

UNION BANKSHARES CO/ME
Form 425
August 14, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): August 13, 2007

CAMDEN NATIONAL CORPORATION

(Exact name of registrant as specified in charter)

Maine
(State or Other Jurisdiction
of Incorporation)

01-28190
(Commission File Number)

01-0413282
(IRS Employer

Identification No.)

Two Elm Street, Camden, Maine 04843

(Address of Principal Executive Offices) (Zip Code)

(207) 236-8821

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

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- x Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

 - .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

 - .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

 - .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry Into a Material Definitive Agreement

On August 14, 2007, Camden National Corporation (Camden) of Camden, Maine, and Union Bankshares Company (Union Bankshares) of Ellsworth, Maine, jointly announced the signing of a definitive agreement dated as of August 13, 2007 (the Merger Agreement), for the acquisition of Union Bankshares by Camden in an exchange of cash and stock (the Merger). Under the terms of the Merger Agreement, Union Bankshares shareholders may elect to receive either \$68.00 per share in cash or 1.9106 shares of Camden common stock for each share of Union Bankshares stock they own. Elections will be subject to allocation procedures that are intended to ensure that 60% of the shares of Union Bankshares common stock outstanding immediately prior to the consummation of the Merger will be converted into Camden common stock and 40% of such shares of Union Bankshares common stock will be converted into cash. Immediately following the Merger, Union Trust Company, the subsidiary bank of Union Bankshares, will merge with and into Camden s subsidiary bank, Camden National Bank. Branches of Union Trust Company located in Hancock and Washington counties will be operated as a separate division under the name Union Trust, a division of Camden National Bank, while remaining branches of Union Trust Company, located in Camden National Bank s existing footprint, will be operated under the name Camden National Bank.

The Merger Agreement contains customary representations, warranties and covenants of Camden and Union Bankshares. The Board of Directors of Union Bankshares has adopted a resolution recommending approval and adoption by its shareholders and has agreed to submit the Merger Agreement to its shareholders for consideration. Union Bankshares has also agreed not to (i) solicit proposals relating to alternative business combination transactions or (ii) subject to certain exceptions, enter into discussions or an agreement concerning or provide confidential information in connection with any proposals for alternative business combination transactions.

Consummation of the Merger is subject to customary conditions, including (i) approval of the Union Bankshares shareholders and (ii) absence of any law or order prohibiting the closing. In addition, each party s obligation to consummate the Merger is subject to certain other conditions, including (i) subject to certain exceptions, the accuracy of the representations and warranties of the other party, (ii) material compliance of the other party with its covenants, (iii) the delivery of customary opinions from counsel to Camden and counsel to Union Bankshares that the Merger will qualify as a tax-free reorganization for federal income tax purposes, and (iv) receipt of regulatory approvals.

Following the Merger, one current director of Union Bankshares will be appointed to the Board of Directors of Camden. Peter A. Blyberg and one other current director of Union Trust Company will be appointed to the Board of Directors of Camden National Bank, and Peter A. Blyberg will be appointed Vice Chairman of the Board. The directors of Union Trust Company will also be invited to serve as members of the Union Trust Division Advisory Board to be established and maintained by Camden for at least two years following the Merger.

The Merger Agreement contains certain termination rights for both Camden and Union Bankshares and further provides that, upon termination of the Merger Agreement under specified circumstances, Union Bankshares may be required to pay Camden a termination fee of \$2,900,000.

The foregoing description of the Merger and the Merger Agreement does not purport to be complete and is qualified in its entirety by reference to the Merger Agreement, which is attached hereto as Exhibit 2.1 and is incorporated into this report by reference.

Additional Information About the Merger

In connection with the proposed merger of Union Bankshares with and into Camden, Camden and Union Bankshares intend to file relevant materials with the Securities and Exchange Commission (SEC), including a registration statement on Form S-4 that will contain a proxy statement/prospectus. INVESTORS ARE URGED TO READ THESE MATERIALS WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT CAMDEN, UNION BANKSHARES AND THE MERGER. The proxy statement/prospectus and other relevant materials (when they become available), and any other documents filed by Camden or Union Bankshares with the SEC, may be obtained free of charge at the SEC s website at www.sec.gov. In addition, investors may obtain free copies of the documents filed with the SEC by Camden by directing a written request to Camden National Corporation, Two Elm Street, Camden, Maine 04843, Attention: Suzanne Brightbill, and free copies of the documents filed with the SEC by Union Bankshares by directing a written request to Union Bankshares Company, 66 Main Street, Ellsworth, Maine 04605, Attention: Clerk.

Participants in this Transaction

Camden, Union Bankshares and their respective executive officers and directors may be deemed to be participants in the solicitation of proxies from the shareholders of Union Bankshares in connection with the merger. Information about the directors and executive officers of Camden and Union Bankshares and information about any other persons who may be deemed participants in this transaction will be included in the proxy statement/prospectus. You can find information about Camden's directors and executive officers in the proxy statement for Camden's annual meeting of stockholders filed with the SEC on March 21, 2007. You can find information about Union Bankshares's directors and executive officers in the proxy statement for Union Bankshares's 2007 annual meeting of shareholders filed with the SEC on May 11, 2007. You can obtain free copies of these documents from the SEC, Camden or Union Bankshares using the contact information above.

Forward-Looking Statements

This report contains statements that may be considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements can be identified by the use of the words "believe," "expect," "anticipate," "intend," "estimate," "assume," "will," "should," and other expressions which predict or indicate future events or trends and which do not relate to historical matters. Forward-looking statements should not be relied on, because they involve known and unknown risks, uncertainties and other factors, some of which are beyond the control of Camden. These risks, uncertainties and other factors may cause the actual results, performance or achievements of Camden to be materially different from the anticipated future results, performance or achievements expressed or implied by the forward-looking statements.

Some of the factors that might cause these differences include the following: (i) failure of the parties to satisfy the closing conditions in the Merger Agreement in a timely manner or at all; (ii) failure of the shareholders of Union Bankshares to approve the Merger Agreement; (iii) failure to obtain governmental approvals of the Merger, or imposition of adverse regulatory conditions in connection with such approvals; (iv) disruptions in the businesses of the parties as a result of the pendency of the Merger; (v) integration costs following the merger, (vi) changes in general, national or regional economic conditions; (vii) changes in loan default and charge-off rates; (viii) reductions in deposit levels necessitating increased borrowing to fund loans and investments; (ix) changes in interest rates; (x) changes in laws and regulations; (xi) changes in the size and nature of the Camden's competition; and (xii) changes in the assumptions used in making such forward-looking statements. Other factors could also cause these differences. For more information about these factors please see Camden's and Union Bankshares' filings with the SEC, including their Annual Report on Form 10-K on file with the SEC. All of these factors should be carefully reviewed, and readers should not place undue reliance on these forward-looking statements.

These forward-looking statements were based on information, plans and estimates at the date of this report, and the Company does not promise to update any forward-looking statements to reflect changes in underlying assumptions or factors, new information, future events or other changes.

The joint press release issued by Camden and Union Bankshares is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit

| <i>Number</i> | <i>Description</i> |
|----------------------|--|
| 2.1 | Agreement and Plan of Merger, dated as of August 13, 2007, between Camden National Corporation and Union Bankshares Company. |
| 99.1 | Joint Press Release issued by Camden National Corporation and Union Bankshares Company on August 14, 2007. |

SIGNATURES

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

CAMDEN NATIONAL CORPORATION

Date: August 14, 2007

By: /s/ Sean G. Daly
Sean G. Daly
Chief Financial Officer and Principal
Financial & Accounting Officer