

MERCANTILE BANK CORP

Form 425

August 15, 2013

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Subject Company: Mercantile Bank Corporation

Commission File No.: 000-26719

Date: August 15, 2013

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Dear Mercantile Bank Corporation Shareholders,

We are pleased to announce the proposed merger of Mercantile Bank Corporation and Firstbank Corporation. The new company will be the third largest Michigan-based bank holding company, with \$2.9 billion in total assets, \$2.4 billion in total deposits and 53 branches state-wide.

We believe this merger will strengthen our competitive position throughout the region. The merger will enable us to strategically extend into new markets and serve a larger, more diverse client base. The combined organization will have a robust offering of products and services, a more diversified loan portfolio and deposit mix, and greater origination capabilities.

We also believe this transaction will enhance profitability and improve shareholder value. It will be immediately accretive to earnings, with an expected 20 percent earnings per share accretion projected in 2014 and 2015.

The Boards of Directors for both companies have agreed that the new entity will assume the Mercantile name and will be headquartered in Grand Rapids. Both companies will be represented equally on the new Board of Directors.

Mercantile Bank Corporation shareholders will continue to hold their shares in the newly merged entity. Additionally, Mercantile expects to declare and pay a special dividend of \$2.00 per share to Mercantile shareholders prior to the closing of the merger, subject to the satisfaction of the closing conditions set forth in the merger agreement. We anticipate receiving all shareholder and regulatory approvals for the merger this fall, and the merger process to be completed by December 31, 2013.

From an executive management perspective, Tom Sullivan, the current President and CEO of Firstbank, will serve as Chairman of the combined companies. I will serve as President and CEO. I enjoyed working with Tom to bring this merger together, and I am happy to continue to work with him as we finalize the merger process.

Other executive management team members of the new company will include Mercantile's Bob Kaminski and Firstbank's Sam Stone as Executive Vice Presidents. Mercantile's current Chief Financial Officer, Chuck Christmas, will continue to serve in that role.

As these are extraordinarily complementary businesses with no market overlap, there are no branch closures planned as part of this merger. We expect to realize opportunities in growing both our commercial and residential offerings while realizing the efficiencies that scale will bring. Additionally, we are taking measures, including the creation of merger integration teams, to ensure that our customers have a very positive experience throughout the transition.

We believe that this merger-of-equals is a terrific opportunity to create a powerhouse Michigan banking organization. With the combination of the very similar corporate cultures rooted in excellent customer service and strong client relationships and the solid management teams that are fully committed to the new enterprise, the new Mercantile Bank Corporation will be an effective competitor in the current banking market, and will be well-positioned for long-term growth.

Thank you for being a Mercantile shareholder. As we have news, we will continue to share it with you and post it on our website in the days and weeks ahead.

Sincerely,

Michael H. Price

*Chairman, President and CEO*

**Mercantile Bank Corporation**

**Important Information for Investors**

Communications in this letter release do not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. The proposed merger and issuance of Mercantile common stock in connection with the proposed merger will be submitted to Mercantile's shareholders for their consideration, and the proposed merger will be submitted to Firstbank's shareholders for their consideration. Mercantile will file with the Securities and Exchange Commission (SEC) a registration statement on Form S-4 that will include a joint proxy statement to be used by Mercantile and Firstbank to solicit the required approval of their respective shareholders in connection with the proposed merger and will constitute a prospectus of Mercantile. Mercantile and Firstbank may also file other documents with the SEC concerning the proposed merger. INVESTORS AND SECURITY HOLDERS OF MERCANTILE AND FIRSTBANK ARE URGED TO READ THE JOINT PROXY STATEMENT AND PROSPECTUS REGARDING THE PROPOSED MERGER AND OTHER RELEVANT DOCUMENTS THAT WILL BE FILED WITH THE SEC CAREFULLY AND IN THEIR

ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED MERGER. Investors and security holders may obtain a free copy of the joint proxy statement and prospectus and other documents containing important information about Mercantile and Firstbank, once such documents are filed with the SEC, through the website maintained by the SEC at [www.sec.gov](http://www.sec.gov). Copies of the documents filed with the SEC by Mercantile will be available free of charge on Mercantile's website at [www.mercbank.com](http://www.mercbank.com) under the tab Investor Relations, or by contacting Charles Christmas, Chief Financial Officer, at 616-726-1202. Copies of documents filed with the SEC by Firstbank will be available free of charge on Firstbank's website at [www.firstbankmi.com](http://www.firstbankmi.com) under the tab Investor Relations, or by contacting Samuel Stone, Executive Vice President and Chief Financial Officer at (989) 466-7325.

### **Participants in the Transaction**

Mercantile, Firstbank and certain of their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from the shareholders of Mercantile and Firstbank in connection with the proposed transaction. Information about the directors and executive officers of Mercantile is set forth in its proxy statement for its 2013 annual meeting of shareholders, which was filed with the SEC on March 15, 2013. Information about the directors and executive officers of Firstbank is set forth in its proxy statement for its 2013 annual meeting of shareholders, which was filed with the SEC on March 15, 2013. These documents can be obtained free of charge from the sources indicated above. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the joint proxy statement and prospectus and other relevant materials to be filed with the SEC when they become available.

### **Forward-Looking Statements**

This letter contains comments or information that constitute forward-looking statements (within the meaning of the Private Securities Litigation Reform Act of 1995) that are based on current expectations that involve a number of risks and uncertainties. These forward looking statements are subject to a number of factors and uncertainties which could cause Mercantile, Firstbank, or the combined company's actual results and experience to differ from the anticipated results and expectations expressed in such forward looking statements. Forward looking statements speak only as of the date they are made and neither Mercantile nor Firstbank assumes any duty to update forward looking statements. These forward-looking statements include, but are not limited to, statements about (i) the expected benefits of the transaction between Mercantile and Firstbank, including future financial and operating results, accretion and earn-back, cost savings, enhanced revenues, long term growth, and the expected market position of the combined company that may be realized from the transaction, and (ii) Mercantile and Firstbank's plans, objectives, expectations and intentions and other statements contained in this press release that are not historical facts. Other statements identified by words such as expects, anticipates, opportunity, potential, future, will, or words of similar meaning generally are intended to identify forward-looking statements. These statements are based upon the current beliefs and expectations of Mercantile's and Firstbank's management and are inherently subject to significant business, economic and competitive risks and uncertainties, many of which are beyond their respective control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change. Actual results may differ materially from those indicated or implied in the forward-looking statements. Although Mercantile and Firstbank have signed an agreement, there is no assurance that they will complete the proposed merger. The merger agreement will terminate if the companies do not receive the necessary approval of shareholders and government approvals, or if any conditions to closing are not satisfied. There is no assurance that the due diligence process would identify all risks associated with the transaction. Additional information concerning risks is contained in Mercantile's and Firstbank's most recently filed Annual Reports on Form 10-K, subsequent Quarterly Reports on Form 10-Q, recent Current Reports on Form 8-K and other SEC filings.