HITACHI LTD
Form 6-K
September 12, 2003

FORM 6-K
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934

For the month of July 2003
Commission File Number 1-8320

Hitachi, Ltd.
(Translation of registrant's name into English)

6, Kanda-Surugadai 4-chome, Chiyoda-ku, Tokyo 101-8010, Japan
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F x Form 40-F ______

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ________

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ________

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ________ No x

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-________

This report on Form 6-K contains the following:

1. Press release dated July 7, 2003 regarding Policy for Shares of NITTO DENKO CORPORATION.

2. Press release dated July 9, 2003 regarding Sale of Shares of NITTO DENKO CORPORATION.

3. Press release dated July 31, 2003 regarding consolidated financial results for the first quarter of fiscal year ending March 31, 2004.

4. Press release dated July 31, 2003 regarding Issue of Stock Acquisition

Rights as Stock Options.

SIGNATURES

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

Hitachi, Ltd.

(Registrant)

Date September 12, 2003 By /s/ Takashi Hatchoji
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Takashi Hatchoji
Vice President and Executive Officer

FOR IMMEDIATE RELEASE

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Policy for Shares of NITTO DENKO CORPORATION

Tokyo, July 7, 2003---Hitachi, Ltd. (TSE:6501 NYSE:HIT) today announced its decision to sell shares of NITTO DENKO CORPORATION ("NITTO DENKO") that are owned by subsidiary Chuo Shoji, Ltd. A portion of this company's NITTO DENKO shares will be retained.

Under the Medium-Term Business Plan "i.e. Hitachi Plan II" that began in fiscal 2003, Hitachi is enacting substantial structural reforms in all areas of business. These reforms involve the determination of ties between strategic businesses and other activities. Measures will result in the withdrawal from businesses that account for about 20% of consolidated sales so that Hitachi can focus on achieving growth in strategic businesses.

In order to implement the business portfolio realignment and secure sufficient funds for implementing its business strategy, Hitachi has decided to sell shares of NITTO DENKO that are owned by subsidiary Chuo Shoji, Ltd. Hitachi plans to sell the shares in a manner that minimizes the effect of the transaction on the stock market. Although NITTO DENKO will no longer be an equity-method affiliate of Hitachi as a result of the sale, the two companies will continue to maintain a relationship as business partners.

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FOR IMMEDIATE RELEASE

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Sale of Shares of NITTO DENKO CORPORATION

Tokyo, July 9, 2003---Hitachi, Ltd. (TSE:6501 NYSE:HIT) today announced that a Hitachi subsidiary (Chuo Shoji, Ltd.) has sold shares of NITTO DENKO CORPORATION ("NITTO DENKO"). This transaction was conducted in accordance with Hitachi's stated policy of selling its holdings in this company.

1. Sale of the shares
(1) Number of shares sold
30,965,800 shares owned by Chuo Shoji, Ltd., a subsidiary.
Following the sale, Chuo Shoji, Ltd. owns 5,000,002 shares, which represent approximately 3.1% of the outstanding shares of NITTO DENKO.

(2) Aggregate proceeds of shares sold
Approximately 120 billion yen

(3) Method of the sale
Sold through ToSTNeT 2 on the Tokyo Stock Exchange and block-trade

(4) Date of sale
July 8, 2003

2. Impact on the operating performance
Hitachi estimates that the sale of these shares will contribute approximately 84 billion yen to consolidated income before income taxes and approximately 35 billion yen to consolidated net income.

Hitachi is unable to determine at this time whether or not this transaction will require a revision to the forecast for fiscal 2003 operating results as there are a number of uncertainties, such as possible business portfolio reforms. A revised forecast will be announced if necessary once estimates of the effects of all applicable items have been finalized.

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FOR IMMEDIATE RELEASE

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Hitachi Announces Consolidated Financial Results
for the First Quarter Ended June 30, 2003

Tokyo, July 31, 2003---Hitachi, Ltd. (NYSE:HIT / TSE:6501) today announced its consolidated financial results for the first quarter ended June 30, 2003.

During the quarter, consumption and production were slow in Asia, particularly China, due to the effects of severe acute respiratory syndrome (SARS). In the U.S., a rising jobless rate and other factors continued to fuel concerns about the economic outlook. European economies, meanwhile, languished at the hands of the strong euro and other negative trends. The Japanese economy, while showing signs of an upturn in private-sector plant and equipment investment, was characterized by sluggish export growth, as exports to the rest of Asia slowed, and anemic personal spending.

Against this backdrop, Hitachi's consolidated net sales edged up 2%, to 1,895.9 billion yen (US$15,800 million), with major year-on-year changes in Information & Telecommunication Systems, Electronic Devices and other segments due to the effects of ongoing business portfolio realignment by the Hitachi Group. Hitachi posted an operating loss of 33.7 billion yen (US$281 million), compared with operating income of 13.6 billion yen (US$114 million) in the same quarter of the previous fiscal year.

-2-

By segment, Information & Telecommunication Systems sales increased 11%, to 446.9 billion yen (US$3,724 million). Software sales were weak in a sluggish Japanese economy, but the addition of sales from the hard disk drive (HDD) operations acquired from IBM Corporation, higher sales of base stations for wireless communications infrastructure and other factors lifted overall segment sales above the previous year. The segment recorded an operating loss of 26.7 billion yen (US$223 million), compared with an operating loss of 5.8 billion yen (US$49 million) in the previous year, due mainly to a loss in HDD operations.

In Electronic Devices, sales dropped 26% year on year, to 277.6 billion yen (US$2,313 million). Sales fell sharply in semiconductor operations due in part to the April 2003 transfer of most of this business to equity-method affiliate Renesas Technology Corp., a joint venture with Mitsubishi Electric Corporation. In displays, while sales of small and medium-size TFT LCDs for mobile phones were brisk, sales of large-size TFT LCDs were soft. The segment recorded an operating loss of 6.9 billion yen (US$58 million), compared with operating income of 2.3 billion yen (US$20 million) in the previous year. This was attributable to a sharp deterioration in profits from large-size TFT LCDs in display operations due to lower prices year on year.

In Power & Industrial Systems, sales rose 2%, to 494.5 billion yen (US$4,121 million). Sales of power generation equipment continued to languish and sales of infrastructure and other facilities to the public sector declined due to budgetary constraints. On the other hand, sales of construction machinery increased in China and other overseas markets, and sales of automotive products were markedly higher in line with the inclusion in consolidated results of the former Unisia JECS Corporation (now Hitachi Unisia Automotive, Ltd.), which become a subsidiary in October 2002. Segment operating income dropped 60% year on year, to 2.9 billion yen (US$24 million), despite a dramatic improvement in earnings from construction machinery. This decline reflected a deterioration in profitability in power generation equipment and public-works facilities, and lower earnings from elevators and escalators due to lower prices for maintenance services.

-3-

In Digital Media & Consumer Products, segment sales declined 3%, to 295.9 billion yen (US$2,466 million). While plasma TV and mobile phone sales rose, sales of large home appliances declined to falling sales prices amid soft demand

and a deflationary environment in Japan. At Hitachi Maxell, Ltd., optical media sales remained healthy. The segment recorded an operating loss of 0.4 billion yen (US$4 million), compared with operating income of 6.5 billion yen (US$55 million) in the previous year. This was mainly the result of the effect of lower sales prices, particularly in respect of large home appliances, exceeding the benefits of cost cutting because of deflation.

In High Functional Materials & Components, segment sales rose 2%, to 305.5 billion yen (US$2,547 million). At Hitachi Cable, Ltd., sales were strong for wires and cables, such as fiber-optic cables for domestic communications carriers, as well as for information systems and electronic components. At Hitachi Chemical Co., Ltd., sales were healthy of materials for electronic components, industrial materials, housing equipment and environmental facilities, although sales of printed circuit boards and related materials declined. At Hitachi Metals, Ltd., sales were firm for automotive-related components. The segment saw operating income decline 4%, to 4.4 billion yen (US$37 million).

In Logistics, Services & Others, segment sales decreased 10%, to 307.2 billion yen (US$2,560 million), despite strong sales from the logistics solutions business at Hitachi Transport System, Ltd. Overseas sales companies saw sales decline due to the transfer of semiconductors sales operations to the newly established Renesas Technology, and the transfer of HDD sales operations to Hitachi Global Storage Technologies. The segment recorded an operating loss of 3.0 billion yen (US$26 million), compared with operating income of 1.7 billion yen (US$14 million) in the previous year.

In Financial Services, segment sales decreased 7%, to 133.1 billion yen (US$1,110 million) because of the effect of low interest rates and a declining volume of automobile loans to individuals. Segment operating income declined 59%, to 4.1 billion yen (US$35 million).

Other income declined 32%, to 17.3 billion yen (US$144 million) due to lower interest income and dividends received as well as a decline in gains on the sale of marketable securities and other factors. Meanwhile, other deductions declined 67%, to 14.5 billion yen (US$121 million) due to exchange gains, which contrasted with exchange losses recorded in the previous year.

-4-

As a result, Hitachi recorded a loss before income taxes and minority interests of 30.9 billion yen (US$258 million), and after 3.2 billion yen (US$27 million) in income taxes, loss before minority interests of 34.1 billion yen (US$285 million). The net loss was 38.4 billion yen (US$320 million), 26.7 billion yen (US$223 million) more than in the previous year.

Financial Position

Operating activities used net cash of 22.8 billion yen (US$191 million), an increase of 4.6 billion yen (US$39 million)compared with the previous year. The main reason was a large decrease in payables.

Investing activities used net cash of 148.7 billion yen (US$1,239 million), 23.0 billion yen (US$192 million) less than in the previous year, due to an increase in collection of investment in leases and other factors.

Free cash flows, the sum of cash flows from operating activities and investing activities, amounted to negative 171.6 billion yen (US$1,430 million), an improvement of 18.3 billion yen (US$153 million) from the previous year.

Financing activities provided net cash of 17.2 billion yen (US$143 million), compared with net cash used of 19.3 billion yen (US$161 million) in the previous year. This mainly reflects cash inflows from the issue of bonds for refinancing purposes in May 2003, which outweighed cash outflows for the purchase of own shares the same month.

As a result, cash and cash equivalents as of June 30, 2003 were 674.5 billion yen (US$5,622 million), a reduction of 153.5 billion yen (US$1,280 million) during the first quarter.

Debt on June 30, 2003 stood at 2,871.1 billion yen (US$23,926 million), 30.5 billion yen (US$255 million) more than at March 31, 2003 as a result of the issuance of bonds in May.

Capital investment on a completion basis rose 3%, to 180.2 billion yen (US$1,502 million), while depreciation decreased 7%, to 107.8 billion yen (US$898 million). The Company spent 78.7 billion yen (US$656 million) on research and development, a decrease of 13% from the previous year. R&D expenditures as a percentage of net sales were 4.2%.

All figures are converted at the rate of 120 yen = U.S.$1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of June 30, 2003.

-5-

Outlook for the First Half of Fiscal 2003

The first-quarter results were lower than in the corresponding quarter of the previous year due to losses in HDD operations acquired from IBM Corporation and other factors. Lingering uncertainty in the second quarter concerning the outlook for the U.S. and other economies around the world has created an unpredictable operating environment for Hitachi.

Hitachi has revised its projections for the first half of fiscal 2003 due to such factors as the selling of its shares in affiliate Nitto Denko Corporation in July 2003.

There are no changes to Hitachi's forecasts for the fiscal year ending March 31, 2004.

The interim projections assume an exchange rate of 120 yen to the U.S. dollar, the same rate that was assumed in April this year.

Net sales	4,000 billion yen (US$33,333 million)	(year-on-year increase of 2%)
Operating income	15 billion yen (US$125 million)	(year-on-year decrease of 76%)
Income before income taxes and minority interests	50 billion yen (US$417 million)	(year-on-year increase of 49%)
Loss before minority interests	17 billion yen (US$142 million)	(- %)
Net loss	30 billion yen (US$250 million)	(- %)

Cautionary Statement

Certain statements contained in this document may constitute forward-looking statements which reflect management's current views with respect to certain future events and financial performance based on certain assumptions and include any statement that does not directly relate to any historical or current fact. Words such as "anticipate," "believe," "expect," "estimate," "intend," "plan," "project" and similar expressions which indicate future events and trends may identify forward-looking statements. Actual results may differ materially from those projected or implied in the forward-looking statements and from historical trends. Further, certain forward-looking statements are based upon assumptions of future events which may not prove to be accurate.

Factors that could cause actual results to differ materially from those projected or implied in any forward-looking statements and from historical trends include, but are not limited to:

- rapid technological change, particularly in the Information & Telecommunication Systems segment and Electronic Devices segment;
- uncertainty as to Hitachi's ability to continue to develop and market products that incorporate new technology on a timely and cost-effective basis and to achieve market acceptance for such products;
- fluctuations in product demand and industry capacity, particularly in the Information & Telecommunication Systems segment, Electronic Devices segment and Digital Media & Consumer Products segment;
- increasing commoditization of information technology products, and intensifying price competition in the market for such products;
- fluctuations in rates of exchange for the yen and other currencies in which Hitachi makes significant sales or in which Hitachi's assets and liabilities are denominated, particularly between the yen and the U.S. dollar;
- uncertainty as to Hitachi's ability to access, or access on favorable terms, liquidity or long-term financing, particularly in the context of limited credit availability currently prevailing in Japan;
- uncertainty as to Hitachi's ability to implement measures to reduce the potential negative impact of fluctuations in product demand and/or exchange rates;
- general economic conditions and the regulatory and trade environment of Hitachi's major markets, particularly, the United States, Japan and elsewhere in Asia, including, without limitation, continued stagnation or deterioration of the Japanese economy, or direct or indirect restriction by other nations of imports;
- uncertainty as to Hitachi's access to, or protection for, certain intellectual property rights, particularly those related to electronics and data processing technologies;
- uncertainty as to the success of alliances upon which Hitachi depends, some of which Hitachi may not control, with other corporations in the design and development of certain key products; and
- uncertainty as to general market price levels for equity securities in Japan, declines in which may require Hitachi to write-down equity securities it holds.

These factors listed above are not exclusive and are in addition to other factors that are stated or indicated elsewhere in this report, or in other materials published by the Company.

-7-

Hitachi, Ltd. and Subsidiaries

Consolidated Financial Statements
for the First Quarter Ended June 30, 2003

The consolidated financial statements presented herein are expressed in yen and, solely for the convenience of the reader, have been translated into United States dollars at the rate of 120 yen = U.S.$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market as of June 30, 2003.

Summary

In millions of yen and U.S. dollars, except Net income per share (6) and Net income per American Depositary Share (7).

	Three months ended		(
	Yen (millions)		
	2003 (A)	2002 (B)	
1. Net sales	1,895,963	1,865,238	
2. Operating income (loss)	(33,733)	13,692	
3. Income (loss) before income taxes and minority interests	(30,919)	(5,202)	
4. Income (loss) before minority interests	(34,162)	(8,922)	
5. Net income (loss)	(38,402)	(11,603)	
6. Net income (loss) per share			
Basic	(11.57)	(3.48)	
Diluted	-	-	
7. Net income (loss) per ADS (representing 10 shares)			
Basic	(116)	(35)	
Diluted	-	-	

Notes: 1. First-quarter figures for fiscal 2002 have been restated due to the adoption of EITF Issue No. 03-2. "Accounting for the Transfer to the Japanese Government of the Substitutional Portion of Employee Pension Fund Liabilities" (Emerging Issues Task Force (EITF), January 2003).
2. Segment Information and operating income (loss) are presented in accordance with financial reporting principles and practices generally accepted in Japan.

3. The figures are for 968 consolidated subsidiaries and 160 equity-method affiliates.
4. Consolidated quarterly figures are unaudited.

-8-

Consolidated Statements of Income (Unaudited)

	Three months ended June 30			
	Yen (millions)		(A)/(B) X100	U.S. (mil
	2003 (A)	2002 (B)	(%)	2
Net sales	1,895,963	1,865,238	102	
Cost of sales	1,445,910	1,409,617	103	
Selling, general and administrative expenses	483,786	441,929	109	
Operating income (loss)	(33,733)	13,692	-	
Other income	17,321	25,485	68	
(Interest and dividends)	7,543	9,220	82	
(Other)	9,778	16,265	60	
Other deductions	14,507	44,379	33	
(Interest charges)	7,941	8,274	96	
(Other)	6,566	36,105	18	
Income (loss) before income taxes and minority interests	(30,919)	(5,202)	-	
Income taxes	3,243	3,720	87	
Income (loss) before minority interests	(34,162)	(8,922)	-	
Minority interests	4,240	2,681	158	
Net income (loss)	(38,402)	(11,603)	-	

-9-

Consolidated Balance Sheets (Unaudited)

	Yen	(A)/(B)

	(millions) As of June 30, 2003 (A)	(millions) As of March 31, 2002 (B)	X100 (%)
Assets	9,983,169	10,179,389	98
Current assets	5,169,090	5,193,465	100
Cash and cash equivalents	674,598	828,171	81
Short-term investments	216,740	186,972	116
Trade receivables (Notes and Accounts)	1,952,067	2,057,227	95
Investment in leases	490,969	437,076	112
Inventories	1,253,542	1,187,529	106
Other current assets	581,174	496,490	117
Investments and advances	853,050	726,442	117
Property, plant and equipment	2,364,807	2,601,050	91
Other assets	1,596,222	1,658,432	96
Liabilities and stockholders' equity	9,983,169	10,179,389	98
Current liabilities	3,872,009	4,005,228	97
Short-term debt and current installments of long-term debt	1,276,024	1,328,446	96
Trade payables (Notes and Accounts)	1,134,657	1,212,064	94
Other current liabilities	1,461,328	1,464,718	100
Noncurrent liabilities	3,590,733	3,569,371	101
Long-term debt	1,595,151	1,512,152	105
Other liabilities	1,995,582	2,057,219	97
Minority interests	750,616	751,578	100
Stockholders' equity	1,769,811	1,853,212	95
Common stock	282,032	282,032	100
Capital surplus	548,280	562,214	98
Legal reserve and retained earnings	1,717,075	1,766,338	97
Accumulated other comprehensive income (loss)	(745,714)	(755,525)	-
(Foreign currency translation adjustments)	(59,220)	(60,948)	-
(Minimum pension liability adjustments)	(700,143)	(698,916)	-
(Net unrealized holding gain on available-for-sale securities)	14,140	4,874	290
(Cash flow hedges)	(491)	(535)	-
Treasury stock	(31,862)	(1,847)	-

-10-

Consolidated Statements of Cash Flows (Unaudited)

	Three months ended June 3		
	Yen (millions)		U.S. (mil
	2003	2002	2
Cash flows from operating activities			
Net income (loss)	(38,402)	(11,603)	
Adjustments to reconcile net income (loss) to net cash provided by operating activities			
Depreciation	107,806	116,250	
Decrease in receivables and inventories	43,447	119,941	
Decrease in payables	(93,683)	(46,217)	
Other	(42,059)	(196,576)	
Net cash used in operating activities	(22,891)	(18,205)	
Cash flows from investing activities			
Increase in short-term investments	(29,675)	(45,926)	
Purchase of rental assets and other properties, net	(169,102)	(157,163)	(1
Purchase of investments and subsidiaries' common stock, net	9,987	28,744	
Collection of investment in leases	72,115	47,904	
Other	(32,046)	(45,352)	
Net cash used in investing activities	(148,721)	(171,793)	(1
Cash flows from financing activities			
Increase (decrease) in interest-bearing debt	63,150	(14,554)	
Dividends paid to stockholders	(9,357)	(71)	
Dividends paid to minority stockholders of subsidiaries	(6,574)	(5,536)	
Other	(30,013)	828	
Net cash provided by (used in) financing activities	17,206	(19,333)	
Effect of exchange rate changes on cash and cash equivalents	833	(20,186)	
Net decrease in cash and cash equivalents	(153,573)	(229,517)	(1
Cash and cash equivalents at beginning of year	828,171	1,029,374	6
Cash and cash equivalents as of June 30	674,598	799,857	5

Segment Information (Unaudited)

(1) Industry Segments

	Three months ended	
	Yen (millions)	
	2003 (A)	2002 (B)

Sales	Information & Telecommunication Systems	446,939 20%	404,394 17%
	Electronic Devices	277,615 12%	375,207 16%
	Power & Industrial Systems	494,571 22%	482,984 21%
	Digital Media & Consumer Products	295,941 13%	303,608 13%
	High Functional Materials & Components	305,585 13%	300,417 13%
	Logistics, Services & Others	307,242 14%	340,299 14%
	Financial Services	133,176 6%	143,765 6%
	Subtotal	2,261,069 100%	2,350,674 100%
	Eliminations & Corporate items	(365,106)	(485,436)
	Total	1,895,963	1,865,238
Operating income (loss)	Information & Telecommunication Systems	(26,754) -	(5,820) -
	Electronic Devices	(6,995) -	2,355 -
	Power & Industrial Systems	2,936 -	7,411 -
	Digital Media & Consumer Products	(459) -	6,569 -
	High Functional Materials & Components	4,404 -	4,584 -
	Logistics, Services & Others	(3,079) -	1,730 -
	Financial Services	4,171 -	10,062 -
	Subtotal	(25,776) -	26,891 -
	Eliminations & Corporate items	(7,957)	(13,199)
	Total	(33,733)	13,692

Note: Net sales by industry segment include intersegment transactions.

(2) Sales by Market

	Three months ended June 30			
	Yen (millions)		(A)/(B) X100	U.S. Dollars (millions)
	2003 (A)	2002 (B)	(%)	2003
Japan	1,198,041 63%	1,230,450 66%	97	9,984
Asia	300,443 16%	238,197 13%	126	2,504
North America	213,149 11%	217,706 12%	98	1,776
Europe	133,602 7%	134,654 7%	99	1,113
Other Areas	50,728 3%	44,231 2%	115	423
Outside Japan	697,922 37%	634,788 34%	110	5,816
Total	1,895,963 100%	1,865,238 100%	102	15,800

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July 31, 2003
Hitachi, Ltd.

Supplementary Information
for the First Quarter Ended June 30, 2003 (Consolidated basis)

1. Summary (Billions of yen)

	Three months ended June 30			
	2002		2003	
	(A)	(A)/FY2001	(B)	(B)/(A)
Average exchange rate (yen / U.S.$)	124	-	119	-

Capital investment (Completion basis)	175.7	73%	180.2	103%
Leasing assets	107.7	82%	119.8	111%
Other	67.9	63%	60.4	89%
Depreciation	116.2	88%	107.8	93%
Leasing assets	22.2	118%	26.9	121%
Other	94.0	83%	80.8	86%
R&D expenditure	90.6	92%	78.7	87%
Percentage of net sales	4.9%	-	4.2%	-

	As of March 31, 2003	As of June 30, 2003
Stockholders' equity per share (yen)	550.76	536.58
Cash & cash equivalents, Short-term investments (Billions of yen)	1,015.1	891.3
Interest-bearing debt (Billions of yen)	2,840.5	2,871.1
Number of employees	339,572	326,303
Japan	256,085	245,560
Overseas	83,487	80,743
Number of consolidated subsidiaries	1,112	968
Japan	708	570
Overseas	404	398

2. Overseas sales by industry segment (Billions of yen)

	Three months ended June 30			
	2002		2003	
	(A)	(A)/FY2001	(B)	(B)/(A)
Information & Telecommunication Systems	61.2	109%	142.0	232%
Electronic Devices	127.0	94%	105.5	83%
Power & Industrial Systems	92.8	96%	125.5	135%
Digital Media & Consumer Products	124.1	109%	121.6	98%

High Functional Materials & Components	78.5	91%	77.4	99%
Logistics, Services & Others	141.8	117%	115.9	82%
Financial Services	9.1	97%	9.6	105%
Eliminations & Corporate items	0	-	0	-
Total	634.7	103%	697.9	110%

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July 31, 2003
Hitachi, Ltd.

Supplementary Information on Information & Telecommunication Systems and Displays

Notes: 1. Segment Information and operating income (loss) are presented in accordance with financial reporting principles and practices generally accepted in Japan.

1. Information & Telecommunication Systems

(1) Sales and operating income (loss) by product sector (billions of yen)

	Three months ended June 30		
	2002(A)	2003 (B)	(B) / (A) X 100
Sales	404.3	446.9	111%
Software & Services	191.8	188.9	98%
Hardware	212.5	258.0	121%
Operating income (loss)	(5.8)	(26.7)	-

(2) Sales by product sector (billions of yen)

	Three months ended June 30		
	2002(A)	2003 (B)	(B) / (A) X 100
Sales	404.3	446.9	111%
Software & Services	191.8	188.9	98%
Software	42.1	37.0	88%
Services	149.7	151.9	101%
Hardware	212.5	258.0	121%
Storage	82.1	129.9	158%
Servers	29.0	28.6	99%

PCs	32.9	29.3	89%
Telecommunication	18.4	29.5	160%
Others	50.1	40.7	81%

Notes: 2. Figures for each product exclude intra-segment transactions.
3. Figures for Storage include disk array subsystems, hard disk drives, etc.
4. Figures for Servers include supercomputers, general-purpose computers, UNIX servers, etc.
5. Figures for PCs include PC servers and client PCs.

(3) SAN/NAS Storage Solutions (billions of yen)

	Three months ended June 30		
	2002(A)	2003 (B)	(B) / (A) X 100
Sales	60.0	62.0	103%

(4) Hard disk drives (*6)(*7)

Shipment Period (Period recorded for consolidated accounting purposes)	Three months ended June 2002 (Three months ended June 2002)	Three months ended March 2003(*8) (Three months ended June 2003)	Reference	Three months e June 2003(* (Three months e September 20
Sales (billions of yen)	28.3	77.3	104.1	115.6
Shipments (million units)	2.1	6.9	9.3	9.8
Mobiles	1.8	3.5	5.6	5.6
Servers	0.3	0.4	0.7	0.8
Desktops	-	2.9	2.9	3.4
Emerging	-	0.1	0.1	0.1

Notes: 6. Figures include intra-segment transactions.
7. On December 31, 2002, Hitachi purchased majority ownership in a company to which IBM Corporation's hard disk drive operations had been transferred. On January 1, 2003, the company began operating as Hitachi Global Storage Technologies (HGST).
8. HGST has a December 31 year-end and Hitachi, Ltd. has a March 31 year-end. The first-quarter consolidated results include the results of HGST for the three-month period from January 1, 2003 through March

31, 2003. Meanwhile, the results of Hitachi, Ltd.'s HDD operations for the period from January 1, 2003 through March 31, 2003 were included in Hitachi's consolidated financial results for the year ended March 31, 2003. On April 1, 2003, Hitachi, Ltd.'s HDD operations were integrated in HGST. The figures provided for reference purposes represent the combined sales and shipments of Hitachi, Ltd.'s HDD operations and HGST's operations prior to integration, and are shown to give an overall picture of the Hitachi's HDD operations for the three-month period ended March 31, 2003.

9. Results for HDD operations in the period from April 1, 2003 through June 30, 2003 will be included in the Company's fiscal 2003 second-quarter results.

2.Displays

(1) Sales and operating income (loss) (billions of yen)

	Three months ended June 30		
	2002 (A)	2003 (B)	(B) / (A) X 100
Sales	57.4	53.5	93%
Operating income (loss)	6.7	(6.9)	-

(2) LCD sales (billions of yen)

	Three months ended June 30		
	2002 (A)	2003 (B)	(B) / (A) X 100
Sales	47.0	47.0	100%
Large-size LCDs	36.0	26.0	72%
Small and medium-size LCDs	11.0	21.0	191%

# # #

FOR IMMEDIATE RELEASE

Contact:
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atsushi_konno@hdq.hitachi.co.jp

Issue of Stock Acquisition Rights as Stock Options

Tokyo, July 31, 2003 --- Hitachi, Ltd. (NYSE:HIT / TSE:6501, the "Company") today announced that the details of stock acquisition rights to be issued as stock options, resolved at the 134th Ordinary General Meeting of Shareholders held June 25, 2003, have been decided on as follows.

1. Date of Issue of stock acquisition rights (the "Rights")
   July 31, 2003

2. Total number of the Rights to be issued

1,305 Rights

3. Class and number of shares to be issued upon exercise of the Rights
   1,305,000 shares of the Company's common stock(1,000 shares per Right)

4. Issue price of the Rights
   No consideration shall be paid.

5. Amount to be paid upon exercise of the Rights
   561 yen per share

6. Total amount of the Company's common stock to be issued or transferred upon exercise of all the Rights
   732,105,000 yen

7. Period during which the Rights may be exercised
   From August 1, 2004 through July 31, 2007

8. Amount to be transferred to stated capital out of the issue price of the shares to be issued upon exercise of the Rights
   281 yen per share

9. Qualified persons to be allocated the Rights
   85 persons in total consisting of Directors, Executive Officers, Corporate Officers and Fellows of the Company

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6,513

.03%

16,496

Ms. Budden has been a director since July 2015. She was named President & CEO of Priority Health in January 2016, one of Michigan's largest health plans with over $3 billion in revenue. Ms. Budden accepted the position having served as Chief Marketing Officer for Priority Health since 2009. Ms. Budden's responsibilities as Chief Marketing Officer included leading strategic positioning and profitable growth for Priority Health's individual, group commercial and government markets. Ms. Budden has more than 25 years of health insurance experience. She has held a number of leadership and executive management positions in the health insurance industry that include leading the individual consumer division, project management office and corporate strategy departments for Blue Cross Blue Shield of Michigan prior to joining Priority Health. Ms. Budden's experience in a highly competitive and regulated industry that is undergoing significant change, as well as her marketing expertise and leadership skills, make her an important contributor to the Board.

(.07%)

Michael J. Cok (age 57)

—

—

4,514

Mr. Cok was appointed to the Board in June 2017. He is the President of Foremost, a division of Farmers Group, Inc., which manages the insurance operations of the Farmers Insurance Group of Exchanges (Farmers Insurance Exchange, Fire Insurance Exchange and Truck Insurance Exchange). He also serves as President of Foremost Insurance Company, Grand Rapids, Michigan, and its subsidiaries, which are wholly-owned subsidiaries of the Exchanges. Farmers Group, Inc. is a wholly-owned subsidiary of the Zurich Insurance Group Ltd. family of insurance companies.

Foremost provides a variety of specialty, personal lines insurance products throughout the United States. Mr. Cok is a certified public accountant and is active in a variety of charitable and civic organizations. Mr. Cok's role as an executive of a large insurance company, his accounting background, and his community involvement make him a valuable addition to the Board.

(.02%)

9

TABLE OF CONTENTS

	Amount and Nature of Beneficial Ownership(1)	Percent of Outstanding	Beneficial Ownership (and percent) Including Certain Deferred Shares(2)
Directors whose terms expire in 2020			
Terance L. Beia (age 59)	36,289	.15%	36,289
Mr. Beia was appointed to the Board in April 2018 in conjunction with the Company's acquisition of Traverse City State Bank (TCSB). He is active in the oil and gas exploration industry and he owns and manages commercial and residential real estate holdings in the Traverse City area. He also served on the TCSB Board of Directors for 17 years. Mr. Beia's business experience in the Traverse City area and long-time service with TCSB make him a valuable addition to our Board.			(.15%)
Stephen L. Gulis, Jr. (age 61)	—	—	48,529
Mr. Gulis retired in 2008 as the Executive Vice President and President of Wolverine Worldwide Global Operations Group. He served as Executive Vice President, CFO and Treasurer of Wolverine Worldwide prior to his appointment as President, Global Operations. He became a director of IBCP in 2004. Mr. Gulis' prior experience as a chief financial officer of a major corporation is an important skill set to have on the Board. In addition, his prior experience with a corporation that is subject to the reporting requirements of the Securities Exchange Act of 1934 provides additional value to the Board.			(.20%)
Terry L. Haske (age 70)	31,402	.13%	59,791
Mr. Haske is a CPA and a retired Principal with Anderson, Tuckey, Bernhardt & Doran, P.C. since 2008. Prior to 2008 he was the President of Ricker & Haske, CPAs, and P.C. He became a director of IBCP in 1996. Mr. Haske's experience and qualifications as a CPA, as well as his prior service as a director of the Company and as a director of other banking institutions, makes his service to the Board particularly important. Mr. Haske will be retiring from the Board as of the date of our 2020 Annual Meeting of Shareholders in accordance with the Company's mandatory retirement policy for directors.			(.25%)
William B. Kessel (age 54)	121,512(3)	.51%	121,512
Mr. Kessel serves as President and CEO of IBCP and Independent Bank. He became a director of IBCP on January 1, 2013. Prior to his appointment as CEO as of January 1, 2013, Mr. Kessel served as President since April 1, 2011, and as Chief Operating Officer from 2007 to 2011. He also served as President of Independent Bank (prior to the consolidation of our four bank charters) from 2004 to 2007. Prior to joining IBCP in 1994, Mr. Kessel worked for a regional certified public accounting firm in their financial institutions group. Mr. Kessel has over			(.51%)

29 years of service in the financial services industry. His positions with the Company and those experiences make him a particularly important component of the Board.

TABLE OF CONTENTS

	Amount and Nature of Beneficial Ownership(1)	Percent of Outstanding	Beneficial Ownership (and percent) Including Certain Deferred Shares(2)
Directors whose terms expire in 2021			
Christina L. Keller (age 37)	2,860	.01%	2,860
Ms. Keller was appointed to the Board on December 16, 2016 and was elected as a director by our shareholders in 2018. Since October 2018, Ms. Keller has served as the President & CEO of Cascade Engineering (CE). CE is a global manufacturing company based in Grand Rapids, Michigan. Prior to becoming President & CEO of CE, Ms. Keller served in a variety of roles at the organization since 2009. Her role as an executive of a global manufacturing company and her leadership skills provide an important resource to the Board and management.			(.01%)
Michael M. Magee, Jr. (age 62)	37,112	. 16%	37,112
Mr. Magee is the Chairman of the Board of Directors. Prior to January 1, 2013, Mr. Magee was the Chief Executive Officer of the Company since January 1, 2005, Executive Vice President and Chief Operating Officer since 2004 and prior to that he served as President and Chief Executive Officer of Independent Bank since 1993. He became a director of the Company in 2005. Mr. Magee has over 33 years of service in the financial services industry and served as our Chief Executive Officer for 8 years. That position and those experiences make him a particularly important component of the Board, and his prior roles with the Company allow him to be particularly effective as Chairman of the Board.			(.16%)
Matthew J. Missad (age 58)	15,924(4)	.07%	22,815
Mr. Missad has been a member of our board since October 28, 2014. Mr. Missad is the Chief Executive Officer of Universal Forest Products, Inc. (UFP), a position he has held since July, 2011. UFP is a $4.5 billion (revenue) supplier of wood, wood composite and other products to the retail, construction and industrial markets around the globe. From 1996 to 2011, Mr. Missad served as Executive Vice President, General Counsel and Secretary of UFP. He also serves as a director of UFP. In the fall of 2015, Mr. Missad was listed in Fortune Magazine's Top 50 Corporate Leaders . Mr. Missad's experience as the chief executive officer of a publicly-held corporation, as well as a director of that corporation, provides a unique resource to the Board and management.			(.10%)

(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) Certain of our directors have made elections to defer fees they received or will receive for service as a director and to have such fees paid to them in shares of our common stock after their retirement from the Board. These elections were made pursuant to the terms of the Deferred Compensation and Stock Purchase Plan for

Non-employee Directors described under Director Compensation below. Until such shares are issued to the director, the director does not have the right to vote or sell the shares, so the shares are not deemed beneficially owned by the director for purposes of this table. However, because these shares represent a material portion of certain directors' investment in the Company, we are presenting them in this additional column. As of February 22, 2019, a total of 127,211 of our outstanding shares of common stock have been issued to, and are being held by, a trust to be issued to directors pursuant to the foregoing plan.

(3) Includes 5,414 shares allocated to Mr. Kessel's account in the Independent Bank Corporation Employee Stock Ownership Plan (ESOP).

(4) Includes 11,098 shares held in a foundation that Mr. Missad has voting and investment power over.

11

TABLE OF CONTENTS

SECURITIES OWNERSHIP OF MANAGEMENT

The following table sets forth the beneficial ownership of our common stock by our "Named Executives" (listed in the Summary Compensation Table below) and by all of our directors and executive officers as a group as of February 22, 2019.

Name	Amount and Nature of Beneficial Ownership(1)(2)		Percent of Outstanding
William B. Kessel	121,512		.51
Robert N. Shuster	195,489	(3)	.82
Patrick J. Ervin	8,076		.03
Stefanie M. Kimball	63,652		.27
Dennis J. Mack	46,646		.20
All executive officers and directors as a group (consisting of 17 persons)	1,107,214	(4)	4.66

(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) Does not include shares that may be issued pursuant to performance unit shares granted to each Named Executive in January 2017, 2018 and 2019, as described under "Executive Compensation" below.

(3) Includes 127,211 shares of our outstanding common stock being held in trust for issuance to directors pursuant to our Deferred Compensation and Stock Purchase Plan for Non-employee Directors. See footnote (2) on page 11 above. As co-trustee, Mr. Shuster shares voting and investment power over these shares and is therefore deemed to beneficially own these shares for purposes of this table. He has no pecuniary interest in the shares.

(4) Beneficial ownership is disclaimed as to 435,682 shares, all of which are held in the ESOP for employees other than executive officers.

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.IndependentBank.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 4200 East Beltline, Grand Rapids, Michigan

49525. 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 The NASDAQ Stock Market Listing Rule 5605(a)(2): Terance L. Beia, William J. Boer, Joan A. Budden, Michael J. Cok, Stephen L. Gulis, Terry L. Haske, Christina L. Keller, Michael M. Magee, Jr., Matthew J. Missad, and Charles C. Van Loan. 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 applicable SEC rules. There are no family relationships between or among our directors, nominees or executive officers.

TABLE OF CONTENTS

MEETING ATTENDANCE

Each of our directors is expected to attend all meetings of the Board, applicable committee meetings, and our Annual Meeting of Shareholders. All of our directors (who were on the Board at the time) attended our 2018 annual shareholders meeting. During 2018, the Board held eight meetings; each director (who was on the Board at the time) attended at least 75% of the aggregate number of meetings of our Board and Board committees on which they served.

BOARD COMMITTEES AND FUNCTIONS

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

Our audit committee, which met on eight occasions in 2018, consists of directors Gulis (Chairman), Cok, and Haske. Our Board has determined that Mr. Gulis qualifies as the "Audit Committee Financial Expert," as that term is defined in SEC rules. 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 three occasions in 2018, consists of directors Budden (Chairman), Keller and Missad. 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, our compensation 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. This committee also evaluates the CEO and other key executives' compensation against (1) pre-established, measurable performance goals and budgets, (2) generally comparable groups of executives, and (3) external market trends. Following this review, this committee recommends to the full Board the annual base salary, annual incentive compensation, total compensation and benefits for our CEO. 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 two occasions in 2018, consists of directors Boer (Chairman), Beia and Gulis. This committee is responsible for making recommendations on the qualifications and standards to serve on our Board, identifying Board candidates and monitoring our corporate governance standards. In view of the recent (two directors in 2015 and one director in 2018) and pending (directors Charles C. Van Loan in 2019 and Terry L. Haske in 2020) retirements of Company Board members, as well as the age and tenure of certain other members of the Board, the committee has been active in seeking and evaluating qualified candidates to serve on the Board. This effort led to the recent appointments to the Board of Mr. Cok in 2017 and Ms. Keller in 2016 and of Ms. Budden and Mr. Missad in 2015 and 2014, respectively as well as the appointment of Mr. Beia in 2018 in conjunction with the TCSB acquisition. These individuals were recommended by a number of sources, including non-management directors and management.

Our Amended and Restated 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 60 and no more than 90 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, this committee may use the services of such a firm in the future if it deems it necessary or appropriate.

TABLE OF CONTENTS

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. This 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, this 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. While the Board does not have a formal policy regarding the consideration of nominee diversity, this committee does consider diversity in its identification of director candidates. Diversity in business, industry and professional experience, education, and training, as well as an individual's general background, benefits our Company by increasing the range of skills and perspectives of our Board and enhances its ability to govern the affairs of the Company.

The nominating and corporate governance committee has not received any recommended director nominations from any of our shareholders in connection with our 2019 Annual Meeting. All of the nominees that are standing for election as directors at the 2019 Annual Meeting are incumbent directors that were previously elected by our shareholders or appointed by our Board.

MAJORITY VOTING

In January 2017 our Board of Directors approved an amendment to our Bylaws to provide for majority voting for the election of directors. This majority voting standard is described above under Proposal I Submitted for Your Vote – Election of Directors.

LEADERSHIP STRUCTURE AND THE BOARD'S ROLE IN RISK OVERSIGHT

As a general matter, our Board has separated the positions of the Company's Chief Executive Officer and Chairman of the Board. Mr. Kessel serves as our CEO and Mr. Magee serves as Chairman of the Board. Further, Mr. Boer serves as the Lead Independent Director. In addition to this structure, the Board regularly meets in executive session, without the presence of management. The Board may also meet without the presence of any directors who are not considered independent directors.

Our Board oversees the Company's risk management, satisfying itself that our risk management practices are consistent with our corporate strategy and are functioning appropriately. While a degree of risk is inherent in any business activity, our Board strives to ensure that risk management is incorporated into the Company's culture, and to foster risk-aware and risk-adjusted decision-making throughout the organization. Our risk management processes bring to the Board's attention our most material risks and permit the Board to understand and evaluate how those risks interrelate and how management addresses them.

Our Board performs its risk oversight function in several ways. The Board establishes standards for risk management by approving policies that address and mitigate the Company's most material risks. These include policies addressing credit risk, interest rate risk, capital risk, and liquidity risk, as well as Bank Secrecy Act/Anti-Money Laundering compliance. The Board also monitors, reviews, and reacts to our risks through various reports presented by management, internal and external auditors, and regulatory examiners.

The Board conducts certain risk oversight activities through its committees with direct oversight over specific functional areas. Our audit committee's risk oversight functions include:

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Approving the independent auditor and its annual audit plan, as well as our Internal Audit Department annual plan; and

- Receiving periodic reports from our independent auditors and our Internal Audit Department.

Our compensation committee most closely monitors the risks to which our compensation policies and practices could subject us. In performing these functions, this committee considers input from the Company's senior risk officers and outside legal counsel. For 2018 compensation, this Committee reviewed the incentive plans for the Company to determine whether those plans subject us to unnecessary or excessive risk or motivate staff members to manipulate the Company's earnings. In conducting its review, this committee considered asset quality, asset

14

TABLE OF CONTENTS

valuations, oversight and treatment of certain non-performing assets and introduction of new products and services. As a result of that evaluation and an analysis of how the plans operate in practice, this committee concluded that our incentive plans do not subject the Company to unnecessary or excessive risk or motivate staff members to manipulate the Company's earnings.

Our nominating and corporate governance committee's role in risk oversight includes recommending director candidates with appropriate experience and skills who will set the proper tone for the Company's risk profile and provide competent oversight over our material risks.

Our Board does not have a separate risk committee, but instead believes that the entire Board is responsible for overseeing the Company's risk management. The Board helps ensure that management is properly focused on risk by, among other things, reviewing and discussing the performance of senior management and business lines leaders and conducting succession planning for key leadership positions at the Company. Since July 2012, Stefanie Kimball has served as our Chief Risk Officer. Ms. Kimball is charged with overseeing the Company's risk management function and, in this capacity, works closely with the Company's internal audit department. In addition to regular reports from each of the Board's committees, our Board receives regular reports from the Chief Risk Officer as well as other members of the Company's management on the Company's most material risks and the degree of its exposure to those risks. These include reports on the Company's credit risk, interest rate risk, capital risk, liquidity risk, cyber-security and information technology risk and contingency planning.

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 4200 East Beltline, Grand Rapids, Michigan 49525. The Secretary has been directed to promptly forward all communications to the full Board or the specific director indicated in the letter.

TABLE OF CONTENTS

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 SEC, 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 consolidated financial statements as of and for the year ended December 31, 2018.

Our audit committee obtained from our independent auditors the written disclosures and the letter required by applicable provisions of the Public Company Accounting Oversight Board regarding their independence. 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 Auditing Standard No. 16, as amended, and adopted by the Public Company Accounting Oversight Board. Our audit committee also discussed, with and without management present, the results of our independent auditors' examination of our consolidated financial statements.

Based on the reviews and discussions referred to above, the audit committee has recommended to our Board of Directors that the consolidated financial statements referred to above be included in our Annual Report on Form 10-K for the year ended December 31, 2018.

Stephen L. Gulis, Jr.
Michael J. Cok
Terry L. Haske

TABLE OF CONTENTS

DISCLOSURE OF FEES PAID TO OUR INDEPENDENT AUDITORS

Crowe LLP (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, 2018	Year Ended December 31, 2017
Audit fees	$ 400,225	$ 364,685
Audit related fees(1)	36,000	39,865
Tax fees(2)	98,955	70,800
All other fees	7,500	8,100
Total	$ 542,680	$ 483,450

(1) Consists of fees for an audit required under a Housing and Urban Development (HUD) loan program and additional fees due to audit requirements related to our Ginnie Mae seller-servicer activities.

(2) Consists of fees related to the preparation of corporate tax returns and 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 auditors. For 2018 and 2017, 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.IndependentBank.com.

PROPOSAL II

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

The audit committee has selected Crowe as independent auditors for the Company for the fiscal year ending December 31, 2019. The services provided to the Company and our subsidiaries by Crowe for 2018 and 2017 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.

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 affirmative vote of a majority of the Company's common stock cast at the Annual Meeting, by person or by proxy, is required for approval. Broker non-votes and abstentions will not be treated as votes cast on the proposal.

Unless otherwise directed by marking the accompanying proxy, the proxy holders will vote FOR the approval of this proposal.

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

17

TABLE OF CONTENTS

PROPOSAL III SUBMITTED FOR YOUR VOTE —
ADVISORY (NON-BINDING) VOTE ON EXECUTIVE COMPENSATION

Consistent with our Board's recommendation, and as approved by our shareholders, we allow our shareholders the opportunity to vote, on an advisory and annual basis, on the compensation of our Named Executives. This vote proposal is commonly known as a say-on-pay proposal and gives our shareholders the opportunity to endorse or not endorse our executive pay program. You are encouraged to read the full details of our executive compensation program, including our primary objectives in setting executive pay, under Executive Compensation below.

The shareholders will be asked to approve the following resolution at the Annual Meeting:

RESOLVED, that the shareholders of Independent Bank Corporation approve the compensation of the Company's named executive officers, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the compensation tables, and any related material disclosed in the Company's proxy statement for its 2019 Annual Meeting of Shareholders.

The advisory vote on executive compensation was last conducted at our Annual Meeting of Shareholders in 2018, based on the disclosure of our executive compensation in the proxy statement for that meeting. Of the shares of common stock represented at that meeting in person or by proxy and excluding broker non-votes, approximately 93.3% of the shares voted to approve the resolution, 6.5% voted against the resolution, and 0.2% abstained. Our Board considered the results of this vote to be generally supportive of the Company's compensation policies and programs and did not make any material changes to our policies or programs as a result of that vote. This is an advisory vote only and neither the Company nor its Board of Directors will be bound to take action based upon the outcome of this vote. The compensation committee of our Board will consider the outcome of this year s vote when considering future executive compensation arrangements.

The Board of Directors recommends a vote FOR this proposal to approve the resolution approving the compensation of our executives on an advisory basis.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Overview and Objectives

The primary objectives of our executive compensation program are to (1) attract and retain talented individuals, (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. 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 typically in the form of equity-based compensation. 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, the compensation committee believes that there should be an appropriate balance between the compensation components so as to promote and reward for performance but within reasonable risk parameters reflecting a longer-term perspective.

TABLE OF CONTENTS

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. The last external review of our executive compensation programs was performed in 2018 by Meridian Compensation Partners, LLC (Meridian). Meridian was retained by the Committee to review each element of our executive compensation program, including a review of (1) the overall competitiveness of our compensation program for executives, (2) our annual cash incentive program, and (3) our long-term incentive plan program. As part of its review, Meridian conducted a comparison of our compensation programs relative to a peer group of 20 regional financial institutions[1], as well as general market data on executive compensation rates and practices from a variety of third party sources. Based upon Meridian's review and benchmarking, the Committee concluded that our compensation program for executive officers is generally competitive, as a result of which the Committee implemented only minor modifications to our executive compensation program, each of which is discussed in more detail below.

The foregoing discussion is intended to provide a background and context for the information that follows, regarding our existing compensation programs for those persons who served as our Named Executives during 2018, and to assist in understanding the information included in the 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; and
- Long-Term Incentive Compensation, generally payable in the form of equity-based compensation.

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 including peer group compensation as well as an individual's performance, experience, expertise, and tenure with the Company.

The compensation committee recommends the base salary for our President and CEO for consideration and approval by the full Board. The base salaries of other Named Executives are established by our CEO, with input from, and approval by, the compensation committee. In setting base salaries, our CEO considers peer group compensation, as well as the individual performance of each respective executive officer. For 2019 salaries, the Committee also reviewed and considered the benchmarking data compiled by Meridian, as discussed above.

The base salaries of our Named Executives for each of the last three years is set forth in the below Summary Compensation Table. Effective January 1, 2019, the Committee approved increases in the base salaries of each of the Named Executives (other than the CEO) in amounts ranging from 2.8% of base salaries to 5.8% of base salaries. The Board approved a 3.1% increase in Mr. Kessel's base salary to $495,000, based upon the effectiveness of his leadership, the Company's financial performance for 2018, and the significant accomplishments of the Company during 2018.

1 The following financial institutions comprise the peer group entities in evaluating peer group compensation:

Byline Bancorp, Inc.	Stock Yards. Bancorp, Inc.
Community Trust Bancorp, Inc.	Horizon Bancorp
Peoples Bancorp Inc.	First Mid-Illinois Bancshares, Inc.
Mercantile Bank Corporation	West Bancorporation, Inc.

German American Bancorp, Inc.	MidWestOne Financial Group, Inc.
Old Second Bancorp, Inc.	Nicolet Bancshares, Inc.
Macatawa Bank Corporation	CNB Financial Corporation
Mutual First Financial, Inc.	United Community Financial Corp
QCR Holdings, Inc.	Farmers National Banc Corp
First Financial Corporation	Lakeland Financial Corp

19

TABLE OF CONTENTS

Annual Cash Incentives

Annual cash incentives are payable 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. Under this Plan, our Board may establish 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 performance in view of all relevant factors, as described in more detail below; and (3) the maximum represents that which reflects outstanding performance. Target performance under this Plan is intended to provide for aggregate annual cash compensation (salary and bonus) that approximates peer level compensation. Threshold performance would result in earning 50 percent of the target incentive, target would be 100 percent, and maximum would be 200 percent, with compensation prorated between these award levels. The Company s performance, relative to each performance level, referred to as the Performance Factor in the table below, is determined by straight line interpolation between these performance levels. Any awards under the Plan are payable in full following finalization of the Company's financial results for the performance period.

2018. Under the terms of the 2018 Management Incentive Compensation Plan, management employees were eligible to receive incentive compensation based on the achievement of certain Company performance objectives (weighted at 60% to 80%) as well as predetermined individual goals (weighted at 20% to 40%). The target bonus levels were 50% of base salary for the CEO and 40% of base salary for the other Named Executives. Twenty percent of each Named Executive's bonus under the plan is based upon the achievement of pre-established individual performance objectives; the balance is based upon the achievement of the Company performance objectives listed below, with earnings per share weighted at 48%, the efficiency ratio, loan growth and deposit growth objectives weighted at 8%, each, and the two asset quality metrics weighted at 4% each. No bonuses were payable under the 2018 plan unless the Company's earnings per share equaled or exceeded $1.35.

The following sets forth (1) the Company's performance goals for 2018, (2) the Company's performance for 2018, by goal, (3) the performance factor, comparing performance relative to each goal, (4) the relative weight for each goal, and (5) the payment ratio, which measures the Company's achievement per performance goal by its relative importance and is determined by multiplying the performance factor by the weight of each goal, respectively:

	Earnings Per Share(1)	Efficiency Ratio	Non-Performing Assets to Total Assets	Net Loan Charge-offs to Average Total Loans	Loan Growth	Organic Deposit Growth
Threshold (50%)	$ 1.50	67.5 %	0.60 %	0.15 %	7.5 %	2.5 %
Target (100%)	$ 1.60	65.0 %	0.50 %	0.10 %	10.0 %	5.0 %
Maximum (200%)	$ 1.80	60.0 %	0.30 %	0.00 %	15.0 %	10.0 %
2018 Performance	$ 1.68	67.2 %	0.31 %	(0.03)%	13.34 %	8.02 %
Performance Factor	1.40	.56	1.96	2.00	1.67	1.60
Relative Weight	48.00 %	8.00 %	4.00 %	4.00 %	8.00 %	8.00 %
Payout Ratio(2)	.672	.045	.078	.080	.134	.128

(1) Determined after giving effect to total incentive compensation expense for the year.

(2) An employee’s total incentive bonus is determined by multiplying his or her target bonus by each payout ratio and adding those amounts, plus the individual performance bonus.

Combined with the relative achievement of individual performance objectives, total incentive compensation for 2018, for all employees, was approximately $6.3 million. The amounts payable to each of our Named Executives under our

2018 Management Incentive Plan is set forth under the column Non-Equity Incentive Plan Compensation in the Summary Compensation Table.

2019. In January 2019, the Committee and the Board approved the performance objectives for the 2019 Management Incentive Compensation Plan. The Committee believes that based upon the Company's performance for 2018, the utilization of the performance metrics for that year proved beneficial. Also, the Committee believes that the utilization of consistent performance metrics is in the best interest of the Company in terms of achieving targeted performance. However, for 2019, the Committee elected to remove two performance metrics (net loan charge-offs

20

to average total loans and loan growth) in order to streamline the objectives. The Committee believes the non-performing assets to total assets metric adequately captures asset quality and that net loan charge-offs tend to be a more lagging indicator. In addition, the Committee believes that the objective of continued loan growth is adequately encompassed in the earnings per share goals.

The target bonus levels remain at 50% of base salary for the CEO and 40% of base salary for the other Named Executives. Twenty percent of each Named Executive's bonus under the plan is based upon the achievement of pre-established individual performance objectives; the balance is based upon the achievement of the Company performance objectives listed below, with earnings per share weighted at 40%, the deposit growth objective weighted at 16%, and the non-performing assets to total assets and efficiency ratio objectives weighted at 12%, each. No bonuses are payable under the 2019 plan unless the Company's earnings per share equal or exceed $1.75.

	Earnings Per Share(1)	Organic Deposit Growth	Efficiency Ratio	Non-Performing Assets to Total Assets
Threshold	$ 1.88	2.5 %	63.0 %	0.50 %
Target	$ 1.98	5.0 %	61.0 %	0.40 %
Maximum	$ 2.18	10.0 %	57.0 %	0.20 %
Relative Weight	40 %	16 %	12 %	12 %

(1) Determined after giving effect to total incentive compensation expense for the year.

Long-Term Incentive Program

Our long-term compensation incentives are generally provided for under our Long-Term Incentive Plan (LTIP), which provides for the grant of a variety of stock-based compensation awards.

As a general practice, awards under the LTIP are recommended by the Committee, and approved by the Board, at the Board's first meeting in each calendar year. Under the LTIP, the Committee has the authority to grant a wide variety of stock-based awards. The LTIP 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 at least three (3) times his base salary, (2) our executive vice presidents are to own stock having a market value of at least twice their respective base salaries, and (3) our senior vice presidents are to own stock having a market value of not less than 50 percent of their respective base salaries. Once these guidelines are achieved, the failure to maintain the guidelines due to decreases in the market value of our common stock does not mandate additional purchases; rather, further sales of our common stock are prohibited until the employee again reaches the required level of ownership. These guidelines apply ratably over a 5-year period following the date of hire or promotion to one of these positions.

For 2018, the Committee recommended and the Board approved, the grant of restricted stock awards and performance unit awards to the Named Executives under our LTIP, in the following amounts:

Named Executive	Number of Shares of Restricted Stock(1)	Number of Performance Units
William B. Kessel	4,936	4,936
Robert N. Shuster	2,216	2,216
Stefanie M. Kimball	2,148	2,148
Dennis J. Mack	2,148	2,148

Patrick J. Ervin	1,974	1,974

(1) The market price of our common stock was $23.55 on the date of grant.

TABLE OF CONTENTS

For 2019, the Committee recommended and the Board approved, the grant of restricted stock awards and performance unit awards to the Named Executives under our LTIP, in the following amounts:

Named Executive	Number of Shares of Restricted Stock(1)	Number of Performance Shares
William B. Kessel	5,335	5,335
Robert N. Shuster	2,379	2,379
Stefanie M. Kimball	2,300	2,300
Dennis J. Mack	2,300	2,300
Patrick J. Ervin	2,067	2,067

(1) The market price of our common stock was $22.49 on the date of grant.

The value of the awards was based on a target rate of 50% of 2018 base salary for our CEO and 40% of 2018 base salary for the other Named Executives. The shares of restricted stock granted in 2018 and 2019 cliff vest after three years. The number of shares that may be issued for each performance share will be determined at the end of the three-year performance period, based upon the total shareholder return (TSR) of the Company's common stock relative to the TSR of the financial institutions that comprise the SNL US Bank $1 billion to $5 billion Index. The actual number of shares issuable is based upon the product of (1) the number of target shares that are subject to the award, and (2) the earn out percentage, based upon the following (with straight line interpolation between the performance levels):

Company TSR Relative to Peer Group Index	Earn out Percentage
2 times or more	200 %
1.5 times Index	150 %
Equal to Index	100 %
.5 times Index	50 %
Below .5 times Index	0 %

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 SEC, and would include, without limitation, the acquisition of beneficial ownership of 20 percent or more of our voting securities by any person, certain extraordinary changes in the composition of our Board, 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 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 in each case on the same basis as other employees and are also

22

TABLE OF CONTENTS

entitled to the use of Company owned or leased vehicles and reimbursement of certain club dues. 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. For the year ended December 31, 2018, the Company contributed an amount equal to two percent (2%) of eligible employee compensation to this plan.

Perquisites

Our Board and compensation committee regularly reviews the perquisites offered to our executive officers. The Committee believes that the cost of such perquisites is relatively minimal.

Clawback Policy

Our Board has adopted a Clawback Policy that allows the Company to recoup or otherwise recover certain incentive compensation paid to the Company's executive officers in the event of a restatement of the Company's financial statements or certain improper conduct by those officers.

Anti-Pledging and Anti-Hedging

The Company's Insider Trading Policy prohibits the Company's executive officers, as well as the Company's directors, from pledging the Company's securities as collateral for loans or engaging in hedging transactions or purchasing financial instruments that are designed to hedge or offset any decrease in the market value of the Company's securities.

CEO Pay Ratio

For 2018, the ratio of the median of the annual total compensation of all of our employees excluding our CEO ($41,810) to the annual total compensation of our CEO ($1,103,298) was 1:26.1. The compensation of our median employee was determined by (1) calculating the annual total compensation for all of our employees as of December 31, 2018 (the Determination Date), (2) ranking the annual total compensation of all employees (except our CEO) from lowest to highest (which comprised a total of 966 employees), and (3) selecting the employee that ranked as the median (484 on the list of 966). We included all of our full-time and part-time employees as of the Determination Date and annualized the total compensation for those full-time and part-time employees who were employed by us for less than one year as of the Determination Date. Total annual compensation includes each element of compensation listed in the Summary Compensation Table below, based upon our tax reporting requirement (W-2 wages) and including the Company's matching contribution to our 401(k) plan as well as Company contributions to our Employee Stock Ownership Plan.

TABLE OF CONTENTS

Summary Compensation Table

The following table shows certain information regarding the compensation for our Chief Executive Officer, Chief Financial Officer, and the three most highly compensated executive officers other than our CEO and CFO for the last three fiscal years (the Named Executives).

Name and Principal Position	Year	Salary(1)	Stock Awards(2)	Non-Equity Incentive Plan Compensation(3)	All Other Compensation(4)	Totals
William B. Kessel	2018	$ 480,000	$ 232,979	$ 349,870	$ 40,449	$ 1,103,298
President and Chief	2017	465,000	230,523	266,079	32,018	993,620
Executive Officer	2016	455,000	227,584	220,000	35,185	937,769
Robert N. Shuster	2018	267,525	104,595	152,666	35,251	560,037
Executive Vice President	2017	261,000	102,342	123,655	30,723	517,720
and Chief Financial	2016	252,500	103,171	100,108	32,671	488,450
Officer						
Patrick J. Ervin(5)	2018	232,500	150,164	142,937	24,890	550,491
Executive Vice President -	2017	212,596	21,124	126,588	262,635	622,943
Mortgage Banking						
Stefanie M. Kimball	2018	258,700	101,386	152,653	30,868	543,607
Executive Vice President -	2017	253,000	99,885	134,033	26,355	513,273
Chief Risk Officer	2016	246,500	100,859	100,951	23,246	471,556
Dennis J. Mack	2018	258,700	101,386	147,653	27,144	534,883
Executive Vice President -	2017	253,000	99,927	120,054	24,307	497,288
Chief Lending Officer	2016	246,600	100,362	91,128	20,947	459,037

(1) Includes elective deferrals by employees pursuant to Section 401(k) of the Internal Revenue Code.

(2) The amounts set forth in this column represent the aggregate fair value of awards as of the grant date, computed in accordance with FASB ASC topic 718, Compensation - Stock Compensation . The assumptions used in calculating these award amounts are set forth in Note 14, of the Company's 2018 Annual Report.

(3)

The amounts set forth in this column for 2018 represent cash bonuses paid to the Named Executives on February 8, 2019, under the terms of the Company's Management Incentive Compensation Plan for the annual period ended December 31, 2018. The amounts set forth in this column for 2017 represent cash bonuses paid to the Named Executives on February 9, 2018, under the terms of the Company's Management Incentive Compensation Plan for the annual period ended December 31, 2017. In addition, Mr. Ervin was paid an additional cash bonus in February, 2018 relating to certain pre-established goals related to 2017 mortgage lending activity. The amounts set forth in this column for 2016 represent cash bonuses paid to the Named Executives on February 10, 2017, under the terms of the Company's Management Incentive Compensation Plan for the annual period ended December 31, 2016.

(4) The amounts set forth in this column include our contributions to the ESOP (subject to certain age and service requirements, all employees are eligible to participate in the ESOP), matching contributions to qualified defined contribution plans, IRS determined personal use of company owned automobiles, dividends on restricted stock, and country club and other social club dues. Other compensation for Mr. Ervin for 2017 includes $260,000 paid to him in connection with the settlement of a dispute with his former employer, a portion of which was reimbursed to us by such former employer.

(5) Mr. Ervin began employment with us on August 29, 2016, as Senior Vice President – Mortgage Banking. He was promoted to Executive Vice President – Mortgage Banking in November 2017.

24

TABLE OF CONTENTS

Grants of Plan-Based Awards

The table below shows the grant of all awards to all of our Named Executives in 2018 pursuant to our compensation plans.

		Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(2)				
Name	**Grant Date**	**Threshold $**	**Target $**	**Maximum $**	**Threshold #**	**Target #**	**Maximum #**	**All Other Stock Awards: Number of Shares of Stock or Units(3)**	**Grant Date Fair Value of Stock and Option Awards($)(4)**
William B. Kessel	01/23/18	120,000	240,000	480,000					—
	01/23/18				—	4,936	9,872		116,736
	01/23/18							4,936	116,243
Robert N. Shuster	01/23/18	53,505	107,010	214,020					—
	01/23/18				—	2,216	4,432		52,408
	01/23/18							2,216	52,187
Patrick J. Ervin	01/23/18	46,500	93,000	186,000					—
	01/23/18				—	1,974	3,948		46,685
	01/23/18							1,974	46,488
	01/23/18							2,420	56,991
Stefanie M. Kimball	01/23/18	51,740	103,480	206,960					—
	01/23/18				—	2,148	4,296		50,800
	01/23/18							2,148	50,585
Dennis J. Mack	01/23/18	51,740	103,480	206,960					—
	01/23/18				—	2,148	4,296		50,800
	01/23/18							2,148	50,585

(1) The amounts in these three columns relate to grants made to the Named Executives in January 2018 pursuant to the 2018 Management Incentive Compensation Plan, an annual cash incentive plan. These awards were payable based on various objectives to be achieved during 2018, as discussed under Compensation Discussion and Analysis - Annual Cash Incentives above. The amounts in the Threshold column reflect the minimum amounts payable to each NEO if threshold performance was achieved for each of the performance metrics under this

incentive plan. There were no minimum amounts payable pursuant to these awards; the amounts in the Maximum column reflect the maximum amounts payable pursuant to these awards; and the amounts in the Target column represent the target bonus amount. In January 2019, the actual amounts payable to the Named Executives pursuant to these awards were determined and paid as reflected in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table above.

(2) The amounts in these three columns reflect the grant of performance share units pursuant to our Long-Term Incentive Plan. The performance share units represent shares of the Company's common stock and are issuable to participants at the end of the three-year performance period beginning on the date that the performance share units are granted. The number of performance shares reflects the number of shares of common stock that may be issued if certain Total Shareholders Return (TSR) goals are met. The total number of shares which finally vest may vary from zero to 200% of the target amount, depending upon the Company's performance relative to the established TSR goals. (See Compensation Discussion and Analysis above).

(3) The amounts in this column represent grants of restricted stock made pursuant to our Long-Term Incentive Plan. These shares of restricted stock will cliff vest after three years.

(4) Aggregate grant date values are computed in accordance with FASB ASC Topic 718. For performance share units, the grant date fair value was determined based upon the vesting of 100% of the target shares awarded.

TABLE OF CONTENTS

Outstanding Equity Awards at Fiscal Year-End

This table shows the restricted stock awards that were outstanding as of December 31, 2018. The table shows shares of restricted stock, restricted stock units, and performance share units that have not yet vested, all of which were granted under our Long-Term Incentive Plan. There were no stock options outstanding for any of the Named Executives as of December 31, 2018.

		Stock Awards			
				Equity Incentive Plan Awards:	
Name	Grant Date	Number of Shares or Units of Stock That Have Not Vested(1)	Market Value of Shares or Units of Stock That Have Not Vested(2)	Number of Unearned Shares or Units of Stock That Have Not Vested(3)	Market or Payout Value of Unearned Shares or Units of Stock That Have Not Vested(3)
William B. Kessel	01/21/16	7,778	$ 163,494		
	01/21/16			7,778	$ 163,494
	01/24/17	5,442	114,391		
	01/24/17			5,442	114,391
	01/23/18	4,936	103,755		
	01/23/18			4,936	103,755
Robert N. Shuster	01/21/16	3,526	74,117		
	01/21/16			3,526	74,117
	01/24/17	2,416	50,784		
	01/24/17			2,416	50,784
	01/23/18	2,216	46,580		
	01/23/18			2,216	46,580
Patrick J. Ervin	08/29/16			10,000	210,200
	08/29/16			10,000	210,200
	01/24/17	753	15,828		
	01/24/17			251	5,276
	01/23/18	1,974	41,493		
	01/23/18			1,974	41,493
	01/23/18	2,420	50,868		
Stefanie M. Kimball	01/21/16	3,447	72,456		
	01/21/16			3,447	72,456

	01/24/17	2,358	49,565		
	01/24/17			2,358	49,565
	01/23/18	2,148	45,151		
	01/23/18			2,148	45,151
Dennis J. Mack	01/21/16	3,430	72,099		
	01/21/16			3,430	72,099
	01/24/17	2,359	49,586		
	01/24/17			2,359	49,586
	01/23/18	2,148	45,151		
	01/23/18			2,148	45,151

(1) The shares of restricted stock granted in 2016, 2017 and 2018 cliff vest in three years from the date of grant. The number of shares shown in this column reflect the number of units or shares originally granted as well as credited dividends through the end of calendar year 2018.

(2) The market value of the shares of restricted stock or restricted stock units that have not vested is based on the closing price of our common stock as of December 31, 2018, which was $21.02.

(3) The number of shares that may be issued under our performance share unit awards depends upon the achievement of certain TSR goals determined as of the third anniversary (fourth and fifth anniversary for the 2016 grants to Mr. Ervin) of the grant date. The number and value of the awards reflect the target level of performance unit shares granted.

26

TABLE OF CONTENTS

Option Exercises and Stock Vested

The following table reflects (1) options exercised by the Named Executives in 2018, (2) the number of shares of restricted stock previously awarded to the Named Executives that vested during 2018, and (3) the number of performance shares earned in 2018.

			Stock Awards			
	Option Awards		Restricted Stock		Performance Shares	
Name	Number of Shares Acquired on Exercise	Value Realized on Exercise(1)	Number of Shares Acquired on Vesting	Value Realized on Vesting(2)	Number of Shares Acquired on Vesting(3)	Value Realized on Vesting(3)
William B. Kessel	1,824	$ 17,510	8,590	$ 204,442	8,957	$ 213,177
Robert N. Shuster	1,856	16,333	3,893	92,653	4,059	96,604
Patrick Ervin	—	—	—	—	—	—
Stefanie M. Kimball	1,824	15,686	3,807	90,607	3,970	94,486
Dennis J. Mack	3,500	82,705	3,787	90,131	3,949	93,986

(1) Represents the amount by which the fair market value of our stock at the time of exercise exceeded the exercise price of such options.

(2) Represents the fair market value of shares of restricted stock as of the date of vesting.

(3) Represents the numbers of shares earned with respect to performance shares granted in 2015 and corresponding value on the date the shares were issued.

Other Potential Post-Employment Payments

The Company has entered into a Management Continuity Agreement with each of the Named Executives that provides for certain severance compensation and other benefits if the executive is terminated in connection with a change in control of the Company under the circumstances described in the agreement. These agreements are described under Severance and Change in Control Payments in the Compensation Discussion and Analysis above. The following table reflects the estimated value of the severance payment and benefits that would be payable to each Named Executive pursuant to his or her Management Continuity Agreement if his or her employment was terminated on December 31, 2018 in connection with a change in control of the Company and otherwise in a manner that triggered the application of the agreement (e.g., was not a termination for cause or a resignation with good reason).

Executive Name	Estimated Liability for Severance Payments & Benefit Amounts Under Continuity Agreements	(1) Payment Limitation Based on IRS Section 280G Limitation on Severance Amounts
William B. Kessel	$ 2,398,608	$ 3,077,553
Robert N. Shuster	1,274,457	1,610,871
Patrick Ervin	1,476,709	1,120,131
Stefanie M. Kimball	1,271,728	1,579,764
Dennis J. Mack	1,218,149	1,563,384

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

TABLE OF CONTENTS

DIRECTOR COMPENSATION

For 2018, the annual retainer paid to non-employee directors was $57,000. Additional retainers of $15,000, $8,000, $6,000, and $6,000 were paid during 2018 to the chair of the Board and the chairpersons of the Board's Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee, respectively. No fees (beyond the retainers described above) are payable for attendance at either Board or committee meetings.

Pursuant to the Company's Long-Term Incentive Plan, the compensation committee may grant options to purchase shares of IBCP common stock to each non-employee director. No such stock options were granted during 2018. To date, no such options have been approved or granted in 2019.

Under the Company's Corporate Governance Principles, half of the combined retainer for directors is payable in cash and the other half is payable in shares under the Deferred Compensation and Stock Purchase Plan for Non-employee Directors (the Purchase Plan) described below until that director achieves the required share ownership under the Company s share ownership guidelines. Once a director achieves the requisite level of share ownership under those guidelines, each director then has the choice of receiving his or her director compensation in cash or in deferred share units under the Purchase Plan, at his or her discretion. A director is expected to own at least $300,000 in market value of the Company s common stock within five years of first becoming a director of the Company.

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 IBCP 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 IBCP common stock at the time of the deferral. Amounts in the Deferred Stock Account are credited with cash dividends and other distributions on IBCP 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.

	Fees Earned or Paid in		
Name	**Cash(1)(2)**	**Stock(1)(2)**	**Total**
William J. Boer(3)	$ 31,500	$ 31,500	$ 63,000
Joan A. Budden(4)	—	63,000	63,000
Terance L. Beia(5)	42,750	—	42,750
Michael J. Cok	—	57,000	57,000
Stephen L. Gulis(6)	65,000	—	65,000
Terry L. Haske	57,000	—	57,000
Christina L. Keller	28,500	28,500	57,000
Michael M. Magee(7)	72,000	—	72,000
James E. McCarty(8)	14,250	—	14,250
Matthew J. Missad	28,500	28,500	57,000

Charles C. Van Loan	57,000	—	57,000
	$ 396,500	$ 208,500	$ 605,000

(1) For 2018, fees were paid in the form of cash and the Company's common stock, as described above. No stock options were awarded to the Board during 2018.

(2) Mr. Kessel, our President and CEO, receives no additional compensation for his service as director. All compensation paid to Mr. Kessel for 2018 is reported in the Summary Compensation Table above.

(3) Includes additional retainer for service as chairperson of the nominating and corporate governance committee during 2018.

(4) Includes additional retainer for services as chairperson of the compensation committee during 2018.

(5) Mr. Beia was appointed to the Board on April 24, 2018.

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

(7) Includes additional fee for service as chairperson of the board.

(8) Mr. McCarty retired from the Board on April 24, 2018.

28

TABLE OF CONTENTS

COMPENSATION COMMITTEE REPORT

The compensation committee has reviewed and discussed with management the information provided under the heading Compensation Discussion and Analysis. Based on this review and discussion, the compensation committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company's Annual Report on Form 10-K and in this proxy statement.

Joan A. Budden
Christina L. Keller
Matthew J. Missad

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Mr. Van Loan, who previously served as CEO of the Company from 1993 through 2004, served on the compensation committee of the Board until January 2017. In 2018, there did not exist any relationships involving our executive officers that require disclosure under Item 407(e)(4) of Regulation S-K.

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 2018. 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 not related to the Company or the bank and do not involve more than a normal risk of collectability or present other unfavorable features. Such loans totaled $14,159,000 at December 31, 2018, equal to 4.2% of shareholders' equity.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires Company directors and executive officers and owners of more than ten percent (10%) of the Company's common stock to file initial ownership reports with the SEC and to report subsequent changes in ownership of Company common stock and other Company equity securities.

To our knowledge, based solely on a review of the copies of the reports provided to the Company and written representations that no other reports were required, all Section 16 filing requirements were timely met with the exception of the following: On December 10, 2018, a Form 4 was filed for Mr. Magee to report his IRA s purchase of Company common stock on November 30, 2018. On January 24, 2019, a Form 4 was filed for each of Mr. Daniel, Mr. Kessel, Ms. Kimball, Mr. Mack, Mr. Reglin, Mr. Shuster, and Mr. Twarozynski to report the acquisition of Company common stock pursuant to the settlement of performance units previously granted to these executives and the related forfeiture of certain of the shares for tax withholding purposes. Each of these Form 4s was due January 23, 2019.

SHAREHOLDER PROPOSALS FOR 2020 ANNUAL MEETING

Shareholders wishing to submit proposals on matters appropriate for shareholder action to be presented at our 2020 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 2020 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 4200 East Beltline, Grand Rapids, Michigan 49525, no later than November 8, 2019.

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 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 60 nor more than 90 days prior to the date of the first anniversary of the preceding year's Annual Meeting of Shareholders. If the date of the 2020 Annual Meeting of Shareholders is changed by more than 20 days from the date of the first anniversary of the 2019 Annual Meeting, then notice must be received within 10 days after the date we mail or otherwise give notice of the date of the 2020 Annual Meeting of Shareholders.

As of March 1, 2019, no proposals from any shareholder to be presented at the 2019 Annual Meeting of Shareholders have been received by us.

TABLE OF CONTENTS

GENERAL

The cost of soliciting proxies for the Annual Meeting will be borne by us. In addition to solicitation by mail, our officers and employees may solicit proxies by telephone, email, fax, or in person. We have retained the services of Broadridge Financial Solutions, Inc. to deliver proxy materials to brokers, nominees, fiduciaries and other custodians for distribution to beneficial owners, as well as solicit proxies. The cost of such services is expected to total approximately $24,000, 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 8, 2019

TABLE OF CONTENTS

Independent Bank Corporation
4200 East Beltline
Grand Rapids, Michigan 49525
800-355-0641

TABLE OF CONTENTS

TABLE OF CONTENTS