newly formed, wholly-owned subsidiary of Old Second, with and into HeritageBanc. If the merger is completed, Old Second will pay the HeritageBanc shareholders aggregate merger consideration of approximately \$86 million in cash and shares of Old Second common stock. In the merger, you may elect to receive cash or shares of Old Second common stock or a combination of cash and shares of Old Second common stock for your shares of HeritageBanc common stock, except that on an aggregate basis, 50% of the outstanding shares of HeritageBanc common stock will be converted into the right to receive shares of Old Second common stock and 50% of the outstanding shares of HeritageBanc common stock will be converted into the right to receive cash. Therefore, depending on elections made by other shareholders, you may ultimately receive more or fewer shares of Old Second common stock and/or more or less cash than you otherwise elected to receive.

All elections for merger consideration are subject to possible proration as described in this proxy statement/prospectus. Subject to possible proration, if you elect to receive the merger consideration in cash, you will receive \$10,332.81 per share in cash. Subject to possible proration, if you elect to receive the merger consideration in shares of Old Second common stock, you will receive between 320.3972 and 375.7386 shares of Old Second common stock depending on the 30-day volume weighted average closing price per share of Old Second common stock on the NASDAQ Global Select Market, determined three days prior to the completion of the merger, which average price we refer to as the final VWAP.

Assuming that the final VWAP is between \$27.50 and \$32.25 per share, if you elect to receive Old Second common stock, the consideration paid in Old Second common stock to you in the merger for each share of HeritageBanc common stock will be valued at \$10,332.81 at the time the stock exchange ratio is calculated. If the final VWAP is less than \$27.50, you will receive 375.7386 shares of Old Second common stock for each HeritageBanc share, the value of which will be less than \$10,332.81 if the market price of Old Second common stock is below \$27.50 when the merger is completed; if the final VWAP is greater than \$32.25, you will receive 320.3972 shares of Old Second common stock for each HeritageBanc share, the value of which will be more than \$10,332.81 if the market price of Old Second common stock is above \$32.25 when the merger is completed.

The formula for determining the appropriate stock election exchange ratio for each share of HeritageBanc common stock is set forth in detail in this proxy statement/prospectus. For examples of how the value of the consideration may change, see The Merger Illustrative Calculation of Per Share Consideration on page .

Neither the stock election exchange ratio nor the final allocation of merger consideration will be determined until after the date of the special meeting. Therefore, at the time of the special meeting, you will not know the precise value of the stock merger consideration you may receive on the date the merger is completed, and you will not know the actual breakdown of cash and stock you will receive. Old Second can issue no more than 1,563,636 shares of Old Second common stock to HeritageBanc shareholders as contemplated by the merger agreement.

The affirmative vote of the holders of at least two-thirds of the outstanding shares of HeritageBanc common stock is required to approve and adopt the merger agreement. The merger is also subject to certain other conditions, including regulatory approvals.

The board of directors of HeritageBanc unanimously recommends that you vote FOR approval of the merger agreement and the transactions it contemplates.

We urge you to read this proxy statement/prospectus carefully because it contains a detailed description of the merger and related matters. In particular, for a description of certain significant considerations in connection with the merger and related matters described in this proxy statement/prospectus, see Risk Factors beginning on page .

Additional information regarding the transaction, the merger agreement, HeritageBanc and Old Second is set forth in the attached proxy statement/prospectus. This document also serves as the prospectus for up to 1,563,636 shares of common stock that may be issued by Old Second in connection with the merger.

Old Second common stock is traded on the NASDAQ Global Select Market under the symbol OSBC. The closing price of Old Second common stock on , 2008 was \$. HeritageBanc common stock is not registered on a national securities exchange or quoted on the NASDAQ Stock Market.

Whether or not you plan to attend the special meeting personally, please complete, sign and date the enclosed proxy card and mail it as soon as possible in the enclosed postage-paid envelope. If you attend the special meeting, you may vote in person if you wish, even if you have previously mailed in your proxy card.

To elect to receive cash, Old Second common stock or a combination thereof for your shares of HeritageBanc common stock, you must return the election form indicating your preference for stock along with your HeritageBanc stock certificates by the deadline indicated on the election materials that were included in the mailing containing this proxy statement/prospectus.

We thank you for your prompt attention to this matter and appreciate your support.

Sincerely,

John Ladowicz
Chairman and Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

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The shares of Old Second common stock are not savings accounts, deposits or other obligations of any bank or savings association and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency. Stock is subject to investment risks, including loss of value.

The date of this proxy statement/prospectus is _____, 2008 and is being first mailed to HeritageBanc shareholders on or about _____, 2008.

This proxy statement/prospectus incorporates by reference important business information and financial information about Old Second that is not included in or delivered with this proxy statement/prospectus. See **Where You Can Find More Information** on page _____ of this proxy statement/prospectus for a list of documents that Old Second has incorporated by reference into this proxy statement/prospectus. These documents are available to you without charge upon written or oral request made to Old Second Bancorp, Inc., Attention: Investor Relations, 37 S. River Street, Aurora, Illinois 60506, Phone: (630) 892-0202.

To obtain documents in time for the special meeting, your request should be received by _____, 2008.

**20201 South LaGrange Road
Frankfort, Illinois 60423**

Notice of Special Meeting of Shareholders

To Be Held On _____, 2008

A special meeting of the shareholders of HeritageBanc, Inc., an Illinois corporation, to be held on _____, 2008 at _____ .m., local time, at the _____, located at _____, Illinois, for the following purposes:

1. _____ to consider and approve the Agreement and Plan of Merger, dated November 5, 2007, among Old Second Bancorp, Inc., a Delaware corporation, Old Second Acquisition, Inc., a Delaware corporation and newly formed, wholly-owned subsidiary of Old Second, and HeritageBanc, pursuant to which Old Second Acquisition will merge with and into HeritageBanc, and approve the transactions it contemplates;
2. _____ to approve any adjournment of the special meeting if necessary to solicit additional proxies in order to approve the merger agreement; and
3. _____ to transact such other business as may properly be brought before the special meeting, or any adjournments or postponements of the special meeting, including whether or not to adjourn the special meeting.

The close of business on _____, 2008, has been fixed as the record date for determining those shareholders entitled to vote at the special meeting and any adjournments or postponements of the special meeting. Accordingly, only shareholders of record on that date are entitled to notice of, and to vote at, the special meeting and any adjournments or postponements of the special meeting.

Whether or not you plan to attend the special meeting in person, please take the time to vote by completing and mailing the enclosed proxy card. If you attend the special meeting, you still may vote in person if you wish, even if you have previously returned your proxy card. Because the affirmative vote of the holders of at least two-thirds of the outstanding shares of HeritageBanc common stock is required to approve proposal 1 above, the failure to vote by proxy or in person will have the same effect as a vote against such proposal. Abstentions will have the same effect as a vote against this proposal.

The board of directors of HeritageBanc unanimously recommends that you vote **FOR** approval of the merger agreement and the transactions it contemplates.

By Order of the Board of Directors

HERITAGEBANC, INC.

, 2008

John Ladowicz
Chairman of the Board and Chief Executive Officer

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**QUESTIONS AND ANSWERS ABOUT THIS DOCUMENT, THE MERGER
AND THE SPECIAL MEETING**

The following questions and answers briefly address some commonly asked questions about the special meeting and the proposals you are being asked to consider and vote upon. They may not include all the information that is important to you. We urge you to carefully read this entire proxy statement/prospectus and the other documents we refer to in this document, which will give you a more complete description of the proposed transaction. We have included page references in certain parts of this question and answer summary to direct you to other places in this proxy statement/prospectus where you can find a more complete description of the topics we have summarized.

Q: What is the purpose of this document?

A: This document serves as both a proxy statement of HeritageBanc and a prospectus of Old Second. As a proxy statement, this document is being provided to you by HeritageBanc because the board of directors of HeritageBanc is soliciting your proxy for use at the special meeting of shareholders called to vote on the proposed merger of a subsidiary of Old Second with and into HeritageBanc. When we use the term merger agreement in this document, we are referring to the Agreement and Plan of Merger, a copy of which is included in this document as Appendix A.

As a prospectus, this document is being provided to you by Old Second because part of the consideration Old Second is offering in exchange for your shares of HeritageBanc common stock in connection with the merger consists of shares of Old Second common stock. In the merger, you may elect to receive cash or shares of Old Second common stock or a combination of cash and shares of Old Second common stock for your shares of HeritageBanc common stock, except that on an aggregate basis, 50% of the outstanding shares of HeritageBanc common stock will be converted into the right to receive shares of Old Second common stock and 50% of the outstanding shares of HeritageBanc common stock will be converted into the right to receive cash. Depending on elections made by other shareholders, you may ultimately receive more or fewer shares of Old Second common stock and/or more or less cash than you otherwise elected to receive.

Q: What am I being asked to vote on?

A: HeritageBanc shareholders are being asked to approve the merger agreement, pursuant to which a newly formed and wholly-owned subsidiary of Old Second will merge with and into HeritageBanc, and to approve the transactions it contemplates, including the merger. A vote to approve the merger agreement will constitute a vote to approve the merger.

Q: What will happen to HeritageBanc as a result of the merger?

A: If the merger is completed, a newly formed and wholly-owned subsidiary of Old Second will merge with and into HeritageBanc, with HeritageBanc being the surviving entity in the merger. As a result, HeritageBanc will no longer be an independent bank holding company but rather a wholly-owned subsidiary of Old Second.

Q: What vote is required to approve the merger?

A: At the special meeting, the affirmative vote of the holders of at least two-thirds of the outstanding shares of HeritageBanc common stock is required to approve the merger agreement and the merger. For each share of HeritageBanc common stock you held on the record date, you are entitled to one vote.

Q: Will Heritage Bank merge as well?

A: Yes. It is contemplated that Heritage Bank will merge into Old Second National Bank at the same time as, or as soon as practicable after, the merger involving HeritageBanc. The resulting combined bank is expected to operate under the name Old Second National Bank.

Q: What will I receive for my shares of HeritageBanc common stock?

A: If the merger is completed, the shares of HeritageBanc common stock that you own immediately before the completion of the merger will be converted into the right to receive cash, shares of Old Second common stock, or a combination of cash and shares of Old Second common stock. On an aggregate basis, 50% of the outstanding shares of HeritageBanc common stock will be converted into the right to receive shares of Old Second common stock and 50% of the outstanding shares of HeritageBanc common stock will be converted into the right to receive cash. Subject to that requirement, you may elect to receive all cash, all Old Second common stock or a combination of both for your shares of HeritageBanc common stock. Subject to possible proration, if you elect to receive the merger consideration in all cash, you will receive \$10,332.81 per share in cash. Subject to possible proration, if you elect to receive the merger consideration in all shares of Old Second common stock, you will receive between 320.3972 and 375.7386 shares of Old Second common stock for each share of HeritageBanc common stock, depending on the 30-day volume weighted average closing price per share of Old Second common stock on the NASDAQ Global Select Market, which average price we refer to as the final VWAP. You may also elect to receive a combination of cash and shares of Old Second common stock for your shares of HeritageBanc common stock, in which case you will receive \$10,332.81 in cash for each HeritageBanc share converted into cash and the above-described stock consideration for each HeritageBanc share converted into stock. All elections are subject to the proration procedures describe in greater detail later in this proxy statement/prospectus. Depending on elections made by other shareholders, you may ultimately receive more or fewer shares of Old Second common stock and/or more or less cash than you otherwise elected to receive. See The Merger Proration Procedures beginning on page [].

Q: If I elect to receive Old Second common stock, what will be the value of the shares I receive for each share of my HeritageBanc common stock?

A: Assuming that the final VWAP is between \$27.50 and \$32.25 per share, if you elect to receive Old Second common stock, you will receive between 320.3972 and 375.7386 shares of Old Second common stock for each share of HeritageBanc common stock, the value of which shares, based on the final VWAP, will be \$10,332.81 at the time the stock exchange ratio is calculated, which is the same amount per share as the cash consideration. If the final VWAP is less than \$27.50, you will receive 375.7386 shares of Old Second common stock for each HeritageBanc share, the value of which will be less than \$10,332.81 if the market price of Old Second common stock is below \$27.50 when the merger is completed; if the final VWAP is greater than \$32.25, you will receive 320.3972 shares of Old Second common stock for each HeritageBanc share, the value of which will be more than \$10,332.81 if the market price of Old Second common stock is

above \$32.25 when the merger is completed. The formula for determining the appropriate stock election exchange ratio for each share of HeritageBanc common stock is set forth in detail in this proxy statement/prospectus. For examples of how the value of the consideration may change, see The Merger Illustrative Calculation of Per Share Consideration beginning on page [].

Neither the stock election exchange ratio nor the final allocation of merger consideration will be determined until after the date of the special meeting. Therefore, at the time of the special meeting, you will not know the precise value of the stock merger consideration you may receive on the date the merger is completed, and you will not know the actual breakdown of cash and stock you will receive.

Q: Can the value of the transaction change between now and the time the merger is completed?

A: Yes. As described in the preceding Q&A, the value of the stock portion of the merger consideration can change if the final VWAP is less than \$27.50 or greater than \$32.25. The value of the cash portion of the consideration, however, will be fixed at \$10,332.81 per share of HeritageBanc common stock.

Q. How do I elect the form of payment I will receive in the merger?

A: Subject to the limitations described in this proxy statement/prospectus, you may elect to receive Old Second common stock, cash, or a combination thereof by using the election form that was included in the mailing containing this proxy statement/prospectus. You should review the written instructions on such election form and make an election with respect to your shares of HeritageBanc common stock, sign the form, enclose your HeritageBanc common stock certificates and return the form and your certificates in the separate envelope provided so that they are received by the exchange agent prior to 5:00 p.m. central time on [], 2008, which we refer to as the election deadline.

If you do not make a timely election, you will be allocated cash, shares of Old Second common stock or a combination thereof as needed to satisfy the overall 50% cash and 50% stock requirement discussed below.

Q. How do I elect the form of payment I will receive in the merger if my shares of HeritageBanc are held by the Heritage ESOP?

A: If your shares are held by the Heritage ESOP, instructions will be sent to you by mail regarding election procedures directly from Horizon Trust & Investment Management, N.A., or Horizon Trust, the independent trustee of the Heritage ESOP. If you have any questions regarding these procedures, you should contact Glenn Ball at Horizon Trust at (219) 873-2622.

Q. Am I guaranteed to receive merger consideration in the respective amounts of Old Second common stock or cash that I request on my election form?

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A. No. All shareholder elections are subject to the requirement that, on an aggregate basis, 50% of the outstanding shares of HeritageBanc common stock must be converted into the right to receive cash and 50% of the outstanding shares of HeritageBanc common stock must be converted into the right to receive Old Second common stock. Therefore, depending on elections made by other shareholders, the exchange agent may modify your election to satisfy this requirement, which means that you may ultimately receive more or fewer shares of Old Second common stock and/or more or less cash than you otherwise elected to receive. For a description of the manner

in which the exchange agent will modify cash/stock elections to achieve the 50% cash and 50% stock requirement provided in the merger agreement, see The Merger Proration Procedures beginning on page [].

Neither the stock election exchange ratio nor the final allocation of merger consideration will be determined until after the date of the special meeting. Therefore, at the time of the special meeting, you will not know the precise value of the stock merger consideration you may receive on the date the merger is completed, and you will not know the actual breakdown of cash and stock you will receive. See The Merger Merger Consideration beginning on page [].

Q. Can I revoke or change my election after I mail my form of election?

A. Yes. You may revoke or change your election at any time before the election deadline. You can do this by sending a written notice of such revocation or change in your election to the exchange agent at the address contained on the election form that was included in the mailing containing this proxy statement/prospectus. However, as noted above, any HeritageBanc shareholder who has not made a valid election by the election deadline will be allocated cash, shares of Old Second common stock or a combination thereof as needed to satisfy the overall 50% cash and 50% stock requirement provided in the merger agreement.

Q. What do I need to do now?

A. After reviewing this proxy statement/prospectus, submit your proxy by promptly executing and returning the enclosed proxy card. By submitting your proxy, you authorize the individuals named in the proxy to represent you and to vote your shares at the special meeting of shareholders in accordance with your instructions. These persons also may vote your shares to adjourn the special meeting and will be authorized to vote your shares at any adjournments or postponements of the special meeting.

Your vote is important. Whether or not you plan to attend the special meeting, please promptly submit your proxy in the enclosed envelope.

Q. What should I do if some or all of my shares of HeritageBanc are held by the Heritage Employee Stock Ownership Plan?

A. If you hold shares of HeritageBanc common stock as a participant in the Heritage Employee Stock Ownership Plan, or the Heritage ESOP, you will be receiving this proxy statement/prospectus, together with a confidential voting instruction form, from Horizon Trust, the independent trustee of the Heritage ESOP. You should submit your confidential voting instruction form directly to Horizon Trust. The Heritage ESOP trustee will vote in its discretion, subject to its fiduciary duties, any shares held by the Heritage ESOP as to which no voting instructions have been received. If you have any questions regarding these procedures, you should contact Glenn Ball at Horizon Trust at (219) 873-2622, or you may contact HeritageBanc at the address or telephone number listed at the end of this section.

If you hold a portion of your shares of HeritageBanc common stock as a participant in the Heritage ESOP and a portion of your shares outside of the Heritage ESOP, you should submit a confidential voting instruction form with respect to the shares held through the Heritage ESOP to the

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Heritage ESOP trustee and also submit a proxy for the shares held outside the Heritage ESOP to HeritageBanc.

from HeritageBanc directly. You should submit a proxy for these shares by promptly executing and returning the proxy card enclosed in the materials received from HeritageBanc directly.

Q. How will my shares be voted if I return a blank proxy card?

A. If you sign, date and return your proxy card and do not indicate how you want to vote, your proxy will be counted as a vote in favor of the merger and the merger agreement and will be voted in the discretion of the persons named as proxies in any other matters properly presented for a vote at the special meeting.

Q. What will be the effect if I do not vote?

A. If you abstain or do not return your proxy card or otherwise do not vote at the special meeting, your failure to vote will have the same effect as if you voted against the merger agreement and the merger. Therefore, the board of directors of HeritageBanc encourages you to vote in favor of the merger agreement and the proposed merger as soon as possible.

Q. Can I vote my shares in person?

A. Yes, if you own shares registered in your own name, you may attend the special meeting and vote your shares in person rather than signing and mailing your proxy card. However, in order to ensure that your vote is counted at the special meeting, we recommend that you sign, date and promptly mail the enclosed proxy card. If your shares are held by the Heritage ESOP, you will not be able to vote in person at the special meeting.

Q. Can I change my mind and revoke my proxy?

A. Yes, you may revoke your proxy and change your vote at any time prior to its exercise at the special meeting by:

- signing another proxy with a later date and filing it with the corporate secretary of HeritageBanc;
- filing written notice of the revocation of your proxy with the corporate secretary of HeritageBanc; or
- attending the special meeting and voting in person.

Q: What if I oppose the merger? Do I have dissenters' rights?

A: Dissenters' rights are available under the Illinois Business Corporation Act of 1983, or the IBCA. A copy of the applicable provisions of the IBCA is attached as Appendix C to this proxy statement/prospectus. Heritage ESOP participants do not have dissenters' rights for shares held through the Heritage ESOP.

Q: Is the merger expected to be taxable to me?

A: Yes, if you own shares of HeritageBanc registered in your own name rather than through the Heritage ESOP. The receipt of the merger consideration for HeritageBanc common stock pursuant to the merger will be a taxable transaction for United States federal income tax purposes. Old Second intends to file a Section 338(h)(10) election with the Internal Revenue Service, and as a result, the merger will be treated as if HeritageBanc had sold all of its assets to Old Second and

HeritageBanc liquidated immediately following the sale. Accordingly, you will recognize gain or loss as a result of the merger measured by the difference, if any, between the fair market value of the Old Second common stock as of the effective time of the merger and the cash received and your adjusted tax basis in the HeritageBanc common stock exchanged therefor in the merger. For a more complete discussion of the material U.S. federal income tax consequences of the merger, you should read *The Merger* Material U.S. Federal Income Tax Consequences beginning on page . Heritage ESOP participants will receive additional information regarding possible tax consequences to the Heritage ESOP participants from the ESOP trustee.

Q: When do you expect the merger to be completed?

A: If approved by the HeritageBanc shareholders, we anticipate closing the merger in the first quarter of 2008. However, it is possible that factors outside our control could require us to complete the merger at a later time or not complete it at all. In addition, even if the HeritageBanc shareholders approve the merger agreement and the merger, either HeritageBanc or Old Second could still terminate the merger agreement under certain circumstances. See *The Merger Agreement* Termination of the Merger Agreement beginning on page .

Q: Should I send in my stock certificates now?

A: You should not send in your stock certificates with your proxy card. Election materials, including a transmittal form, were included in the mailing containing this proxy statement/prospectus. Please follow the instructions in those election materials regarding the process for submitting your stock certificates to the exchange agent.

Q: Who can answer my questions about the merger?

A: If you have more questions about the merger agreement or the merger, please contact Patrick J. Roe, President of HeritageBanc, at (815) 361-6415.

SUMMARY

*This brief summary highlights selected information from this proxy statement/prospectus and does not contain all of the information that may be important to you. We urge you to carefully read this entire proxy statement/prospectus and the other documents we refer to in this document, which will give you a more complete description of the proposed transaction. For more information about Old Second Bancorp, Inc., see *Where You Can Find More Information* beginning on page ----. We have included page references in this summary to direct you to other places in this proxy statement/prospectus where you can find a more complete description of the topics we have summarized.*

*As used in this proxy statement/prospectus, the term *Old Second* refers to Old Second Bancorp, Inc. and its consolidated subsidiaries, and *HeritageBanc* refers to HeritageBanc, Inc. and its consolidated subsidiaries, in each case unless the context indicates otherwise.*

The Companies (See page)

Old Second Bancorp, Inc.

37 South River Street
Aurora, Illinois 60506
(630) 892-0202

Old Second, incorporated under the laws of Delaware in 1981, is a registered bank holding company under the Bank Holding Company Act. Old Second's principal assets are the shares of stock of its bank and non-bank subsidiaries. As of September 30, 2007, Old Second reported, on a consolidated basis, total assets of approximately \$2.6 billion, deposits of approximately \$2.2 billion and shareholders' equity of approximately \$142.6 million.

Old Second conducts a full service community banking and trust business through its wholly-owned subsidiaries. Old Second National Bank is a national bank chartered by the Office of the Comptroller of the Currency, or the OCC, under the National Bank Act and has 30 branches in the greater Chicago metropolitan area, concentrated in the western and southwestern suburbs of the city. The deposit accounts of Old Second National Bank are insured by the FDIC's Deposit Insurance Fund, and it is a member of the Federal Reserve System. Old Second Financial, Inc. provides insurance agency services to individuals and corporations. Old Second Affordable Housing Fund, L.L.C. provides down payment assistance for home ownership to qualified individuals. Old Second Management, LLC owns 100% of Old Second Realty, LLC, a real estate investment trust.

Old Second common stock is traded on the NASDAQ Global Select Market under the symbol OSBC.

HeritageBanc, Inc.

20201 South LaGrange Road
Frankfort, Illinois 60423
(815) 469-7600

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HeritageBanc, incorporated under the laws of Illinois in 1969, is a registered bank holding company under the Bank Holding Company Act. HeritageBanc's principal assets are the shares of stock of its bank subsidiary, Heritage Bank, headquartered in Frankfort, Illinois, which operates five full-service branches throughout the southern suburbs of Chicago. Heritage Bank offers a full range of commercial and retail banking products and services. As of September 30, 2007, Heritage Bank reported

total assets of approximately \$341.9 million, deposits of approximately \$300.6 million and shareholders' equity of approximately \$30.0 million.

The Merger (See page)

At the effective time of the merger, Old Second Acquisition, Inc., a newly formed, wholly-owned subsidiary of Old Second, will merge with and into HeritageBanc, and Old Second will issue a combination of cash and shares of its common stock to the shareholders of HeritageBanc in exchange for their shares of HeritageBanc common stock. Old Second Acquisition will cease to exist as a separate corporation, and HeritageBanc will be the surviving corporation as a wholly-owned subsidiary of Old Second. It also is contemplated that at or after the effective time of the merger, Heritage Bank will be merged into Old Second National Bank and the combined bank will operate under the name Old Second National Bank.

Merger Consideration (See page)

If the merger is completed, Old Second will pay the HeritageBanc shareholders aggregate merger consideration of approximately \$86 million in cash and shares of Old Second common stock. At closing, Old Second will deliver to the exchange agent a secured promissory note for the cash portion of the aggregate merger consideration, payable five days after the note is issued, and stock certificates representing, in the aggregate, all of the shares of Old Second common stock to be issued in the merger.

The shares of HeritageBanc common stock that you own immediately before the completion of the merger will be converted into the right to receive cash, shares of Old Second common stock, or a combination of cash and shares of Old Second common stock. On an aggregate basis, 50% of the outstanding shares of HeritageBanc common stock will be converted into the right to receive shares of Old Second common stock and 50% of the outstanding shares of HeritageBanc common stock will be converted into the right to receive cash. Subject to that requirement, you may elect to receive all cash, all Old Second common stock or a combination of both for your shares of HeritageBanc common stock. Subject to possible proration, if you elect to receive the merger consideration in all cash, you will receive \$10,332.81 per share in cash. Subject to possible proration, if you elect to receive the merger consideration in all shares of Old Second common stock, you will receive between 320.3972 and 375.7386 shares of Old Second common stock for each share of HeritageBanc common stock, depending on the final VWAP. You may also elect to receive a combination of cash and shares of Old Second common stock for your shares of HeritageBanc common stock, in which case you will receive \$10,332.81 in cash for each HeritageBanc share converted into cash and the above-described stock consideration for each HeritageBanc share converted into stock. All elections are subject to the proration procedures described in the merger agreement.

Assuming that the final VWAP is between \$27.50 and \$32.25 per share, the consideration paid in Old Second common stock to you in the merger for each share of HeritageBanc common stock will be valued at \$10,332.81 at the time the final VWAP is calculated (based upon the final VWAP). If the final VWAP is less than \$27.50, you will receive 375.7386 shares of Old Second common stock for each HeritageBanc share, the value of which will be less than \$10,332.81 if the market price of Old Second common stock is below \$27.50 when the merger is completed; if the final VWAP is greater than \$32.25, you will receive 320.3972 shares of Old Second common stock for each HeritageBanc share, the value of which will be more than \$10,332.81 if the market price of Old Second common stock is above \$32.25 when the merger is completed.

The formula for determining the appropriate stock election exchange ratio for each share of HeritageBanc common stock is set forth in detail in this proxy statement/prospectus. For examples of

how the value of the consideration may change, see [The Merger Illustrative Calculation of Per Share Consideration](#) beginning on page [].

Neither the stock exchange ratio nor the final allocation of merger consideration will be determined until after the date of the special meeting. Therefore, at the time of the special meeting, you will not know the precise value of the stock merger consideration you may receive on the date the merger is completed, and you will not know the actual breakdown of cash and stock you will receive.

Each share of Old Second common stock issued and outstanding prior to the merger will remain issued and outstanding and will not be converted or exchanged in the merger.

No Fractional Shares will be Issued (See page)

Old Second will not issue any fractional shares in the merger. Instead, you will receive cash in lieu of any fractional share of Old Second common stock owed to you, after taking into account all shares of HeritageBanc common stock delivered by you. For each fractional share, cash will be paid in an amount determined by multiplying the fractional share by the final VWAP.

Material United States Federal Income Tax Consequences of the Merger (See page)

The parties hereto intend for the merger to constitute a qualified stock purchase within the meaning of Internal Revenue Code Section 338(d)(3). Old Second intends to file a Section 338(h)(10) election with the Internal Revenue Service, which will require, among other things, that each HeritageBanc shareholder execute the appropriate election form. Because the obligations of Old Second to consummate the merger are subject to the receipt of a valid 338(h)(10) election, this proxy statement/prospectus assumes that a valid Section 338(h)(10) election will be filed. As a result, the merger will be treated as if HeritageBanc had sold all of its assets to Old Second and HeritageBanc liquidated immediately following the sale.

Assuming the Section 338(h)(10) election is made, then your receipt of cash, Old Second common stock or a combination thereof in the merger will be treated as a taxable transaction for U.S. federal income tax purposes. Although the tax consequences of the merger to you may depend on your individual situation, you generally will recognize gain or loss equal to the difference between the sum of the cash (including cash received for fractional shares) and the fair market value (on the date of completion of the merger) of the Old Second common stock received in the merger and your adjusted basis in the HeritageBanc common stock you surrender in the merger. A portion of the gain will be treated as ordinary income. Each share of Old Second common stock you receive in exchange for your HeritageBanc common stock will have a basis equal to its fair market value on the date of completion of the merger.

Tax matters are very complicated and the tax consequences of the merger to you will depend on the facts of your own situation. You are urged to consult your own tax advisor for a full understanding of the tax consequences of the merger to you.

Reasons for the Merger (See page)

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HeritageBanc believes that the merger with Old Second is consistent with HeritageBanc's goal of enhancing shareholder value and liquidity. In addition, HeritageBanc believes that the customers and communities served by HeritageBanc will benefit from the merger.

Old Second believes that the merger with HeritageBanc presents Old Second with an attractive opportunity to expand its market presence in the greater Chicago metropolitan area. In addition, Old Second expects that the merger will allow it to further diversify its loan portfolio and lower deposit costs and believes that the merger is a good opportunity to execute on its strategic growth plan.

You can find a more detailed discussion of the background to the merger agreement and HeritageBanc's and Old Second's reasons for the merger in this proxy statement/prospectus under "The Merger Background of the Merger" beginning on page [], "The Merger HeritageBanc's Reasons for the Merger and Board Recommendation" beginning on page [], and "The Merger Old Second's Reasons for the Merger" beginning on page [].

Fairness Opinion of HeritageBanc's Financial Advisor (See page)

Among other factors considered in deciding whether to approve the merger agreement and the merger, HeritageBanc's board of directors received the written opinion of its financial advisor, Stifel, Nicolaus & Company, Incorporated, that as of November 5, 2007, which was the date on which the HeritageBanc board of directors approved the merger agreement and the merger, and based on and subject to the considerations in its opinion, the aggregate merger consideration to be received by holders of shares of HeritageBanc common stock pursuant to the merger agreement was fair, from a financial point of view, to such holders. Stifel's opinion is included as Appendix B to this proxy statement/prospectus and is incorporated herein by reference. You should read this opinion completely to understand the assumptions made, matters considered and limitations of the review undertaken by Stifel in providing its opinion.

Recommendation to HeritageBanc Shareholders (See page)

HeritageBanc's board of directors believes that the merger agreement and the transactions contemplated thereby, including the merger, are advisable to, fair to and in the best interests of HeritageBanc and its shareholders and unanimously recommends that you vote FOR the approval and adoption of the merger agreement and the transactions contemplated thereby, including the merger.

Interests of Certain Persons in the Merger (See page)

Certain executive officers and members of the board of directors of HeritageBanc have interests in the merger that are in addition to their interests as shareholders of HeritageBanc. Among other things, certain executive officers of HeritageBanc, who are also members of the board of directors, will be employed by Old Second following the merger, and these executives will be eligible to receive awards under benefit plans of HeritageBanc and Old Second.

The Special Meeting (See page)

A special meeting of the HeritageBanc shareholders will be held at the [], located at [], [], Illinois, on [], 2008, at []:[] [] .m., local time. Holders of HeritageBanc common stock as of the close of business on [], 2008, are entitled to notice of and to vote at the HeritageBanc special meeting and will be asked to consider and vote upon the approval and adoption of the merger agreement and the merger.

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As of the date of this proxy statement/prospectus, HeritageBanc's board of directors did not know of any other matters that will be presented at the HeritageBanc special meeting.

Vote Required (See page)

At the special meeting of HeritageBanc shareholders, the merger agreement and the merger will only be approved if the proposal receives the affirmative vote of the holders of at least two-thirds of the shares of HeritageBanc common stock outstanding at the close of business on [], 2008. As of that date, there were 8,323 shares of HeritageBanc common stock outstanding. Each share of HeritageBanc common stock is entitled to one vote.

As of [], 2008, HeritageBanc's directors, executive officers and their affiliates held in the aggregate approximately 3,982 shares of the outstanding HeritageBanc common stock, including shares beneficially owned through the Heritage ESOP, representing approximately 48% of the total number of outstanding shares of HeritageBanc common stock.

Old Second has entered into an agreement with each of John Ladowicz and Patrick J. Roe, the Chairman and Chief Executive Officer and the President and Chief Operating Officer of HeritageBanc, respectively, who in the aggregate beneficially own approximately 34% of the outstanding HeritageBanc common stock, including shares beneficially owned through the Heritage ESOP, pursuant to which they have agreed, among other things, to vote or cause to have voted, all shares beneficially owned by them (other than shares held or voted by them solely in a fiduciary capacity) in favor of the merger agreement and the merger.

Action by Old Second Shareholders Not Required (See page)

Approval of the merger agreement and the merger by Old Second's shareholders is not required under Delaware law.

Regulatory Approvals (See page)

We cannot complete the merger unless we obtain the prior approval or waiver of such prior approval by the OCC and the Federal Reserve Bank of Chicago, or Federal Reserve. In addition to these regulatory requirements, because Heritage Bank is a state-chartered bank regulated by the Illinois Department of Financial and Professional Regulation, or DFPR, we must notify the DFPR of the proposed merger at least 30 days prior to the consummation of the merger, and we must pay all of Heritage Bank's accrued or outstanding DFPR assessments as of the date of the merger.

Old Second has filed all of the required applications, waiver requests and notices with the OCC, Federal Reserve and DFPR. On December 6, 2007, the Federal Reserve approved Old Second's request for a waiver of the prior application and approval requirements under the Bank Holding Company Act. The Federal Reserve's waiver determination is subject to the OCC's prior approval of the transaction and further subject to the condition that the holding company and bank-level mergers occur concurrently. Once the OCC approves the merger, we have to wait anywhere from 15 to 30 days before we can complete the merger, during which time the U.S. Department of Justice can challenge the merger on antitrust grounds.

Dissenters' Rights Available (See page)

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Under Illinois law, HeritageBanc shareholders have the right to dissent from the merger and receive in cash the fair value of their shares of HeritageBanc common stock. To dissent and receive the fair value of their shares, HeritageBanc shareholders must follow the procedures outlined in Appendix C. Heritage ESOP participants do not have dissenters' rights for shares held through the Heritage ESOP.

If you properly exercise your dissenters' rights and the conditions outlined in Appendix C are met, your shares of HeritageBanc common stock will not be converted into the right to receive the consideration provided in the merger agreement. Instead, your only right will be to receive in cash the fair value of your HeritageBanc shares as determined by mutual agreement between you and Old Second or by a court if you are unable to agree. You should be aware that submitting a signed proxy card without indicating a vote with respect to the merger will be deemed a vote FOR the merger and a waiver of your dissenters' rights. A vote AGAINST the merger does not dispense with the other requirements for exercising dissenters' rights under Illinois law.

The fair value may be more or less than the consideration you would have received under the terms of the merger agreement. If you exercise your dissenters' rights and complete the process of having a court determine the fair value of your shares in accordance with Illinois law, the amount you are awarded could be less than the value of the cash or shares of Old Second common stock that you would have received in the merger.

Termination of the Merger Agreement (See page)

Old Second and HeritageBanc may terminate the merger agreement by mutual consent. The merger agreement may also be terminated unilaterally by either Old Second or HeritageBanc if any one of several conditions exists.

Termination Fees (See page)

In certain circumstances, upon a termination of the merger agreement, HeritageBanc may be required to pay to Old Second liquidated damages of up to \$3.5 million, plus Old Second's expenses up to \$350,000, and Old Second may be required to pay to HeritageBanc liquidated damages of \$1.5 million, plus HeritageBanc's expenses up to \$350,000.

PRICE RANGE OF COMMON STOCK AND DIVIDEND INFORMATION

Old Second common stock is listed on the NASDAQ Global Select Market and traded under the symbol OSBC. The following table sets forth the closing price of Old Second common stock and the equivalent per share value of HeritageBanc common stock giving effect to the merger, as of November 5, 2007, the date immediately prior to the public announcement of the merger. The equivalent per share value of HeritageBanc common stock shown below represents the product achieved when the closing sales price of a share of Old Second common stock is multiplied by the exchange ratio of 358.657, which is the number of shares of Old Second common stock that a HeritageBanc shareholder would receive for each share of HeritageBanc common stock based on the \$28.81 30-day volume weighted average closing price per share of Old Second common stock on the NASDAQ Global Select Market, determined on November 5, 2007.

	Closing Price of Old Second Common Stock	Equivalent Price Per Share of HeritageBanc Common Stock
November 5, 2007	\$ 26.93	\$ 9,658.63

The following table sets forth, for the periods indicated, the high and low reported sale prices per share of Old Second common stock as reported by the NASDAQ Global Select Market, along with the cash dividends per share declared during such periods.

	High	Price Range of Common Stock	Low	Dividends Declared per Common Share
2005				
First Quarter	\$ 35.31		\$ 29.50	\$ 0.12
Second Quarter	31.60		28.01	0.13
Third Quarter	33.24		28.86	0.13
Fourth Quarter	33.64		28.00	0.13
2006				
First Quarter	\$ 32.83		\$ 30.38	\$ 0.13
Second Quarter	33.20		29.25	0.14
Third Quarter	31.40		29.51	0.14
Fourth Quarter	31.17		29.06	0.14
2007				
First Quarter	\$ 29.99		\$ 26.98	\$ 0.14
Second Quarter	30.40		27.41	0.15
Third Quarter	31.00		25.70	0.15
Fourth Quarter	.		.	.
2008				
First Quarter (through , 2008)	\$.		\$.	\$.

The timing and amount of future dividends, if any, paid by Old Second are subject to determination by the Old Second board of directors in its discretion and will depend upon earnings, cash requirements and the financial condition of Old Second and its subsidiaries, applicable government regulations and other factors deemed relevant by the Old Second board of directors.

There is no established trading market for HeritageBanc common stock. As a result, there is no readily obtainable market price for HeritageBanc common stock. From time to time, management of

HeritageBanc has been made aware of transactions in its common stock. Transactions in 2005 and 2006 about which management of HeritageBanc is aware are as follows:

- In July 2005, a shareholder sold 10 shares of HeritageBanc common stock in a private sale to an individual at a price of approximately \$2,200.00 per share.
- In January 2006, HeritageBanc repurchased a total of 75 shares of HeritageBanc common stock from its shareholders at a price of \$2,350.00 per share.
- In November 2006, HeritageBanc issued restricted shares of HeritageBanc common stock to its executive officers pursuant to the HeritageBanc 2006 Restricted Stock Plan at a price of \$2,600.00 per share.

Management of HeritageBanc is not aware of any transactions in its common stock that occurred in 2007. Although other transactions may have occurred in its common stock, HeritageBanc has not been provided with information as to the sale prices in any transactions other than as indicated.

HeritageBanc has historically paid cash dividends to its shareholders to the extent necessary for such shareholders to pay their respective estimated federal and state taxes on income arising from the operations of HeritageBanc as a result of HeritageBanc's status as an S corporation under the Internal Revenue Code. Upon completion of the merger, because Old Second is not an S corporation, HeritageBanc shareholders who receive shares of Old Second common stock will no longer receive dividends to pay their estimated taxes. HeritageBanc shareholders who become Old Second shareholders in connection with the merger, will, however, be entitled to receive all dividends declared by the board of directors of Old Second.

The merger agreement generally prohibits the payment of cash dividends on HeritageBanc common stock prior to the closing date but permits HeritageBanc to pay cash dividends to its shareholders to the extent necessary for such shareholders to pay their respective estimated federal and state taxes on income arising from the operations of HeritageBanc prior to the closing of the merger (excluding any income taxable as a result of the 338(h)(10) election). See The Merger Agreement Conduct of Business Pending the Merger beginning on page .

Both Old Second and HeritageBanc depend on dividends from their banking subsidiaries to pay dividends to their shareholders. The ability of the banking subsidiaries to pay such dividends is limited by applicable banking laws and regulations.

SELECTED HISTORICAL FINANCIAL DATA**Selected Consolidated Historical Financial Data of Old Second**

The following table presents selected consolidated historical financial data, as of December 31, 2006, 2005, 2004, 2003 and 2002 and for each of the years then ended, for Old Second. This selected consolidated historical financial data has been derived from Old Second's audited consolidated financial statements and related notes contained in its Annual Reports on Form 10-K for the years then ended.

This summary should be read in conjunction with the consolidated financial statements and the accompanying notes thereto and management's discussion and analysis of financial condition and results of operation, which are incorporated by reference into this proxy statement/prospectus from Old Second's Annual Report on Form 10-K for the year ended December 31, 2006. See "Where You Can Find More Information" beginning on page . Historical results do not necessarily indicate the results that you can expect for any future period.

Old Second Selected Historical Financial Data

(dollars in thousands, except per share data)

	2006	2005	2004	2003	2002
Summary of income data:					
Total interest and dividend income	\$ 142,029	\$ 120,223	\$ 97,398	\$ 87,844	\$ 85,491
Total interest expense	70,830	46,224	29,039	25,468	28,009
Net interest and dividend income	71,199	73,999	68,359	62,376	57,482
Provision for loan losses	1,244	353	(2,900)	3,251	3,805
Noninterest income	28,707	28,149	25,914	29,227	25,276
Noninterest expense	65,136	60,500	57,608	54,175	48,056
Income before income taxes	33,526	41,295	39,565	34,177	30,897
Provision for income taxes	9,870	13,612	13,278	12,069	10,751
Net income	23,656	27,683	26,287	22,108	20,146
Per share data:					
Basic earnings per share	\$ 1.77	\$ 2.05	\$ 1.96	\$ 1.57	\$ 1.36
Diluted earnings per share	1.75	2.03	1.94	1.56	1.35
Cash dividends declared	0.55	0.51	0.46	0.40	0.38
Book value	12.08	11.26	10.06	8.74	9.00
Net tangible book value	11.92	11.08	9.84	8.50	8.76
Selected financial ratios:					
Return on average assets	0.99%	1.24%	1.34%	1.30%	1.39%
Return on average equity	15.29	19.11	20.86	17.65	15.84
Dividend payout ratio	31.07	24.88	23.47	25.48	27.66
Tangible shareholder's equity to tangible assets	6.37	6.33	6.29	6.20	8.07
Total capital to risk weighted assets	10.82	10.86	11.06	11.40	11.85
Tier 1 capital to risk weighted assets	9.97	10.04	10.09	10.14	10.60
Tier 1 capital to average assets	7.90	7.99	7.85	7.91	7.79
Net interest margin	3.34	3.64	3.78	3.95	4.28
Allowance for loan losses to total loans	0.92	0.90	1.03	1.39	1.49
Non-performing loans to total loans	0.13	0.39	0.35	0.25	0.53

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Net loans charged off (recovered) to average
loans 0.02 0.03 -0.01 0.06 0.04

Selected balance sheet data:

Total assets	\$ 2,459,140	\$ 2,367,830	\$ 2,105,019	\$ 1,839,689	\$ 1,608,630
Loans	1,763,912	1,704,382	1,509,076	1,319,538	1,061,867
Allowance for loan losses	16,193	15,329	15,495	18,301	15,769
Deposits	2,062,693	1,935,278	1,798,849	1,524,634	1,390,661
Shareholders equity	158,555	152,262	134,988	116,994	133,076

Selected Consolidated Historical Financial Data of HeritageBanc

The following table presents selected consolidated historical financial data, as of December 31, 2006, 2005, 2004, 2003 and 2002 and for each of the years then ended, for HeritageBanc. This selected consolidated historical financial data has been derived from HeritageBanc's audited consolidated financial statements and related notes, which are not included in this proxy statement/prospectus.

HeritageBanc Selected Historical Financial Data

	2006	2005	2004	2003	2002
Summary of income data:					
Total interest income	\$ 19,582,925	\$ 15,332,253	\$ 11,395,165	\$ 10,627,342	\$ 10,725,939
Total interest expense	7,161,040	4,155,876	2,272,568	2,375,882	3,319,978
Net interest income	12,421,885	11,176,377	9,122,597	8,251,460	7,405,961
Provision for loan loss	510,000	400,000	151,000	200,000	81,600
Noninterest income	2,127,896	2,013,580	2,056,794	2,452,448	2,649,660
Noninterest expense	8,580,711	8,007,074	7,076,532	6,517,092	6,445,771
Income before income tax	5,459,070	4,782,883	3,951,859	3,986,816	3,528,250
Income tax expense	46,596	(1,135)	(10,130)	(18,678)	47,795
Net income	5,412,474	4,784,018	3,961,989	4,005,494	3,480,455
Per share data:					
Net income	\$ 650.30	\$ 580.02	\$ 480.36	\$ 485.63	\$ 435.17
Cash dividends declared	271.42	198.82	169.46	132.28	164.36
Book value	3,318.42	2,874.98	2,484.81	2,187.74	1,995.26
Net tangible book value	2,767.09	2,318.64	1,928.47	1,631.40	1,421.53
Selected financial ratios:					
Net income to average assets(1)	1.16%	1.14%	1.11%	1.23%	1.19%
Net income to average equity(1)	13.92	14.28	13.57	15.55	16.14
Net income to average tangible equity	15.51	16.51	16.44	19.65	20.20
Dividend payout ratio	41.74	34.28	35.28	27.24	37.77
Total capital (to risk weighted assets)	9.90	9.76	9.23	8.78	7.95
Tier 1 capital (to risk weighted assets)	8.87	8.78	8.26	7.75	6.88
Tier 1 capital (to average assets)	7.42	7.09	5.99	6.00	4.56
Net interest income	4.21	4.24	4.08	4.08	4.23
Allowance for loan losses to total income	50.72	46.31	47.29	42.91	43.75
Non-performing loans to total loans	n/a	n/a	n/a	n/a	n/a
Net loans charged off (recovered) to average loans	-0.01	0.03	0.00	0.00	0.03
Selected balance sheet data:					
Total assets	\$ 324,149,516	\$ 291,512,096	\$ 251,364,230	\$ 223,563,340	\$ 207,024,544
Total loans net of unearned discount	252,000,422	220,030,661	185,453,455	156,150,969	131,216,959
Allowance for loan losses	2,744,982	2,215,951	1,873,641	1,718,639	1,522,715
Total deposits	280,561,741	254,482,987	218,548,499	185,994,632	175,847,857
Total Shareholders' equity	27,619,227	23,712,837	20,494,696	18,044,473	15,958,087

(1) On a tax equivalent basis adjusted for S corporation status, assuming a federal income tax rate of 34%.

RISK FACTORS

In addition to the information contained elsewhere in this proxy statement/prospectus, including the matters addressed under the caption "Forward-Looking Statements" on page [redacted], or incorporated in this proxy statement/prospectus by reference, you should carefully consider the following factors in making your decision as to how to vote on the merger. There may be additional risks and uncertainties not presently known to HeritageBanc or Old Second or that are not currently believed to be important to you. If they materialize, those risks and uncertainties also may adversely affect the merger and HeritageBanc and Old Second as a combined company.

In addition, Old Second's and HeritageBanc's respective businesses are subject to numerous risks and uncertainties, including those described, in the case of Old Second, in its Annual Report on Form 10-K for the year ended December 31, 2006, which is incorporated by reference into this proxy statement/prospectus. See "Where You Can Find More Information" beginning on page [redacted]. These risks and uncertainties will continue to apply to Old Second, whether the merger is consummated or not, and HeritageBanc as an independent company if the merger is not consummated.

Fluctuations in the trading price of Old Second common stock may change the value of the shares of Old Second common stock you receive in the merger.

You cannot be certain of the precise value of the stock portion of the merger consideration to be received at closing. If the merger is completed, for each share of HeritageBanc common stock that is converted into Old Second common stock, you will be entitled to receive shares of Old Second common stock equal to an exchange ratio based on the final VWAP. As long as the final VWAP is between \$27.50 and \$32.25, the exchange ratio will adjust to ensure that the shares of Old Second common stock you receive will be equal to \$10,332.81 divided by the final VWAP. However, the market value of the shares of Old Second common stock you receive may be greater or less than \$10,332.81, as the trading price of Old Second common stock on the date of the merger may be greater or less than the final VWAP used to determine the exchange ratio.

If the final VWAP is less than \$27.50, the exchange ratio will no longer adjust upward. This means that the value of the shares of Old Second common stock you will receive will be below \$10,332.81 if the final VWAP is below \$27.50 and the market price of Old Second common stock is below \$27.50 when the merger is completed. If the final VWAP is greater than \$32.25, the exchange ratio will no longer adjust downward. This means that the value of the shares of Old Second common stock you will receive will be above \$10,332.81 to the extent the final VWAP is above \$32.25 and the market price of Old Second common stock is above \$32.25 when the merger is completed.

In addition to the foregoing, after the merger, the market value of Old Second common stock may decrease and be lower than the final VWAP used in calculating the exchange ratio. If the closing of the merger would have occurred on [redacted], 2008, the final VWAP would have been \$[redacted] if calculated as of such date, and the closing price of Old Second common stock as of such date was \$[redacted].

Accordingly, you will not know when you vote or make your election, either the number or the exact value of the shares of Old Second common stock that you will receive in the merger. Moreover, the market value of Old Second shares at the time of the merger and afterwards could be substantially higher or lower than the current market value. You are urged to obtain current market quotations for Old Second stock and to consult with your financial advisors before you vote.

The integration of the operations of Old Second and HeritageBanc may be more difficult than anticipated.

The combined company may not be able to fully achieve the strategic objectives and operating efficiencies it hopes to achieve in the merger. The success of the merger will depend on a number of factors, including (but not limited to) Old Second's ability to:

- timely and successfully integrate the operations of Old Second and HeritageBanc;
- maintain existing relationships with depositors in HeritageBanc to minimize withdrawals of deposits subsequent to the merger;
- maintain and enhance existing relationships with borrowers to limit unanticipated losses of customer relationships and credit losses from loans of HeritageBanc;
- control the incremental non-interest expense from Old Second and HeritageBanc to maintain overall operating efficiencies;
- retain and attract qualified personnel at Old Second and HeritageBanc;
- compete effectively in the communities served by Old Second and HeritageBanc and in nearby communities; and
- manage effectively its growth resulting from the merger.

HeritageBanc shareholders will have less influence as shareholders of Old Second than as shareholders of HeritageBanc.

HeritageBanc shareholders currently have the right to vote in the election of the board of directors of HeritageBanc and on other matters affecting HeritageBanc. Assuming that 50% of the shares of HeritageBanc common stock will be exchanged for Old Second common stock in the merger and that the exchange ratio is [] shares of Old Second common stock for each HeritageBanc share, the shareholders of HeritageBanc as a group will own approximately []% of Old Second following the merger. When the merger occurs, each HeritageBanc shareholder that receives Old Second common stock will become a shareholder of Old Second with a percentage ownership that is much smaller than such shareholder's percentage ownership of HeritageBanc. Because of this, HeritageBanc shareholders will have less influence on the management and policies of Old Second than they now have on the management and policies of HeritageBanc.

The fairness opinion obtained by HeritageBanc from its financial advisor will not reflect changes in circumstances prior to the merger.

HeritageBanc's financial advisor delivered a fairness opinion to HeritageBanc's board of directors. The fairness opinion delivered by HeritageBanc's financial advisor stated that, as of the date the parties executed the merger agreement, the per share consideration to be received by the holders of HeritageBanc common stock (excluding treasury stock) from Old Second in the merger pursuant to the merger agreement was fair to such holders from a financial point of view. The opinion does not, however, reflect changes that have occurred or may occur after such date, including changes to the operations and prospects of Old Second and HeritageBanc, changes in general market and economic conditions or other factors. Any such changes on which the opinion is based, or other factors, may alter the relative value of Old Second and HeritageBanc.

The market price of the common stock of the combined company after the merger may be affected by factors different from those currently affecting HeritageBanc's common stock.

The businesses of Old Second and HeritageBanc differ in certain respects, including market area, product and service offerings and size. In addition, Old Second common stock is traded on the NASDAQ Global Select Market under the symbol OSBC, while there is no established trading market for HeritageBanc common stock. Accordingly, the results of operations of the combined company and the market price of the combined company's shares of common stock after the merger may be affected by factors different from those currently affecting the independent results of operations and market prices of each of Old Second and HeritageBanc.

The merger agreement limits HeritageBanc's ability to pursue alternatives to the merger.

The merger agreement contains terms and conditions that make it more difficult for HeritageBanc to enter into a business combination other than with Old Second. These no shop provisions impose restrictions that prevent HeritageBanc from seeking another acquisition proposal and that, subject to certain exceptions, limit HeritageBanc's ability to discuss, facilitate or commit to competing third-party proposals to acquire all or a significant part of each company.

HeritageBanc agreed to these provisions as a condition of Old Second's willingness to enter into the merger agreement. These provisions may, however, discourage a third party that has an interest in acquiring all or a significant part of HeritageBanc from considering or proposing an acquisition or other business combination even if it were prepared to pay consideration with a higher per share price than the current proposed merger consideration. HeritageBanc's obligation to pay a termination fee, under certain circumstances, might result in a potential competing acquiror proposing to pay a lower per share price to acquire the company than it might otherwise have proposed to pay.

Obtaining required approvals and satisfying closing conditions may delay or prevent completion of the merger.

Completion of the merger is conditioned upon the receipt of certain governmental authorizations, consents, orders and approvals. Old Second and HeritageBanc intend to pursue all required approvals in accordance with the merger agreement. No assurance can be given that the required consents and approvals will be obtained or that the required conditions to closing will be satisfied, and, if all such consents and approvals are obtained and the conditions are satisfied, no assurance can be given as to the terms, conditions and timing of the approvals or that they will satisfy the terms of the merger agreement. The terms and conditions of such consents, orders and approvals may require the divestiture of certain assets or operations of the combined company following the merger or may impose other conditions.

HeritageBanc will be subject to business uncertainties while the merger is pending, which could adversely affect its business.

Uncertainty about the effect of the merger on employees and customers may have an adverse effect on HeritageBanc, and, consequently, the combined company. Although HeritageBanc intends to take steps to reduce any adverse effects, these uncertainties may impair HeritageBanc's ability to attract, retain and motivate key personnel until the merger is consummated and for a period of time thereafter, and could cause customers and others that deal with HeritageBanc to seek to change their existing business relationships with HeritageBanc. Employee retention at HeritageBanc may be particularly challenging during the pendency of the merger, as employees may experience uncertainty about their roles with the combined company following the merger.

HeritageBanc shareholders may receive more or less stock and/or more or less cash than desired.

The merger agreement requires that, on an aggregate basis, taking into account dissenters' shares, 50% of the HeritageBanc shares outstanding at the effective time be converted into shares of Old Second common stock and 50% of the HeritageBanc shares outstanding at the effective time be converted into cash. Although you will be permitted to elect the form of consideration you desire in the merger, your elections are subject to proration procedures that will enable Old Second to implement this 50% stock and 50% cash limitation. Accordingly, you will not know, either when you vote or when you make your election, the number of shares of Old Second common stock or the amount of cash that you will actually receive in the merger.

Persons who receive all cash in the merger will not participate in future growth.

HeritageBanc shareholders who receive all cash in the merger will not own any interest in Old Second. As a result, shareholders receiving only cash in the merger will not have the opportunity to participate in future growth, if any, in the value of Old Second.

The interests of certain management officials of HeritageBanc may be different from those of other shareholders.

Certain of HeritageBanc's directors and executive officers have interests in the merger other than their interests as HeritageBanc shareholders. These interests may cause HeritageBanc's directors and executive officers to view the merger proposal differently than you may view it. The board of directors of HeritageBanc was aware of these interests at the time it approved the merger.

FORWARD-LOOKING STATEMENTS

Old Second and HeritageBanc have each made forward-looking statements in this proxy statement/prospectus (and in documents to which the companies refer you in this proxy statement/prospectus) that are subject to risks and uncertainties. These forward-looking statements include information about possible or assumed future results of our operations or the performance of Old Second after the merger is completed. The words believes, expects, anticipates, estimates or similar expressions indicate forward-looking statements. These statements are based on HeritageBanc's and Old Second's respective management's existing expectations, which in turn are based on information that is currently available to them and on the current economic, regulatory and competitive environment, including factors such as the strength of the U.S. and local economies; federal, state and local laws, regulations and policies; interest rates and regulatory policies; and expectations as to competitors and customers. Many possible events or factors, including changes from current conditions in the factors mentioned above, could affect the future financial results and performance of each of our companies and the combined company after the merger and could cause actual results or performance to differ materially from those expressed in our forward-looking statements.

In addition to the factors listed above and the risks discussed in the Risk Factors section of this proxy statement/prospectus, factors that could have a material adverse effect on our operations and future prospects, or those of Old Second after the merger is completed, include, but are not limited to, the following:

- the risk that the businesses of HeritageBanc and Old Second in connection with the merger will not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected;

- expected revenue synergies and cost savings from the merger may not be fully realized or realized within the expected time frame;
- customer and employee relationships and business operations may be disrupted by the merger;
- the availability of capital to fund the expansion of the combined business;
- technological changes implemented by us and by other parties, including third party vendors, which may be more difficult or more expensive than anticipated or which may have unforeseen consequences to us and our customers; and
- the factors identified as Risk Factors in Old Second's Annual Report on Form 10-K for the year ended December 31, 2006 and any additional or modified factors identified as risk factors in Old Second's 2007 Quarterly Reports on Form 10-Q.

These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements.

The forward-looking statements included in this proxy statement/prospectus are made only as of the date of this proxy statement/prospectus. Further information concerning Old Second and its business, including additional factors that could materially affect Old Second's financial results, is included in Old Second's filings with the Securities and Exchange Commission, or SEC. See Where You Can Find More Information beginning on page .

SPECIAL MEETING OF HERITAGEBANC SHAREHOLDERS

This proxy statement/prospectus and the accompanying proxy card are being furnished to you in connection with the solicitation by the board of directors of HeritageBanc of proxies to be used at the HeritageBanc special meeting of shareholders to be held at the [], located at [], [], Illinois, on [], 2008, at []:[] [].m., local time, and at any adjournments thereof. This proxy statement/prospectus, the notice of HeritageBanc's special meeting and proxy card are first being sent to you on or about [], 2008.

Purpose of the Meeting

The special meeting is being held so that HeritageBanc shareholders may consider and vote upon a proposal to approve and adopt the merger agreement with Old Second and Old Second Acquisition and the merger of Old Second Acquisition with and into HeritageBanc contemplated by that agreement. Approval of the proposal will constitute approval of the merger agreement and the merger. A copy of the merger agreement is contained in Appendix A.

HeritageBanc shareholders are also being asked to approve a proposal to transact any other business that may properly come before the special meeting and any adjournment or postponement of the special meeting. As of the date of this proxy statement/prospectus, the HeritageBanc board of directors did not know of any other matters that will be presented at the special meeting.

Record Date

Only holders of record of HeritageBanc shares at the close of business on [], 2008, are entitled to receive notice of and to vote at the HeritageBanc special meeting or any adjournments or

postponements of the special meeting. At the close of business on [], 2008, there were 8,323 shares of HeritageBanc common stock outstanding held by 34 record holders.

Quorum; Required Vote

The holders of a majority of the outstanding shares of HeritageBanc common stock must be present for a quorum to exist at the special meeting. To determine if a quorum is present, HeritageBanc will count shares of HeritageBanc common stock present at the special meeting either in person or by proxy.

The affirmative vote of the holders of at least two-thirds of the outstanding shares of HeritageBanc common stock is required to approve the merger agreement and the merger. For each share of HeritageBanc common stock you held on the record date, you are entitled to one vote on each proposal to be presented to shareholders at the special meeting. Abstentions and failures to vote will have the effect of a vote against approval and adoption of the merger agreement and the merger.

On the record date, HeritageBanc's directors and executive officers owned 3,982 shares, including shares beneficially owned by them through the Heritage ESOP, or approximately 48% of the outstanding shares of HeritageBanc common stock. The Chairman and Chief Executive Officer and the President and Chief Operating Officer of HeritageBanc, who, as of the record date, in the aggregate beneficially owned approximately 34% of the outstanding HeritageBanc common stock, including shares beneficially owned by them through the Heritage ESOP, have agreed to vote all shares directly owned by them (other than shares held or voted in a fiduciary capacity) in favor of the merger agreement and the merger and to instruct the Heritage ESOP trustee to vote the shares beneficially owned by them through the Heritage ESOP in favor of the merger agreement and the merger.

HeritageBanc's board of directors believes that the merger agreement and the transactions contemplated thereby, including the merger, are advisable to, fair to and in the best interests of HeritageBanc and its shareholders and has unanimously approved the merger agreement and the merger. HeritageBanc's board unanimously recommends that HeritageBanc shareholders vote FOR adoption and approval of the merger agreement and the merger.

Proxies

The persons named on the accompanying proxy card will vote all shares of HeritageBanc common stock represented by properly executed proxies that have not been revoked. If no instructions are indicated, the persons named will vote the shares FOR approval and adoption of the merger agreement and the merger. Proxies marked ABSTAIN will have the effect of a vote AGAINST approval and adoption of the merger agreement and the merger.

If you hold a portion of your shares of HeritageBanc common stock as a participant in the Heritage ESOP and a portion of your shares outside of the Heritage ESOP, you should submit a confidential voting instruction form with respect to the shares held through the Heritage ESOP to the Heritage ESOP trustee and also submit a proxy for the shares held outside the Heritage ESOP to HeritageBanc.

HeritageBanc does not know of any matter not described in the notice of special meeting that is expected to come before the special meeting. If, however, any other matters are properly presented for action at the special meeting, the persons named as proxies will vote the proxies in their discretion, unless authority is withheld.

A shareholder may revoke a proxy at any time prior to its exercise by filing written notice with the corporate secretary of HeritageBanc, by signing and filing with the corporate secretary of HeritageBanc a later dated proxy or by voting in person at the special meeting. All written notices of revocation and other communications with respect to revocation of proxies should be sent to HeritageBanc, Inc., 20201 South LaGrange Road, Frankfort, Illinois 60423, Attention: Robert Kennedy.

Because approval and adoption of the merger agreement and the merger requires the affirmative vote of the holders of at least two-thirds of the outstanding shares of HeritageBanc common stock, abstentions and failures to vote will have the same effect as a vote against approval and adoption of the merger agreement and the merger.

For information regarding sending in your HeritageBanc stock certificates, please see the instructions in the election materials that were included in the mailing containing this proxy statement/prospectus.

Solicitation of Proxies

HeritageBanc will pay all the costs of soliciting proxies, except that Old Second will share equally in the expense of printing and filing this proxy statement/prospectus and all SEC, NASDAQ and other regulatory filing fees in connection with this proxy statement/prospectus. HeritageBanc will reimburse any custodians, nominees and fiduciaries for reasonable expenses, if any, incurred by them in sending proxy materials to the beneficial owners of HeritageBanc common stock. In addition to solicitations by mail, directors, officers and employees of HeritageBanc may solicit proxies personally or by telephone without additional compensation.

Authority to Adjourn Special Meeting to Solicit Additional Proxies

HeritageBanc is asking its shareholders to grant full authority for the special meeting to be adjourned, if necessary, to permit solicitation of additional proxies to approve the transactions proposed by this proxy statement/prospectus.

THE MERGER

Structure of the Merger

Pursuant to the terms of the merger agreement, Old Second Acquisition, a newly formed, wholly-owned subsidiary of Old Second, will merge with and into HeritageBanc. The separate legal existence of Old Second Acquisition will cease at the effective time of the merger and HeritageBanc will continue to exist as the surviving corporation and a wholly-owned subsidiary of Old Second. In connection with the merger, Old Second will exchange cash and shares of its common stock for shares of HeritageBanc common stock. HeritageBanc shareholders who do not exercise their dissenters' rights under Illinois law in accordance with the procedures described below under the heading entitled "Dissenters' Rights" and

in Appendix C and who receive Old Second common stock in the merger will become Old Second shareholders, with their rights governed by Delaware law and Old Second's restated certificate of incorporation and bylaws.

Background of the Merger

As part of HeritageBanc's ongoing effort to improve its community banking franchise and enhance shareholder value, HeritageBanc's board of directors and management have periodically reviewed various strategic options available to them, including, among other things, continued independence and a strategic merger with, or acquisition by, another financial institution. In the course of these periodic reviews, HeritageBanc's board of directors and management have considered the possible effects of various future strategies on earnings per share, book value per share, return on equity and other pertinent financial ratios, compared quantitative measures of HeritageBanc's performance with those of other financial institutions and monitored trends in the local, regional and national financial institutions mergers and acquisitions environment.

HeritageBanc's management and board of directors has continually evaluated the costs of remaining independent and adding new financial products and alternative delivery methods in an effort to remain competitive in the marketplace, while implementing HeritageBanc's growth strategy and continuing to deliver its current array of services to its customers and provide competitive returns to its shareholders. In March 2007, HeritageBanc's management began discussions with representatives of Stifel, Nicolaus & Company, Incorporated, an investment banking firm, regarding the company's strategic alternatives, including a possible sale. Over the next several months, HeritageBanc's management and representatives from Stifel had discussions regarding the range of possible valuations for a sale of the company, potential transaction partners and HeritageBanc's ability to remain as an independent organization.

HeritageBanc's management requested Stifel to prepare a strategic alternatives presentation for HeritageBanc's management to present and discuss with the board. At the May 10, 2007 board meeting, the board reviewed Stifel's presentation and evaluated the current banking environment, financial services industry trends, merger and acquisition activity within the industry and HeritageBanc's strategic alternatives, including, but not limited to, a possible merger or sale with a larger institution. Additionally, HeritageBanc's board of directors discussed several financial institutions, including Old Second, that may have an interest in a possible business combination with HeritageBanc. Following this presentation, the board formally approved the engagement of Stifel as its financial advisor and instructed Stifel to continue evaluating the market and identifying a limited number of possible transaction partners. The board also authorized Stifel to approach those financial institutions discussed earlier on a confidential basis to gauge their interest in discussing a possible transaction.

In May 2007, Stifel contacted two financial institutions, including Old Second, and had preliminary discussions to determine if the parties had any interest in pursuing a possible strategic transaction with HeritageBanc. Based upon those conversations, the two financial institutions contacted by Stifel, including Old Second, expressed an interest in pursuing a possible transaction with HeritageBanc. During the last two weeks of May, HeritageBanc's management and a representative from Stifel had a number of informal meetings with these two financial institutions to discuss a possible strategic transaction. On June 7, 2007, each of the two potential parties entered into a confidentiality agreement with Stifel and were provided confidential financial information concerning HeritageBanc.

On June 19, 2007, Old Second's board of directors considered a potential business combination with HeritageBanc. At the meeting, Howe Barnes Hoefler & Arnett, Inc., an investment banking firm, presented different scenarios regarding a possible transaction with HeritageBanc. Old Second's board authorized management and Howe Barnes to continue with their due diligence and to enter into negotiations with HeritageBanc and its advisors.

Throughout June and July 2007, Old Second's management continued due diligence on HeritageBanc, and representatives from Stifel and Howe Barnes engaged in discussions regarding possible terms of a sale of HeritageBanc to Old Second. In July 2007, the other potential acquiror that initially expressed an interest in a possible transaction said that it was no longer interested in a transaction with HeritageBanc. After receiving word that the other potential acquiror was no longer interested, HeritageBanc's management and a representative from Stifel discussed the possibility of contacting another financial institution regarding a strategic transaction involving HeritageBanc. As a result of this discussion, Stifel contacted another possible acquiror, and in July 2007, this other party performed a due diligence investigation of HeritageBanc and had a number of conversations with Stifel regarding terms of a transaction.

On July 13, 2007, management from each of HeritageBanc and Old Second met together with their respective financial advisors. The parties discussed various due diligence items, their expectations regarding the revenue of a combined entity, expenses that could be reduced or eliminated and the roles that HeritageBanc personnel would have following a merger. Following that meeting, Old Second's management met with representatives from Quarles & Brady LLP, special legal counsel for Old Second, to discuss these same issues.

On July 16, 2007, the executive committee of Old Second's board of directors met and discussed in detail a possible business combination with HeritageBanc.

On July 17, 2007, Old Second's full board of directors met with representatives from Howe Barnes to discuss a possible transaction with HeritageBanc. The board authorized management to propose a business combination with HeritageBanc with an aggregate price of \$87.0 million, payable in 65% stock and 35% cash, assuming that the transaction would qualify as an asset purchase under Section 338(h)(10) of the Internal Revenue Code. The proposed price range was not communicated outside the Old Second board, except to Old Second's senior management and advisors who were involved in the negotiations with HeritageBanc. These terms were presented to HeritageBanc on July 20, 2007.

On August 14, 2007, the party approached by Stifel in July 2007 submitted an expression of interest for a business combination with HeritageBanc. The expression of interest included a lower purchase price than the one proposed by Old Second with a significant portion of the consideration in illiquid stock.

Representatives from Stifel worked with Heritage's management to examine and study the proposals, and HeritageBanc's board of directors invited representatives from Stifel and Barack Ferrazzano Kirschbaum & Nagelberg LLP, HeritageBanc's special legal counsel, to attend its August 21, 2007 board meeting. At that meeting, HeritageBanc's management provided an update to the board on its discussions with possible strategic partners, including Old Second. Barack Ferrazzano gave a comprehensive presentation concerning the fiduciary duties of the board of directors in the context of a business combination and engaged in extensive discussion with the directors regarding their duties in connection with their consideration of strategic transactions for HeritageBanc. Additionally, representatives of Stifel presented detailed information on each of the indications of interest, including financial and other information on the potential strategic partners. The board members asked Stifel a number of questions regarding the expressions of interest and their terms. They also engaged in a lengthy discussion among themselves regarding the advisability of proceeding with any type of strategic transaction, and if so, the relative advantages and disadvantages of the two expressions of interest. The board ultimately concluded that, given the relative merits of the proposals presented by Stifel, the initial proposal from Old Second was the most attractive proposal received. The board determined that HeritageBanc should move forward by inviting Old Second to conduct additional due diligence because its proposal was superior to the other proposal.

Old Second's board of directors also met on August 21, 2007 to discuss the status of the possible business combination with HeritageBanc.

On August 27, 2007, management from each of HeritageBanc and Old Second met together with their respective financial and legal advisors to discuss whether the transaction would include a floating or fixed exchange ratio. The parties agreed to use a floating exchange ratio with

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appropriate cap and collar amounts, and on August 28, 2007, Old Second submitted a revised expression of interest letter to HeritageBanc. The terms of the revised expression of interest included:

- an aggregate purchase price of \$87.0 million, payable in 50% stock and 50% cash;
 - a floating exchange rate with a cap and collar at \$27.50 and \$32.25;
 - a requirement that the transaction qualify as an asset purchase under Section 338(h)(10) of the Internal Revenue Code;
- and

- a limit on the amount of built-in gains tax for which Old Second would be liable.

HeritageBanc's management and certain members of its board met with representatives from Stifel and Barack Ferrazzano to discuss the terms set forth in Old Second's proposal.

On August 29, 2007, HeritageBanc's board held a telephonic special meeting to discuss Old Second's revised proposal with HeritageBanc's management and representatives from Stifel and Barack Ferrazzano. During that meeting, the board had a lengthy discussion on the aggregate value of a possible transaction, the tax treatment and effects of a possible transaction, employment and employee benefit issues, as well as other possible conditions that may be involved in a transaction. The board authorized management to proceed with negotiations with Old Second toward a possible business combination. HeritageBanc's board did not seek additional offers at that time because of the favorable terms of Old Second's proposal, HeritageBanc's confidence in Old Second's management team and Stifel's prior discussions with other possible transaction partners over the past several months.

During the week of September 10, 2007, a team of Old Second representatives visited HeritageBanc's offices and performed an on-site due diligence investigation of HeritageBanc's business. Additionally, during the week of September 17, 2007, HeritageBanc's management and representatives conducted due diligence on Old Second's business.

At its September 18, 2007 board of directors meeting, Old Second's management and representatives from Howe Barnes reported to the board the results of due diligence and they presented to the board a formal financial analysis of a transaction with HeritageBanc and possible terms of such a transaction. Representatives from Quarles & Brady also gave a legal presentation regarding the possible business combination and the board authorized management to move forward to negotiate a definitive agreement.

On September 18, 2007, Quarles & Brady provided HeritageBanc and its counsel with a draft of a proposed definitive merger agreement.

During the week of September 22, 2007, HeritageBanc's management met with representatives from Stifel, Barack Ferrazzano and HeritageBanc's tax advisors and discussed Old Second's proposed draft of the merger agreement.

On September 26, 2007, Barack Ferrazzano provided HeritageBanc's comments to the proposed merger agreement. HeritageBanc's comments included the following proposals:

- consent to the continued payment of tax dividends by HeritageBanc to its shareholders through closing;
- assumption by Old Second of all tax liability resulting from the acquisition, including the Section 338 tax election; and

- revisions in the termination provision and the conditions for the payment of liquidated damages.

For the next month, the parties continued to discuss outstanding issues. The principal outstanding issue related to the amount of the built-in gains tax liability which would result from the closing of the proposed transaction. The parties disagreed as to the maximum amount of such liability and whether that liability should reduce the purchase price paid to the shareholders of HeritageBanc. Ultimately, after much additional discussion between the parties and their respective tax advisors, Old Second agreed to be responsible for all corporate tax liabilities arising from the transaction, and HeritageBanc agreed to a reduction in the total purchase price to \$86 million.

On October 16, 2007, Old Second's board held a meeting that was attended by representatives of Howe Barnes and Quarles & Brady. The meeting included a detailed discussion of the proposed transaction with HeritageBanc, a presentation of certain materials provided by Howe Barnes and a description by Quarles & Brady of the terms of the proposed final draft of the merger agreement. Howe Barnes provided a financial analysis of the proposed transaction and told Old Second's board that, upon execution of the merger agreement, it was prepared to deliver a written opinion as to the fairness of the proposed merger consideration to Old Second's shareholders from a financial point of view. Quarles & Brady reviewed the legal aspects of the proposed transaction and answered directors' questions. After the conclusion of the presentation and discussion, Old Second's board unanimously approved the merger agreement and authorized Old Second's management to execute the merger agreement, subject to the successful resolution of the remaining issues.

At its regular board meeting on October 17, 2007, HeritageBanc's directors received a full report from management regarding the status of negotiations with Old Second. At the conclusion of the meeting, the board instructed HeritageBanc's management to continue with its negotiations toward a possible transaction.

On October 25, 2007, management from each of HeritageBanc and Old Second met to discuss various due diligence items, their expectations regarding the revenue of a combined entity, expenses that could be reduced or eliminated and the roles that HeritageBanc personnel would have following a merger.

On November 5, 2007, HeritageBanc's board held a meeting that was attended by representatives of Stifel and Barack Ferrazzano. The meeting included a detailed discussion of the proposed transaction with Old Second, a presentation of certain materials provided by Stifel and a description by Barack Ferrazzano of the terms of the proposed final draft of the merger agreement. Stifel provided a financial analysis of the proposed transaction to HeritageBanc's board and informed the board that, upon execution of the merger agreement, it was prepared to deliver a written opinion as to the fairness of the proposed merger consideration to HeritageBanc's shareholders from a financial point of view. Barack Ferrazzano reviewed the legal aspects of the proposed transaction and answered directors' questions. After the conclusion of the presentation and discussion, HeritageBanc's board unanimously approved the merger agreement and authorized HeritageBanc's management to execute the merger agreement. The parties executed the merger agreement later that day. HeritageBanc and Old Second issued a joint press release on November 6, 2007 announcing the execution of the merger agreement.

HeritageBanc's Reasons for the Merger and Board Recommendation

HeritageBanc believes that the merger with Old Second is consistent with HeritageBanc's goal of enhancing shareholder value and liquidity. In addition, HeritageBanc believes that the customers and communities served by HeritageBanc will benefit from the merger. In reaching its decision to approve the merger agreement, the board of directors of HeritageBanc consulted with HeritageBanc's management team, as well as with its legal and financial advisors, and considered a variety of factors, including the following:

- the attractive price that Old Second agreed to pay to shareholders of HeritageBanc in the merger;
- the value to be received by HeritageBanc shareholders in the merger as compared to the shareholder value projected for HeritageBanc as an independent entity;

- the increased liquidity of Old Second stock to be received by HeritageBanc's shareholders in the merger;

- Old Second's historically strong capital position and expressed commitment to maintaining good asset quality;
- the likelihood that the merger will be approved by the appropriate regulatory authorities without undue burden and in a timely manner (see Regulatory Approvals);
- the complementary nature and similarities in the markets served by Old Second and HeritageBanc and the opportunities for revenue enhancements offered by Old Second's more extensive product offerings;
- the perceived depth, competence, experience and integrity of Old Second's management team;
- the increasing costs of legal, regulatory compliance, and accounting for financial institutions and the current and prospective competitive environment facing HeritageBanc; and
- the increasingly high costs of product development and technology for HeritageBanc and the banking industry in general.

The foregoing discussion of the information and factors considered by the board of directors of HeritageBanc is not intended to be exhaustive but includes material factors considered by the board of directors of HeritageBanc. In reaching its determination to approve and recommend the merger, the board of directors of HeritageBanc did not assign any relative or specific weights to the foregoing factors, and individual directors may have given differing weights to different factors. The board of directors of HeritageBanc is unanimous in its recommendation that HeritageBanc shareholders vote for approval and adoption of the merger agreement.

The HeritageBanc board of directors believes that the merger is fair to, and in the best interests of, HeritageBanc and the HeritageBanc shareholders. Accordingly, the HeritageBanc board has unanimously approved the merger agreement and unanimously recommends that the HeritageBanc shareholders vote FOR the adoption of the merger agreement.

Old Second's Reasons for the Merger

Old Second believes that the merger with HeritageBanc presents Old Second with an attractive opportunity to expand its market presence in the greater Chicago metropolitan area. In addition, Old Second expects that the merger will allow it to further diversify its loan portfolio and lower deposit costs and believes that the merger is a good opportunity to execute on its strategic growth plan. In reaching its decision to approve the merger agreement and the merger, the board of directors of Old Second consulted with Old Second's management team as well as with its legal and financial advisors, and considered a variety of factors, including the following:

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- information with respect to the businesses, earnings, operations, financial condition, prospects, capital levels and asset quality of Old Second and HeritageBanc, both individually and as combined; in particular, the board of directors of Old Second focused on the strategic fit of the business lines and the operating philosophies of the two institutions;

- the consistency of the merger with Old Second's long-term business strategy of pursuing growth opportunities in the greater Chicago metropolitan area, particularly the fact that

HeritageBanc operates in the southern suburbs of Chicago, an area in which Old Second does not currently have a branch presence;

- the advantages of a combination with an institution, such as HeritageBanc, that has opportunities for increased efficiencies and significant cost savings from a combination with Old Second, resulting in increased profitability of the combined entity over time;
- the current and prospective economic and competitive environments facing Old Second and other financial institutions characterized by intensifying competition from both banks and nonbank financial services organizations, the increasing necessity for strong fee-based income producing components within a bank holding company and the growing costs associated with regulatory compliance in the banking industry;
- the belief that, following the merger, the combined company would be well positioned to continue to grow through possible future acquisitions or expansion;
- the complementary nature of the businesses of Old Second and HeritageBanc, which both have a strong community banking orientation;
- the belief that, while no assurances could be given, the business and financial advantages contemplated in connection with the merger were likely to be achieved within a reasonable time frame; and
- the likelihood that the merger will be approved by the appropriate regulatory authorities without undue burden and in a timely manner (see Regulatory Approvals).

The foregoing discussion of the information and factors considered by the board of directors of Old Second is not intended to be exhaustive but includes material factors considered by the board of directors of Old Second. In reaching its determination to approve the merger, the board of directors of Old Second did not assign any relative or specific weights to the foregoing factors, and individual directors may have given differing weights to different factors.

Management and Operations after the Merger

After the merger is completed, it is anticipated that HeritageBanc, as the surviving entity, will be dissolved and cease to be a separate legal entity. Prior to such a dissolution, William B. Skoglund, J. Douglas Cheatham and James L. Eccher will serve as the directors and officers of HeritageBanc, subject to HeritageBanc's articles of incorporation and by-laws and in accordance with applicable law. It also is contemplated that at or after the effective time of the merger, Heritage Bank will be merged into Old Second National Bank, and the combined bank will operate

under the name Old Second National Bank. In addition, certain officers and directors of HeritageBanc and Heritage Bank will become officers and directors of Old Second and Old Second National Bank. See Interests of Certain Persons beginning on page [].

Merger Consideration

If the merger is completed, Old Second will pay the HeritageBanc shareholders aggregate merger consideration of approximately \$86 million in cash and shares of Old Second common stock. At closing, Old Second will deliver to the exchange agent a secured promissory note for \$43 million, representing the cash portion of the aggregate merger consideration, and stock certificates representing, in the aggregate,

all of the shares of Old Second common stock to be issued based on the final stock election exchange ratio. The promissory note will be payable five days after it is issued.

In the merger, you may receive cash or shares of Old Second common stock or a combination of cash and stock for your HeritageBanc shares. On an aggregate basis, 50% of the outstanding shares of HeritageBanc common stock will be converted into the right to receive shares of Old Second common stock and 50% of the outstanding shares of HeritageBanc common stock will be converted into the right to receive cash. Subject to that requirement, you may elect to receive all cash, all Old Second common stock or a combination of both for your shares of HeritageBanc common stock. Subject to possible proration, if you elect to receive the merger consideration in all cash, you will receive \$10,332.81 per share in cash. Subject to possible proration, if you elect to receive the merger consideration in all shares of Old Second common stock, you will receive between 320.3972 and 375.7386 shares of Old Second common stock for each share of HeritageBanc common stock, depending on the final VWAP. You may also elect to receive a combination of cash and shares of Old Second common stock for your shares of HeritageBanc common stock, in which case you will receive \$10,332.81 in cash for each HeritageBanc share converted into cash and the above-described stock consideration for each HeritageBanc share converted into stock. All elections are subject to the proration procedures set forth in the merger agreement. See Proration Procedures beginning on page [].

In this proxy statement/prospectus, we refer to the number of shares of Old Second common stock to be issued for each share of HeritageBanc common stock subject to a stock election as the stock election exchange ratio. The stock election exchange ratio will be calculated as follows:

- If the final VWAP is between \$27.50 and \$32.25, the stock election exchange ratio will adjust upward or downward to ensure that the shares of Old Second common stock you receive for each share of HeritageBanc common stock that you own will be equal to \$10,332.81 divided by the final VWAP. However, the market value of each share of Old Second common stock that you receive in the merger may be greater or less than \$10,332.81, as the trading price of Old Second common stock on the date the merger is completed may be greater or less than the final VWAP used to determine the exchange ratio.
- If the final VWAP is less than \$27.50, the stock election exchange ratio will no longer adjust upward, and you will receive 375.7386 shares of Old Second common stock for each share of HeritageBanc common stock that you own. This means that the value of the shares of Old Second common stock you will receive for each share of HeritageBanc common stock subject to a stock election will be below \$10,332.81 if the market price of Old Second common stock is below \$27.50 when the merger is completed.
- If the final VWAP is greater than \$32.25, the stock election exchange ratio will no longer adjust downward, and you will receive 320.3972 shares of Old Second common stock for each share of HeritageBanc common stock that you own. This means that the value of the shares of Old Second common stock you will receive for each share of HeritageBanc common stock subject to a stock election will be above \$10,332.81 if the market price of Old Second common stock is above \$32.25 when the merger is completed.
- If the final VWAP is less than \$23.375 and the decrease in the 30-day volume weighted average closing price per share of Old Second common stock on the NASDAQ Global Select Market over the preceding 30 business day period is at least 15% greater than the decrease in the average trading price for a group of comparable bank holding companies over the same period of time, then HeritageBanc will have the right to terminate the

merger agreement, subject to Old Second's right to increase the number of shares constituting the stock portion of the merger consideration such that the exchange ratio would be equal to 442.0455.

Neither the stock exchange ratio nor the final allocation of merger consideration will be determined until after the date of the special meeting. Therefore, at the time of the special meeting, you will not know the precise value of the stock merger consideration you may receive on the date the merger is completed, and you will not know the actual breakdown of cash and stock you will receive.

The number of shares of Old Second common stock you will receive in the merger will equal the number, rounded down to the nearest whole number, determined by multiplying the stock election exchange ratio by the number of shares of HeritageBanc common stock that you own which are to be exchanged for shares of Old Second common stock pursuant to a stock election or proration. Instead of issuing a fractional share of Old Second common stock in connection with payment of the stock consideration, cash will be paid in an amount determined by multiplying the fractional share by the final VWAP.

We cannot assure you that the current fair market value of Old Second common stock will be equivalent to the fair market value of Old Second common stock on the effective date of the merger or that the market price of the Old Second common stock on the effective date will be at least as high as the VWAP used to determine the stock election exchange ratio.

The amount and nature of the merger consideration was established through arm's-length negotiations between Old Second and HeritageBanc and their respective financial advisors, and reflects the balancing of a number of countervailing factors. The total amount of the merger consideration reflects an aggregate purchase price both parties concluded was appropriate. See Background of the Merger beginning on page , HeritageBanc's Reasons for the Merger and Board Recommendation beginning on page and Old Second's Reasons for the Merger beginning on page .

Each share of Old Second common stock issued and outstanding prior to the merger will remain issued and outstanding and will not be converted or exchanged in the merger.

In connection with the proposed merger, Old Second intends to enter into new credit facilities with a third party lender, replacing its current line of credit. Old Second has a commitment letter from a lender for a \$30.0 million revolving line of credit and a term loan in the amount of \$500,000, each with an interest rate equal to 90 basis points plus the 90 day London Interbank Offered Rate, or LIBOR. Old Second will also receive an additional term loan in the amount of \$45.0 million with an interest rate of 150 basis points over LIBOR. These credit facilities will be used to pay down the existing line of credit with its current third party lender, as well as to fund the cash portion of the merger consideration.

Illustrative Calculation of Per Share Consideration

As discussed above, in the merger, you may receive cash or shares of Old Second common stock or a combination of cash and stock for your HeritageBanc shares. On an aggregate basis, 50% of the outstanding shares of HeritageBanc common stock will be converted into the right to receive shares of Old Second common stock and 50% of the outstanding shares of HeritageBanc common stock will be converted into the right to receive cash. Subject to that requirement, you may elect to receive all cash, all Old Second common stock or a combination of both for your shares of HeritageBanc common stock.

The following table provides examples of how the value of the merger consideration may change depending on the final VWAP. The range of market prices set forth in the table have been included for

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representative purposes only. The market price at the time of the exchange of your HeritageBanc shares for the per share stock consideration may be less than \$27.50 or more than \$32.25. We cannot assure you as to what the market price of the Old Second common stock to be issued in the merger will be at or following the time of the exchange. The table assumes that HeritageBanc will not have a right to terminate the merger agreement under the circumstances described under the heading entitled Merger Consideration on page .

COMBINATION ELECTION						
100% CASH ELECTION(1)		100% STOCK ELECTION(1)		(50% STOCK AND 50% CASH)(1)		
Old Second Final VWAP	Per Share Cash Consideration	Shares of Old Second Stock	Per Share Stock Consideration (2)(3)	Per Share Cash Consideration	Per Share Stock Consideration (2)(3)	Total Per Share Consideration(2)
\$ 37.00	\$ 10,332.81	320.3972	\$ 11,854.70	\$ 5,166.41	\$ 5,927.35	\$ 11,096.76
\$ 36.75	\$ 10,332.81	320.3972	\$ 11,774.60	\$ 5,166.41	\$ 5,887.30	\$ 11,053.71
\$ 36.50	\$ 10,332.81	320.3972	\$ 11,694.50	\$ 5,166.41	\$ 5,847.25	\$ 11,013.66
\$ 36.25	\$ 10,332.81	320.3972	\$ 11,614.40	\$ 5,166.41	\$ 5,807.20	\$ 10,973.61
\$ 36.00	\$ 10,332.81	320.3972	\$ 11,534.30	\$ 5,166.41	\$ 5,767.15	\$ 10,933.56
\$ 35.75	\$ 10,332.81	320.3972	\$ 11,454.20	\$ 5,166.41	\$ 5,727.10	\$ 10,893.51
\$ 35.50	\$ 10,332.81	320.3972	\$ 11,374.10	\$ 5,166.41	\$ 5,687.05	\$ 10,853.46
\$ 35.25	\$ 10,332.81	320.3972	\$ 11,294.00	\$ 5,166.41	\$ 5,647.00	\$ 10,813.41
\$ 35.00	\$ 10,332.81	320.3972	\$ 11,213.90	\$ 5,166.41	\$ 5,606.95	\$ 10,773.36
\$ 34.75	\$ 10,332.81	320.3972	\$ 11,133.80	\$ 5,166.41	\$ 5,566.90	\$ 10,733.31
\$ 34.50	\$ 10,332.81	320.3972	\$ 11,053.70	\$ 5,166.41	\$ 5,526.85	\$ 10,693.26
\$ 34.25	\$ 10,332.81	320.3972	\$ 10,973.60	\$ 5,166.41	\$ 5,486.80	\$ 10,653.21
\$ 34.00	\$ 10,332.81	320.3972	\$ 10,893.50	\$ 5,166.41	\$ 5,446.75	\$ 10,613.16
\$ 33.75	\$ 10,332.81	320.3972	\$ 10,813.41	\$ 5,166.41	\$ 5,406.71	\$ 10,573.12
\$ 33.50	\$ 10,332.81	320.3972	\$ 10,733.31	\$ 5,166.41	\$ 5,366.66	\$ 10,533.07
\$ 33.25	\$ 10,332.81	320.3972	\$ 10,653.21	\$ 5,166.41	\$ 5,326.61	\$ 10,493.02
\$ 33.00	\$ 10,332.81	320.3972	\$ 10,573.11	\$ 5,166.41	\$ 5,286.56	\$ 10,452.97
\$ 32.75	\$ 10,332.81	320.3972	\$ 10,493.01	\$ 5,166.41	\$ 5,246.51	\$ 10,412.92
\$ 32.50	\$ 10,332.81	320.3972	\$ 10,412.91	\$ 5,166.41	\$ 5,206.46	\$ 10,372.87
\$ 32.25	\$ 10,332.81	320.3972	\$ 10,332.81	\$ 5,166.41	\$ 5,166.41	\$ 10,332.81
\$ 32.00	\$ 10,332.81	322.9003	\$ 10,332.81	\$ 5,166.41	\$ 5,166.41	\$ 10,332.81
\$ 31.75	\$ 10,332.81	325.4428	\$ 10,332.81	\$ 5,166.41	\$ 5,166.41	\$ 10,332.81
\$ 31.50	\$ 10,332.81	328.0257	\$ 10,332.81	\$ 5,166.41	\$ 5,166.41	\$ 10,332.81
\$ 31.25	\$ 10,332.81	330.6499	\$ 10,332.81	\$ 5,166.41	\$ 5,166.41	\$ 10,332.81
\$ 31.00	\$ 10,332.81	333.3164	\$ 10,332.81	\$ 5,166.41	\$ 5,166.41	\$ 10,332.81
\$ 30.75	\$ 10,332.81	336.0263	\$ 10,332.81	\$ 5,166.41	\$ 5,166.41	\$ 10,332.81
\$ 30.50	\$ 10,332.81	338.7806	\$ 10,332.81	\$ 5,166.41	\$ 5,166.41	\$ 10,332.81
\$ 30.25	\$ 10,332.81	341.5804	\$ 10,332.81	\$ 5,166.41	\$ 5,166.41	\$ 10,332.81
\$ 30.00	\$ 10,332.81	344.4270	\$ 10,332.81	\$ 5,166.41	\$ 5,166.41	\$ 10,332.81
\$ 29.75	\$ 10,332.81	347.3213	\$ 10,332.81	\$ 5,166.41	\$ 5,166.41	\$ 10,332.81
\$ 29.50	\$ 10,332.81	350.2647	\$ 10,332.81	\$ 5,166.41	\$ 5,166.41	\$ 10,332.81
\$ 29.25	\$ 10,332.81	353.2584	\$ 10,332.81	\$ 5,166.41	\$ 5,166.41	\$ 10,332.81
\$ 29.00	\$ 10,332.81	356.3037	\$ 10,332.81	\$ 5,166.41	\$ 5,166.41	\$ 10,332.81
\$ 28.75	\$ 10,332.81	359.4020	\$ 10,332.81	\$ 5,166.41	\$ 5,166.41	\$ 10,332.81
\$ 28.50	\$ 10,332.81	362.5547	\$ 10,332.81	\$ 5,166.41	\$ 5,166.41	\$ 10,332.81
\$ 28.25	\$ 10,332.81	365.7631	\$ 10,332.81	\$ 5,166.41	\$ 5,166.41	\$ 10,332.81
\$ 28.00	\$ 10,332.81	369.0289	\$ 10,332.81	\$ 5,166.41	\$ 5,166.41	\$ 10,332.81
\$ 27.75	\$ 10,332.81	372.3535	\$ 10,332.81	\$ 5,166.41	\$ 5,166.41	\$ 10,332.81
\$ 27.50	\$ 10,332.81	375.7386	\$ 10,332.81	\$ 5,166.41	\$ 5,166.41	\$ 10,332.81
\$ 27.25	\$ 10,332.81	375.7386	\$ 10,238.88	\$ 5,166.41	\$ 5,119.44	\$ 10,285.85
\$ 27.00	\$ 10,332.81	375.7386	\$ 10,144.94	\$ 5,166.41	\$ 5,072.47	\$ 10,238.88
\$ 26.75	\$ 10,332.81	375.7386	\$ 10,051.01	\$ 5,166.41	\$ 5,025.51	\$ 10,199.92
\$ 26.50	\$ 10,332.81	375.7386	\$ 9,957.07	\$ 5,166.41	\$ 4,978.54	\$ 10,144.95

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\$ 26.25	\$ 10,332.81	375.7386	\$ 9,863.14	\$ 5,166.41	\$ 4,931.57	\$ 10,087.98
\$ 26.00	\$ 10,332.81	375.7386	\$ 9,769.20	\$ 5,166.41	\$ 4,884.60	\$ 10,051.01
\$ 25.75	\$ 10,332.81	375.7386	\$ 9,675.27	\$ 5,166.41	\$ 4,837.64	\$ 10,004.05
\$ 25.50	\$ 10,332.81	375.7386	\$ 9,581.33	\$ 5,166.41	\$ 4,790.66	\$ 9,957.06
\$ 25.25	\$ 10,332.81	375.7386	\$ 9,487.40	\$ 5,166.41	\$ 4,743.70	\$ 9,910.11
\$ 25.00	\$ 10,332.81	375.7386	\$ 9,393.47	\$ 5,166.41	\$ 4,696.74	\$ 9,863.15
\$ 24.75	\$ 10,332.81	375.7386	\$ 9,299.53	\$ 5,166.41	\$ 4,649.77	\$ 9,816.18
\$ 24.50	\$ 10,332.81	375.7386	\$ 9,205.60	\$ 5,166.41	\$ 4,602.80	\$ 9,769.20
\$ 24.25	\$ 10,332.81	375.7386	\$ 9,111.66	\$ 5,166.41	\$ 4,555.83	\$ 9,722.24
\$ 24.00	\$ 10,332.81	375.7386	\$ 9,017.73	\$ 5,166.41	\$ 4,508.87	\$ 9,675.28
\$ 23.75	\$ 10,332.81	375.7386	\$ 8,923.79	\$ 5,166.41	\$ 4,461.90	\$ 9,628.31
\$ 23.50	\$ 10,332.81	375.7386	\$ 8,829.86	\$ 5,166.41	\$ 4,414.93	\$ 9,581.34
\$ 23.25	\$ 10,332.81	375.7386	\$ 8,735.92	\$ 5,166.41	\$ 4,367.96	\$ 9,534.37
\$ 23.00	\$ 10,332.81	375.7386	\$ 8,641.99	\$ 5,166.41	\$ 4,321.00	\$ 9,487.41

(1) All elections are subject to the proration procedures described above; the information presented in the table is for illustrative purposes only.

(2) Assumes the closing price of Old Second's common stock on the date of the merger is the same as the final VWAP. The actual trading price of Old Second common stock is subject to market fluctuations, and HeritageBanc shareholders will not be entitled to receive additional shares in the merger if the trading price of Old Second's common stock on the closing date of the merger is less than the final VWAP.

(3) The numbers in this column represent the value of the shares of Old Second common stock which you will receive for each share of HeritageBanc common stock that you own, subject to the assumption in footnote 2.

Proration Procedures

HeritageBanc shareholders may elect to receive their share of the merger consideration entirely in Old Second common stock, entirely in cash or in a combination of Old Second common stock and cash. However, all shareholder elections are subject to the requirement that, on an aggregate basis, 50% of HeritageBanc shares outstanding at the effective time of the merger must be converted into the right to receive Old Second common stock and the remaining 50% of HeritageBanc shares outstanding at the effective time of the merger must be converted into the right to receive cash.

If you do not make any election, you will receive consideration in the form of either cash or Old Second common stock in proportions necessary to satisfy the total consideration requirement as described below.

If, after taking into account all valid elections, exactly 50% of the total outstanding shares of HeritageBanc common stock would be converted into stock, then any HeritageBanc shareholders who elected to receive any portion of the merger consideration in cash and any HeritageBanc shareholders who did not make an election will be entitled to receive only cash. If exactly 50% of the total outstanding shares of HeritageBanc common stock would be converted into cash, then any HeritageBanc shareholders who elected to receive any portion of the merger consideration in stock and any HeritageBanc shareholders who did not make an election will be entitled to receive only stock.

If, after taking into account all valid elections, more than 50% of the total outstanding shares of HeritageBanc common stock would be converted into cash, including dissenting shares, then, any HeritageBanc shareholders who elected to receive any portion of the merger consideration in Old Second common stock will be entitled to receive only stock, and, as a group, any HeritageBanc shareholders who elected to

receive any portion of the merger consideration in cash and any HeritageBanc shareholders who did not make an election, will be subject to a proration process that will result in the holder receiving shares of Old Second common stock in lieu of some cash.

Similarly, if after taking into account all valid elections, more than 50% of the total outstanding shares of HeritageBanc common stock would be converted into Old Second common stock, then, as a group, any HeritageBanc shareholders who elected to receive any portion of the merger consideration in cash and any HeritageBanc shareholders who did not make an election, will be entitled to receive only cash, and any HeritageBanc shareholders who elected to receive any portion of the merger consideration in Old Second common stock, will be subject to a proration process that will result in the holder receiving cash in lieu of some Old Second common stock.

Finally, if either 100% of the total outstanding shares of HeritageBanc common stock would be converted into all stock or all cash, the merger consideration shall be distributed on a pro rata basis to all shareholders such that 50% of the shares are converted into cash and 50% are converted into stock.

We are not making any recommendation as to whether HeritageBanc shareholders should elect to receive only Old Second common stock, only cash or a combination of both types of consideration. We are also not making any recommendation as to whether HeritageBanc shareholders should elect to receive a specific ratio of cash or Old Second common stock. Each HeritageBanc shareholder must make his or her own decision with respect to the election to receive Old Second common stock, cash or a combination thereof for his or her shares of HeritageBanc stock.

Election Procedures

Subject to the proration limitations described above, you may elect to receive Old Second common stock, cash, or a combination thereof by using the election form that was included in the mailing containing this proxy statement/prospectus. HeritageBanc shareholders do not need to make an election. If no election is made, a HeritageBanc shareholder will receive cash or Old Second common stock in such amounts that will enable us to satisfy the requirement that 50% of HeritageBanc shares be converted into Old Second common stock and 50% of HeritageBanc shares, including shares with respect to which shareholders have asserted their dissenters' rights under the IBCA, be converted into cash.

To make an effective election, you must submit a properly completed election form to [], which will act as the exchange agent, on or before the election deadline of 5:00 p.m., Chicago, Illinois time, on [], 2008. You may change your election at any time prior to the election deadline by written notice accompanied by a properly completed and signed revised election form received by the exchange agent prior to the election deadline. However, any HeritageBanc shareholder who has not made a valid election by the election deadline will be allocated cash, shares of Old Second common stock or a combination thereof as needed to satisfy the overall 50% cash and 50% stock requirement provided in the merger agreement. All elections will be revoked automatically if the merger is not approved or the merger agreement is otherwise terminated.

Surrender of Stock Certificates

With the election forms, all HeritageBanc shareholders have also received a letter of transmittal, together with a return envelope. The letter of transmittal will include instructions for the surrender and exchange of certificates representing HeritageBanc common stock for the merger consideration. A letter of transmittal will be deemed properly completed only if signed and accompanied by stock certificates representing all shares of HeritageBanc common stock or an appropriate guarantee of delivery of the certificates.

Until you surrender your HeritageBanc stock certificates for exchange after completion of the merger, you will not be paid dividends or other distributions declared after the merger with respect to any

Old Second common stock into which your HeritageBanc shares have been converted. When HeritageBanc stock certificates are surrendered, Old Second will pay to the surrendering holder any of his or her respective unpaid dividends or other distributions, without interest. After the completion of the merger, no further transfers of HeritageBanc common stock will be permitted. HeritageBanc stock certificates presented for transfer after the completion of the merger will be canceled and exchanged for the merger consideration.

No fractional shares of Old Second common stock will be issued to any holder of HeritageBanc common stock upon completion of the merger. For each fractional share that would otherwise be issued, Old Second will pay cash in an amount determined by multiplying this fraction by the final VWAP. No interest will be paid or accrued on cash payable to holders of HeritageBanc common stock in lieu of fractional shares. No shareholder of HeritageBanc will be entitled to dividends, voting rights or any other rights as a shareholder of Old Second in respect of any fractional shares.

None of Old Second, HeritageBanc or any other person will be liable to any former holder of HeritageBanc common stock for any amount properly delivered to a public official pursuant to applicable abandoned property, escheat or similar laws.

If a certificate for HeritageBanc common stock has been lost, stolen or destroyed, the exchange agent will issue the consideration properly payable under the merger agreement upon compliance by the holder of HeritageBanc common stock with the conditions reasonably imposed by the exchange agent. These conditions will include a requirement that the shareholder provide a lost instruments indemnity bond in form, substance and amount reasonably satisfactory to the exchange agent and Old Second.

Interests of Certain Persons

General. Some members of HeritageBanc's management and board of directors may be deemed to have interests in the merger that are in addition to their interests as shareholders generally. The boards of directors of each of HeritageBanc and Old Second were aware of these interests and considered them, together with the other matters described in this proxy statement, in adopting the merger agreement and approving the merger.

Arrangements with John Ladowicz and Patrick J. Roe. Concurrently with the closing, each of the employment agreements among Mr. Ladowicz (Chairman and Chief Executive Officer of HeritageBanc), HeritageBanc and Heritage Bank and Mr. Roe (President and Chief Operating Officer of HeritageBanc), HeritageBanc and Heritage Bank, will be terminated pursuant to the terms of mutual termination agreements. Mr. Ladowicz will be entitled to receive a lump sum payment from Heritage Bank equal to \$1,051,815, which represents the payments due Mr. Ladowicz under his employment agreement following a change in control of HeritageBanc and includes the remaining amounts due to him pursuant to the terms of the Heritage Bank 2006 Restricted Stock Plan. Mr. Roe shall be entitled to receive a lump sum payment from Heritage Bank equal to \$961,815, which represents the payments due Mr. Roe under his employment agreement following a change in control of HeritageBanc and includes the remaining amounts due to him pursuant to the terms of the Heritage Bank 2006 Restricted Stock Plan.

In addition to the cash payment described above, Mr. Ladowicz will be entitled to have ownership transferred from Heritage Bank to him of the automobile currently provided to him by Heritage Bank. Also, if Mr. Ladowicz's employment is terminated for any reason other than cause, he will be entitled to receive, at no cost to him, outplacement services at a cost not to exceed \$20,000. In addition to the cash payment described above, Mr. Roe will be entitled to have ownership transferred from Heritage Bank to him of the automobile currently provided to him by Heritage Bank. Also, if Mr. Roe's employment is terminated for any reason other than cause, he will be entitled to receive, at no

cost to him, outplacement services at a cost not to exceed \$20,000. Pursuant to the employment agreements of Messrs. Ladowicz and Roe, cause means the commission of a felony involving violence, moral turpitude, dishonesty or fraud, or violation or breach of any fiduciary obligation owed to HeritageBanc.

Pursuant to the mutual termination agreements, and their respective employment agreements, after the closing, Messrs. Ladowicz and Roe (and their spouses) will be entitled to health and prescription drug benefits under Old Second's health and prescription drug benefit plan or plans, provided that they continue to pay premiums with respect to such coverage at the same rate as may be in effect from time to time with respect to other employees of Old Second. The right of Messrs. Ladowicz and Roe (and their spouses) to participate in such health and prescription drug plan or plans shall extend until each becomes Medicare-eligible, whether or not Messrs. Ladowicz and Roe remain employed with Old Second. Old Second's obligation to provide Messrs. Ladowicz and Roe (and their spouses) with such coverage will continue to exist without regard to whether Old Second continues to provide such coverage to its other employees.

Messrs. Ladowicz and Roe have agreed, as a term of their mutual termination agreements, that for a period of three years following the closing, other than for and on behalf of HeritageBanc and/or Old Second, they will not, directly or indirectly: solicit or assist anyone in soliciting, for the purpose of providing banking or commercial lending services, any customers of HeritageBanc or Old Second with which they directly or indirectly dealt during their employment with HeritageBanc or Old Second, or any prospective customers of HeritageBanc or Old Second to which HeritageBanc submitted a proposal for business, where such proposal resulted from their substantial efforts; or induce or attempt to induce any of HeritageBanc's and/or Old Second's employees to leave the employment of HeritageBanc and/or Old Second. Also, each of Messrs. Ladowicz and Roe agrees that he will not provide banking or commercial lending services or otherwise compete with HeritageBanc or Old Second within a 25-mile radius of Heritage Bank's Frankfort, Illinois location (unless outside of the State of Illinois) for the three-year period following the closing.

Employment Offer Letter for Patrick J. Roe. In anticipation of the merger, Old Second made a written offer of employment to Mr. Roe. The offer letter does not provide for an employment term of a specified duration.

The offer of employment made to Mr. Roe by Old Second provides that Mr. Roe will be employed by Old Second as Senior Vice President/Regional Manager. His annual salary will initially be set at \$155,000. Mr. Roe will be eligible to participate in Old Second's Incentive Program for Regional Commercial Lender Managers, under which he will be eligible for a bonus of up to 40% of his base salary based on Old Second and individual performance. Mr. Roe is also eligible to participate in Old Second's Fee Income Incentive, which enables commercial lenders to earn additional, unlimited bonus compensation. Mr. Roe will be eligible to receive a restricted stock grant, based on 2008 performance, of up to 20% of his base salary. Old Second will pay dues and assessments and reimburse Mr. Roe for business related expenses at Prestwick Country Club. Mr. Roe will receive an automobile allowance of \$900 per month. He will be eligible to participate in all Old Second sponsored benefit plans, including but not limited to the deferred compensation plan, in accordance with the terms of each such plan. Also, Mr. Roe will receive a change of control agreement from Old Second, which will afford him salary and benefits continuation and other considerations in the event that Old Second is involved in a merger or acquisition and his position is eliminated.

Restricted Stock Plan. Each employee of HeritageBanc or Heritage Bank who is a participant under the Heritage Bank 2006 Restricted Stock Plan shall, pursuant to the terms of such plan, become immediately and fully vested as of the time of closing in any restricted stock issued under such plan.

Indemnification and Insurance. Old Second has agreed that, for at least three years following the merger, it will indemnify the present and former directors and officers of HeritageBanc and maintain director's and officer's liability insurance covering such directors and officers. See The Merger Agreement "Indemnification and Insurance" beginning on page [].

Fairness Opinion of HeritageBanc's Financial Advisor

Stifel, Nicolaus & Company, Incorporated acted as HeritageBanc's financial advisor in connection with the merger. Stifel is a nationally recognized investment banking and securities firm with membership on all the principal United States securities exchanges and substantial expertise in transactions similar to the merger. As part of its investment banking activities, Stifel is regularly engaged in the independent valuation of businesses and securities in connection with mergers, acquisitions, underwritings, sales and distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes.

On November 5, 2007, Stifel rendered its oral opinion and confirmed in writing, to the board of directors of HeritageBanc that, as of such date, the per share consideration to be received by the holders of HeritageBanc common stock (excluding treasury stock) from Old Second in the merger pursuant to the merger agreement was fair to such holders, from a financial point of view.

The full text of Stifel's written opinion dated November 5, 2006, which sets forth the assumptions made, matters considered and limitations of the review undertaken, is attached as Appendix B to this proxy statement/prospectus and is incorporated herein by reference. Holders of HeritageBanc common stock are urged to, and should, read this opinion carefully and in its entirety in connection with this proxy statement/prospectus. The summary of the opinion of Stifel set forth in this proxy statement/prospectus is qualified in its entirety by reference to the full text of such opinion. The opinion of Stifel will not reflect any developments that may occur or may have occurred after the date of its opinion and prior to the completion of the merger. Stifel has no obligation to update, revise or reaffirm its opinion, except in accordance with the terms and conditions of Stifel's engagement letter agreement with HeritageBanc, and HeritageBanc currently expects that it will request an updated opinion from Stifel.

No limitations were imposed by HeritageBanc on the scope of Stifel's investigation or the procedures to be followed by Stifel in rendering its opinion. In arriving at its opinion, Stifel did not ascribe a specific range of values to HeritageBanc. Its opinion is based on the financial and comparative analyses described below. Stifel's opinion was directed solely to HeritageBanc's board of directors, or the Board, for its use in connection with its consideration of the financial terms of the merger. Stifel's opinion addressed only the fairness of the per share consideration to the holders of HeritageBanc common stock from a financial point of view and did not address any other aspect of the merger. Stifel's Opinion does not constitute a recommendation to the Board as to how the Board should vote on the merger or to any shareholder of HeritageBanc or Old Second as to how any such shareholder should vote at any shareholders' meeting at which the merger is considered, or whether or not any shareholder of HeritageBanc or Old Second should enter into a voting or shareholders' agreement with respect to the merger, elect to receive the cash consideration or the stock consideration (or any combination thereof), or exercise any dissenters' or appraisal rights that may be available to such shareholder. In addition, Stifel was not requested to opine as to, and its opinion does not compare, the relative merits of the merger with any other alternative transaction or business strategy which may have been available to HeritageBanc and does not address the underlying business decision of the board of directors or HeritageBanc to proceed with or effect the merger. Stifel's Opinion does not consider, include or address: (i) any other strategic alternatives currently (or which have been or may be) contemplated by HeritageBanc's Board of Directors or HeritageBanc; (ii) the legal, tax or accounting consequences of the merger on HeritageBanc or its shareholders including, without limitation, the failure of the merger to qualify as a tax-free reorganization

under Section 368 of the Internal Revenue Code of 1986, as amended, or the Code, or any election made by Old Second under Section 338(h)(10) of the Code or any equivalent elections under applicable state law; (iii) any non-solicit, non-compete, employment, severance or similar agreement to which HeritageBanc is subject or which are entered into in connection with the merger as contemplated by the merger agreement, or the fairness to HeritageBanc or HeritageBanc's shareholders of any payments made in connection with such agreement; (iv) any advice or opinions provided by any other advisor to HeritageBanc, the Heritage ESOP or Old Second; (v) the election by holders of shares of HeritageBanc common stock to receive the stock consideration or the cash consideration, or any combination thereof, or the actual allocation of the merger consideration between the stock consideration and the cash consideration among holders of shares of HeritageBanc common stock (including, without limitation, any re-allocation of the merger consideration by the exchange agent for the merger pursuant to the merger agreement); or (vi) the related merger of Heritage Bank, a wholly-owned subsidiary of HeritageBanc, with and into, and under the charter of, Old Second National Bank, a wholly-owned subsidiary of Old Second, contemplated by the merger agreement, or any separate merger agreement contemplated to be entered into by Heritage Bank and Old Second National Bank relating to such transaction. Furthermore, Stifel did not express any opinion as to the prices, trading range or volume at which HeritageBanc's or Old Second's securities will trade following public announcement or consummation of the merger.

In connection with its opinion, Stifel, among other things:

- reviewed and analyzed a draft copy of the merger agreement provided to Stifel on November 5, 2007;

- reviewed and analyzed the audited statements of condition of HeritageBanc as of December 31, 2006, 2005 and 2004 and the related statements of income, changes in shareholders' equity and cash flows for each of such fiscal years and the unaudited statements of condition of HeritageBanc and Heritage Bank as of March 31, 2007 and June 30, 2007 and the related unaudited statements of income for the three-month and six-month periods then ended;

- reviewed and analyzed the audited statements of condition of Old Second as of December 31, 2006, 2005 and 2004 and the related statements of income, changes in shareholders' equity and cash flows for each of such fiscal years and the unaudited statements of condition of Old Second as of March 31, 2007 and June 30, 2007 and the related unaudited statements of income for the three-month and six-month periods then ended;

- reviewed and analyzed certain other publicly available information concerning HeritageBanc and Old Second;

- reviewed certain non-publicly available information concerning HeritageBanc, including internal financial analyses and forecasts prepared by HeritageBanc's management and held discussions with HeritageBanc's senior management regarding HeritageBanc's operating performance, financial condition and future prospects, as well as recent developments and the anticipated effect of the merger on HeritageBanc;

- reviewed certain non-publicly available information concerning Old Second, including internal financial analyses prepared by Old Second's management and held discussions with Old Second's senior management regarding Old Second's operating performance, financial condition and future prospects, as well as recent developments and the anticipated effect of the merger on Old Second;

- participated in certain discussions and negotiations between representatives of HeritageBanc and Old Second;
- reviewed and analyzed certain publicly available information concerning the terms of selected merger and acquisition transactions that Stifel considered relevant to its analysis;
- reviewed and analyzed certain publicly available financial and stock market data relating to selected public companies that Stifel deemed relevant to its analysis;
- conducted such other financial studies, analyses and investigations and considered such other information as Stifel deemed necessary or appropriate for purposes of its opinion; and
- took into account Stifel's assessment of general economic, market and financial conditions and its experience in other transactions, as well as its experience in securities valuations and its knowledge of the banking industry generally.

In rendering its opinion, Stifel relied upon and assumed, without independent verification, the accuracy and completeness of all of the financial and other information that was provided to Stifel, by or on behalf of HeritageBanc and Old Second, or that was otherwise reviewed by Stifel and did not assume any responsibility for independently verifying any of such information. With respect to the financial forecasts supplied to Stifel by HeritageBanc and Old Second (including, without limitation, potential cost savings and operating synergies realized by a potential acquirer), Stifel assumed that they were reasonably prepared on the basis reflecting the best currently available estimates and judgments of the respective managements of HeritageBanc and Old Second as to the future operating and financial performance of HeritageBanc and Old Second, that cost saving and operating synergies would be realized in the amounts and time periods estimated by Old Second and that they provided a reasonable basis upon which Stifel could form its opinion. Such forecasts and projections were not prepared with the expectation of public disclosure. All such projected financial information is based on numerous variables and assumptions that are inherently uncertain, including, without limitation, factors related to general economic and competitive conditions. Accordingly, actual results could vary significantly from those set forth in such projected financial information. Stifel has relied on this projected information without independent verification or analyses and does not in any respect assume any responsibility for the accuracy or completeness thereof.

Stifel also assumed that there were no material changes in the assets, liabilities, financial condition, results of operations, business or prospects of either HeritageBanc or Old Second since the date of the last financial statements made available to it. Stifel has also assumed, without independent verification and with HeritageBanc's consent, that the aggregate allowances for loan losses set forth in the financial statements of HeritageBanc and Old Second are in the aggregate adequate to cover all such losses. Stifel was not requested to make, and did not make, review or obtain any independent evaluation, appraisal or physical inspection of HeritageBanc's or Old Second's assets or liabilities, the collateral securing any of such assets or liabilities, or the collectibility of any such assets nor did it review loan or credit files of HeritageBanc or Old Second. Estimates of values of companies and assets do not purport to be appraisals or necessarily reflect the prices at which companies or assets may actually be sold. Because such estimates are inherently subject to uncertainty, Stifel assumes no responsibility for their accuracy. Stifel relied on advice of HeritageBanc's counsel as to certain legal matters with respect to HeritageBanc, the merger agreement and the merger and other transactions and other matters contained or contemplated therein. Stifel has assumed, with HeritageBanc's consent, that there are no factors that would delay or subject to any adverse conditions any necessary regulatory or governmental approval and that all conditions to the merger will be satisfied and not waived. In addition, Stifel assumed that the definitive

merger agreement would not differ materially from the draft it reviewed. Stifel has also assumed that the merger will be consummated substantially on the terms and conditions described in the merger agreement, without any waiver of material terms or conditions by HeritageBanc, and that obtaining any necessary regulatory approvals or satisfying any other conditions for consummation of the merger will not have an adverse effect on HeritageBanc or Old Second.

Stifel's opinion is necessarily based on economic, market, financial and other conditions as they existed on, and on the information made available to it as of, the date of its opinion. It is understood that subsequent developments may affect the conclusions reached in Stifel's opinion and that Stifel does not have any obligation to update, revise or reaffirm its opinion except in accordance with the terms and conditions of Stifel's engagement letter agreement with HeritageBanc.

In connection with rendering its opinion, Stifel performed a variety of financial analyses that are summarized below. Such summary does not purport to be a complete description of such analyses. Stifel believes that its analyses and the summary set forth herein must be considered as a whole and that selecting portions of such analyses and the factors considered therein, without considering all factors and analyses, could create an incomplete view of the analyses and processes underlying its opinion. The preparation of a fairness opinion is a complex process involving subjective judgments and is not necessarily susceptible to partial analysis or summary description. In arriving at its opinion, Stifel considered the results of all of its analyses as a whole and did not attribute any particular weight to any analyses or factors considered by it. The range of valuations resulting from any particular analysis described below should not be taken to be Stifel's view of the actual value of HeritageBanc. In its analyses, Stifel made numerous assumptions with respect to industry performance, business and economic conditions, and other matters, many of which are beyond the control of HeritageBanc or Old Second. Any estimates contained in Stifel's analyses are not necessarily indicative of actual future values or results, which may be significantly more or less favorable than suggested by such estimates. Estimates of values of companies do not purport to be appraisals or necessarily reflect the actual prices at which companies or their securities actually may be sold. No company or transaction utilized in Stifel's analyses was identical to HeritageBanc or Old Second or the merger. Accordingly, an analysis of the results described below is not mathematical; rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other facts that could affect the public trading value of the companies to which they are being compared. None of the analyses performed by Stifel was assigned a greater significance by Stifel than any other, nor does the order of analyses described represent relative importance or weight given to those analyses by Stifel. The analyses described below do not purport to be indicative of actual future results, or to reflect the prices at which HeritageBanc common stock or Old Second common stock may trade in the public markets, which may vary depending upon various factors, including changes in interest rates, dividend rates, market conditions, economic conditions and other factors that influence the price of securities.

In accordance with customary investment banking practice, Stifel employed generally accepted valuation methods in reaching its opinion. The following is a summary of the material financial analyses that Stifel used in providing its opinion. Some of the summaries of financial analyses are presented in tabular format. In order to understand the financial analyses used by Stifel more fully, you should read the tables together with the text of each summary. The tables alone do not constitute a complete description of Stifel's financial analyses, including the methodologies and assumptions underlying the analyses, and if viewed in isolation could create a misleading or incomplete view of the financial analyses performed by Stifel. The summary data set forth below does not represent and should not be viewed by anyone as constituting conclusions reached by Stifel with respect to any of the analyses performed by it in connection with its opinion. Rather, Stifel made its determination as to the fairness to the shareholders of HeritageBanc of the per share merger consideration, from a financial point of view, on the basis of its experience and professional judgment after considering the results of all of the analyses performed.

Accordingly, the data included in the summary tables and the corresponding imputed ranges of value for HeritageBanc should be considered as a whole and in the context of the full narrative description of all of the financial analyses set forth in the following pages, including the assumptions underlying these analyses. Considering the data included in the summary table without considering the full narrative description of all of the financial analyses, including the assumptions underlying these analyses, could create a misleading or incomplete view of the financial analyses performed by Stifel.

In connection with rendering its opinion and based upon the terms of the draft merger agreement reviewed by it, Stifel assumed the aggregate consideration to be \$86.0 million and, at the time of the opinion, the per share consideration to be \$10,332.81.

Pro Forma Effect of the Merger. Stifel reviewed certain estimated future operating and financial information developed by HeritageBanc, publicly available financial estimates of Old Second and certain estimated future operating and financial information for the pro forma combined entity resulting from the merger for the twelve month periods ended December 31, 2008, December 31, 2009 and December 31, 2010. Based on this analysis, Stifel compared certain of HeritageBanc's estimated future per share results with such estimated figures for the pro forma combined entity. Based on this analysis, on a pro forma basis, the merger is forecast to be accretive to HeritageBanc's earnings per share for each of the twelve month periods ended December 31, 2008 and December 31, 2009. Stifel also reviewed certain financial information in order to determine the estimated effect of the merger on HeritageBanc's book value, tangible book value and dividend. Based on this analysis on a pro forma basis, the merger is forecasted to be accretive to HeritageBanc's book value per share and accretive to HeritageBanc's tangible book value per share. Based on historical dividend rates, Stifel believes that HeritageBanc's shareholders who receive Old Second shares would likely receive an increase in their dividends.

Analysis of Bank Merger Transactions. Stifel analyzed certain information relating to recent transactions in the banking industry, consisting of (1) 154 U.S. bank acquisitions announced since January 1, 2007, with announced transaction values and excluding merger of equals transactions, referred to below as Group A, and (2) 21 selected U.S. bank acquisitions announced since January 1, 2005, involving sellers headquartered in the Chicago metropolitan statistical area, where the seller had greater than \$100 million in assets but excluding merger of equals transactions, referred to below as Group B. Stifel calculated the following ratios with respect to the merger and the selected transactions:

Ratios	Old Second / HeritageBanc	Median Statistics for Selected Transactions	
		Group A	Group B
Price Per Share/ Book Value Per Share	288%	226%	265%
Price Per Share/Tangible Book Value Per Share	340%	234%	272%
Adjusted Deal Price/6.50% Equity	353%	271%	314%
Price Per Share/Last 12 Months Earnings Per Share	21.6x	23.6x	23.1x
Premium over Tangible Book Value/Core Deposits	25.2%	17.9%	19.1%
Premium over Tangible Book Value/Deposits	20.2%	14.4%	16.1%

This analysis resulted in a range of imputed values for HeritageBanc common stock of between \$7,103.36 and \$11,280.85 per share based on the median multiples for Group A, and between \$8,248.19 and \$11,043.98 per share based on the median multiples for Group B.

Discounted Cash Flow Analysis. Using a discounted cash flow analysis, Stifel estimated the net present value of the future streams of after-tax cash flow that HeritageBanc could produce for dividends to a potential acquiror, referred to below as dividendable net income. In this analysis, Stifel calculated assumed after-tax distributions to a potential acquiror such that HeritageBanc's tangible common equity ratio would be maintained at 6.5% of assets, assuming that HeritageBanc would perform in accordance with management's estimates. Stifel calculated the sum of the assumed perpetual dividendable net income streams per share beginning in the year 2006 discounted to present values at assumed discount rates ranging from 11% to 13%, reflecting the general range for the bank industry based on Stifel's historical experience, and based upon estimated cost savings of 34.0% of HeritageBanc's non-interest expense. This discounted cash flow analysis indicated an implied equity value reference range of \$8,907.43 to \$10,838.05 per share of HeritageBanc's common stock. This analysis did not purport to be indicative of actual future results and did not purport to reflect the prices at which shares of HeritageBanc's common stock may trade in the public markets. A discounted cash flow analysis was included because it is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, including estimated cost savings and operating synergies, earnings growth rates, dividend payout rates and discount rates.

Comparison of Selected Companies. Stifel reviewed and compared certain multiples and ratios for the merger with a peer group of 34 selected banks of similar size, and geographic characteristics. In order to calculate a range of imputed values for a share of HeritageBanc common stock, Stifel compared the resulting theoretical offer price to each of the following categories: book value, tangible book value, adjusted 6.5% equity, latest 12 months earnings, tangible book value to core deposits and tangible book value to deposits. Stifel then applied the resulting range of multiples and ratios for the peer group specified above to the appropriate financial results of HeritageBanc. This analysis resulted in a range of imputed values for HeritageBanc common stock of between \$3,821.76 and \$9,612.15 per share based on the median multiples and ratios for the peer group.

Additionally, Stifel calculated the following ratios with respect to the 34 selected comparable companies without application of the control premium:

Trading Multiples for Selected Peer Group Without

Ratios	Old Second/ HeritageBanc	Control Premium Applied (1)		
		10 th Percentile	Median	90 th Percentile
Price Per Share/ Book Value Per Share	288%	86%	120%	181%
Price Per Share/Tangible Book Value Per Share	340%	97%	126%	189%
Adjusted Price/6.50% Equity	353%	80%	125%	216%
Price Per Share/Latest 12 Months Earnings Per Share	21.6x	10.7x	14.5x	43.3x
Premium over Tangible Book Value/Core Deposits	25.2%	-0.35%	3.2%	10.4%
Premium over Tangible Book Value/Deposits	20.2%	-0.28%	2.8%	9.1%

(1) Based on prices as of market close on November 1, 2007.

Also, Stifel reviewed and compared certain multiples and ratios for the merger with the same peer group of 34 selected banks of similar size, profitability, geography and growth characteristics after applying a control premium of 33% to the trading prices of the selected group of comparable companies. Stifel then applied the resulting range of multiples and ratios for the peer group specified above to the appropriate financial results of HeritageBanc. This analysis resulted in a range of imputed values for HeritageBanc common stock of between \$5,082.94 and \$10,674.00 per share based on the median multiples and ratios for the peer group. The 33% control premium selected by Stifel was based on a 10 year analysis of one month market premiums paid in bank and thrift merger transactions.

Additionally, Stifel calculated the following ratios with respect to the 34 selected comparable companies after application of the 33% control premium:

Ratios	Trading Multiples for Selected Peer Group With			
	Old Second/ HeritageBanc	10 th Percentile	Control Premium Applied (1)	
			Median	90 th Percentile
Price Per Share/ Book Value Per Share	288%	115%	159%	240%
Price Per Share/Tangible Book Value Per Share	340%	129%	167%	251%
Adjusted Price/6.50% Equity	353%	119%	175%	306%
Price Per Share/Latest 12 Months Earnings Per Share	21.6x	14.3x	19.3x	57.7x
Premium over Tangible Book Value/Core Deposits	25.2%	3.2%	8.2%	18.1%
Premium over Tangible Book Value/Deposits	20.2%	2.8%	6.8%	15.8%

(1) Based on prices as of market close on November 1, 2007.

As described above, Stifel's opinion was among the many factors taken into consideration by the HeritageBanc board of directors in making its determination to approve the merger.

Stifel has acted as financial advisor to HeritageBanc in connection with the merger and will receive a fee for its services, a substantial portion of which is contingent upon the completion of the merger. Stifel has also acted as financial advisor to the HeritageBanc board of directors and has received a fee upon the delivery of its opinion that was not contingent upon consummation of the merger, provided that such opinion fee is creditable against any advisory fee. HeritageBanc has also agreed to reimburse Stifel for certain out-of-pocket expenses and has agreed to indemnify Stifel, its affiliates and their respective partners, directors, officers, agents, consultants, employees and controlling persons against certain liabilities, including liabilities under the federal securities laws. Stifel may provide investment banking services to Old Second in the future. In the ordinary course of business, Stifel makes a market in the equity securities of Old Second and, accordingly, may at any time hold a long or short position in such securities.

Material U.S. Federal Income Tax Consequences

The following summary sets forth the material U.S. federal income tax consequences of the merger to the holders of HeritageBanc common stock who exchange such stock for shares of Old Second common stock, cash or a combination of the cash and Old Second common stock.

The following discussion summarizes the material U.S. federal income tax consequences of the merger to holders of HeritageBanc common stock. This discussion does not address any tax consequences arising under the laws of any state, local or foreign jurisdiction. This discussion is based upon the Internal Revenue Code, which we refer to in this section of the proxy statement/prospectus as the Code, the regulations of the U.S. Treasury Department, and court and administrative rulings and decisions in effect and available on the date of this proxy statement/prospectus, any of which may change, possibly retroactively. Such a change could affect the continuing validity of this discussion.

For purposes of this discussion, the term *holder* means a beneficial owner of HeritageBanc common stock who is a United States individual or an estate or trust that is a permitted S corporation shareholder. This discussion assumes you hold your HeritageBanc common stock as a capital asset within the meaning of the Code. Further, this discussion does not address all aspects of U.S. federal income taxation that may be relevant to you in light of your particular circumstances or that may be applicable to you if you are subject to special treatment under the U.S. federal income tax laws, including if you are a holder of HeritageBanc common stock who is subject to the alternative minimum tax provisions of the Code, a holder of HeritageBanc common stock who received his or her HeritageBanc common stock through the exercise of employee stock options or otherwise as compensation, a holder of options granted under any HeritageBanc benefit plan, or a holder of HeritageBanc common stock who holds HeritageBanc common stock as part of a hedge against currency risk, a straddle or a constructive sale or a conversion transaction.

Merger as a Taxable Sale

The parties hereto intend for the merger to constitute a *qualified stock purchase* within the meaning of Code Section 338(d)(3). Old Second intends to file a Section 338(h)(10) election with the Internal Revenue Service, and as a result, the merger will be treated as if HeritageBanc had sold all of its assets to Old Second and HeritageBanc liquidated immediately following the sale. A Form 8023 will be provided to you. Because the obligations of Old Second to consummate the merger are subject to the receipt of a valid 338(h)(10) election, the following discussion assumes that a valid Section 338(h)(10) election is filed.

If the merger is treated as a taxable sale of HeritageBanc's assets, HeritageBanc will not incur federal income tax as a result of the deemed sale. However, except as discussed below, you generally will recognize gain or loss in connection with the merger as a result of a Section 338(h)(10) election in an amount equal to the difference between (x) the cash (including cash received for fractional shares) and the fair market value (on the date of completion of the merger) of the shares of Old Second common stock received by you in the merger and (y) the adjusted basis of your HeritageBanc common stock immediately before the merger (as adjusted for your allocable share of HeritageBanc's taxable income or loss from the operations and activities of HeritageBanc immediately prior to the merger and distributions made to you prior to the merger). A portion of any gain you recognize will be treated as ordinary income subject to tax at a maximum federal rate of 35%. The balance of your gain or loss, if any, will be long-term capital gain or loss if your holding period for such shares is more than one year at the time of the consummation of the merger and will be short-term capital gain or loss if your holding period in such shares is one year or less at the time of the consummation of the merger. Currently, long-term capital gain for non-corporate taxpayers is taxed at a maximum federal rate of 15%. If you acquired different

blocks of HeritageBanc common stock at different times and different prices, you must determine the adjusted tax basis and holding period separately with respect to each block of HeritageBanc common stock. The shares of Old Second common stock that you receive in the merger will have a basis equal to the fair market value of Old Second common stock on the date of completion of the merger and a new holding period will begin on the date of completion of the merger.

If the basis of your HeritageBanc common stock is close to or greater than the value of the consideration that you receive in the merger, then you will recognize a capital loss equal to (or your capital loss will be increased by) the amount of the ordinary income that you recognize in connection with the merger. Because you can deduct capital losses in any taxable year only to the extent of \$3,000 plus net capital gains which you recognize in such year, you may be taxed on the ordinary income in the year the merger is consummated but unable to deduct the full amount of the corresponding capital loss. Any capital loss that could not be deducted by you will be carried forward to subsequent taxable years and will be deductible in those years, subject to the same limitations.

Dissenting Shareholders

Holders of HeritageBanc common shares who assert dissenters' rights with respect to the merger, as discussed in *Dissenters' Rights* beginning on page , and who receive cash in respect of their HeritageBanc common stock will recognize capital gain or loss equal to the difference between the amount of cash received and their aggregate tax basis in their shares.

Backup Withholding

Holders of HeritageBanc common stock may be subject to backup withholding on any proceeds received in connection with the merger. You will not be subject to backup withholding, however, if you furnish a correct taxpayer identification number and certify that you are a U.S. person not subject to backup withholding on the substitute Form W-9 you will receive, or otherwise establish that you are exempt from backup withholding. Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against your U.S. federal income tax liability, provided you furnish the required information to the Internal Revenue Service. The backup withholding tax rate currently is 28%.

The discussion of U.S. federal income tax consequences set forth above is for general information only and does not purport to be a complete analysis or listing of all potential tax effects that may apply to a holder of HeritageBanc common stock. We strongly encourage shareholders of HeritageBanc to consult their tax advisors to determine the particular tax consequences to them of the merger, including the application and effect of federal, state, local, foreign and other tax laws.

Regulatory Approvals

It is a condition to the completion of the merger that we receive all necessary regulatory approvals of the merger. Neither Old Second nor HeritageBanc is aware of any material governmental approvals or actions that are required to complete the merger, except as described below. If any other approval or action is required, the parties will use their best efforts to seek such approval or action.

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As a result of the merger, Old Second will temporarily own all of the outstanding stock of HeritageBanc. In addition, Old Second and HeritageBanc intend to merge Heritage Bank with and into Old Second National Bank simultaneously with the merger between Old Second and HeritageBanc. These transactions are subject to the prior approval or waiver of such prior approval by the OCC and the Federal Reserve.

On November 28, 2007, Old Second filed a written request with the Federal Reserve requesting a waiver of the prior application and approval requirements under the Bank Holding Company Act. Pursuant to a letter dated December 6, 2007, the Federal Reserve waived that requirement, subject to the OCC's prior approval of the transaction and further subject to the condition that the holding company and bank-level mergers occur simultaneously. On November 28, 2007, Old Second National Bank filed an application with the OCC for prior approval of the merger of Heritage Bank with and into Old Second National Bank. It is expected that the OCC will approve the bank merger in the first calendar quarter of 2008. In addition, because Heritage Bank is a state-chartered bank regulated by the DFPR, Heritage Bank is required to notify the DFPR of the proposed merger at least 30 days prior to the consummation of the merger and pay all accrued or outstanding DFPR assessments as of the date of the merger. On November 28, 2007, Old Second National Bank sent a letter to the DFPR notifying it of the proposed merger, and on November 30, 2007, the DFPR acknowledged such notice.

Generally, the merger may not be completed until 30 days following the date of the OCC's approval, although the OCC and the U.S. Department of Justice may reduce that period to 15 days. During the post-approval waiting period, the U.S. Department of Justice is given the opportunity to challenge the transaction on antitrust grounds. The commencement of any antitrust action would stay the effectiveness of any regulatory approval, unless a court of competent jurisdiction specifically ordered otherwise.

We are not aware of any other regulatory approvals required for completion of the merger, and there can be no assurance that any approvals will be obtained. The approval of any application merely implies the satisfaction of regulatory criteria for approval, which does not include review of the merger from the standpoint of the adequacy of the consideration to be received by HeritageBanc shareholders.

There can be no assurances that the requisite regulatory approvals or waivers will be received in a timely manner, in which event the consummation of the merger may be delayed. If the merger is not consummated on or before May 1, 2008, either Old Second or HeritageBanc may terminate the merger agreement. We can give you no assurance as to the receipt or timing of these approvals or waivers.

Effective Time of the Merger

Unless HeritageBanc and Old Second agree otherwise, the effective time of the merger will be contemporaneous with the closing upon the accepted filing of a certificate of merger and articles of merger with the Secretary of the State of Delaware and the Secretary of State of Illinois, respectively. The closing of the merger shall occur on the date that is five business days after the latest to occur of the receipt of all required regulatory approvals or the expiration of all statutory waiting periods relating to such approvals and the receipt of the approval of the shareholders of HeritageBanc, or at such other time as HeritageBanc and Old Second shall agree. Each of HeritageBanc and Old Second has the right, but not the obligation, to terminate the merger agreement if the effective time of the merger does not occur on or before May 1, 2008, unless the failure of the merger to occur by such date is due to the failure of the party seeking such termination to comply with its obligations under the merger agreement.

Accounting Treatment

Old Second will account for the merger for accounting and financial reporting purposes as a purchase, as that term is used under United States generally accepted accounting principles, or GAAP. Under purchase accounting, the assets and liabilities of HeritageBanc as of the effective time will be recorded at their fair values and added to those of Old Second. Any excess of the value of Old Second common stock issued and cash paid for HeritageBanc common stock over the fair value of HeritageBanc's tangible and identifiable intangible net assets will be recorded as goodwill. Financial

statements of Old Second issued after the effective time will reflect these values and will not be restated retroactively to reflect the historical financial position or results of operations of HeritageBanc.

Goodwill and certain intangible assets are not amortized. Instead, these assets are reviewed for impairment annually with any related losses recognized in earnings when incurred.

Resales of Old Second Common Stock

The shares of Old Second common stock to be issued in the merger will be freely transferable under the Securities Act of 1933, as amended. However, this will not be the case for shares issued to any shareholder who may be deemed to be an affiliate of HeritageBanc for purposes of Rule 145 under the Securities Act as of the date of the special meeting. Affiliates generally include directors, certain executive officers and beneficial owners of 10% or more of any class of capital stock. These affiliates may not sell their shares of Old Second common stock acquired in the merger except pursuant to an effective registration statement under the securities laws or an applicable exemption from the registration requirements of the securities laws.

This proxy statement/prospectus does not cover resales of Old Second common stock received by any person who may be deemed to be an affiliate of HeritageBanc. HeritageBanc has agreed in the merger agreement to use its reasonable best efforts to cause each person who may be deemed to be an affiliate of HeritageBanc to execute and deliver to Old Second an affiliate agreement. As provided for in these agreements, HeritageBanc's affiliates will agree not to offer to sell, transfer or otherwise dispose of any of the shares of Old Second common stock distributed to them pursuant to the merger except in compliance with Rule 145, or in a transaction that is otherwise exempt from the registration requirements of, or in an offering which is registered under, the Securities Act. Old Second may place restrictive legends on certificates representing Old Second common stock issued to all persons who are deemed to be affiliates of HeritageBanc under Rule 145.

Dissenters' Rights

Under Illinois law, HeritageBanc shareholders are entitled to exercise dissenters' rights and obtain a cash payment for your shares as a result of Old Second's acquisition of HeritageBanc, provided that you comply with the provisions of Sections 11.65 and 11.70 of the IBCA. A copy of those sections are attached as Appendix C and incorporated in this proxy statement/prospectus by reference. HeritageBanc ESOP participants do not have dissenters' rights for shares held through the Heritage ESOP. If you comply with the provisions of Section 11.70 of the IBCA, then upon consummation of the merger, you are entitled to receive payment in cash from HeritageBanc for the fair value of your shares, with accrued interest. The term "fair value" means the value of the shares immediately before the closing of the merger excluding any appreciation or depreciation in anticipation of the merger, unless the exclusion would be inequitable. If HeritageBanc and you cannot agree on the fair value of your shares or the accrued interest, then the IBCA provides for a judicial determination of these amounts. The value determined by an Illinois court may be more or less than the value of the consideration you are entitled to receive under the merger agreement. If you desire to exercise dissenters' rights, you should refer to the statute in its entirety and should consult with legal counsel before taking any action to ensure that you comply strictly with the applicable statutory provisions.

In summary, to exercise dissenters' rights, you must do all of the following:

- before the vote on the merger is taken, deliver to HeritageBanc a written demand for payment of your shares;

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- not vote in favor of the merger; note, however, that a vote, in person or by proxy, against approval of the merger agreement will not constitute a written demand for appraisal; and
- continue to hold your shares of HeritageBanc common stock through the effective time of the merger.

Your failure to vote against the proposal to approve the merger agreement will not constitute a waiver of your dissenters' rights under the IBCA. Also, a vote against approval of the merger agreement will not by itself be sufficient to satisfy your obligations if you are seeking an appraisal. You must follow the procedures set forth in Section 11.70 of the IBCA to obtain dissenters' rights.

Each outstanding share of HeritageBanc common stock for which a legally sufficient demand in accordance with Section 11.70 of the IBCA has been made and that was not voted in favor of approval of the merger will, after the effective time of the merger, represent only the rights of a dissenting shareholder under the IBCA. This includes the right to obtain payment for the fair value of those shares as provided under the IBCA.

If you make a legally sufficient demand, within 10 days after the effective date of the merger or 30 days after you have delivered your written demand for payment, whichever is later, HeritageBanc will send to you a statement setting forth its opinion as to the fair value of your shares, as well as certain financial statements and a commitment to pay to you the estimated fair value for your shares. If you do not agree with the opinion of HeritageBanc as to the estimated fair value of the shares or the amount of interest due, then within 30 days from the delivery of HeritageBanc's valuation statement, you must notify HeritageBanc in writing of your estimated fair value of your shares and the amount of interest due and demand the difference between your estimated fair value and the amount of the proposed payment by HeritageBanc.

If within 60 days from delivery of HeritageBanc's notice to the dissenting shareholders you and HeritageBanc have not agreed in writing to the fair value of your shares and interest due, HeritageBanc either will pay the difference in value demanded by you, or file a petition in the circuit court requesting the court to determine the fair value of the shares and interest due. HeritageBanc will be required to then make all dissenters to the merger a party to this proceeding. If HeritageBanc does not commence the action, you are permitted by law to commence an action.

In a proceeding brought by HeritageBanc to determine value, the court will determine the costs of the proceeding, including the reasonable compensation and expenses of the appraisers appointed by the court and excluding fees and expenses of counsel and experts for the respective parties. If the fair value of the shares as determined by the court materially exceeds the price that HeritageBanc estimated to be the fair value of the shares or if no estimate was given, then all or any part of the costs may be assessed against HeritageBanc. If the amount that any dissenter estimated to be the fair value of the shares materially exceeds the fair value of the shares as determined by the court, then all or any part of the costs may be assessed against that dissenter. The costs may also be awarded to the dissenter if the court finds that HeritageBanc did not substantially comply with the procedure to dissent in the statute. In addition, costs can be assessed against either party if the court finds that that party acted arbitrarily, vexatiously or not in good faith with respect to the dissenter's rights.

A share for which you have properly exercised your dissenters' rights and followed the correct procedures in the IBCA will not be converted into, or represent, a right to receive Old Second common stock and/or cash as provided under the merger agreement. None of these dissenting shares after the effective time of the merger will be entitled to vote for any purpose or receive any dividends or other distributions. If, however, you, as the holder of the shares fail to properly perfect, effectively withdraw,

waive or lose or otherwise become ineligible to exercise dissenters' rights under the IBCA, then at that time the shares held by you will be converted into Old Second common stock, cash or a combination of both as provided in the merger agreement.

THE MERGER AGREEMENT

The following is a summary of the material terms of the merger agreement. This description does not provide a complete description of all the terms and conditions of the merger agreement, and it should be read in conjunction with the information provided under "The Merger" in this proxy statement/prospectus. The summary provided below is qualified in its entirety by the appendices to this proxy statement/prospectus, including the merger agreement, which is attached as Appendix A to this proxy statement/prospectus and which is incorporated into this proxy statement/prospectus by reference.

Representations and Warranties of the Parties

The merger agreement contains representations and warranties made by HeritageBanc and Old Second to each other. The assertions embodied in those representations and warranties were made as of specific dates, are subject to important qualifications and limitations agreed to by Old Second and HeritageBanc in connection with negotiating the terms of the merger agreement and have been included in the merger agreement for the purpose of allocating risk between Old Second and HeritageBanc rather than establishing matters as fact. The representations and warranties are qualified by information in confidential disclosure schedules that HeritageBanc and Old Second exchanged in connection with signing the merger agreement. Accordingly, you should not rely on the representations and warranties as characterizations of the actual state of facts, since they are modified by the underlying disclosure schedules. Please note that the representations and warranties made by the parties in the merger agreement will not survive the closing of the merger.

The representations and warranties that HeritageBanc and Old Second made to each other include representations and warranties as to, among other things:

- the corporate organization and existence of each party and its subsidiaries;

- the corporate power and authority of each party to carry on its business, to enter into the agreement and to make the agreement valid and binding on it;

- no conflict between the merger agreement and its articles of incorporation or charter (or similar organizational documents) or bylaws, applicable law or other material agreements, instruments and obligations of that party and its subsidiaries;

- the capitalization of each party and its subsidiaries;

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- the completeness and accuracy of each party's financial statements and filings with the SEC and bank regulatory agencies, as applicable;
- its loan portfolio and the adequacy of its allowance for loan and lease losses;
- the fact that except for the liabilities reflected on the balance sheet of each party and the liabilities incurred in the ordinary course of business, each party has not incurred any liabilities or obligations of any nature;

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- the absence of changes in each party's business since June 30, 2007, which would have a material adverse effect on the party making the representation;
- the absence of certain changes and events since December 31, 2006;
- the absence of broker's fees, except as specifically disclosed by each party; and
- the absence of expected delays in obtaining regulatory approvals.

The merger agreement contains additional representations and warranties of HeritageBanc made to Old Second as to, among other things:

- the fact that the minute books of HeritageBanc and its subsidiaries contain accurate and complete records of all meetings held and corporate action taken;
- title to HeritageBanc's property;
- the condition and sufficiency of HeritageBanc's assets;
- the timely filing and accuracy of HeritageBanc's tax returns and the payment of its taxes;
- the valid status of HeritageBanc as an S corporation and each of its subsidiaries as qualified subchapter S subsidiaries;
- its employee benefit plans and compliance with federal employee benefit laws;
- compliance with applicable laws, including environmental laws;

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- the absence of any litigation, regulatory violations or orders threatened against or affecting HeritageBanc or its subsidiaries;
- the absence of restrictions on HeritageBanc's business;
- the existence of material contracts of HeritageBanc and its subsidiaries and the absence of defaults thereunder;
- the amount and adequacy of insurance;
- the proper administration of fiduciary accounts;
- the absence of employee or agent indemnification claims;
- the absence of outstanding loans made by HeritageBanc or its subsidiaries to any executive officers or directors, other than loans that are subject to Regulation O under the Federal Reserve Act or those specifically disclosed by HeritageBanc;
- change of control payments triggered by the merger and related transactions; and
- the absence of interested HeritageBanc shareholders under Section 203 of the Delaware General Corporation Law.

Old Second has also represented to HeritageBanc that it will have sufficient funds available at the time of the closing to pay the cash portion of the merger consideration.

All of the representations and warranties of each party are subject to a materiality standard. Under this standard, no representation or warranty of HeritageBanc or Old Second (other than the representations and warranties regarding due authorization and noncontravention of articles and bylaws, which must be true and correct in all respects, and regarding authorized capitalization, which must be true in all material respects) will be deemed to be untrue, and neither party will be deemed to have breached a representation or warranty, unless any fact, circumstance or event, individually or taken together with all other facts, circumstances or events inconsistent with any representation or warranty, has had or is reasonably likely to have a material adverse effect on the party making the representation or warranty.

The foregoing is a summary of the types of representations and warranties made by the parties in the merger agreement, a copy of which is included as Appendix A. You should carefully review the entire agreement, and in particular Articles 4 and 5, which contain the detailed representations and warranties of the parties.

Conduct of Business Pending the Merger

Each of HeritageBanc and Old Second has agreed to conduct its respective business in accordance with guidelines set forth in the merger agreement.

HeritageBanc has agreed that, until the closing of the merger, without the prior written consent of Old Second, which may not be unreasonably withheld or delayed, it will, and will cause its subsidiaries to, among other things:

- conduct its business only in the ordinary course of business;

- use its reasonable best efforts to preserve intact its current business organization, keep available the services of its current officers, employees and agents, and maintain the relations and goodwill with its suppliers, customers, landlords, creditors, employees, agents and others having business relationships with it;

- confer with Old Second concerning potentially material issues affecting HeritageBanc's operations;

- enter into loan and deposit transactions only in accordance with sound credit practices and its formal loan policy and not enter into any new credit or new lending relationship in excess of \$2,000,000 with any person and any director or officer of, or any owner of a 10% or greater equity interest in, such person;

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- acquire loan pool participations only in the ordinary course of business;
- maintain all of its assets necessary for the conduct of its business in good operating condition and repair, reasonable wear and tear and damage by fire or unavoidable casualty excepted, and maintain policies of insurance upon its assets and with respect to the conduct of its business in amounts and kinds comparable to that in effect on the date hereof and pay all premiums on such policies when due;
- not buy or sell any security held, or intended to be held, for investment, except for the buying and selling by Heritage Bank of Federal Funds or the reinvestment of dividends

paid on any securities owned by Heritage Bank and the buying or selling securities with a maturity of one year or less in the ordinary course of business; and

- maintain its books, accounts and records in the usual, regular and ordinary manner, on a basis consistent with prior years, and comply with all applicable legal requirements.

In addition, HeritageBanc has agreed that, until the closing of the merger, without the prior written consent of Old Second, which may not be unreasonably withheld or delayed, and subject to exceptions specified in the merger agreement and in the confidential disclosure schedules, it will not, and will cause its subsidiaries not to, among other things:

- change its authorized or issued capital stock; grant any stock option or right to purchase shares of its capital stock; issue any security convertible into such capital stock or evidences of indebtedness (except in connection with customer deposits); grant any registration rights; purchase, redeem or acquire any shares of its capital stock;
- amend its articles of incorporation or charter (or similar organizational documents) or by-laws;
- pay or increase any bonus, salary or other compensation to any of its shareholders, directors, officers or employees, except, with respect to employees, for normal salary and bonus increases made in the ordinary course of business or made in accordance with any then existing benefit plan;
- enter into any employment consulting, non-competition, change in control, severance or similar contract with any shareholder, director, officer or employee;
- adopt, amend (except for any amendment necessary to comply with any legal requirement) or terminate, or increase the payments to or benefits under, any benefit plan;
- take any action that would result in damage to or destruction or loss of any of its assets or property of value greater than \$100,000;
- enter into, terminate or extend any joint venture or similar agreement pursuant to any contract or any similar transaction;

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- enter into any new, or modify, amend, renew or extend (through action or inaction) the terms of any existing lease, contract or license that has a term of more than one year or that involves the payment by any party of more than \$100,000 in the aggregate;
- make or commit to make any loan other than in the ordinary course of business;
- make or commit to make, renew, extend the term or increase the amount of any loan, to any person if such loan or any other loans to such person or an affiliate of such person is on the watch list or similar internal report, or has been classified as substandard, doubtful, loss, or other loans specially mentioned or listed as a potential problem loan, except for its loan pool participation business in the ordinary course of business;
- sell (other than any sale in the ordinary course of business), lease or otherwise dispose of any of its assets or properties or mortgage, pledge or allow for the imposition of any lien or other encumbrance upon any of its material assets or properties, except for tax and

other liens that arise by operation of law and with respect to which payment is not past due and except for pledges or liens: required to be granted in connection with the acceptance of government deposits; granted in connection with repurchase or reverse repurchase agreements; or otherwise incurred in the ordinary course of business;

- incur any obligation or liability (fixed or contingent) other than advances from the Federal Home Loan Bank of Chicago or in the ordinary course of business;

- cancel or waive any claims or rights with a value in excess of \$100,000;

- make any investment of a capital nature exceeding \$100,000 or aggregate investments of a capital nature exceeding \$500,000;

- merge or consolidate with or into any person other than Old Second Acquisition, or acquire any stock, equity interest or business of any other person, except in connection with foreclosures or the exercise of security interests in the ordinary course of business or in a fiduciary capacity for third parties not in an individual amount in excess of \$10,000 or an aggregate amount of \$500,000;

- borrow or loan money, or increase outstanding indebtedness, other than in the ordinary course of business;

- materially change any policies and practices with respect to liquidity management and cash flow planning, marketing, deposit origination, lending, budgeting, profit and tax planning, accounting or any other material aspect of its business or operations, except for such changes as may be required in the opinion of the management of HeritageBanc to respond to then current market or economic conditions or as may be required by any regulatory authorities;

- file any applications for additional branches, open any new office or branch, close any current office or branch or relocate operations from existing locations;

- discharge or satisfy any material lien or encumbrance on its assets or repay any material indebtedness for borrowed money, except for obligations incurred and repaid in the ordinary course of business consistent with past practice;

- enter into any contract or agreement to buy, sell, exchange or otherwise deal in any assets or series of assets in a single transaction in excess of \$100,000 in aggregate value, except for sales of other real estate owned and other repossessed properties or the acceptance of a deed in lieu of foreclosure;

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- purchase or otherwise acquire any investments, direct or indirect, in any derivative securities, financial futures or commodities or enter into any interest rate swap, floors and option agreements or other similar interest rate management agreements;
- hire any employee with an annual salary in excess of \$125,000, except for employees at will who are hired to replace employees who have resigned or whose employment has otherwise been terminated;
- purchase securities in connection with any agreements with the Federal Home Loan Bank of Chicago;

- take or allow any action that would result in the termination of HeritageBanc's status as a validly electing S corporation; or
- take or allow any action that would result in the termination of any subsidiary's status as a qualified subchapter S subsidiary.

HeritageBanc may declare and pay to its shareholders cash dividends to the extent necessary for such shareholders to pay their respective estimated federal and state taxes on income arising from the operations of HeritageBanc. The merger agreement otherwise generally prohibits the payment of cash dividends on HeritageBanc common stock prior to the closing date. Old Second has agreed to pay any dividend declared in the calendar quarter in which the closing of the merger occurs to any person, including, if applicable, current HeritageBanc shareholders, who is a shareholder of Old Second common stock on the record date of such dividend.

Old Second has agreed that, until the closing of the merger, it will not, and will cause its subsidiaries not to:

- amend its articles of incorporation or charter (or similar organizational documents) in any manner that would have a material adverse effect on the rights of the holders of Old Second common stock; or
- make any substantial or material change, as measured on a consolidated basis, in Old Second's usual, regular and ordinary course of business as conducted on the date of the merger agreement.

The foregoing is a summary of the types of covenants made by HeritageBanc and Old Second in the merger agreement, a copy of which is included as Appendix A, with respect to the conduct of their respective businesses. You should carefully review the entire agreement and in particular Articles 6, 7 and 8 containing the detailed covenants of the parties.

No Solicitation of Transactions

HeritageBanc has agreed that it and its subsidiaries will not, nor will they authorize or permit any of their officers, directors, employees, agents, consultants, advisors or other representatives to, solicit, initiate or encourage any inquiries of proposals from, discuss or negotiate with, provide any nonpublic information to or consider the merits of any unsolicited inquiries or proposals from, any person (other than Old Second) relating to an acquisition transaction, which includes the following:

- a merger or consolidation or any similar transaction of any person with either HeritageBanc or any of its subsidiaries;

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- a purchase, lease or other acquisition of substantially all of the assets of HeritageBanc or any of its subsidiaries;
- a purchase or other acquisition of beneficial ownership by any person that that would cause such person or group to become the beneficial owner of securities representing a majority or more of the voting power of either HeritageBanc or any of its subsidiaries;
- a tender or exchange offer to acquire securities representing a majority or more of the voting power of HeritageBanc;

- a proxy or consent solicitation made to shareholders of HeritageBanc seeking proxies in opposition to any proposal relating to any aspect of the merger that has been recommended by the board of directors of HeritageBanc;
- the filing of an application or notice with any regulatory authority (which application has been accepted for processing) seeking approval to engage in one or more of the transactions described above; or
- the making of a bona fide proposal to HeritageBanc or its shareholders, by public announcement or written communication, that is or becomes the subject of public disclosure, to engage in one or more of the transactions described above.

However, if HeritageBanc receives an unsolicited proposal for an acquisition transaction from a third party, HeritageBanc may furnish information to the third party or otherwise participate in negotiations or discussions with such party if HeritageBanc's board of directors concludes in good faith, as advised by its counsel, that the exercise of its fiduciary duties to HeritageBanc shareholders under applicable law requires it to take such action.

HeritageBanc has agreed that it will promptly notify Old Second orally of the receipt of any inquiry or proposal for an acquisition transaction. Further, HeritageBanc has agreed that it will confirm such oral notice in writing within two business days and such written notice shall include the detail and information required by the merger agreement.

If HeritageBanc receives an acquisition proposal that its board of directors determines to be a superior or more favorable offer, prior to terminating the agreement and paying a termination fee in order to accept such offer, HeritageBanc must, among other things, provide a written notice to that effect to Old Second and allow three business days for Old Second and HeritageBanc to negotiate in good faith and make necessary adjustments in the terms and conditions of the merger agreement that would permit HeritageBanc to proceed with the transactions contemplated by the merger agreement on such adjusted terms if so elected by Old Second. A "superior proposal" is defined in the agreement as an unsolicited proposal that the board of directors of HeritageBanc determines in good faith is on terms that are more favorable to the shareholders of HeritageBanc than the merger with Old Second.

Additional Agreements

Each of HeritageBanc and Old Second has further agreed, among other things, to:

- exercise good faith and use reasonable best efforts to effect the merger;
- use its best efforts to prepare and file all appropriate filings with regulatory authorities for the approval of the merger;

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- provide the other party with reasonable access to certain information;
- give prompt notice to the other party if it becomes aware of any fact or condition that causes or constitutes a breach of any of its representations, warranties, covenants or agreements contained in the merger agreement;
- maintain, consistent with past practice, an allowance for loan and lease losses that is adequate in all material respects under applicable legal requirements and the

requirements of GAAP to provide for possible losses, net of recoveries relating to loans previously charged off, on loans outstanding;

- consult with the other party and provide it with the opportunity to comment on and review any press release or public statements with respect to the merger agreement or the merger and not make any public statement which is in material contravention of any such press releases or public statements or the provisions of the merger agreement unless required by law;
- use reasonable efforts obtain certain third-party consents and approvals; and
- take such steps as may be necessary to obtain all requisite regulatory and other approvals to effect a merger between Heritage Bank and Old Second National Bank.

HeritageBanc has further agreed to:

- deliver to Old Second subsequent interim financial statements and call reports and cooperate with Old Second in obtaining 2007 year-end audited financials;
- convene a shareholders meeting and solicit the required shareholder approval of the merger;
- at the request of Old Second and subject to certain conditions specified in the merger agreement, make accounting and other adjustments;
- take certain actions with respect to the Heritage ESOP, including the termination of the plan prior to the closing of the merger;
- obtain, or take such steps and do all things within its legal power and authority to obtain the appropriate forms, executed by all HeritageBanc shareholders, to make an election under Internal Revenue Code section 338(h)(10) and equivalent elections under applicable state tax law with respect to the merger; and
- file in a timely manner all required filings with all regulatory authorities and cause such filings to be true and correct in all material respects.

Old Second has further agreed to:

- authorize and reserve the maximum number of shares of Old Second common stock to be issued in the merger and use reasonable best efforts to list such shares on the NASDAQ Global Select Market;
- use reasonable best efforts to prepare and file with the SEC a registration statement covering the maximum number of shares of Old Second common stock to be issued in the merger; and
- use best efforts to ensure that John Ladowicz, the Chairman and Chief Executive Officer of HeritageBanc, be appointed to the board of directors of Old Second.

The foregoing is a summary of the types of additional covenants made by HeritageBanc and Old Second contained in the merger agreement, a copy of which is included as Appendix A. You should

carefully review the entire agreement and in particular Articles 6, 7 and 8 containing the detailed covenants of the parties.

Employee Benefit Matters

Old Second has agreed to offer employees of HeritageBanc and its subsidiaries who continue as employees of Old Second or its subsidiaries following the merger benefits which are substantially similar in the aggregate to the types of benefits presently offered to employees of Old Second and its subsidiaries. All continuing employees shall receive full service credit (other than for benefit accrual purposes) for all years of employment with their prior company.

In addition, subject to Old Second's written approval, HeritageBanc has the right to pay stay bonuses, not to exceed, in the aggregate, \$300,000, to certain of its employees. If Old Second terminates the employment of any existing full-time employee of HeritageBanc or its subsidiary, other than for cause, within one year after the completion of the merger, Old Second shall provide cash severance benefits to such former employee in an amount equal to a week's salary for each year served at HeritageBanc or its subsidiaries, up to a maximum of 13 weeks.

HeritageBanc is obligated to terminate the Heritage ESOP prior to the closing of the merger and convert the shares held by the ESOP into rights to receive the merger consideration.

Additional agreements of Old Second and HeritageBanc with respect to various benefit and compensation matters are described under "The Merger - Interests of Certain Persons" beginning on page .

Conditions to Completion of the Merger

The respective obligations of HeritageBanc and Old Second to complete the merger are subject to the satisfaction of certain mutual conditions, including the following:

- the receipt of the required approval from HeritageBanc's shareholders;

- the absence of any proceedings challenging or preventing the merger or the bank merger;

- the receipt and continued effectiveness of all consents and approvals, including regulatory approvals and the expiration of all waiting periods with respect to such approvals;

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- the absence of any statute, rule, regulation, injunction or other order that would prohibit either the merger or the bank merger;
- the effectiveness of the registration statement registering the shares of Old Second common stock to be issued in the merger and the absence of any proceeding for the purpose of suspending such registration statement; and
- the shares of Old Second common stock to be issued in the merger shall have been approved for listing on the NASDAQ Global Select Market.

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In addition to the mutual conditions described above, the obligation of Old Second to complete the merger is subject to the satisfaction, unless waived by Old Second, of the following additional conditions:

- HeritageBanc's representations and warranties must be true and correct as of the date of the merger agreement and as of the closing date (unless an earlier date is specified), subject to the materiality standard set forth in the merger agreement, and Old Second must have received a certificate from HeritageBanc to that effect;
- HeritageBanc must have complied in all material respects with all obligations required to be performed by it under the merger agreement prior to the closing date, and Old Second must have received a certificate from HeritageBanc to that effect;
- there must not be any event or circumstance that has had or would be reasonably likely to have a material adverse effect on HeritageBanc on a consolidated basis;
- all of the requisite consents for a valid 338(h)(10) election under the Internal Revenue Code shall have been obtained;
- on the closing date, HeritageBanc shall have a consolidated allowance for loan and lease losses that is adequate in all material respects to provide for possible losses, net of recoveries relating to loans previously charged off, on loans outstanding, and with respect to such losses, no negative allowance or reserve shall have been established since September 30, 2007;
- the adjusted shareholders' equity of HeritageBanc, as calculated in the merger agreement, shall not be less than the adjusted shareholders' equity as of September 30, 2007, as adjusted in the merger agreement;
- the aggregate number of shares of HeritageBanc common stock held by shareholders exercising their dissenters' rights does not exceed 5% of the outstanding shares of HeritageBanc common stock;
- the payment of change of control payments to certain directors and officers of HeritageBanc; and
- the repayment of HeritageBanc's loan with JPMorgan Chase Bank.

In addition to the mutual conditions described above, the obligation of HeritageBanc to complete the merger is subject to the satisfaction, unless waived by HeritageBanc, of the following additional conditions:

- Old Second's representations and warranties must be true and correct as of the date of the merger agreement and as of the closing date (unless an earlier date is specified), subject to the materiality standard set forth in the merger agreement, and HeritageBanc must have received a certificate from Old Second to that effect;
- Old Second must have complied in all material respects with all obligations required to be performed by it under the merger agreement prior to the closing date, and HeritageBanc must have received a certificate from Old Second to that effect;
- there must not be any fact, event or circumstance that has had or would be reasonably likely to have a material adverse effect on Old Second on a consolidated basis; and
- the receipt by HeritageBanc of a fairness opinion from Stifel, Nicolaus & Company, Incorporated.

The foregoing is a summary of the types of conditions precedent to the obligations of HeritageBanc and Old Second contained in the merger agreement, a copy of which is included as Appendix A. You should carefully review the entire agreement and in particular Articles 9 and 10, containing the detailed conditions to each party's obligation to close.

Termination of the Merger Agreement

The merger agreement may be terminated and the merger abandoned at any time prior to the completion of the merger in any of the following ways:

- by mutual consent of the boards of directors of Old Second and HeritageBanc;

- by either Old Second or HeritageBanc if: any closing condition of the other party has not been satisfied or satisfaction of any such condition becomes impossible; the failure to satisfy such condition is reasonably likely to have a material adverse effect on the breaching party; and the non-breaching party has not waived such condition prior to the closing date;

- by either Old Second or HeritageBanc if: on 30 business days notice, the other party has breached any of its covenants that would be reasonably likely to have a material adverse effect on the breaching party which has not been cured during the 30 business day period (unless such breach is the result of the terminating party failing to perform in all material respects its material obligations under the merger agreement); or if the other party has breached any of its representations and warranties that, individually or in the aggregate with other breaches, could reasonably be expected to have a material adverse effect on the breaching party and that, in the opinion of the terminating party, cannot be cured prior to May 1, 2008;

- by either Old Second or HeritageBanc if there shall have occurred or been proposed any change in a legal requirement or an order by a regulatory authority that could reasonably be expected to prevent or delay consummation of the merger beyond May 1, 2008;

- by either Old Second or HeritageBanc if any regulatory authority required to approve the proposed transactions has issued a final, non-appealable order denying approval of the proposed transactions, or any application, filing or notice for regulatory approval has been withdrawn at the request or recommendation of the applicable regulatory authority; *provided*, that the party seeking to terminate the merger agreement may not terminate the merger agreement if its failure to fulfill its obligations under the merger agreement is the cause of the denial or request to withdraw the application;

- by either Old Second or HeritageBanc if the closing shall not have occurred at or before May 1, 2008; *provided*, that the party seeking to terminate the merger agreement may not terminate the merger agreement if its failure to fulfill its obligations under the merger agreement is the cause of the delay;

- by Old Second if: HeritageBanc breaches its obligations regarding a proposal for an alternative acquisition transaction; HeritageBanc fails to call a shareholders meeting to vote on, and to recommend to its shareholders to vote to approve, the merger agreement and the proposed transactions; or HeritageBanc's shareholders fail to approve the merger agreement and the proposed transactions;

- by HeritageBanc, subject to the payment of the special termination fee described below, if it receives a superior proposal and has provided Old Second with a written summary of the terms of the superior proposal;
- by HeritageBanc if its financial advisor has withdrawn the fairness opinion previously provided to it; and
- by HeritageBanc if the final VWAP is less than \$23.375 and the decrease in the 30-day volume weighted average closing price per share of Old Second common stock on the NASDAQ Global Select Market over the preceding 30 business day period is at least 15% greater than the decrease in the average trading price for a group of comparable bank holding companies over the same period of time, subject to Old Second's right to increase the number of shares constituting the stock portion of the merger consideration.

Except as described below with respect to termination fees and confidentiality, if the merger agreement is terminated, it will become null and void, neither party shall have any liability under the merger agreement, each party shall bear their own transactional expenses incurred to date and all rights and obligations of each party under the merger agreement will cease. However, provisions contained in the merger agreement regarding confidentiality and termination fees shall survive any such termination.

The foregoing is a summary of the termination provisions contained in the merger agreement, a copy of which is included as Appendix A. You should carefully review the entire agreement and in particular Article 11, containing the detailed termination provisions.

Termination Fees

In the event of a termination of the merger agreement, HeritageBanc may be required to make certain payments to Old Second as described below.

- If HeritageBanc terminates the merger agreement because its financial advisor has withdrawn its fairness opinion due solely to the fact that the value of Old Second common stock declines and the stock consideration to be paid in the merger is less than \$43.5 million, then HeritageBanc shall pay Old Second's transactional expenses in an amount up to \$350,000.
- If Old Second terminates the agreement because: HeritageBanc has breached any of its covenants that could be reasonably expected to have a material adverse effect on it and such breach has not been cured during within 30 business days (unless such breach is the result of Old Second failing to perform in all material respects its obligations under the agreement); HeritageBanc has breached any of its representations and warranties that, individually or in the aggregate with other breaches, could be reasonably expected to have a material adverse effect on it and that, in the opinion of Old Second, cannot be cured prior to May 1, 2008; HeritageBanc has breached its obligations regarding proposals for an alternative acquisition transaction or fails to call a shareholders' meeting to vote on, and to recommend to its shareholders to vote to approve, the merger agreement and the proposed transactions; or HeritageBanc's shareholders fail to approve the merger agreement and the proposed transactions, then HeritageBanc shall pay to Old Second its transactional expenses in an amount up to \$350,000 and an additional sum of \$1.5 million.

- If HeritageBanc terminates the merger agreement because: HeritageBanc has received a superior acquisition proposal; or HeritageBanc's financial advisor has withdrawn its fairness opinion due solely to the fact that the value of HeritageBanc common stock increases, then HeritageBanc shall pay to Old Second its transactional expenses in an amount up to \$350,000 and an additional sum of \$1.5 million.

- If the agreement is terminated: (i) by Old Second because: HeritageBanc has breached any of its covenants that could be reasonably expected to have a material adverse effect on it and such breach has not been cured during within 30 business days (unless such breach is the result of Old Second failing to perform in all material respects its obligations under the agreement); HeritageBanc has breached its obligations regarding proposals for an alternative acquisition transaction or fails to call a shareholders' meeting to vote on, and to recommend to its shareholders to vote to approve, the merger agreement and the proposed transactions; or HeritageBanc's shareholders fail to approve the merger agreement and the proposed transactions; or (ii) by HeritageBanc because HeritageBanc has received a superior acquisition proposal; and within 12 months of any termination described in clause (i) or (ii) above, HeritageBanc enters into a definitive written agreement with respect to the acquisition of 50% or more of its outstanding shares of HeritageBanc or all or substantially all of its assets, then HeritageBanc shall pay a special termination fee of \$2.0 million to Old Second in addition to the other applicable termination fees described above.

The HeritageBanc termination payments described above are specified in the merger agreement as liquidated damages, and receipt of such payments by Old Second will constitute Old Second's sole remedy against HeritageBanc, its subsidiaries and their respective officers, directors, shareholders and agents for any claims arising under the merger agreement.

If HeritageBanc terminates the merger agreement because: Old Second has breached any of its covenants that could be reasonably expected to have a material adverse effect on it and such breach has not been cured within 30 business days (unless such breach is the result of HeritageBanc failing to perform in all material respects its obligations under the agreement); or Old Second has breached any of its representations and warranties that, individually or in the aggregate with other breaches, could be reasonably expected to have a material adverse effect on it and that, in the opinion of HeritageBanc, cannot be cured prior to May 1, 2008; then Old Second shall pay to HeritageBanc its transactional expenses in an amount up to \$350,000 and an additional sum of \$1.5 million.

The Old Second termination payments described above are specified in the merger agreement as liquidated damages, and receipt of such payments by HeritageBanc will constitute HeritageBanc's sole remedy against Old Second, its subsidiaries and their respective officers, directors, shareholders and agents for any claims arising under the merger agreement.

The foregoing is a summary of the termination fee provisions contained in the merger agreement, a copy of which is included as Appendix A. You should carefully review the entire agreement and in particular Article 11, containing the detailed termination fee provisions.

Waiver and Amendment

Before the effective time of the merger, any provision in the merger agreement may be waived in writing by both parties, or amended or modified by a written agreement executed by both parties, unless the amendment, modification or supplement is agreed to after approval by the shareholders of

HeritageBanc and such amendment, modification or supplement adversely affects the shareholders of HeritageBanc.

Indemnification and Insurance

Old Second has agreed that, for at least three years following the merger, it will indemnify the present and former directors, officers and employees of HeritageBanc and its subsidiaries against all liabilities arising out of matters existing or actions or omissions occurring on or prior to the closing date of the merger to the extent that such persons are entitled to indemnification under HeritageBanc's governing documents as in effect on the date of the merger agreement.

In addition, Old Second has agreed to acquire and maintain, for a period of three years, director's and officer's liability insurance covering the present and former directors and officers of HeritageBanc or any of its subsidiaries for facts or events occurring at or prior to the closing date of the merger, on terms substantially similar to those of HeritageBanc's existing insurance policies.

Expenses

Subject to the payment of termination fees in certain circumstances as described above, each of Old Second and HeritageBanc will pay its own expenses in connection with the merger, including filing, registration and application fees, printing fees and fees and expenses of its own financial or other consultants, accountants and counsel.

OLD SECOND BANCORP, INC.

Description of Business

Old Second is a community-based bank holding company headquartered in Aurora, Illinois. Old Second's principal assets are the stock of its bank and non-bank subsidiaries. As of September 30, 2007, Old Second reported, on a consolidated basis, total assets of approximately \$2.6 billion, deposits of approximately \$2.2 billion and shareholders' equity of approximately \$142.6 million.

Old Second conducts a full service community banking and trust business through its wholly-owned subsidiaries. Old Second's full service banking businesses include the customary consumer and commercial products and services which banks provide. Old Second also offers a full complement of electronic banking services such as internet banking and corporate cash management, including remote deposit capture. Commercial and consumer loans are made to corporations, partnerships and individuals, primarily on a secured basis.

Old Second's principal operating subsidiary, Old Second National Bank, is a national bank chartered by the OCC under the National Bank Act. Old Second National Bank operates 30 branches in the greater Chicago metropolitan area, concentrated in the western and southwestern suburbs

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of the city. The deposit accounts of Old Second National Bank are insured by the FDIC's Deposit Insurance Fund, and it is a member of the Federal Reserve System. Old Second Financial, Inc. provides insurance agency services to individuals and corporations. Old Second Affordable Housing Fund, L.L.C. provides down payment assistance for home ownership for qualified individuals. Old Second Management, LLC, a wholly-owned subsidiary of Old Second National Bank, owns 100% of Old Second Realty, LLC, a real estate investment trust.

Old Second was incorporated in 1981 as a Delaware corporation. Old Second is a registered bank holding company under the Bank Holding Company Act.

Additional Information

Information concerning executive compensation, the principal holders of voting securities, certain relationships and related transactions, and other related matters concerning Old Second is included or incorporated by reference in its Annual Report on Form 10-K for the year ended December 31, 2006 and its Proxy Statement, filed on March 15, 2007, concerning Old Second's 2007 annual meeting of shareholders. These documents are incorporated by reference into this proxy statement/prospectus. HeritageBanc shareholders who would like a copy of this annual report or any document incorporated by reference into the report may contact Old Second at the address or telephone number provided under "Where You Can Find More Information" on page .

HERITAGEBANC, INC.

General

HeritageBanc, Inc. is a community-based bank holding company headquartered in Frankfort, Illinois. HeritageBanc has one bank subsidiary, Heritage Bank, an Illinois state commercial bank with its main office in Frankfort, Illinois. As of September 30, 2007, Heritage Bank reported total assets of approximately \$341.9 million, deposits of approximately \$300.6 million and shareholders' equity of approximately \$30.0 million. Heritage Bank operates a total of five banking centers in the southern suburbs of Chicago. HeritageBanc has no subsidiaries other than Heritage Bank.

Heritage Bank is a community-oriented, full-service commercial bank, providing traditional banking and other financial services to individuals, small to mid-sized businesses and other organizations in the south suburban communities of Chicago Heights, Frankfort and New Lenox, Illinois, and contiguous communities. The principal services of Heritage Bank consists of making loans to and accepting deposits from to individuals and businesses. Heritage Bank makes loans to both individuals and commercial entities, including commercial and industrial, real estate mortgage and consumer loans. Heritage Bank also offers a variety of deposit products such as checking accounts, NOW and Money Market accounts, savings accounts, certificates of deposit and IRA accounts to its customers. Heritage Bank's deposits are insured to the fullest extent provided by the Federal Deposit Insurance Corporation.

Heritage Bank was chartered as an Illinois state bank in 1958, and became a wholly-owned subsidiary of HeritageBanc upon HeritageBanc's formation in 1969, as an Illinois corporation. HeritageBanc is a registered bank holding company under the Bank Holding Company Act.

As discussed elsewhere in this proxy statement/prospectus, on November 5, 2007, HeritageBanc entered into an Agreement and Plan of Merger with Old Second, pursuant to which Old Second Acquisition will merge with and into HeritageBanc, with HeritageBanc as the surviving corporation. It also is contemplated that at or after the effective time of the merger, Heritage Bank will be merged into Old Second National Bank and the combined bank will operate under the name Old Second National Bank. The merger is expected to occur in the first quarter of 2008, subject to, among other things, regulatory and shareholder approval.

Market Area

HeritageBanc and Heritage Bank operate in the south suburban communities of Chicago Heights, Frankfort and New Lenox, Illinois, and contiguous communities. These communities are located in Will County and the southwestern part of Cook County, Illinois. The principal offices of HeritageBanc and Heritage Bank currently occupy the same complex in downtown Frankfort.

The village of Frankfort is located in Will County, in north-eastern Illinois, approximately 33 miles southwest of Chicago, Illinois, and has a population of approximately 15,000. In addition to its main banking office, Heritage Bank operates four branch offices. All of these banking centers are also located in Will County, with the exception of one that is located in Chicago Heights, Illinois (Cook County), which is approximately 11 miles east of Frankfort. Heritage Bank operates two of these banking centers in Berkot's Super Foods grocery store locations in New Lenox and Mokena. The Chicago Heights branch was constructed in 1958 and is the only branch office located in Cook County. Heritage Bank also recently entered into an agreement to buy land in Orland Park, Illinois for the purpose of opening an additional branch at that location. A branch in Orland Park, located directly northeast of Frankfort, would allow Heritage Bank to expand its market area in the southwestern part of Cook County.

Lending Activities

General

Heritage Bank provides a range of commercial and retail lending services to businesses and individuals. These credit activities include commercial and industrial, construction and land development, residential real estate and consumer loans.

Heritage Bank markets its services to qualified lending customers. Lending officers actively solicit the business of new companies entering their market areas as well as long-standing members of the banks' respective business communities. Through professional service, competitive pricing and innovative structure, Heritage Bank has historically been successful in attracting new lending customers. Heritage Bank also actively pursues consumer lending opportunities. With convenient locations, advertising and customer communications, Heritage Bank has been successful in capitalizing on the credit needs of its market area.

Commercial and Industrial Loans

Heritage Bank has a strong commercial loan base. As of September 30, 2007, Heritage Bank had \$49.1 million in commercial and industrial loans outstanding, which represented approximately 17.6% of Heritage Banc's consolidated loan portfolio. Heritage Bank focuses on, and tailors its commercial loan program to, small to mid-sized businesses in its market area. Heritage Bank's current portfolio includes, but is not limited to, loans to wholesalers, manufacturers, contractors, business services companies and retailers. Heritage Bank provides a wide range of business loans, including lines of credit for working capital and operational purposes and term loans for the acquisition of equipment. Although most loans are made on a secured basis, loans may be made on an unsecured basis where warranted by the overall financial condition of the borrower. Terms of commercial business loans generally range from one to five years.

Heritage Bank's commercial and industrial loans are primarily made based on the identified cash flow of the borrower and secondarily on the underlying collateral provided by the borrower. The collateral support provided by the borrower for most of these loans and the probability of repayment is based on the liquidation of the pledged collateral and enforcement of a personal guarantee, if any exists. The primary repayment risks of commercial loans are that the cash flows of the borrower may be unpredictable and the collateral securing these loans may fluctuate in value.

Real Estate Mortgage Loans

Heritage Bank offers residential and commercial real estate mortgage loans. As of September 30, 2007, Heritage Bank had \$145.4 million in combined residential and commercial mortgage loans outstanding, which represented approximately 52.1% of HeritageBanc's consolidated loan portfolio.

HeritageBanc offers mortgage loans to its individual customers primarily for the purchase of primary residences. Heritage Bank offers mortgage loans to its commercial customers for the acquisition or refinancing of commercial, industrial or income property, such as offices, warehouses, and production facilities, and to real estate investors for the acquisition of apartment buildings, retail centers, office buildings and other commercial buildings.

Construction and Land Development Loans.

Heritage Bank offers loans to real estate developers and building contractors for the acquisition of land for development and the construction of homes and commercial properties. As of September 30, 2007, Heritage Bank had \$83.7 million in construction and land development loans outstanding, which represented approximately 30.0% of HeritageBanc's consolidated loan portfolio. Construction and land development loans generally have a short term, such as one to two years.

Consumer Loans

Heritage Bank provides all types of consumer loans, including personal (secured), automobile and home improvement loans. As of September 30, 2007, Heritage Bank had \$1.1 million in consumer loans outstanding, which represented approximately 0.4% of HeritageBanc's consolidated loan portfolio. Consumer loans typically have shorter terms, lower balances, higher yields and higher risks of default than one- to four-family residential real estate mortgage loans. Consumer loan collections are dependent on the borrower's continuing financial stability, and are therefore more likely to be affected by adverse personal circumstances.

Competition

HeritageBanc competes in the commercial banking industry through Heritage Bank. This industry is highly competitive, and Heritage Bank faces strong direct competition for deposits, loans, and other financial-related services. Heritage Bank's offices in Will and Cook counties in southern Illinois compete with other commercial banks, thrifts and credit unions. Some of these competitors are local, while others are statewide or nationwide. HeritageBanc competes for loans principally through the range and quality of the services it provides, with an emphasis on building long-lasting relationships. HeritageBanc's strategy is to provide its customers with excellent customer service. HeritageBanc believes that its long-standing presence in the community and personal service philosophy enhance its ability to compete favorably in attracting and retaining individual and business customers. HeritageBanc actively solicits deposit-oriented clients and competes for deposits by offering its customers personal attention, professional service and competitive interest rates.

Employees

As of September 30, 2007, HeritageBanc had 83 full-time equivalent employees. HeritageBanc places a high priority on staff development, which involves extensive training, including customer service training. None of HeritageBanc's employees are covered by a collective bargaining agreement with HeritageBanc or Heritage Bank. HeritageBanc currently offers a variety of employee benefits, including

an Employee Stock Ownership Plan (although such plan will be terminated in connection with the merger), and management considers its employee relations to be good.

Security Ownership of Directors, Executive Officers and 5% Shareholders

The following table sets forth certain information as of _____, 2008, with respect to the common stock beneficially owned by each existing director and executive officer of HeritageBanc, by each nominee, by all executive officers and directors as a group and by each shareholder known by HeritageBanc to be the beneficial owner of more than 5% of the common stock. As of _____, 2008, HeritageBanc had 8,323 shares of common stock outstanding, each share of which is entitled to one vote on all matters.

Name	Amount and Nature of Beneficial Ownership(1)(2)	Percent of Class(1)(2)
Brian W. Bell	150	1.8%
James H. Camino(3)	813	9.8%
John Ladowicz(4)	1,683	20.2%
Patrick J. Roe(5)	1,119	13.4%
James M. Zavesky(6)	217	2.6%
Executive Officers and Directors as a group (5 persons)	3,982	47.8%
Heritage Employee Stock Ownership Plan (ESOP)(7)	4,000	48.1%

(1) Amounts reported include shares held directly, as well as shares deemed to be otherwise beneficially owned by each person under applicable securities law regulations, including shares allocated to such person's account by the Heritage ESOP. A beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise, has or shares voting power or investment power with respect to the security. Voting power includes the power to vote or to direct the voting of the security. Investment power includes the power to dispose or to direct the disposition of the security. Inclusion of shares shall not constitute an admission of beneficial ownership or voting and sole investment power over such shares.

(2) As of December 31, 2006, the Heritage ESOP owned 4,000 shares of HeritageBanc common stock. The table includes shares of HeritageBanc common stock attributable to the Heritage ESOP accounts of the persons and groups listed. All Heritage ESOP share amounts disclosed in the footnotes to this table are as of December 31, 2006.

(3) Includes 509 shares held in trust, over which Mr. Camino exercises voting and investment power as trustee, and 304 shares held in trust by Mr. Camino's spouse, over which Mr. Camino's spouse exercises voting and investment power as trustee.

(4) Includes 810 shares held in trust, over which Mr. Ladowicz and his spouse exercise shared voting and investment power as co-trustees, 848 shares held through the Heritage ESOP and 25 shares of restricted stock issued pursuant to the Heritage Bank 2006 Restricted Stock Plan. Excludes 48 shares held in trust, over which Mr. Ladowicz's adult children exercise voting and investment power as trustees.

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(5) Includes 463 shares held in trust, over which Mr. Roe exercises voting and investment power as trustee, 145 shares held in trust by Mr. Roe's spouse, over which Mr. Roe's spouse exercises voting and investment power as trustee, 486 shares held through the Heritage ESOP and 25 shares of restricted stock issued pursuant to the Heritage Bank 2006 Restricted Stock Plan.

(6) All 217 shares are held in trust, over which Mr. Zavesky exercises voting and investment power as trustee.

(7) Includes approximately 776 shares which have not been allocated to the accounts of the Heritage ESOP participants as of December 31, 2006. Pursuant to the merger agreement, prior to the closing of the merger, HeritageBanc is obligated to terminate the Heritage ESOP, allocate the unallocated shares (after payment of outstanding indebtedness of the Heritage ESOP) to the accounts of the Heritage ESOP participants and convert the shares held by the ESOP into rights to receive the merger consideration.

COMPARISON OF THE RIGHTS OF SHAREHOLDERS

General

HeritageBanc is an Illinois corporation governed by Illinois law and HeritageBanc's articles of incorporation and by-laws. Old Second is a Delaware corporation governed by Delaware law and Old Second's restated certificate of incorporation and bylaws.

In the merger, many shareholders of HeritageBanc will receive shares of Old Second common stock that will include all rights attaching to shares of Old Second common stock. There are significant differences between the rights of HeritageBanc's shareholders and the rights of Old Second's shareholders. The following is a summary of the principal differences between those rights.

The following summary is not intended to be complete and is qualified in its entirety by reference to the IBCA and the Delaware General Corporation Law, or the DGCL, as well as HeritageBanc's articles of incorporation and by-laws and Old Second's restated certificate of incorporation and bylaws.

Anti-Takeover Provisions Generally

Old Second's restated certificate of incorporation and bylaws contain provisions designed to assist Old Second's board of directors in playing a role in any attempt by a group or person to acquire control of Old Second. These provisions are intended to enable Old Second's board of directors to protect the interests of Old Second and its shareholders under certain circumstances. Aided by these provisions, Old Second may determine that a sale of control is in the best interests of Old Second's shareholders or will enhance the board's ability to maximize the value to be received by the shareholders upon a sale of control of Old Second.

Although Old Second's management believes that these provisions are beneficial to Old Second's shareholders, they may also tend to discourage some takeover bids. As a result, Old Second's shareholders may be deprived of opportunities to sell some or all of their shares at prices that represent a premium over prevailing market prices. On the other hand, defeating undesirable acquisition offers can be a very expensive and time-consuming process. To the extent that these provisions discourage undesirable proposals, Old Second may be able to avoid those expenditures of time and money.

These provisions may also discourage open market purchases of Old Second common stock by a company that may desire to acquire Old Second. Those purchases may increase the market price of Old Second common stock temporarily and enable shareholders to sell their shares at a price higher than they might otherwise obtain. In addition, these provisions may decrease the market price of Old Second common stock by making the stock less attractive to persons who invest in securities in anticipation of price increases from potential acquisition attempts. The provisions may also make it more difficult and time consuming for a potential acquiror to obtain control of Old Second through replacing the board of directors and management. Furthermore, the provisions may make it more difficult for Old Second's shareholders to replace the board of directors or management, even if a majority of the shareholders believe that replacing the board of directors or management is in the best interests of Old Second. Because of these factors, these provisions may tend to perpetuate the incumbent board of directors and management.

Authorized Capital Stock

Old Second. Old Second is authorized to issue 20,000,000 shares of common stock, \$1.00 par value per share, and 300,000 shares of preferred stock, \$1.00 par value per share. As of _____, 2008, _____ shares of Old Second common stock were issued and outstanding, and _____ shares were held by Old Second as treasury shares. No shares of Old Second preferred stock are issued and outstanding.

Under Old Second's restated certificate of incorporation, Old Second's board of directors is authorized to issue preferred stock from time to time in one or more series, subject to applicable provisions of law. The board of directors is authorized to fix the designations, powers, preferences and relative participating, optional and other special rights of such shares, including voting rights and conversion rights. In the event of a proposed merger, tender offer or other attempt to gain control of Old Second that the board of directors does not approve, it may be possible for the board of directors to authorize the issuance of a series of preferred stock with rights and preferences that would impede the completion of such a transaction. If Old Second issues any preferred stock that disparately reduces the voting rights of the common stock, the common stock may be required to be delisted from the NASDAQ Global Select Market. An effect of the issuance of preferred stock, therefore, may be to deter a future takeover attempt. Under a certificate of designation, 10,000 shares of Old Second preferred stock have been designated as Series A Junior Participating Preferred Stock.

HeritageBanc. HeritageBanc is authorized to issue 75,000 shares of common stock, \$20.00 par value per share, and 600 shares of Series A Non-Cumulative Preferred Stock, \$0.01 par value per share. As of _____, 2008, 8,323 shares of HeritageBanc common stock were issued, including 150 shares that are were issued as restricted shares pursuant to the Heritage Bank 2006 Restricted Stock Plan. No shares of HeritageBanc preferred stock are issued and outstanding.

HeritageBanc's board of directors does not have the same powers with respect to the issuance of preferred stock as does Old Second's board of directors. The designations, powers, preferences and relative participating, optional and other special rights of such shares, including voting rights and conversion rights, have been fixed in HeritageBanc's articles of incorporation.

Voting Rights

Old Second. Generally, holders of Old Second common stock are entitled to one vote per share on all matters submitted to a vote of shareholders.

As stated above, Old Second's board of directors is authorized to issue up to 300,000 shares of preferred stock and may designate various characteristics and rights of Old Second preferred stock, including voting rights. Old Second's board of directors may also authorize the conversion of shares of other classes of Old Second preferred stock into any number of shares of Old Second common stock and thus dilute the voting power of the outstanding shares of Old Second common stock. Therefore, subject to the board's fiduciary duties, Old Second could issue convertible preferred stock with the purpose or effect of deterring or preventing a takeover of Old Second.

Old Second's restated certificate of incorporation does not provide for cumulative voting rights in the election of directors.

HeritageBanc. Generally, holders of HeritageBanc common stock are entitled to one vote per share on all matters submitted to a vote of shareholders.

As stated above, HeritageBanc's board of directors is authorized to issue up to 600 shares of preferred stock, however, pursuant to the articles of incorporation, such shares are non-voting, except as required by the IBCA.

HeritageBanc's articles of incorporation do not provide for cumulative voting rights in the election of directors.

Rights Plan

Old Second. Old Second has a shareholder rights plan that was adopted on September 17, 2002. The Plan provided for the distribution of one right on October 10, 2002, for each share of the Company's outstanding common stock as of September 27, 2002. The rights have no immediate economic value to shareholders because they cannot be exercised unless and until a person, group or entity acquires 15% or more of Old Second's common stock or announces a tender offer. The shareholder rights plan also permits the Old Second's board of directors to redeem each right for one cent under various circumstances. In general, the shareholder rights plan provides that if a person, group or entity acquires a 15% or larger stake in Old Second or announces a tender offer, and Old Second's board of directors chooses not to redeem the rights, all holders of rights, other than the 15% shareholder, will be able to purchase a certain amount of Old Second's common stock for half of its market price. If triggered, the shareholder rights plan would cause substantial dilution to a person or group of persons that acquires 15% or more of Old Second's common stock on terms not approved by its board of directors. This shareholder rights plan could discourage or make more difficult a merger, tender offer or similar transaction with Old Second.

HeritageBanc. HeritageBanc does not have a shareholder rights plan.

Classification of Board of Directors

Old Second. Old Second's restated certificate of incorporation provides for the division of its board of directors into three classes of approximately equal size. Old Second's directors are elected for three-year terms, and the terms of office of approximately one-third of the members of the classified board of directors expire each year. This board classification may make it more difficult for a shareholder to acquire immediate control of Old Second and remove management by means of a proxy contest. Because the terms of approximately one-third of the incumbent directors expire each year, at least two annual elections would be necessary for shareholders to replace a majority of Old Second's directors, while a majority of directors of a non-classified board could be replaced in one annual meeting.

HeritageBanc. HeritageBanc's articles of incorporation do not provide for a classified board.

Size of the Board of Directors; Vacancies; Removal

Old Second. Old Second's restated certificate of incorporation provides that the size of the board of directors shall consist of not less than five nor more than 25 directors. The bylaws provide that any vacancy occurring in the number of directors may be filled for the remainder of the unexpired term by a majority vote of the directors then in office.

Under the DGCL, members of a classified board of directors may only be removed for cause, unless the certificate of incorporation provides otherwise. Old Second's restated certificate of incorporation provides that a director may only be removed for cause, and then only by the affirmative vote of holders of at least two thirds of the shares eligible to vote. Old Second's certificate of incorporation does not include a definition of cause. The purpose of this provision is to prevent a

majority shareholder from circumventing the classified board system by removing directors and filling the vacancies with new individuals selected by that shareholder. This provision may have the effect of impeding efforts to gain control of the board of directors by anyone who obtains a controlling interest in Old Second's outstanding common stock.

HeritageBanc. HeritageBanc's by-laws provide that the size of the board of directors is fixed at five directors. The articles of incorporation and bylaws also provide that any vacancy occurring on the board of directors may be filled for the remainder of the unexpired term by a majority vote of the directors then in office. HeritageBanc's by-laws provide that a director may be removed with or without cause by a majority vote of the shareholders.

Shareholder Nominations and Proposals

Old Second. Old Second's restated certificate of incorporation provides that nominations for election to Old Second's board of directors may be made by the board of directors or by any shareholder entitled to vote for the election of directors who complies with the notice procedures set forth in the restated certificate of incorporation. The shareholder's notice must set forth, as to each person the shareholder proposes to nominate for election or re-election as a director, such person's name and address, qualifications and the number of shares of Old Second's capital stock owned by such nominee and the shareholder giving the notice.

Old Second's bylaws do not set forth a procedure to be followed by a shareholder that wishes to bring business before the annual meeting.

HeritageBanc. HeritageBanc's by-laws provide that nominations for election to HeritageBanc's board of directors may be made by the board of directors or by any shareholder entitled to vote for the election of directors who complies with the notice procedures set forth in the by-laws. The shareholder's notice must set forth, as to each person the shareholder proposes to nominate for election or re-election as a director, such person's name and address, qualifications, the total number of shares to be voted for the proposed nominee, and, as to the shareholder giving the notice, his or her name and address, and the number of shares of HeritageBanc's capital stock owned by the nominating shareholder.

HeritageBanc's by-laws do not set forth a procedure to be followed by a shareholder that wishes to bring business before the annual meeting.

Special Meetings of Shareholders

Old Second. Old Second's bylaws provide that a special meeting of shareholders may be called by the Chairman of the Board, President or Secretary at the request in writing of a majority of the board of directors, or at the request in writing of shareholders owning at least 50% of the issued and outstanding voting shares.

HeritageBanc. HeritageBanc's by-laws provide that special meetings may be called by the Chairman of the Board, the President, the board of directors or by holders of at least one-fifth of the outstanding shares of HeritageBanc.

Action by Written Consent

Old Second. Old Second's restated certificate of incorporation prohibits its shareholders from taking action by written consent, without a meeting.

HeritageBanc. HeritageBanc's by-laws permit its shareholders to take action by written consent, without a meeting.

Dividends

Old Second. Generally, Old Second's ability to pay dividends is governed by Delaware corporate law. Under Delaware corporate law, unless there are restrictions in the corporation's certificate of incorporation, dividends may be declared from the corporation's surplus, or if there is no surplus, from its net profits for the fiscal year in which the dividend is declared and the preceding years. Dividends may not be declared, however, if the corporation's capital is less than the amount of all capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets.

Old Second shareholders are entitled to dividends as and when declared by the board of directors.

HeritageBanc. HeritageBanc's ability to pay dividends on its common stock is governed by Illinois corporate law. Under Illinois corporate law, dividends may be paid so long as after giving effect to their payment, the corporation would not be insolvent and the corporation's net assets would not be less than zero or less than the maximum amount necessary at the time of payment of the dividends to satisfy the preferential rights upon dissolution to shareholders whose preferential rights are superior to those receiving the dividends.

Most of the revenues of both Old Second and HeritageBanc available for the payment of dividends derive from amounts paid to them by their respective banking subsidiaries. There are various statutory limitations that limit the ability of these subsidiaries to pay dividends to the holding companies.

Evaluation of Proposals

Old Second. Old Second's restated certificate of incorporation provides that the board of directors, when evaluating any offer by another person to: make a tender or exchange offer for any equity security; merge or consolidate Old Second with another corporation or entity; or purchase or otherwise acquire all or substantially all of the assets of Old Second, may, in connection with the exercise of its judgment in determining what is in the best interests of Old Second and its shareholders, give consideration to all relevant factors, including: the adequacy of the amount of consideration to be paid; the social and economic effect of the transaction on Old Second and Old Second's employees, depositors, customers and creditors and those of its subsidiaries and the communities in which Old Second and its subsidiaries operate or are located; the business and financial condition and prospects of the acquiring party, and the possible effect of such conditions on Old Second, its subsidiaries and other elements of the communities in which Old Second and its subsidiaries operate or are located; the competence, experience and integrity of the acquiring person and or its management; and any antitrust or other legal or regulatory issues raised by the transaction.

HeritageBanc. HeritageBanc's articles of incorporation do not contain any provisions regarding the evaluation of acquisition proposals.

Special Voting Requirements; Business Combinations

Old Second. Old Second's restated certificate of incorporation requires that certain business combinations between Old Second (or any majority-owned subsidiary) and a more than 5% shareholder either:

- be approved by holders of at least 75% of the voting power of all outstanding capital stock entitled to vote on the business combination;
- be approved by at least a majority of the continuing board of directors, meaning persons serving prior to the 5% shareholder becoming a 5% shareholder, and be approved by holders of a majority of the total number of outstanding voting shares; or
- meet certain price conditions, and be approved by holders of a majority of the total number of outstanding voting shares.

In addition, Section 203(a) of the DGCL prohibits Old Second from engaging in a business combination, as defined by the DGCL, with an interested shareholder, defined as a person who owns, directly or indirectly, 15% or more of Old Second's voting stock, for a three year period from the date the person became an interested shareholder, referred to as the acquisition date, unless:

- prior to the acquisition date the Old Second board approved the business combination or the transaction that resulted in the shareholder becoming an interested shareholder;
- upon completion of the transaction in which the shareholder became an interested shareholder, the shareholder owns at least 85% of Old Second's voting stock, excluding stock held by persons who are directors and also officers and employee stock plans in which the participants do not have the right to determine confidentially whether shares held by the plan will be tendered in an exchange offer or a tender offer; or
- on or after the acquisition date, the business combination is approved by the Old Second board and by the Old Second shareholders, at a meeting duly called for that purpose, provided that shareholders owning at least two-thirds of Old Second's voting stock approve the business combination. When determining whether this two-thirds vote requirement has been satisfied, voting stock held by the interested shareholder is not included.

HeritageBanc. Subject to contrary provisions in a corporation's articles of incorporation, the IBCA provides that a corporation may engage in any merger, consolidation or a sale or lease of all or substantially all of its assets if such transaction is approved by the corporation's board of directors and by the vote of at least two-thirds of the votes of the shares entitled to vote thereon. *HeritageBanc's* articles of incorporation do not provide for a different voting standard.

Amendment of Charter Documents

Old Second. The DGCL provides that amendments to a corporation's certificate must be approved by holders of a majority of the outstanding stock entitled to vote on the amendment. Old Second's restated certificate of incorporation may be amended in the manner prescribed by the

DGCL. In addition, amendments altering or