

# Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

## Part I Reporting Issuer

1 Issuer's name Mercantile Bank Corporation as successor in interest to Firstbank Corporation		2 Issuer's employer identification number (EIN) 38-3360865	
3 Name of contact for additional information Chuck Christmas	4 Telephone No. of contact 616-726-1202	5 Email address of contact cchristmas@MercBank.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 310 Leonard NW		7 City, town, or post office, state, and Zip code of contact Grand Rapids, MI 49504	
8 Date of action June 1, 2014	9 Classification and description Firstbank Corporation Common Stock		
10 CUSIP number 33761G104	11 Serial number(s)	12 Ticker symbol FBMI	13 Account number(s)

## Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ On June 1, 2014, Mercantile Bank Corporation (Mercantile) acquired Firstbank Corporation (Firstbank), EIN 38-2633910, in a statutory merger that is being treated as a reorganization within the meaning of Section 368(a)(1)(A) of the Internal Revenue Code. Pursuant to the terms of the merger, the Firstbank shareholders exchanged each share of their Firstbank common stock for one share of Mercantile common stock. The Firstbank shareholders received cash in lieu of fractional shares based upon the per share price of \$21.43 for the Mercantile common stock.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ The quantitative effect is one for one. The aggregate tax basis of the Mercantile shares received will equal the aggregate basis of the Firstbank shares exchanged (not counting the basis of any shares allocated to the receipt of fractional Mercantile shares). Generally, the tax basis is allocated to individual Mercantile shares received on a block-by-block basis.

Firstbank shareholders who received cash instead of fractional shares of Mercantile common stock will be treated as having received the fractional shares in the merger and then as having exchanged the fractional shares for cash. These holders will generally recognize gain or loss equal to the difference between the tax basis allocable to the fractional shares and the amount of cash received.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ See item 15 above for a description of the calculation. The fair market value of Mercantile common stock at the effective time of the merger was \$21.43 per share, based on the closing price as reported on NASDAQ on May 30, 2014.

**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ Sections 354(a), 356(a), 358(a), 368(a), and 1001.

18 Can any resulting loss be recognized? ▶ No loss may be recognized by a Firstbank shareholder receiving Mercantile common stock, except that any loss on the receipt of cash in lieu of a fractional share of Mercantile stock may be recognized.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The reportable tax year is 2014. Each Firstbank shareholder should consult his, her or its tax advisor as to the determination of gain or loss and allocation of basis to any Mercantile common stock received.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here Signature ▶ *Charles Christms* Date ▶ 6-5-14  
Print your name ▶ CHARLES CHRISTMS Title ▶ SUP-CFO

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Digitally signed by VanderBaanS	Check <input type="checkbox"/> if self-employed	PTIN
	Sheryl Vander Baan	<i>SX Vander Baan</i>	Date: 2014.06.05 15:35:39 -04'00'		P00242444
	Firm's name ▶ Crowe Horwath LLP	Firm's address ▶ 55 Campau Ave NW, Suite 500, Grand Rapids, MI 49503-2642		Firm's EIN ▶ 35-0921680	Phone no. 616-774-0774