INDEPENDENT BANK CORP /MI/
Form DEF 14A
March 19, 2008

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant þ
Filed by a Party other than the Registrant o
Check the appropriate box:
o Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
þ Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

INDEPENDENT BANK CORPORATION

(Name of Registrant as Specified In Its Charter)

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

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þ No fee required.
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1) Title of each class of securities to which transaction applies:

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3) Filing Party:

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SEC 1913
(02-02)

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Independent Bank Corporation
230 West Main Street
Ionia, Michigan 48846

March 25, 2008

Dear Shareholder,

It is our pleasure to invite you to attend the 2008 Annual Meeting of Shareholders of Independent Bank Corporation at 3:00 p.m., Eastern Time, on Tuesday, April 29, 2008 at the Ionia Theater, 205 West Main Street, Ionia, Michigan 48846.

The Annual Report, which we mailed to you, summarizes Independent Bank Corporation s major developments during 2007 and includes the 2007 consolidated financial statements.

Whether or not you plan to attend the Annual Meeting, please complete and mail the enclosed proxy card promptly so that your shares will be voted as you desire. **You may also vote by telephone or by the Internet by following the instructions for using the automated telephone and Internet voting systems provided on the proxy card.**

Sincerely,

Michael M. Magee, Jr.
President and Chief Executive Officer

INDEPENDENT BANK CORPORATION

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
APRIL 29, 2008

Date:	**April 29, 2008**
Time:	**3:00 p.m., Eastern Time**
Place:	**Ionia Theater**
	205 West Main Street
	Ionia, Michigan 48846

We invite you to attend the Independent Bank Corporation Annual Meeting of Shareholders to:

1. Elect four directors to serve three-year terms expiring in 2011;

2. Ratify the appointment of Crowe Chizek and Company LLC as independent auditors for the fiscal year ending December 31, 2008;

3. Transact any other business that is properly submitted before the Annual Meeting or any adjournments or postponements of the Annual Meeting.

The record date for the Annual Meeting is February 29, 2008 (the Record Date). Only shareholders of record at the close of business on that date can vote at the Annual Meeting. We mailed this Notice of Annual Meeting to those shareholders. Action may be taken at the Annual Meeting on any of the foregoing proposals on the date specified above or any date or dates to which the Annual Meeting may be adjourned or postponed.

We will have a list of shareholders who can vote at the Annual Meeting available for inspection by shareholders at the Annual Meeting, and, for 10 days prior to the Annual Meeting, during regular business hours at the offices of Independent Bank Corporation, 230 West Main Street, Ionia, Michigan 48846.

If you plan to attend the Annual Meeting but are not a shareholder of record because you hold your shares in street name, please bring evidence of your beneficial ownership of your shares ***(e.g.,*** a copy of a recent brokerage statement showing the shares) with you to the Annual Meeting. Whether or not you plan to attend the Annual Meeting and whether you own a few or many shares of stock, the Board of Directors urges you to vote promptly. You may vote by signing, dating and returning the enclosed proxy card, by using the automated telephone voting system or by using the Internet voting system. You will find instructions for voting by telephone and by the Internet on the enclosed proxy card.

By Order of the Board of Directors,

Robert N. Shuster
Corporate Secretary

March 25, 2008

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Independent Bank Corporation
230 West Main Street
Ionia, Michigan 48846

2008 PROXY STATEMENT

This Proxy Statement is furnished in connection with the solicitation, beginning approximately March 25, 2008, by our Board of Directors, of proxies for use at the Annual Meeting of Shareholders. This meeting will be held on Tuesday, April 29 2008, at 3:00 p.m. (local time) at the Ionia Theater, 205 West Main Street, Ionia, Michigan 48846.

If the form of the Proxy accompanying this Proxy Statement is properly executed and returned, the shares represented by the Proxy will be voted at the Annual Meeting of Shareholders in accordance with the directions given in such Proxy. If no choice is specified, the shares represented by the Proxy will be voted for the election of directors listed as nominees and for the ratification of the independent auditors.

To vote by telephone, shareholders of record (shareholders who have been issued a certificate representing their shares) may call toll free on a touch-tone telephone 1-800-PROXIES (1-800-776-9437) and follow the recorded instructions. To vote by Internet, go to the site http://www.voteproxy.com and follow the instructions provided.

If your shares are held through a bank or a broker (referred to as street name), you may also be eligible to vote your shares electronically. Simply follow the instructions on your voting form, using either the toll-free telephone number or the Internet address that is listed.

A Proxy may be revoked prior to its exercise by delivering a written notice of revocation to our Secretary, executing a subsequent Proxy or attending the meeting and voting in person. Attendance at the meeting does not, however, automatically serve to revoke a Proxy.

VOTING SECURITIES AND RECORD DATE

As of February 29, 2008, the Record Date for the Annual Meeting, we had issued and outstanding 22,892,415 shares of common stock. Shareholders are entitled to one vote for each share of our common stock registered in their names at the close of business on the record date. Votes cast at the meeting and submitted by proxy are counted by the inspectors of the meeting, who are appointed by us.

As of February 29, 2008, no person was known by us to be the beneficial owner of 5% or more of our common stock, except as follows:

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Approximate Percent of Class
Common Stock, $1 par value	Barclays Global Investors, NA[1] 45 Fremont Street San Francisco, CA 94105	1,307,708	5.36%
		1,222,544	5.01

Common Stock, $1 par value	Independent Bank Corporation Employee Stock Ownership Trust (ESOT) 230 West Main Street Ionia, Michigan 48846

(1) Based on information set forth in a Schedule 13G filing with the Securities and Exchange Commission on February 5, 2008, by Barclays Global Investors, NA and certain related entities, reporting sole power to vote over 1,084,933 shares and sole power to dispose or direct the disposition of 1,307,708 shares.

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Our ESOT holds shares of common stock pursuant to the terms of our Employee Stock Ownership Plan (ESOP). The Principal Financial Group administers the ESOP and serves as directed trustee. Our ESOP Administrative Committee has investment power with respect to the shares of common stock held by the ESOT and has voting power to the extent that the ESOP participants do not direct the voting of the shares of common stock allocated to their accounts.

Our Administrative Committee is comprised of three of our officers: Robert N. Shuster, James J. Twarozynski and Laurinda M. Neve. Except for the shares of common stock allocated to their respective accounts as participants in the ESOP, each member of our Administrative Committee disclaims beneficial ownership of the shares held by the ESOT.

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ELECTION OF DIRECTORS

Our Articles of Incorporation provide that our Board be divided into three classes of nearly equal size, with the classes to hold office for staggered terms of three years each. Our Bylaws permit our Board of Directors to establish the size of our Board from three to fifteen members. Our current Board has fixed the size of our Board at ten members. Stephen L. Gulis, Jr., Terry L. Haske, Clarke B. Maxson and Charles A. Palmer are nominees to serve three-year terms expiring in 2011. Messrs. Gulis, Haske and Palmer are incumbent directors previously elected by our shareholders. Mr. Maxson was appointed to the Independent Bank Corporation Board of Directors in September 2007 and is standing for election for the first time.

The Proxies cannot be voted for a greater number of persons than the number of nominees named. In the event that any nominee is unable to serve, which is not now contemplated, our Board may designate a substitute nominee. The proxy holders, to the extent they have been granted authority to vote in the election of directors, may or may not vote for a substitute nominee.

In addition to the nominees for director, each director whose term will continue after the meeting is named in the following table. Each nominee and director owned beneficially, directly or indirectly, the number of shares of common stock set forth opposite their respective names. The stock ownership information and the information relating to each nominee s and director s age, principal occupation or employment for the past five years has been furnished to us as of February 29, 2008, by the respective nominees and directors.

A plurality of the votes cast at the Annual Meeting of Shareholders is required to elect the nominees as directors. Accordingly at this year s meeting, the four individuals who receive the largest number of votes cast at the meeting will be elected as directors. Shares not voted at the meeting, whether by abstention, broker non-vote or otherwise, will not be treated as votes cast on this matter.

The Board of Directors recommends a vote FOR the election of each of the four nominees.

	Amount and Nature of Beneficial Ownership(1)	Percent of Outstanding
Nominees for three-year terms expiring in 2011		
Stephen L. Gulis, Jr. (age 50) Mr. Gulis is the Executive Vice President, Chief Financial Officer and Treasurer of Wolverine World Wide, Inc. During 2007, he was promoted to the position of Executive Vice President and President of Wolverine Worldwide Global Operations Group which is effective upon the appointment of his successor as CFO. He became a Director in 2004.	17,703(2)	.07
Terry L. Haske (age 59) Mr. Haske is the President of Ricker & Haske, CPAs, P.C. He became a Director in 1996.	69,391(3)	.28
Clarke B. Maxson (age 68) Mr. Maxson served as Chairman, President and CEO of Midwest Guaranty Bancorp, Inc. (Midwest) from its founding in 1988 until July 2004 when he retired. Midwest was acquired by Independent Bank	22,744	.09

Corporation in July 2004, at which time Mr. Maxson joined the Board of Directors of Independent Bank East Michigan (which merged into Independent Bank in September 2007). He was appointed as a Director of the Company in September 2007.		
Charles A. Palmer (age 63)	113,737	.47
Mr. Palmer is an attorney and a professor of law at Thomas M. Cooley Law School. He became a Director in 1991.		

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	Amount and Nature of Beneficial Ownership(1)	Percent of Outstanding
Directors whose terms expire in 2009		
Robert L. Hetzler (age 62) Mr. Hetzler is the retired President of Monitor Sugar Company (food processor). He became a Director in 2000. Mr. Hetzler was appointed Lead Outside Director effective January 1, 2005.	58,761(4)	.24
Michael M. Magee, Jr. (age 52) Mr. Magee is the President and Chief Executive Officer of Independent Bank Corporation. Prior to his appointment as President and CEO as of January 1, 2005, Mr. Magee served as Chief Operating Officer since February 2004 and prior to that he served as President and Chief Executive Officer of Independent Bank since 1993. He became a Director in 2005.	197,698(5)	.81
James E. McCarty (age 60) Mr. McCarty is the retired President of McCarty Communications (commercial printing). He became a Director in 2002.	29,082(6)	.12
Directors whose terms expire in 2010		
Donna J. Banks, Ph.D. (age 50) Dr. Banks is a Senior Vice President of the Kellogg Company. She became a Director in 2005.	8,434(7)	.03
Jeffrey A. Bratsburg (age 64) Mr. Bratsburg served as President and CEO of Independent Bank West Michigan from 1985 until his retirement in 1999. He became a Director in 2000.	134,127(8)	.55
Charles C. Van Loan (age 60) Mr. Van Loan is the Chairman of the Board of Directors of Independent Bank Corporation. Mr. Van Loan served as President and CEO of Independent Bank Corporation from 1993 until 2004 and as executive Chairman during 2005. He retired on December 31, 2005. He became a Director in 1992.	245,967	1.01

(1) Except as described in the following notes, each nominee or incumbent director owns the shares directly and has sole voting and investment power or shares voting and investment power with his or her spouse under joint ownership. The table includes shares of common stock that are issuable under options exercisable within 60 days.

(2) Excludes 6,731 common stock units held in Mr. Gulis account under our deferred compensation and stock purchase plan for non-employee directors that are payable in our common stock upon retirement.

(3) Includes 6,615 shares owned jointly with Mr. Haske s father with respect to which Mr. Haske shares voting and investment power and excludes 1,161 common stock units held in Mr. Haske s account under our deferred compensation and stock purchase plan for non-employee directors that are payable in our common stock upon retirement .

(4) Includes 10,609 shares held in a spousal trust and 381 shares in a trust with respect to which Mr. Hetzler shares voting and investment power.

(5) Includes 25,510 shares allocated to Mr. Magee s account under the ESOT and excludes 5,103 common stock units held in a deferred compensation plan.

(6) Excludes 9,403 common stock units held in Mr. McCarty s account under our deferred compensation and stock purchase plan for non-employee directors that are payable in our common stock upon retirement. Includes 5,660 shares held in a spousal trust and 1,067 shares held by a corporation owned by Mr. McCarty.

(7) Excludes 1,161 common stock units held in Ms. Banks account under our deferred compensation and stock purchase plan for non-employee directors that are payable in our common stock upon retirement. Includes 4,000 shares held in a spousal trust.

(8) Excludes 5,961 common stock units held in Mr. Bratsburg s account under our deferred compensation and stock purchase plan for non-employee directors that are payable in our common stock upon retirement.

SECURITIES OWNERSHIP OF MANAGEMENT

The following table sets forth the beneficial ownership of our common stock by our Named Executives, set forth in the Summary Compensation table below, and by all directors and executive officers as a group as of February 29, 2008.

Name	Amount and Nature of Beneficial Ownership(1)	Percent of Outstanding
Michael M. Magee	197,698(2)	.81
Robert N. Shuster	167,832	.69
David C. Reglin	160,586	.66
William B. Kessel	62,389	.26
Stefanie M. Kimball	22,849	.09
Edward B. Swanson	173,628	.71
All executive officers and directors as a group (consisting of 18 persons)	2,756,810(3)	11.30

(1) In addition to shares held directly or under joint ownership with their spouses, beneficial ownership includes shares that are issuable under options exercisable within 60 days, and shares that are allocated to their accounts as participants in the ESOP.

(2) Excludes 5,103 common stock units held in a deferred compensation plan.

(3) Beneficial ownership is disclaimed as to 1,079,298 shares, all of which are held by the ESOT.

CORPORATE GOVERNANCE AND BOARD MATTERS

CORPORATE GOVERNANCE PRINCIPLES

For many years, our Board of Directors has been committed to sound and effective corporate governance practices. The Board has documented those practices in our Corporate Governance Principles. These principles address director qualifications, periodic performance evaluations, stock ownership guidelines and other corporate governance matters. Under those principles, a majority of the members of our Board must qualify as independent under the rules established by the NASDAQ stock market on which our stock trades. Our principles also require the Board to have an audit committee, compensation committee and a nominating and corporate governance committee, and that each member of those committees qualifies as independent under the NASDAQ rules. Our Corporate Governance Principles, as well as the charters of each of the foregoing committees are available for review on our website at www.ibcp.com under the Investor Relations tab.

CODE OF BUSINESS CONDUCT AND ETHICS AND CODE OF ETHICS FOR SENIOR FINANCIAL OFFICERS

Our Board has also adopted a Code of Business Conduct and Ethics that applies to all of our employees, officers and directors. In addition, the Board has adopted a Code of Ethics for Senior Financial Officers, which includes our principal executive officer, principal financial officer and controller. Each of these codes is posted on our website and can also be obtained free of charge through our Corporate Secretary at 230 West Main Street, Ionia, Michigan 48846. Any changes to or waivers of either code for our CEO or senior financial officers will be disclosed on our website.

DETERMINATION OF INDEPENDENCE OF BOARD MEMBERS

As required by our Corporate Governance Principles, our Board has determined that each of the following directors qualifies as an Independent Director , as such term is defined in Market Place Rules 4200(a)(15) of the National Association of Securities Dealers (the NASD): Donna J. Banks, Jeffrey A. Bratsburg, Stephen L. Gulis, Terry L. Haske, Robert L. Hetzler, Clarke B. Maxson, James E. McCarty and Charles A. Palmer. Our Board has also determined that each member of the three committees of the Board meets the independence requirements applicable to those committees as prescribed by the NASDAQ listing requirements, and, as to the audit committee, under the applicable rules of the Securities and Exchange Commission. There are no family relationships between or among our directors, nominees or executive officers.

MEETING ATTENDANCE

Each of our directors is expected to attend all meetings of the Board, applicable committee meetings, and our annual meeting of shareholders. Each of our directors attended our 2007 annual shareholder meeting. During 2007, the Board held 13 meetings; each director attended at least 75% of the aggregate number of meetings of our Board and Board committees on which they served.

BOARD COMMITTEES AND FUNCTIONS

Copies of the charters of each of these committees are available on our Website at www.ibcp.com. Our Board of Directors has three standing committees: audit, compensation and nominating and corporate governance.

Our audit committee, which met on 9 occasions in 2007, consists of directors Bratsburg, Gulis (Chairman), and Haske. Our Board has determined that Mr. Gulis qualifies as the Audit Committee Financial Expert , as that term is defined in the rules established by the Securities and Exchange Commission. The primary purpose of the audit committee is to assist the Board in overseeing (1) the quality and integrity of our accounting, auditing and reporting practices, (2) the performance of our internal audit function and independent auditor, and (3) our disclosure controls and system of internal controls regarding, finance, accounting, legal compliance, and ethics that management and our Board have established.

Our compensation committee, which met on 8 occasions in 2007, consists of directors Banks, Bratsburg, Gulis, Hetzler and McCarty (Chairman). This committee reviews and makes recommendations to the Board on executive compensation matters, including any benefits to be paid to our executives and officers. At the beginning of each year, the committee meets to review our CEO s performance against the Company s goals and objectives for the preceding year and also to review and approve the corporate goals and objectives that relate to CEO compensation for the forthcoming year. The committee also evaluates the CEO and other key executives payouts against (a) pre-established, measurable performance goals and budgets, (b) generally comparable groups of executives, and (c) external market trends. Following this review, the committee recommends to the full Board, the annual base salary, annual incentive compensation, total compensation and benefits for our chief executive officer. This committee is also responsible for approving equity-based compensation awards under our Long-Term Incentive Plan. Base salaries of executive officers, other than our CEO, are established by our CEO.

This committee is also responsible to recommend to the full Board, the amount and form of compensation payable to directors. From time to time, the committee relies upon third party consulting firms to assist the committee in its oversight of the Company s executive compensation policy and our Board compensation. This is discussed in more detail in the Compensation Discussion and Analysis included in this Proxy Statement.

Our nominating and corporate governance committee, which met on 2 occasions in 2007, consists of directors Banks, Hetzler, McCarty and Palmer (Chairman). This committee is responsible for making recommendations on the qualification and standards to serve on our Board, identifying board candidates and monitoring our corporate governance standards.

Our Articles of Incorporation contain certain procedural requirements applicable to shareholder nominations of directors. Shareholders may nominate a person to serve as a director if they provide written notice to us not later than sixty and no more than ninety days prior to the first anniversary date of the preceding year s annual meeting. The notice must include (1) name and address of the shareholder who intends to make the nomination and of the person or persons nominated, (2) a representation that the shareholder is a current record holder and will continue to hold those shares through the date of the meeting and intends to appear in person or by proxy at the meeting, (3) a description of all arrangements between the shareholder and each nominee, (4) the information regarding each nominee as would be required to be included in a proxy statement filed under Regulation 14A of the Securities Exchange Act of 1934 had the nominee been nominated by the Board of Directors, and (5) the consent of each nominee to serve as director. Our nominating and corporate governance committee does not currently utilize the services of any third party search firm to assist in the identification or evaluation of board member candidates. However, the committee may use the services of such a firm in the future if it deems necessary or appropriate.

The nominating and corporate governance committee has not established specific, minimum qualifications for director nominees. Our Corporate Governance Principles mandate that directors possess the requisite background and experience to make a strong, positive contribution to Independent Bank Corporation and our shareholders. Our nominating and corporate governance committee is responsible for reviewing the qualifications and independence of the members of the Board. This assessment includes a consideration of the skills, experience and diversity of the prospective candidates. In light of these general requirements, our nominating and corporate governance committee reviews the suitability of each person nominated to our Board. These same standards and suitability requirements are applicable to all director nominees, regardless of the party making the director nomination.

The committee has not received any recommended director nominations from any of our shareholders in connection with our 2008 annual meeting. The nominees that are standing for election as directors at the 2008 annual meeting are incumbent directors that were previously elected by our shareholders, except for Mr. Maxson who was previously appointed to our Board in September 2007.

MAJORITY VOTING

Our nominating and corporate governance committee and Board have discussed and considered the adoption of majority voting for directors. The Board favors the general concepts of majority voting which would essentially proscribe the election of any nominee who received fewer votes cast in his or her favor for election than were withheld. However, our Bylaws and the Michigan Business Corporation Act provide that directors are to be elected by a plurality of votes cast, except as otherwise provided in out Articles. Due to various initiatives under consideration to either modify applicable laws or otherwise address some of the practical implications that arise from majority voting, the Board has elected to defer, at this time, any action or recommendation on this matter.

SHAREHOLDER COMMUNICATIONS WITH THE BOARD

The Board of Directors has implemented a process by which a shareholder may send written communications to the Board s attention. Any shareholder desiring to communicate with the Board or one or more of our directors may send a letter addressed to the Company s Corporate Secretary at P.O. Box 491, Ionia, Michigan 48846. The Secretary has been directed to promptly forward all communications to the full Board or the specific director indicated in the letter.

REPORT OF OUR AUDIT COMMITTEE

The information contained in this report shall not be deemed to be soliciting material or filed or incorporated by reference in future filings with the Securities and Exchange Commission, or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, except to the extent that we specifically incorporate it by reference into a document filed under the Securities Act of 1933 or the Securities Exchange Act of 1934.

Our audit committee has met with management and the independent auditors to review and discuss our audited financial statements as of and for the year ended December 31, 2007.

Our audit committee obtained from our independent auditors a formal written statement describing the relationships between us and our auditors that might bear on the auditors independence, which is consistent with Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees. Our audit committee has also discussed with our auditors any relationships that may impact their objectivity and independence and satisfied itself as to our auditors independence.

Our audit committee has reviewed and discussed with our independent auditors all communications required by generally accepted auditing standards, including those described in Statement on Auditing Standards No. 61, as amended, Communication with Audit Committees. Our audit committee also discussed, with and without management present, the results of our independent auditors examination of our financial statements.

Based on the reviews and discussions referred to above, the audit committee has recommended to our Board of Directors that the financial statements referred to above be included in our Annual Report on Form 10-K for the year ended December 31, 2007.

Stephen L. Gulis, Jr.

Jeffrey A. Bratsburg **Terry L. Haske**

DISCLOSURE OF FEES PAID TO OUR INDEPENDENT AUDITORS

Crowe Chizek & Company LLC (Crowe) has been the Company s independent auditors since 2005. Under its charter, the audit committee is solely responsible for selecting and reviewing the qualifications of the Company s independent auditors.

The following sets forth the fees paid to our independent auditors for the last two fiscal years:

	Year Ended December 31, 2007	Year Ended December 31, 2006
Audit fees	$ 390,000	$ 393,000
Audit related fees(1)	48,000	54,000
Tax fees(2)	105,000	137,000
All other fees	4,000	
Total	$ 547,000	$ 584,000

(1) Consists primarily of fees related to an audit required under a Housing and Urban Development loan program and accounting review of various transactions during each year.

(2) Consists primarily of fees related to the preparation of corporate tax returns and also includes amounts for tax advice and tax planning services.

Pre-Approval Policy

Our audit committee has established a pre-approval policy for procedures for audit, audit related and tax services that can be performed by our independent public accountants. For 2007 and 2006, all of these fees were pre-approved by the audit committee under that policy. Subject to certain limitations, the authority to grant pre-approvals may be delegated to one or more members of the audit committee. A copy of this policy is available on our Website at www.ibcp.com.

PROPOSAL SUBMITTED FOR YOUR VOTE RATIFICATION OF THE APPOINTMENT OF INDEPENDENT AUDITORS

The audit committee has selected Crowe Chizek and Company LLC (Crowe), as independent auditors for the Company, for the fiscal year ending December 31, 2008. The services provided to the Company and our subsidiaries by Crowe for 2007 and 2006 are described above under the caption Disclosure of Fees Paid to our Independent Auditors.

We are asking our shareholders to ratify the selection of Crowe as our independent auditors. Although ratification is not legally required, the Board is submitting the selection of Crowe to our shareholders for ratification as a matter of good corporate governance. Representatives of Crowe are expected to be present at the Annual Meeting to respond to appropriate questions and to make such statements as they may desire.

The affirmative vote of the holders of the majority of the shares represented in person or by proxy and entitled to vote on this item will be required for approval. All broker non-votes will not be treated as votes cast on this matter; shares voted as abstentions will be counted as votes cast and therefore will have the effect of a negative vote.

If our shareholders do not ratify the appointment, the appointment will be reconsidered by the audit committee and the Board. Even if the selection is ratified, the audit committee, in its discretion, may select a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interest of the Company and our shareholders.

The Board of Directors recommends a vote FOR this proposal to ratify the appointment of Crowe as our independent auditors.

SHAREHOLDER RETURN PERFORMANCE GRAPH

Set forth below is a line graph comparing the yearly percentage change in the cumulative total shareholder return on our common stock (based on the last reported sales price of the respective year) with the cumulative total return of the Nasdaq Stock Market Index (United States stocks, only) and the Nasdaq Bank Stocks Index for the five-year period ended December 31, 2007. The following information is based on an investment of $100 on January 1, 2003, in our common stock, the Nasdaq Stock Market Index and the Nasdaq Bank Stocks Index, with dividends reinvested.

Total Shareholder Return

	January 1, 2003	December 31, 2003	December 31, 2004	December 31, 2005	December 31, 2006	December 31, 2007
Independent Bank Corporation	**$ 100.00**	**$ 157.99**	**$ 169.26**	**$ 166.43**	**$ 167.28**	**$ 66.66**
Nasdaq Stock Market	100.00	149.52	162.72	166.18	182.57	197.98
Nasdaq Bank Stocks	100.00	128.64	147.22	143.82	161.41	127.92

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Overview and Objectives

The primary objectives of our executive compensation program are to (1) attract and retain talented executives, (2) motivate and reward executives for achieving our business goals, (3) align our executives incentives with our strategies and goals, as well as the creation of shareholder value, and (4) provide competitive compensation at a reasonable cost. Consequently, our executive compensation plans are designed to achieve these objectives.

As described in more detail below, our executive compensation program has three primary components: base salary; an annual cash incentive bonus; and long-term incentive compensation that is payable in cash, stock options and stock grant awards. The compensation committee of our Board has not established policies or guidelines with respect to the specific mix or allocation of total compensation among base salary, annual incentive bonuses, and long-term compensation. However, as part of our long-standing pay-for-performance compensation philosophy, we typically set the base salaries of our executives somewhat below market median base salaries in return for above market median incentive opportunities. We believe that this approach has served the Company well over the years, both in terms of the Company s performance as well as our ability to attract and retain key executives. Combined, our five Named Executives have served the Company for a total of 74 years.

The compensation committee of the Board has utilized the services of third-party consultants from time to time to assist in the design of our executive compensation programs and render advice on compensation matters generally. In the fall of 2006, the compensation committee engaged the services of Mercer Human Resource Consulting (Mercer) to review our executive compensation programs. As part of those services, Mercer (1) reviewed our existing compensation strategies and plans, (2) conducted a study of peer group compensation, including the competitiveness and effectiveness of each element of our compensation program, as well as our historical performance relative to that peer group, and (3) recommended changes to our compensation program, including those directly applicable to our executive officers. These recommendations were adopted, effective January 1, 2007, and are described below.

The foregoing discussion is intended to provide a background and context for the information that follows regarding our existing compensation programs to those persons who served as our executive officers during 2007 and to assist in understanding the information included in the following executive compensation tables.

Components of Compensation

The principal components of compensation we pay to our executives consist of the following:

Base Salary

Annual Cash Incentive

Long-Term Incentive Compensation, payable in the form of cash, stock options and stock

Base Salary

Base salaries are established each year for our executive officers. None of our executive officers has a separate employment agreement. In determining base salaries, we consider a variety of factors. Peer group compensation is a primary factor, but additional factors include an individual s performance, experience, expertise, and tenure with the Company. The executive compensation review conducted by Mercer revealed that the base salaries of most of our executives are below competitive rates and market median levels. Due to (1) the Company s lower than median compensation levels, including salaries and bonuses, and (2) the resulting risk of not providing competitive compensation, the committee implemented certain increases, albeit relatively modest, in the base salaries of our executives in the fall of 2006.

Each year the compensation committee recommends the base salary for our President and CEO for consideration and approval by the full Board. For purposes of setting Mr. Magee s base salary of $350,000 for 2007, the compensation committee considered the results of the Mercer survey and recommendations, including compensation data from banking institutions of similar size in the Midwest, as well as Mr. Magee s contributions during the preceding year. For 2008, the committee again reviewed Mr. Magee s compensation relative to the peer group compensation data compiled by Mercer. Given that Mr. Magee s salary remains somewhat below the 25th percentile of his peer group, Mr. Magee s base salary was increased to $382,000 for 2008.

The base salaries of other executive officers are established by our President and CEO. In setting base salaries, our President and CEO considers peer group compensation, as well as the individual performance of each respective executive officer. For the reasons noted above, the base salaries of our other Named Executives for 2008 are as follows: Mr. Shuster $230,000; Mr. Reglin - $226,000; Mr. Kessel $226,000; and Ms. Kimball $226,000.

Annual Cash Incentives

Annual cash incentives are paid under the terms of our Management Incentive Compensation Plan. This Plan sets forth performance incentives that are designed to provide for annual cash awards that are payable if we meet or exceed the annual performance objectives established by our Board of Directors. Under this Plan, our Board establishes annual performance levels as follows: (1) threshold represents the performance level of what must be achieved before any incentive awards are payable; (2) target performance is defined as a desired level of

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performance in view of all relevant factors, as described in more detail below; and (3) the maximum represents that which reflects outstanding performance. As noted above, target performance under this Plan is intended to provide for aggregate annual cash compensation (salary and bonus) that approximates peer level compensation.

Based upon the Mercer report and its recommendations, the compensation committee revised our annual Management Incentive Plan, effective January 1, 2007, in a manner that continued our historical concept of threshold, target, and maximum levels of performance but with modifications to other aspects of the plan. Threshold performance would result in earning 50% of the target incentive, target would be 100%, and maximum would be 200%, with compensation prorated between these award levels. Target incentive is defined as 65% of base salary for our CEO and 50% of base salary for our other Named Executives. Currently, 70% of the performance goal is based upon Company performance criteria while 30% is based upon predetermined individual goals. With respect to Company performance, 75% of the performance criteria is based upon after-tax EPS and 25% is based upon corporate asset quality (non-performing assets as a percentage of total assets).

The following is an example of how our annual incentive plan works. If the Company achieved targeted performance for the EPS goal and threshold performance for asset quality, and assuming (a) a base salary of $200,000, (b) target incentive of 50% of base salary, and (c) the achievement of targeted individual performance, the annual bonus would be computed as follows:

Target Bonus		Criteria		Performance Achieved		
$ 100,000	x	EPS (.7 x 75%)	x	1.0	=	$ 52,500
$ 100,000	x	Asset Quality (.7 x 25%)	x	.5	=	8,750
$ 100,000	x	Individual Performance (.3)	x	1.0	=	30,000
						$ 91,250

Under the terms of the plan, participants may earn a bonus based upon individual performance relative to targeted performance, irrespective of whether the Company achieves its performance targets. Based upon the Company s financial performance for 2007, no bonuses were earned by any of the Named Executives under the Company s performance criteria. The Company s 2007 earnings per share and asset quality were below the threshold levels of $1.68 and 1.0%, respectively. The Named Executives did, however, earn relatively modest bonuses based on individual performance for 2007, the amounts of which are set forth in the Summary Compensation Table. Mr. Magee earned an individual bonus of $51,186 based upon the achievement of targeted performance in three of his four individual performance criteria.

For 2008, the performance goals for the Company are as follows:

	EPS	Asset Quality
Threshold:	$ 1.05	1.5%
Target:	$ 1.20	1.0%
Maximum:	$ 1.50	0.6%

Annually, the committee is to set these performance goals not later than the 60th day of each year. The awards are paid in full following certification of the Company s financial results for the performance period.

Long-Term Incentive Program

Following the committee s and Board s review and analysis of Mercer report, effective January 1, 2007, the Board adopted a long-term incentive program that includes three separate components: stock options, restricted stock, and long-term cash, each of which comprise one-third of the total long-term incentive grant each year. The target value of the cumulative amount of these awards is set at 100% of our CEO s salary and 50% for each of our other Named Executives. Because the first possible payout under the cash portion of the long-term program cannot be made until 2010 (the year after the first three-year performance period), the committee elected to grant stock options and restricted stock having a value equal to the target bonuses under the long-term incentive program for both 2007 and 2008.

Cash Incentive Elements. Based, in part, upon the Mercer report, the compensation committee adopted performance goals for the cash portion of this long-term incentive program, based upon the Company s three-year total shareholder return (TSR). TSR is determined by dividing the sum of our stock price appreciation and dividends by our stock price at the beginning of the performance period. The first performance period is the three year period beginning January 1, 2007. For purposes of determining achievement, the Company s TSR is measured against the NASDAQ Bank Index median TSR over the same period. The committee established the three target levels of performance, with threshold at the 50th percentile, target at the 70th percentile and maximum at the 90th percentile.

Equity-Based Incentive Element. The other two-thirds of the program are made up of stock options and shares of restricted stock, each of which are awarded under the terms of our Long-Term Incentive Plan. Under this Plan, the committee has the authority to grant a wide variety of stock-based awards. The exercise price of options granted under this Plan may not be less than the fair market value of our common stock at the date of grant; options are restricted as to transferability and generally expire ten years after the date of grant. The Plan is intended to assist our executive officers in the achievement of our share ownership guidelines. Under these guidelines (1) our CEO is expected to own Company stock having a market value equal to twice his base salary, (2) our executive vice presidents are to own stock having a market value of not less than 125% of their respective base salaries, and (3) our senior vice presidents are to own stock having a market value of not less than 50% of their respective base salaries. Not more than 75% of the shares held by an executive in our ESOP may count toward the achievement of these guidelines, and only in the money stock options granted after January 1, 2004, count as well. These guidelines apply ratably over a five year period commencing January 1, 2004, or the date of hire or promotion to one of these positions.

The value of the options that make up one-third of our long-term incentive program are measured under FAS 123R and vest ratably over three years. For the reasons noted above, for 2007, the value of the options equaled 50% of our CEO s base salary and 25% of the base salary of each of our other Named Executives. The value of the shares of the restricted stock that make up the final one-third of our long-term incentive program is based upon the grant date value of the shares of our common stock. These shares do not vest until the fifth anniversary of the grant date. For 2007, the value of the shares of restricted stock equaled 50% of our CEO s base salary and 25% of the base salary of each of our other Named Executives.

Due to the limited number of shares available for issuance under the terms of our Long-Term Incentive Plan, the committee elected to grant the entire amount of the equity portion of the long-term incentive program in the form of restricted shares of common stock for 2008. The value of the shares of restricted stock, based upon the grant date values, equaled 100% of our CEO s base compensation and 50% of the base compensation of each of our other Named Executives.

Severance and Change in Control Payments

The Company has in place Management Continuity agreements for each of our executive officers. These agreements provide severance benefits if an individual s employment is terminated within 36 months after a change in control or within six months before a change in control and if the individual s employment is terminated or constructively terminated in contemplation of a change in control for three years thereafter. For purposes of these agreements, a change in control is defined to mean any occurrence reportable as such in a proxy statement under applicable rules of the Securities and Exchange Commission, and would include, without limitation, the acquisition of beneficial ownership of 20% or more of our voting securities by any person, certain extraordinary changes in the composition of our Board of Directors, or a merger or consolidation in which we are not the surviving entity, or our sale or liquidation.

Severance benefits are not payable if an individual s employment is terminated for cause, employment terminates due to an individual s death or disability, or the individual resigns without good reason. An individual may resign with good reason after a change in control and receive his or her severance benefits if an individual s salary or bonus is reduced, his or her duties and responsibilities are inconsistent with his or her prior position, or there is a material, adverse change in the terms or conditions of the individual s employment. The agreements are for self-renewing terms of three years unless we elect not to renew the agreement. The agreements are automatically extended for a three year term from the date of a change in control. These agreements provide for a severance

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benefit in a lump sum payment equal to 18 months to three years salary and bonus and a continuation of benefits coverage for 18 months to three years. These benefits are limited, however, to one dollar less than three times an executive s base amount compensation as defined in Section 280G of the Internal Revenue Code of 1986, as amended.

Other Benefits

We believe that other components of our compensation program, which are generally provided to other full-time employees, are an important factor in attracting and retaining highly qualified personnel. Executive officers are eligible to participate in all of our employee benefit plans, such as medical, group life and accidental death and dismemberment insurance and our 401(k) Plan, and each case on the same basis as other employees. We also maintain an ESOP that provides substantially all full-time employees with an equity interest in our Company. Contributions to the ESOP are determined annually and are subject to the approval of our Board of Directors. Contributions for the year ended December 31, 2007, were equal to 3% of the eligible wages for each of the approximately 1,100 participants in the ESOP, including each of our executive officers.

Perquisites

Our Board of Directors and compensation committee regularly reviews the perquisites offered to our executive officers. The committee believes that the cost of such perquisites is relatively minimal. Specific perquisites generally made available to our executive officers are:

Country and social club memberships

Personal use of Company automobiles

Summary Compensation Table 2007

The following table shows certain information regarding the compensation for our Chief Executive Officer, Chief Financial Officer, the three most highly compensated executive officers other than our CEO and CFO, as well as one additional employee whose status as an executive officer terminated prior to the end of 2007 (the Named Executives).

Name and Principal Position	Year	Salary(1)	Bonus	Stock Awards(2)	Option Awards(2)	Non-Equity Incentive Plan Compensation	All Other Compensation(3)	Totals
Michael M. Magee	2007	$ 350,000	$	$ 24,041	$ 40,005	$ 51,186	$ 21,878	$ 487,110
President and Chief	2006	310,000					22,865	332,865
Executive Officer								
Robert N. Shuster	2007	220,000		7,555	12,573	39,600	21,051	300,779
Executive Vice President	2006	215,000					18,895	233,895
and Chief Financial Officer								
David C. Reglin	2007	220,000		7,555	12,573	33,000	24,017	297,145
Executive Vice President -	2006	215,000					22,405	237,405
Retail Banking								
Stefanie M. Kimball(4)	2007	130,769		6,867	11,429	25,000	3,399	177,464
Executive Vice President -	2006							
Chief Lending Officer								

William B. Kessel	2007	215,000	7,383	12,287	32,500	25,494	292,664
Executive Vice President - Chief Operations Officer	2006	195,000				16,474	211,474
Edward B. Swanson(5)	2007	94,432				333,737	428,169
Former President and CEO Independent Bank South Michigan	2006	212,000				27,653	239,653

(1) Includes elective deferrals by employees pursuant to Section 401(k) of the Internal Revenue Service Code and elective deferrals pursuant to a non-qualified deferred compensation plan.

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(2) Amounts set forth in the stock award and option award columns represent the amounts recognized as compensation expense in 2007 for financial reporting purposes with respect to stock awards and options in accordance with FAS 123R except that the amounts do not reflect a reduction for estimated forfeitures. The assumptions used in calculating these amounts are set forth in Note 14, in the Company s consolidated financial statements for the year ended December 31, 2007, included in our Annual Report on Form 10-K. The grant date fair value of restricted stock awards and options granted during 2007 is included in the Grants of Plan Based Awards table below.

(3) Amounts include our contributions to the ESOP (subject to certain age and service requirements, all employees are eligible to participate in the plan), matching contributions to qualified defined contribution plans, IRS determined personal use of company owned automobiles, country club and other social club dues and restricted stock dividends. For Mr. Swanson, this amount includes $327,000 pursuant to a separation agreement executed with him effective May 25, 2007.

(4) Ms. Kimball began employment with us on April 24, 2007.

(5) Mr. Swanson resigned effective May 25, 2007.

Grants of Plan-Based Awards 2007

This table sets forth information on equity awards granted by the Company to the Named Executives during 2007 under our Long-Term Incentive Plan and the possible payouts to the Named Executives under the Management Incentive Compensation Plan (our annual Cash Bonus Plan) for 2007. The Compensation Discussion and Analysis provides further details on these awards under the Long-Term Incentive Plan, and the Summary Compensation Table sets forth the amounts earned in 2007 under the Management Incentive Compensation Plan.

		Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number Of Shares of Stock or Units(2)	All Other Option Awards: Number of Securities Underlying Options(3)	Exercise or Base Price of Option Awards ($/Sh)(4)	Grant Date Fair Value of Stoc and Option Awards($
me	Grant Date	Threshold $	Target $	Maximum $	Threshold $	Target $	Maximum $				
chael M. Magee	04/24/07							10,485			174,99
	04/24/07								46,706	16.69	174,99
		113,750	227,500	455,000							
bert N. Shuster	04/24/07							3,295			54,99
	04/24/07								14,679	16.69	54,99

		55,000	110,000	220,000				
vid C. Reglin	04/24/07				3,295			54,99
	04/24/07					14,679	16.69	54,99
		55,000	110,000	220,000				
fanie M. Kimball	04/24/07				2,995			49,98
	04/24/07					13,344	16.69	49,99
		50,000	100,000	200,000				
lliam B. Kessel	04/24/07				3,220			53,74
	04/24/07					14,345	16.69	53,74
		53,750	107,500	215,000				
ward B. Swanson		32,700	65,400	130,800				

(1) All awards are pursuant to the Management Incentive Compensation Plan and are based on achievement of certain company and individual performance goals. The actual cash bonus paid with respect to any year may range from -0- to two times the target bonus based on the achievement of predetermined goals.

(2) Represent restricted shares of common stock that are subject to cliff vesting in five years.

(3) Each option has a term of ten years and vests pro rata over three years.

(4) The exercise price of all stock options equals the market value of the Company s common stock at the grant date.

(5) Grant date values are computed in accordance with FAS 123R.

As discussed in our Compensation Discussion & Analysis above, the primary components of our executive compensation program are base salary, an annual cash incentive bonus, and long-term incentive compensation.

As shown in the Summary Compensation Table above, each Named Executive s base salary constitutes the vast majority of his or her respective compensation for both 2006 and 2007. This is due to the fact that no annual bonus was paid in 2006 under the Management Incentive Compensation Plan and bonuses earned under that plan for 2007 were attributable to the achievement of certain individual performance goals. Effective January 1, 2007, our Management Incentive Compensation Plan was modified to permit our executives to earn bonuses based upon individual achievement, irrespective of whether the Company achieved its financial performance targets.

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Outstanding Equity Awards at Fiscal Year-End

This table shows the option and restricted stock awards that were outstanding as of December 31, 2007. The table shows both exercisable and unexercisable options, as well as shares of restricted stock that have not yet vested, all of which were granted under our Long-Term Incentive Plan.

		Option Awards				Stock Awards	
		Number of Securities Underlying Unexercised Options					
Name	Grant Date	Exercisable	Unexercisable(1)	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested(2)	Market Value of Shares or Units of Stock That Have Not Vested(3)
Michael M. Magee	01/21/01	10,219		$ 9.79	01/21/11		
	01/21/02	7,087		14.11	01/21/12		
	01/18/03	5,706		17.52	01/18/13		
	01/24/04	11,147		25.81	01/24/14		
	04/23/04	2,756		23.69	04/23/14		
	01/28/05	10,923		27.31	01/28/15		
	04/26/05	2,756		25.02	04/26/15		
	11/15/05	2,625		26.97	11/15/15		
	12/15/05	23,834		26.76	12/15/15		
	04/24/07		46,706	16.69	04/24/17	10,485	$ 99,608
Robert N. Shuster	04/17/01	4,765		9.97	04/17/11		
	01/21/02	7,086		14.11	01/21/12		
	01/18/03	8,470		17.52	01/18/13		
	04/17/03	3,032		17.43	04/17/13		
	10/28/03	4,427		25.85	04/16/12		
	01/24/04	9,660		25.81	01/24/14		
	04/23/04	2,756		23.69	04/23/14		
	05/11/04	1,686		22.13	04/20/10		
	01/28/05	8,475		27.31	01/28/15		
	02/09/05	1,897		27.66	01/21/11		
	04/26/05	2,756		25.02	04/26/15		
	11/15/05	2,625		26.97	11/15/15		
	12/15/05	12,708		26.76	12/15/15		
	04/24/07		14,679	16.69	04/24/17	3,295	31,303
David C. Reglin	01/21/01	9,298		9.79	01/21/11		
	04/17/01	6,047		9.97	04/17/11		
	05/21/01	3,267		11.97	01/18/10		
	01/21/02	9,988		14.11	01/21/12		
	04/16/02	6,045		15.44	04/16/12		
	01/18/03	10,068		17.52	01/18/13		

	04/17/03	3,032		17.43	04/17/13		
	01/24/04	9,660		25.81	01/24/14		
	04/23/04	2,756		23.69	04/23/14		
	01/28/05	8,655		27.31	01/28/15		
	04/26/05	2,756		25.02	04/26/15		
	11/15/05	2,625		26.97	11/15/15		
	12/15/05	12,961		26.76	12/15/15		
	04/24/07		14,679	16.69	04/24/17	3,295	31,303
Stefanie M. Kimball	04/24/07		13,344	16.69	04/24/17	2,995	28,453
William B. Kessel	04/16/02	6,045		15.44	04/16/12		
	04/17/03	3,032		17.43	04/17/13		
	04/23/04	2,756		23.69	04/23/14		
	01/28/05	3,661		27.31	01/28/15		
	01/28/05	993		27.31	01/28/15		

		Option Awards				Stock Awards	
		Number of Securities Underlying Unexercised Options					
Name	Grant Date	Exercisable	Unexercisable(1)	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested(2)	Market Value of Shares or Units of Stock That Have Not Vested(3)
	04/26/05	2,756		25.02	04/26/15		
	11/15/05	2,625		26.97	11/15/15		
	12/15/05	10,748		26.76	12/15/15		
	04/24/07		14,345	16.69	04/24/17	3,220	30,590
Edward B. Swanson	01/18/01	15,731		6.50	11/25/08		
	04/18/01	6,046		6.17	11/25/08		
	01/21/01	11,266		9.79	11/25/08		
	04/17/01	6,047		9.97	11/25/08		
	01/21/02	11,319		14.11	11/25/08		
	04/16/02	6,045		15.44	11/25/08		
	01/18/03	8,327		17.52	11/25/08		
	04/17/03	3,032		17.43	11/25/08		
	01/24/04	7,762		25.81	11/25/08		
	04/23/04	2,756		23.69	11/25/08		
	01/28/05	8,654		27.31	11/25/08		
	04/26/05	2,756		25.02	11/25/08		
	11/15/05	2,625		26.97	11/25/08		
	12/15/05	7,776		26.76	11/25/08		

(1) Options granted on April 24, 2007 vest ratably over the three-year period beginning April 24, 2008.

(2) The shares of restricted stock are subject to risks of forfeiture until they vest, in full, on the fifth anniversary of the grant date.

(3) The market value of the shares of restricted stock that have not vested is based on the closing price of our common stock as of December 31, 2007.

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Option Exercises and Stock Vested 2007

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise	Value Realized on Exercise(1)	Number of Shares Acquired on Vesting	Value Realized on Vesting
Michael M. Magee				
Robert N. Shuster				
David C. Reglin	11,874	$ 11,773		
Stefanie M. Kimball				
William B. Kessel				
Edward B. Swanson				

(1) Represents the difference between the exercise price and the fair market value of our common stock on the date of exercise.

Nonqualified Deferred Compensation

The table below provides certain information relating to each defined contribution plan that provides for the deferral of compensation on a basis that is not tax qualified.

Name	Executive Contributions in Last FY(1)	Registrant Contributions in Last FY	Aggregate Earnings in Last FY	Aggregate Withdrawals/ Distributions	Aggregate Balance at Last FYE
Michael M. Magee	$ 26,000		$ (47,569)		$ 43,549
Robert N. Shuster	13,000		1,896		59,733
David C. Reglin					
Stefanie M. Kimball					
William B. Kessel					
Edward B. Swanson					

(1) Amounts reported as Executive Contributions are also included in the respective salary amounts on the Summary Compensation Table for 2007.

Certain of our officers, including the Named Executives, can contribute, on a tax deferred basis, up to 80% of his or her respective base salary and 100% of his or her respective annual cash bonus into our executive non-qualified excess plan. The Company makes no contributions to this plan and contributions by participants may be directed into various investment options, as selected by each participant. Earnings on the investments accrue to the participants on a tax deferred basis. Participants can withdraw balances from their accounts in accordance with plan provisions.

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Other Potential Post-Employment Payments

Executive Name	(1) Estimated Liability for Severance Payments & Benefit Amounts Under Continuity Agreements	(2) Payment Limitation Based on IRS Section 280G Limitation on Severance Amounts
Michael M. Magee	$ 1,526,424	$ 1,424,854
Robert N. Shuster	958,827	728,777
David C. Reglin	959,395	796,174
Stefanie M. Kimball	773,612	556,223
William B. Kessel	914,482	731,742
Edward B. Swanson	842,995	926,281

(1) The Corporation has entered into Management Continuity Agreements with each of the above named executives that provide for defined severance compensation and other benefits if they are terminated following a change of control of the Company. The Agreements provide for a lump sum payout of the severance compensation and a continuation of certain health and medical insurance related benefits for a period of three years. For further detailed information, see the section titled Severance and Change in Control Payments included as part of the Compensation Discussion and Analysis in this Proxy Statement.

(2) The total amounts which may be due under the Management Continuity Agreements are subject to and limited by Internal Revenue Service Code Section 280G. This column indicates the estimated payout based on IRS limitations.

COMPENSATION OF DIRECTORS

In connection with the executive compensation review by Mercer in the fall of 2006, referenced in the Compensation Discussion and Analysis above, Mercer conducted an analysis of peer group non-employee director compensation. Based upon the information compiled by Mercer and its recommendation, the compensation committee recommended, and the Board approved, changes in the manner in which directors are compensated. As a result, our annual board retainer will remain at $45,000; however, half of this amount will be paid in cash and the other half will be paid on a deferred basis under the Purchase Plan described below until that director achieves the required share ownership under our share ownership guidelines. Once a director has achieved the requisite level of share ownership under those guidelines, each director then has a choice of receiving his or her director compensation in cash or deferred share units under our Purchase Plan, at his or her discretion. In addition each non-employee director is paid an additional retainer of $12,000 for service as director of our bank subsidiary. The Board approved the payment of additional retainers of $5,000, $3,000, and $2,000 to the Chairpersons of the Board s audit committee, compensation committee, and nominating and corporate governance committee, respectively.

Pursuant to our Long-Term Incentive Plan, the compensation committee may grant options to purchase shares of Independent Bank Corporation common stock to each Non-employee Director. No such stock options were granted during 2007 and 2006.

We maintain a Deferred Compensation and Stock Purchase Plan for Non-employee Directors (the Purchase Plan). The Purchase Plan provides that Non-employee Directors may defer payment of all or a part of their director fees (Fees) or receive shares of common stock in lieu of cash payment of Fees. Under the Purchase Plan, each Non-employee Director may elect to participate in a Current Stock Purchase Account, a Deferred Cash Investment Account or a Deferred Stock Account.

A Current Stock Purchase Account is credited with shares of Independent Bank Corporation common stock having a fair market value equal to the Fees otherwise payable. A Deferred Cash Investment Account is credited with an amount equal to the Fees deferred and on each quarterly credit date with an appreciation factor that may not exceed the prime rate of interest charged by Independent Bank. A Deferred Stock Account is credited with the amount of Fees deferred and converted into stock units based on the fair market value of our common stock at the time of the deferral. Amounts in the Deferred Stock Account are credited with cash dividends and other distributions on our common stock. Fees credited to a Deferred Cash Investment Account or a Deferred Stock Account are deferred for income tax purposes. The Purchase Plan does not provide for distributions of amounts deferred prior to a participant s termination as a Non-employee Director. Participants may generally elect either a lump sum or installment distributions.

Director Compensation 2007

Name	Fees Earned or Paid in Cash	Option Awards(1)	Totals	Aggregate Stock Options Held as of 12/31/07
Donna J. Banks	$ 57,000	$	$ 57,000	3,874
Jeffrey A. Bratsburg	57,000		57,000	54,671
Stephen L. Gulis, Jr.(2)	62,000		62,000	7,703
Terry L. Haske	57,000		57,000	40,133
Robert L. Hetzler(3)	59,000		59,000	40,133
James E. McCarty(4)	60,000		60,000	15,451
Charles A. Palmer(5)	59,000		59,000	40,133
Charles C. VanLoan(3)	59,000		59,000	167,100
Clarke B. Maxson(6)	27,000		27,000	
Totals	$ 497,000	$	$ 497,000	369,198

(1) No stock options were awarded to the Board of Directors during 2007 or 2006. No amounts were recognized as compensation expense in 2007 for financial reporting purposes with respect to stock options granted to directors in accordance with FAS 123R.

(2) Includes additional retainer for service as chairperson of the audit committee.

(3) Includes fees received for attendance at Mepco Finance Corporation board meetings during 2007.

(4) Includes additional retainer for service as chairperson of the compensation committee.

(5) Includes additional retainer for service as chairperson of the nominating and corporate governance committee.

(6) Represents apportioned fees from the date of appointment as director in September 2007.

COMPENSATION COMMITTEE REPORT

The information contained in this report shall not be deemed to be soliciting material or filed or incorporated by reference in future filings with the Securities and Exchange Commission, or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, except to the extent that we specifically incorporate it by reference into a document filed under the Securities Act of 1933 or the Securities Exchange Act of 1934.

The primary purpose of the compensation committee of the Board of Directors of the Company is to assist the Board in discharging its responsibilities related to compensation of the Company s executives. The compensation committee s function is more fully described in its charter, which the Board has adopted and is available on the Company s website. The compensation committee reviews its Charter on an annual basis, recommending changes to the Board when and as appropriate. The compensation committee is comprised of five members, each of whom the Board has determined meets the appropriate independence tests for compensation committee members under the NASDAQ listing standards.

Pursuant to a meeting of the compensation committee held on March 5, 2008, the compensation committee reports that it has reviewed and discussed the Company s Compensation Discussion and Analysis with management. Based on the review and discussions, the compensation committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company s proxy statement relating to our 2008 Annual Meeting of Shareholders.

James E. McCarty

Donna J. Banks **Jeffrey A. Bratsburg**

Stephen L. Gulis, Jr. **Robert L. Hetzler**

TRANSACTIONS INVOLVING MANAGEMENT

Our Board of Directors and executive officers and their associates were customers of, and had transactions with, our bank subsidiary in the ordinary course of business during 2007. All loans and commitments included in such transactions were made in the ordinary course of business on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and do not involve an unusual risk of collectibility or present other unfavorable features. Such loans totaled $902,000 at December 31, 2007, equal to 0.4% of shareholders equity.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Pursuant to Section 16 of the Securities Exchange Act of 1934, our directors and executive officers, as well as any person holding more than 10% of our common stock, are required to report initial statements of ownership of our securities and changes in such ownership to the Securities and Exchange Commission. Based solely upon written representations by each Director and Executive Officer and our review of those reports furnished to us, all of the required reports were timely filed by such persons during 2007, except as follows: Mr. Maxson, a Director of the Company, was late in filing one report covering his initial reporting requirements upon appointment as a director; Mr. Magee, a Director and our CEO was late in filing two reports covering two transactions which related to the crediting of common stock units in a deferred compensation plan; and Mssrs. Bratsburg, Gulis, Haske and McCarty, all Directors of the Company, were late in filing one report each covering one transaction each which related to the crediting of common stock units in a deferred compensation plan.

SHAREHOLDER PROPOSALS FOR 2009 ANNUAL MEETING

Shareholders wishing to submit proposals on matters appropriate for shareholder action to be presented at our 2009 Annual Meeting of Shareholders may do so in accordance with Rule 14a-8 of the Securities Exchange Act of 1934. For such proposals to be included in our proxy materials relating to our 2009 Annual Meeting of Shareholders, all applicable requirements of Rule 14a-8 must be satisfied and such proposals must be received by us at our principal executive offices at 230 West Main Street, Ionia, Michigan 48846, no later than November 24, 2008.

For any proposal that is not submitted for inclusion in next year s Proxy Statement, but is instead sought to be presented directly at the 2009 Annual Meeting, SEC rules permit management to vote proxies at its discretion if we (1) receive notice of the proposal before the close of business on February 18, 2009, and advise shareholders in the 2009 Proxy Statement about the nature of the matter and how management intends to vote on such matter, or (2) do not receive notice of the proposal prior to the close of business on February 18, 2009. Notices of intention to present proposals at the 2009 Annual Meeting should be addressed to our Corporate Secretary, at our principal offices listed above.

As of March 12, 2008, no proposals from any shareholder to be presented at the 2008 Annual Meeting have been received by us.

Under our Bylaws, no business may be brought before an annual shareholder meeting unless it is specified in the notice of the meeting and included in the Company s proxy materials, or is otherwise brought before the meeting

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by or at the direction of the Board or by a shareholder entitled to vote who has delivered written notice to us (containing certain information specified in the Bylaws about the shareholder and the proposed action) not less than sixty (60) days nor more than ninety (90) days prior to the anniversary date of the previous Annual Meeting of Shareholders. If the date of our Annual Meeting of Shareholders is changed by more than 20 days from the anniversary date, then notice must be received within 10 days after the date we mail or otherwise give notice of the date of the Annual Meeting of Shareholders.

GENERAL

The cost of soliciting proxies will be borne by us. In addition to solicitation by mail, our officers and employees may solicit proxies by telephone, telegraph or in person. We have retained the services of The Altman Group to deliver proxy materials to brokers, nominees, fiduciaries and other custodians for distribution to beneficial owners, as well as solicit proxies from these institutions. The cost of such services is expected to total approximately $5,000, plus reasonable out of pocket expenses.

As of the date of this proxy statement, Management knows of no other matters to be brought before the meeting. However, if further business is presented by others, the proxy holders will act in accordance with their best judgment.

By order of our Board of Directors,

Robert N. Shuster
Secretary

Dated: March 25, 2008

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Independent Bank Corporation
P.O. Box 491, 230 West Main Street
Ionia, Michigan 48846
616-527-9450

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ANNUAL MEETING OF STOCKHOLDERS OF
INDEPENDENT BANK CORPORATION
April 29, 2008

PROXY VOTING INSTRUCTIONS

MAIL - Date, sign and mail your proxy card in the envelope provided as soon as possible.

- or -

TELEPHONE- Call toll-free **1-800-PROXIES** (1-800-776-9437) in the United States or **1-718-921-8500** from foreign countries and follow the instructions. Have your proxy card available when you call.

- OR -

INTERNET - Access **www.voteproxy.com** and follow the on-screen instructions. Have your proxy card available when you access the web page.

- OR -

IN PERSON - You may vote your shares in person by attending the Annual Meeting.

COMPANY NUMBER

ACCOUNT NUMBER

You may enter your voting instructions at 1-800-PROXIES in the United States or 1-718-921-8500 from foreign countries or www.voteproxy.com up until 11:59 PM Eastern Time the day before the cut-off or meeting date.

â Please detach along perforated line and mail in the envelope provided IF you are not voting via telephone or the Internet. â

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THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF DIRECTORS AND FOR PROPOSAL 2.

In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting or any adjournment thereof.

PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE x

1. Election of Directors: 4 nominees for three year terms expiring in 2011:

	FOR	AGAINST	ABSTAIN
2. To ratify the appointment of Crowe Chizek	o	o	o

o **FOR ALL NOMINEES**	**NOMINEES:**			and Company, LLC as independent auditors for the fiscal year ending December 31, 2008.
	¡	Stephen L. Gulis, Jr.	Expiring in 2011	
	¡	Terry L. Haske	Expiring in 2011	
o **WITHHOLD AUTHORITY FOR ALL NOMINEES**	¡	Clarke B. Maxson	Expiring in 2011	
	¡	Charles A. Palmer	Expiring in 2011	
o **FOR ALL EXCEPT** (See Instructions below)				

INSTRUCTION: To withhold authority to vote for any individual nominee(s), mark **FOR ALL EXCEPT** and fill in the circle next to each nominee you wish to withhold, as shown here: =

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method. o

Signature of Stockholder	Date:	Signature of Stockholder	Date:

n **Note:** Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person. n n

INDEPENDENT BANK CORPORATION
ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON APRIL 29, 2008
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints Michael M. Magee, Jr. and Robert N. Shuster, and each of them as proxies each with full power of substitution, to represent and vote as designated on the reverse side, all the shares of Common Stock of Independent Bank Corporation held of record by the undersigned on February 29, 2008, at the Annual Meeting of Stockholders to be held at the Ionia Theatre, located at 205 West Main Street, Ionia, Michigan 48846 on Tuesday, April 29, 2008 at 3:00 p.m. (local time), or any adjournment or postponement thereof.

(Continued and to be signed on the reverse side.)

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