

Lake Michigan Financial Corporation (Private; Holland, MI) has agreed to merge with Chemical Financial Corporation (NASDAQ: CHFC; Midland, MI)

Deal Value: \$184.1 million

Sandler O'Neill acted as exclusive financial advisor and rendered a fairness opinion to Lake Michigan Financial Corporation in this transaction. This transaction represents Sandler O'Neill's 59th bank or thrift transaction nationwide since January 1, 2014. Sandler O'Neill has served as a financial advisor on more bank and thrift transactions than any other investment bank during that time period.¹

This transaction represents Sandler O'Neill's 22nd bank or thrift transaction in the Midwest since January 1, 2013, more than any other investment bank during that time period.¹

The boards of directors of Chemical Financial Corporation (NASDAQ: CHFC), the holding company for Chemical Bank, and Lake Michigan Financial Corporation, the holding company for The Bank of Holland and The Bank of Northern Michigan, today announced the execution of a definitive agreement for Chemical Financial Corporation ("Chemical") to partner with Lake Michigan Financial Corporation ("Lake Michigan Financial" or "LMFC") in a cash and common stock merger transaction valued at approximately \$184.1 million.

"We have long admired Rich Lievens, Garth Deur and the talented Lake Michigan Financial team and are excited that they will be part of the Chemical family going forward. These are consummate professionals – relationship bankers whose values, high performance track record and community orientation mirror those of Chemical. In addition to a strong cultural fit, the partnership will add scale, entrepreneurial talent and important, in-market competitive advantages to facilitate Chemical's continued growth. This is a terrific transaction for all stakeholders involved," said David B. Ramaker, Chairman, Chief Executive Officer and President of Chemical Financial Corporation.

"We are truly pleased with the opportunity to join the Chemical family. This partnership pairs two like-minded companies that have consistent core community banking philosophies and cultures," said Garth Deur, President and CEO, Lake Michigan Financial Corporation. "Chemical's proven strategy of customer-driven community banking, as well as its leadership role in Michigan banking made it an attractive partner. Moreover, this partnership offers our communities, customers, employees and shareholders the long-term benefits that being part of a well-managed, successful, growing institution brings. We thank our employees for helping our company to achieve this level of success and we look forward to the next chapter of our history as an integral part of the Chemical team," noted Deur.

Under the terms of the definitive agreement, Chemical will acquire all of the outstanding shares of Lake Michigan Financial's common stock for cash and common stock in a transaction currently valued at approximately \$184.1 million, or \$55.72 per share, based on the 30-day volume weighted price of Chemical of \$29.47 per share as of January 2, 2015. Lake Michigan Financial shareholders will receive 1.326 shares of Chemical common stock and \$16.64 per share in cash for each share of Lake Michigan Financial common stock owned (subject to adjustment in certain limited circumstances). Subject to receipt of regulatory approval and satisfaction of other customary closing conditions, including approval of Lake Michigan Financial shareholders, the transaction is anticipated to close in the second half of 2015. After the closing Chemical intends to consolidate The Bank of Holland and The Bank of Northern Michigan with and into Chemical Bank, and operate under the Chemical Bank name. One member of the Lake Michigan Financial board of directors will join Chemical's board upon completion of the transaction.

Financial Highlights

(Dollars in millions)

	LMFC	CHFC ²
Total Assets	\$1,225	\$7,641
Net Loans	\$908	\$5,604
Total Deposits	\$999	\$6,356
Tang. Common Equity	\$85	\$768
Branches	5	187

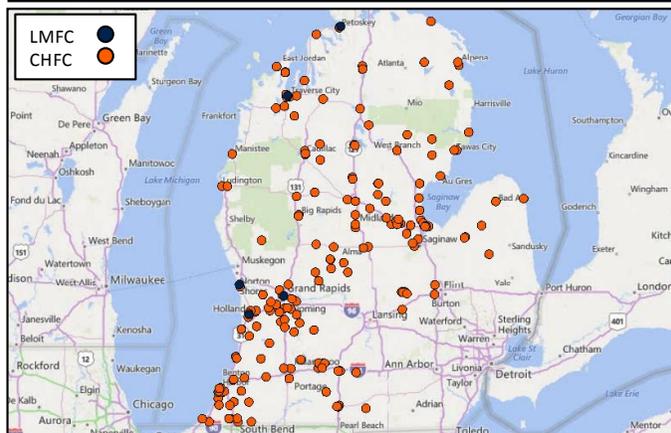
Financial data as of September 30, 2014

¹ Excludes terminated transactions and self-advisory roles

² Includes CHFC's closed acquisition of NWBM and pending acquisition of MCBF

Source: SNL Financial, Company Documents, Press Release

Pro Forma Map



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