

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 26, 2008

MACATAWA BANK CORPORATION

(Exact name of Registrant as specified in its charter)

Michigan
(State or Other Jurisdiction
of Incorporation)

000-25927
(Commission File No.)

38-3391345
(IRS Employer
Identification No.)

10753 Macatawa Drive, Holland, MI
(Address of Principal Executive Offices)

49424
(Zip Code)

616 820-1444
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name or Former Address, if changed Since Last Report)

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425).
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12).
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240-14d-2(b)).
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c)).
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Item 1.01 Entry into a Material Definitive Agreement.

As previously disclosed in a Current Report on Form 8-K filed on October 14, 2008 (the "October 14 Form 8-K"), Macatawa Bank Corporation (the "Company") reached a preliminary contingent settlement in connection with the legal proceedings related to Trade Partners, Inc. The legal proceedings related to Trade Partners are more fully described in the Company's Annual Report on Form 10-K for the year ended December 31, 2007, and in the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2008. The preliminary contingent settlement is more fully described in the Company's October 14 Form 8-K.

As previously reported, the preliminary settlement is subject to a number of contingencies, including, but not limited to, the execution of a definitive settlement agreement. Effective November 26, 2008, the Company entered into a definitive Settlement and Release and Stock and Warrant Issuance Agreement (the "Settlement Agreement") in accordance with the preliminary settlement. The parties to the Settlement Agreement are Macatawa Bank Corporation, Macatawa Bank, Richard Deardorff, and the law firms Nickens, Keeton, Lawless, Farrell & Flack LLP and Moulton & Meyer, LLP, counsel for the majority of plaintiffs. The Settlement Agreement is filed as Exhibit 10.1 to this Current Report on Form 8-K and is hereby incorporated by reference.

The economic terms of the settlement are as previously disclosed in the October 14 Form 8-K. If all contingencies are satisfied and the settlement becomes final, the Company will pay the plaintiffs \$2.75 million in cash, and issue common stock valued at \$3.0 million and will issue three warrants for each share of common stock issued in the proposed settlement. The preliminary settlement further provides that the plaintiffs are to receive amounts collected by the Company from other defendants up to \$250,000. If the Company collects less than \$250,000 from these other defendants, it is to make up the difference with the issuance of additional common stock. The Company's insurers will contribute \$950,000 to the cash portion of the settlement. The settlement involves no admission of fault or wrongdoing by the Company or Macatawa Bank. The common stock will be issued at a price based on the average closing price for the 20 trading days preceding the date the settlement becomes final after the contingencies are satisfied. The stock warrants will expire after three years and will have an exercise price equal to 150% of the price per share at which the common stock is issued. The number of shares and warrants to be issued will be determined based on the stock price at the time the settlement becomes final.

Certain contingencies disclosed in the Company's October 14 Form 8-K remain beyond the Company's control and there can be no assurance about if and when such additional contingencies will be satisfied. If the additional contingencies are not satisfied, the Trade Partners litigation will not be settled and the litigation process will resume. If the additional contingencies are satisfied and the settlement becomes final, the Company will publicly announce the details of the final settlement, which might not happen until the first quarter of 2009.

Item 9.01 Financial Statements and Exhibits.**(d) Exhibits**

Exhibit 10.1 Settlement and Release and Stock and Warrant Issuance Agreement in connection with the legal proceedings related to Trade Partners, Inc., dated November 26, 2008.

SIGNATURES

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

MACATAWA BANK CORPORATION

Dated: December 3, 2008

By /s/ Jon W. Swets

Jon W. Swets
Chief Financial Officer

SETTLEMENT AND RELEASE AND STOCK AND WARRANT ISSUANCE AGREEMENT

This Settlement and Release and Stock and Warrant Issuance Agreement (hereinafter "Agreement") is made and entered into by and among the law firms of Nickens, Keeton, Lawless, Farrell & Flack LLP, through Thomas Farrell, and Moulton & Meyer, LLP, through Cynthia R. Levin Moulton, counsel for the majority of Plaintiffs in the Entire Action (defined below), Macatawa Bank Corp. and Macatawa Bank and Richard Deardorff.

DEFINITIONS

For purposes of this Agreement, these terms are defined as follows:

Adamson - - Steven M. Adamson, et al. v. Macatawa Bank Corp. and Macatawa Bank, Case No. CIV-06-1267-T, Western District of Oklahoma.

Agreement - - This Settlement and Release and Stock and Warrant Issuance Agreement, together with all exhibits.

Bailey - - Frank V. Bailey, et al. v. Macatawa Bank Corp. and Macatawa Bank, Case No. 3:06-CV-2193-D, Northern District of Texas.

Bank - - Macatawa Bank Corp. and Macatawa Bank, collectively.

Bank's Counsel - Warner Norcross & Judd LLP, through William K. Holmes.

Deardorff - - Richard Deardorff, individually.

Elkins - - Eddie Elkins, et al. v. Macatawa Bank Corp., Case No. 3:07-CV-109-M, Western District of Oklahoma.

Entire Action - Collectively, the State Litigation and the Federal Litigation.

Escrow Agent - Bank of America. N.A.

Federal Insurance Company - An insurance company that issued Policy No. 70234721 to Macatawa Bank Corp.

Federal Litigation - The following cases that were consolidated in a multi-district action pending in the United States District Court for the Western District of Michigan currently styled *In Re Trade Partners, Inc. Investor Litigation*, Case No. 1:07-MD-1846-RHB:

Forrest Jenkins, et al. v. Macatawa Bank Corp. et al. v. Sherry Tedaldi, et al., Case No. 1:03-CV-321, Western District of Michigan ("Jenkins"); *James Lee and Rose Marie Myers, et al. v. Macatawa Bank Corp. and Macatawa Bank*, Case No. CV 06 8009 R (CTx), Central District of California ("Myers"); *Steven M. Adamson, et al. v. Macatawa Bank Corp. and Macatawa Bank*, Case No. CIV-06-1267-T, Western District of Oklahoma ("Adamson"); *Frank V. Bailey, et al. v. Macatawa Bank Corp. and Macatawa Bank*, Case No. 3:06-CV-2193-D, Northern District of Texas ("Bailey"); and *Eddie Elkins, et al. v. Macatawa Bank Corp.*, Case No. 3:07-CV-109-M, Western District of Oklahoma ("Elkins").

Final Settlement Date - Ten (10) business days after the satisfaction of the last condition set forth in ¶ 1 of this Agreement (or ten (10) business days after the Bank's election to proceed under ¶ 2.a.ii. if conditions set forth in ¶ 1.c. and/or 1.d. are not satisfied), or January 20, 2009, whichever is later.

Jenkins - - Forrest Jenkins, et al. v. Macatawa Bank Corp., et al. v. Sherry Tedaldi, et al., Case No. 1:03-CV-321, Western District of Michigan.

Insurers - - Collectively **Progressive Casualty Insurance Company** and **Federal Insurance Company**.

Michigan Agent - Richard Hohenstein, who is appointed as resident agent for all settling Plaintiffs who reside outside of the United States of America to receive Settlement Stock and Warrants from the Special Master pursuant to ¶ 3 of this Agreement. Plaintiffs shall pay the costs of such Michigan Agent.

Myers - - James Lee and Rose Marie Myers, et al. v. Macatawa Bank Corp. and Macatawa Bank, Case No. CV 06 8009 R (CTx), Central District of California.

Parties - - Plaintiffs, the Bank, and Deardorff.

Plaintiffs - - the individuals and entities that are listed as "Plaintiffs" in the State Litigation and the Federal Litigation. All Plaintiffs in the Entire Action whose claims have not previously been dismissed are listed on **Exhibit A** to this Agreement.

Plaintiffs' Counsel — Nickens, Keeton, Lawless, Farrell & Flack LLP, through Thomas Farrell, and Moulton & Meyer, LLP, through Cynthia R. Levin Moulton.

Progressive Casualty Insurance Company - An insurance company that issued Policy No. 1155551-10 to Grand Bank Financial Corporation.

Receiver - - Bruce W. Kramer, under appointment by the United States District Court for the Western District of Michigan.

Release - - The Agreement to Settle and Conditional Release of All Claims against the Bank and Deardorff in the forms attached as **Exhibits G and H** to this Agreement, as applicable.

Securities Act - The Securities Act of 1933, as amended; 15 USC 77a,et. seq.

Settlement Fund - - The Consideration collectively referred to in ¶ 3.a. of this Agreement.

Settlement Hearing - A hearing to be held by the United States District Court for the Western District of Michigan and the Kent County Circuit Court, respectively, no later than November 17, 2008, to satisfy the requirements of Section 3(a)(10) of the Securities Act, pursuant to SEC Staff Bulletin Number 3A(CF) dated June 18, 2008 and to confirm that the Settlement Stock and Warrants are exempt from registration under Section 3(a)(10) of the Securities Act, as more fully described in ¶ 1.b. of this Agreement.

Settlement Hearing Order - An Order entered by the applicable Courts in the Federal Litigation and the State Litigation confirming the fairness of the exchange of the Settlement Stock and Warrants to be issued for Plaintiffs' claims, and acknowledging that the Settlement Stock and Warrants are exempt from registration under Section 3(a)(10) of the Securities Act, as more fully described in ¶ 1.b. of this Agreement.

Settlement Stock - The unrestricted, freely-tradeable common stock, no par value ("Common Stock") of Macatawa Bank Corp., as more fully described, and in the amounts described, in ¶ 3.a.ii. of the Agreement.

Special Master - The individual or entity appointed by the Court in the Federal Litigation and the State Litigation pursuant to ¶ 3.b. of this Agreement, who shall have the duties described in **Exhibits K and L** to this Agreement.

State Litigation - The consolidated cases currently styled *William A. Giese, et al., v Macatawa Bank and Macatawa Bank Corp.*, Kent County Circuit Court Case No. 06-11707-CZ, pending in the Kent County Circuit Court, Grand Rapids, Michigan.

Third- Party/Counter-defendants — Brokers (also known as Sales Associates) who sold Trade Partners, Inc.'s investments to Plaintiffs, and others who received commissions from Trade Partners, Inc. The Third-Party/Counter-defendants in the Entire Action are listed on **Exhibit B** to this Agreement.

Warrants - - Warrants to purchase common stock of Macatawa Bank Corp., as more fully described in ¶ 3.a.iv. of the Agreement.

RECITALS

A. Numerous Plaintiffs commenced the Jenkins, Myers, Adamson, Bailey and Elkins suits against the Bank in various United States District Courts. In addition, Plaintiffs in *Jenkins* also sued Deardorff. These cases were consolidated in the Federal Litigation.

B. Numerous additional Plaintiffs commenced the State Litigation in Kent County, Michigan.

C. Thomas Farrell, of the law firm of Nickens, Keeton, Lawless, Farrell & Flack LLP, and Cynthia R. Levin Moulton, of the law firm of Moulton & Meyer, LLP, represent a majority of the Plaintiffs in the Entire Action.

D. The Bank filed Third-Party Complaints and Counterclaims in every case of the Entire Action against the Third-Party/Counter-defendants.

E. The Bank has denied all material allegations against it in the Entire Action.

F. In an attempt to amicably resolve the differences between the Parties in this matter, Plaintiffs' Counsel, the Bank, and Deardorff mutually agree as follows:

TERMS AND CONDITIONS

1. **Conditions Precedent To Be Satisfied Before Parties' Obligations Pursuant to Paragraph 3 Take Effect.** For the obligations and requirements set forth in ¶ 3 of this Agreement to become binding and take effect, all the conditions set forth in this paragraph must be satisfied:

a. Plaintiffs' Counsel and the Bank's Counsel have filed stipulations requesting the entry of orders to stay all proceedings and all discovery activities from the responsible judges in the Entire Action, i.e., the Honorable Robert Holmes Bell and the Honorable Dennis B. Leiber, and such orders have been entered. The Stipulated Orders as filed in the Federal Litigation and the State Litigation are attached as **Exhibits C and D**, respectively.

b. No later than November 17, 2008, the Parties will conduct a Settlement Hearing pursuant to SEC Staff Bulletin No. 3A(CF) dated June 18, 2008, in the United States District Court for the Western District of Michigan and the Kent County Circuit Court. The Parties hereto intend that the Settlement Stock and Warrants will be exempt from registration under Section 3(a)(10) of the Securities Act. As a result: (i) the Settlement Hearing shall include a hearing on the fairness of the terms and conditions of the exchange of the Settlement Stock and Warrants to be issued for the Plaintiffs' claims that are released pursuant hereto; (ii) all Persons to whom any Settlement Stock or Warrants are to be issued shall be sent a notice of the Settlement Hearing and the right to be heard at that hearing to their last known address known by Plaintiffs' Counsel and to their counsel of record in the Entire Action in the form attached as **Exhibits E and F**; (iii) the Court will be advised prior to the hearing that registration of the Settlement Stock and Warrants under the Securities Act will not be required by virtue of the approval of this Agreement and the issuance of the Settlement Stock and Warrants; and (iv) in the Settlement Hearing, the Court shall enter a Settlement Hearing Order approving the fairness of the exchange of Settlement Stock and Warrants to be issued for Plaintiffs' claims.

c. No later than January 15, 2009, ninety-eight percent (98%) of the total number of Plaintiffs in the Entire Action must agree to settle this matter based on the terms stated herein. This ninety-eight percent (98%) must include one hundred percent (100%) of all Plaintiffs represented by Attorney Dennis Boxeur (i.e., Eddie Elkins, his family members, and trusts held for their benefit) and they must agree to settle this matter based on the terms stated herein. All Plaintiffs consenting to settle and completely release the Bank and Deardorff must indicate their agreement by signing the Release in the form attached as **Exhibit G or H**, as applicable, and return it to the Special Master no later than January 15, 2009. The Release must be signed before a notary or the equivalent in the particular Plaintiff's jurisdiction. Plaintiffs' Counsel will distribute the Release to each Plaintiff and request that the Plaintiff sign the Release and return it to the Special Master who shall deliver to the Bank's Counsel an original of each signed Release. Between the date of the entry of the last Settlement Hearing Order and January 15, 2009, Plaintiffs' Counsel will give the Bank's Counsel a report every Friday on the total number of Plaintiffs who have consented, the identities of those Plaintiffs, and the total dollar amount of the allocation to the Plaintiffs who have consented.

d. No later than January 15, 2009, ninety-eight percent (98%) of the total dollar amount of the claims in the Entire Action must be resolved as a result of Plaintiffs who have signed a Release. For purposes of this paragraph, the total dollar amount of the claims is the total amount of any Plaintiff's claims as approved by the Receiver, minus the amounts which have been refunded (or are to be refunded) to them by the Receiver as of October 3, 2008.

e. No later than the Final Settlement Date, both Federal Insurance Company and Progressive Casualty Insurance Company pay amounts due to the Escrow Agent and the Bank under their separate settlement agreement with the Bank.

f. The Bank's Counsel and Plaintiffs' Counsel shall be reasonably satisfied that no securities registration is required in any country other than the United States, except that a failure of this condition does not permit a party to void this Agreement under § 2 below if the amount of claims or number of Plaintiffs involved is de minimus to the entire Agreement, as determined by the Mediator.

2. **Effect Of Failure Of A Condition Precedent Set Forth In Paragraph 1.**

a. Upon failure of any condition(s) (a) through (f) in ¶ 1 set forth above, the Bank has the option to:

i. Void this Agreement and proceed with litigation in the Entire Action; or

ii. Settle with those Plaintiffs who choose to accept the Terms of this Agreement and sign the Release, but decrease the total consideration set forth in ¶ 3.a. below by the percentage that the dollars allocated by the Special Master to the non-settling Plaintiffs bears to the total of all allocations. The Bank's election of this option must be exercised within 10 business days following the Bank's receipt of notice that the conditions set forth in ¶¶ 1.c and/or 1.d. have not been met. Plaintiffs' Counsel agrees to use their best efforts to cause Plaintiffs to accept the settlement described herein with such efforts to commence within 5 days after the Court approval described in ¶ 1.b. Plaintiffs' Counsel shall not communicate any offers to sell or transfer Settlement Stock or Warrants until after the issuance of the last Settlement Hearing Order, and shall not communicate any offers to sell or transfer Settlement Stock or Warrants in any state that requires registration of the Settlement Stock or Warrants until after registration in those States has occurred. The Bank reserves the right, at any time, to seek an order requiring attendance at a settlement conference of any non-settling Plaintiffs.

b. Upon failure of conditions a., b., e. or f. in ¶ 1 set forth above or upon the failure of the Bank to perform any of the terms set forth in ¶ 3.a. below, Plaintiffs' Counsel has the option to void this Agreement and proceed with litigation.

3. **Terms.** In the event that the conditions set forth in ¶ 1 are met, or the Bank agrees to settle the claims with the Plaintiffs who choose to accept the Terms and sign the Release pursuant to ¶ 2.a.ii. above, the following Terms shall apply:

a. Subject to the conditions set forth herein, the Bank agrees to pay, or cause to be paid, to the Special Master on or before the Final Settlement Date the following for distribution to Plaintiffs who have signed and returned to the Bank the Release as set forth in ¶ 1.c.:

i. Two Million Seven Hundred Fifty Thousand Dollars (\$2,750,000) in cash, including Four Hundred Twenty-Five Thousand Dollars (\$425,000) from Federal and Five Hundred Twenty-Five Thousand Dollars (\$525,000) from Progressive. One Million Eight Hundred Thousand (\$1,800,000) of this settlement will be placed in an interest-bearing escrow account with the Escrow Agent no later than November 5, 2008. A Copy of the Escrow Agreement is attached as **Exhibit I**. In the event the settlement is concluded, Plaintiffs shall receive all interest earned from the escrow account funds that exceed the charges of the Escrow Agent. In the event the settlement is voided for failure of conditions set forth herein, the Bank will receive this amount plus all interest from the escrow account that exceed the charges of the Escrow Agent.

ii. Settlement Stock having a value of Three Million Dollars (\$3,000,000), with the number of shares to be based on the average closing price for the 20 trading days immediately preceding the Final Settlement Date. All Parties agree that the Settlement Stock and Warrants are being issued and delivered in the State of Michigan, and any settling Plaintiffs who reside outside of the United States of America must appoint the Michigan Agent as their agent for receipt of Settlement Stock and Warrants.

iii. Amounts the Bank collects in settlements from Third-Party Defendants/Counter-defendants, up to Two Hundred Fifty Thousand Dollars (\$250,000). In the event that the Bank does not collect \$250,000 in settlements from Third-Party Defendants/Counter-defendants by the Final Settlement Date, the Bank will make up the shortfall in unrestricted, freely-tradable common stock of Macatawa Bank Corp.. In such an event, the number of shares to be issued will be based on the average closing price for the twenty trading days immediately preceding the Final Settlement Date.

iv. Three Warrants per share of stock issued pursuant to ¶ 3.a.ii. above, exercisable at a strike price of one hundred fifty percent (150%) of the price per share at which said stock was issued. The Warrants will be exercisable for a period of three years to acquire common stock of Macatawa Bank Corp. on the terms set forth in the Warrant Agreement. The form of Warrant Agreement is attached as **Exhibit L** and will be executed and delivered in substantially the form thereof on the Final Settlement Date.

v. The Settlement Stock and Warrants shall be duly and validly issued, fully paid, non-assessable and free from all liens and encumbrances, and the Parties stipulate and request the Courts to find and order that the Settlement Stock and Warrants are exempt from registration under Section 3(a)(10) of the Securities Act in the Settlement Hearing Order.

The Settlement Stock and Warrants shall be issued by the Bank's transfer agent on the Final Settlement Date and delivered to the Special Master for distribution to settling Plaintiffs as required in ¶ 3.b., below, and pursuant to the Stipulated Orders appointing the Special Master, attached as Exhibits J and K, respectively. As to any settling Plaintiffs who reside outside of the United States of America, their Settlement Stock and Warrants shall be delivered to the Michigan Agent on their behalf by the Special Master.

vi. By the Final Settlement Date, the Bank's Counsel will provide an opinion that the securities to be distributed pursuant to ¶ 3.a.ii. and ¶ 3.a.iv. and, if applicable, ¶ 3.a.iii., are, as to the United States, either registered or exempt from registration in the United States, and that there are no restrictions on transfer or resale of such securities under United States securities laws other than such restrictions as may apply to affiliates or underwriters of Macatawa Bank Corp..

vii. The Bank will cooperate with the Special Master and the Michigan Agent to assist them in delivering the Settlement Stock and Warrants to Plaintiffs.

viii. The Bank hereby represents and warrants as of the date hereof and as of the Final Settlement Date (unless a different particular date or period is specified) that:

(1) The Settlement Stock, the Warrants and the common stock issuable upon exercise of the Warrants have been duly and validly authorized for issuance, offer and sale pursuant to this Agreement and the Warrant Agreement. The Settlement Stock, the Warrants and the common stock issuable upon exercise of the Warrants, when issued and delivered against payment of the consideration therefor in accordance with this Agreement or the Warrant Agreement, as applicable, will be validly issued, fully paid and non-assessable Settlement Stock, Warrants and Common Stock, free and clear of all pledges, claims, liens, charges, encumbrances and security interests of any kind or nature whatsoever.

(2) On or prior to the Final Settlement Date, the Settlement Stock and the Common Stock issuable upon exercise of the Warrants will have been listed for trading on the NASDAQ Global Select Market.

(3) Macatawa Bank is a banking corporation and Macatawa Bank Corp. is a corporation duly organized, validly existing, and in good standing under the laws of the State of Michigan. The Bank has all requisite corporate power and authority to enter into this Agreement and, with respect to Macatawa Bank Corp., the Warrant Agreement and consummate the transactions contemplated by this Agreement and the Warrant Agreement. Each Agreement and Warrant Agreement has been duly and validly authorized, executed and delivered on behalf of Macatawa Bank and/or Macatawa Bank Corp. and is a valid and binding agreement of Macatawa Bank and/or Macatawa Bank Corp. enforceable against it in accordance with its terms, subject as to enforceability to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and, with respect to rights to indemnity and contribution, to any state, federal or foreign law or any public policy underlying any such law.

(4) The execution and delivery of this Agreement and the Warrant Agreement, the issuance and sale of the Settlement Stock and Warrants to be sold by Macatawa Bank Corp. hereunder, the sale of the common stock issuable under the Warrants, and the consummation of the transactions contemplated hereby and by the Warrant Agreement, will not conflict with or constitute a violation of, or default (with the passage of time or otherwise) under, any material agreement or instrument to which the Bank is a party or by which it is bound or the charter, bylaws or other organizational documents of the Bank nor result in the creation or imposition of any lien, encumbrance, claim, security interest or restriction whatsoever upon any of the material properties or assets of the Bank or an acceleration of indebtedness pursuant to any obligation, agreement or condition contained in any material, bond, debenture, note or any other evidence of indebtedness or any material indenture, mortgage, deed of trust or any other agreement or instrument to which the Bank is a party or by which it is bound or to which any of the property or assets of the Bank is subject, nor conflict with, or result in a violation of any United States federal or state law, administrative regulation, ordinance or other of any court or governmental agency, arbitration panel or authority applicable to the Bank. No consent, approval, authorization or other order of, or registration, qualification or filing with, any regulatory body, administrative agency, or other governmental body is required for the valid issuance and sale of the Settlement Stock, the Warrants or the common stock issuable under the Warrants, other than such as have been made or obtained, except for registration or exemption under United States federal and state securities laws.

(5) Upon issuance, both the Settlement Stock and the Warrants are either registered or exempt from registration under the United States securities laws.

(6) After issuance, there are no restrictions on transfer or resale of the Settlement Stock or the Warrants under the United States securities laws other than such restrictions as may apply to affiliates or underwriters of Macatawa bank Corp..

b. No later than October 20, 2008, Plaintiffs' Counsel will submit a stipulated order in both the State Litigation and the Federal Litigation for appointment of a Special Master to allocate the Settlement Fund to settling Plaintiffs, and that Special Master must make a determination of the division of the Settlement Fund as soon as reasonably possible. The allocation of the Special Master shall be provided to the Bank's Counsel. The Stipulated Orders appointing the Special Master to be submitted in the State Litigation and the Federal Litigation are attached as **Exhibits J and K**, respectively.

i. The Bank, Deardorff, and the Insurers shall have no liability, obligation or responsibility for the administration of the Settlement or the distribution of the Settlement Fund, except for the funding obligations as set forth herein.

ii. No Person shall have any claim against the Special Master, Plaintiffs' Counsel, the Bank, Deardorff, the Insurers, or their respective counsel, based on distributions made substantially in accordance with this Agreement.

iii. The Special Master shall have the duties as established in the Stipulated Order Appointing the Special Master, attached as **Exhibits J and K**.

c. The Parties agree to effect by stipulation the dismissal of the Entire Action, with prejudice and without costs, except as to non-settling Plaintiffs and except as to contribution claims against Third-Party/Counter-defendants. The Stipulation and Order of Dismissal to be submitted in the State Litigation and Federal Litigation are attached as **Exhibits M and N**, respectively.

d. Settling Plaintiffs agree to cooperate as reasonably necessary in the Bank's pursuit of settlements with Third-Party/Counter-defendants.

4. **No Admission of Liability.** Nothing contained herein and no action taken by any Party with respect to this Agreement shall be construed as an admission by any Party, person or entity of any act of wrongdoing or any liability of any kind, all such liability and wrongdoing being expressly denied.

5. **Assignment of Claims.** Each Plaintiff will represent and warrant in the Release that he or she or it has not assigned any claim that he or she or it had or may have against the Bank or its affiliates, parents, subsidiaries, predecessors, divisions, directors, officers, shareholders, employees, agents, attorneys, and successors and assigns, including but not limited to those claims set forth in the Entire Action.

6. **Complete Agreement.** This Agreement and the Warrant Agreement represent the final and complete agreement between the Parties with respect to the subject matter, and supersedes and replaces the Contingent Settlement Agreement dated October 6, 2008. There shall be no modifications or amendments to this Agreement unless they are in writing, signed by all Parties.

7. **Lack of Reliance.** Each Party to this Agreement acknowledges that no other party, person, or entity has made any promise, representation, or warranty, either expressly or by implication, that is not expressly contained in this Agreement. Each Party to this Agreement on behalf of themselves and their respective heirs and assigns, acknowledge and agree that in entering into this Agreement and the agreements contemplated hereby, they have not relied, and are not relying, on information, statements, assurances, representations or warranties (written or oral) provided or made by or on behalf of the Bank with respect to the present or future value or related attributes of the Bank, the Settlement Stock or the Warrants.

8. **Full Knowledge and Volition.** All Parties have read this Agreement, understand this Agreement, and have signed this Agreement of their own free act and volition. Additionally, all Parties confirm that they have secured the necessary authorization to sign this document on behalf of the parties for whom they are signing. This Agreement was mutually negotiated and will not be construed against any party as the drafter.

9. **Counterparts.** This Agreement may be executed in counterparts, and the counterparts, when properly executed by all Parties and attached hereto, will constitute a fully executed and complete binding contract. Any signature transmitted electronically to another Party shall constitute, and shall have the same force and effect as, an original signature.

10. **Applicable Law.** This Agreement, and any amendments hereto, shall be governed by, construed and enforced in accordance with the laws of the State of Michigan, without regard to principles of conflicts of laws.

11. **Forum Selection.** Disputes arising out of this Agreement before the Final Settlement Date shall go to the Mediator first, who shall attempt to facilitate an amicable resolution and then to United States Magistrate Judge Joseph G. Scoville. Disputes arising out of this Agreement after the Final Settlement Date, and any amendments hereto, are to be decided only by the Circuit Court for the County of Kent, State of Michigan, U.S.A.

[signatures appear on the following page]

ACKNOWLEDGED AND AGREED:

NICKENS, KEETON, LAWLESS, FARRELL & FLACK LLP

Date: November 12, 2008

By: /s/ Thomas M. Farrell

Thomas M. Farrell

MOULTON & MEYER, LLP

Date: November 24, 2008

By: /s/ Cynthia R. Levin Moulton

Cynthia R. Levin Moulton

Date: November 26, 2008

/s/ Richard Deardorff

Richard Deardorff

MACATAWA BANK CORP.

Date: November 13, 2008

By: /s/ Philip Koning

Its: President - Secretary/Treasurer

MACATAWA BANK

Date: November 13, 2008

By: /s/ Lynda Logan

Its: VP Enterprise Risk

Exhibit A: List of Plaintiffs
Exhibit B: List of Third-Party Defendants/Counter-defendants
Exhibit C: Stipulated Order to Stay Federal Litigation
Exhibit D: Stipulated Order to Stay State Litigation
Exhibit E: Notice of Settlement Hearing (Federal Litigation)
Exhibit F: Notice of Settlement Hearing (State Litigation)
Exhibit G: Agreement to Settle and Conditional Release (US)
Exhibit H: Agreement to Settle and Conditional Release (Foreign)
Exhibit I: Escrow Agreement
Exhibit J: Stipulated Order Appointing Special Master (State Litigation)
Exhibit K: Stipulated Order Appointing Special Master (Federal Litigation)
Exhibit L: Warrant Agreement
Exhibit M: Stipulated Order Dismissing State Litigation
Exhibit N: Stipulated Order Dismissing Federal Litigation

WARRANT AGREEMENT

THIS WARRANT AGREEMENT (this "Agreement") is entered into as of the _____ day of _____, 2008, by and between **MACATAWA BANK CORPORATION**, a Michigan corporation (the "Company"), and **REGISTRAR AND TRANSFER COMPANY**, a New Jersey corporation (the "Warrant Agent").

RECITALS

A. The Company is a defendant in a lawsuit pending in the United States District Court for the Western District of Michigan (the "District Court"), entitled *In re Trade Partners, Inc. Investor Litigation*, Case No. 1:07-MD-1846-RHB (the "Federal Litigation").

B. The Company is a defendant in a lawsuit pending in the Kent County Circuit Court in Grand Rapids, Michigan (the "Circuit Court"), entitled *Giese et al v. Macatawa Bank Corp et al*, Case No. 06-11707-CZ (the "State Litigation").

C. The parties to the Federal Litigation and the State Litigation have settled the dispute and entered into that certain Settlement and Release and Stock and Warrant Issuance Agreement, dated _____, 2008 (the "Settlement Agreement").

D. As part of the transactions to be consummated pursuant to the Settlement Agreement, the Company has issued warrants for the purchase of _____ (_____) shares of common stock, no par value, of the Company (each, a "Warrant").

E. The Company wishes the Warrant Agent to act on behalf of the Company, and the Warrant Agent is willing to so act, in connection with the issuance, division, transfer, exchange and exercise of the Warrants.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and of the mutual promises and covenants contained in this Agreement and for other good and valuable consideration, the receipt and adequacy of which hereby are acknowledged, the parties agree as follows:

1. DEFINITIONS

1.1 "Business Day" shall mean a day other than (a) a Saturday or Sunday, (b) any day on which banking institutions located in Holland, Michigan are required or authorized by law or by local proclamation to close or (c) any day on which the Nasdaq Stock Market is closed.

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1.2 "Closing Sale Price" shall mean, for any security as of any date, the closing trade price for such security on the Market, as reported by Bloomberg Financial Markets, or, if the Market begins to operate on an extended hours basis and does not designate the closing trade price, then the last trade price of such security prior to 4:00:00 p.m., New York City time, as reported by Bloomberg Financial Markets, or, if the Market is not the principal securities exchange or trading market for such security, the closing trade price of such security on the principal securities exchange or trading market where such security is listed or traded as reported by Bloomberg Financial Markets, or if the foregoing do not apply, the last trade price of such security in the over-the-counter market on the electronic bulletin board for such security as reported by Bloomberg Financial Markets, or, if no last trade price is reported for such security by Bloomberg Financial Markets, the average of the ask prices of any market makers for such security as reported in the "pink sheets" by Pink Sheets LLC (formerly the National Quotation Bureau, Inc.). If the Closing Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Sale Price of such security on such date shall be the fair market value as reasonably determined in good faith by the Company's Board of Directors. All such determinations will be appropriately adjusted for any stock dividend, stock split, stock combination or other similar transaction during the applicable calculation period.

1.3 "Common Stock" shall mean the shares of the Company's common stock, no par value.

1.4 "Commercially Reasonable Best Efforts," when used with respect to any obligation to be performed or term or provision to be complied with under this Agreement, shall mean such efforts as a prudent Person seeking the benefits of such performance or compliance would make, use, apply or exercise to preserve, protect or advance its rights or interests. Such efforts do not require the Person whose performance or compliance is required under this Agreement to incur a material financial cost or a substantial risk of material liability unless such cost or liability (i) is specifically contained in this Agreement or the Settlement Agreement, (ii) would customarily be incurred in the course of performance of or compliance with the relevant obligation, term or provision, (iii) is caused by or results from the wrongful act or negligence of the Person whose performance or compliance is required hereunder, or (iv) is not excessive or unreasonable in view of the rights or interests to be preserved, protected or advanced.

1.5 "Convertible Security" shall mean any security (other than an Option) directly or indirectly convertible into or exercisable or exchangeable for Common Stock.

1.6 "Effective Date" means the first date on which the Company's Registration Statement is declared effective by the SEC.

1.7 "Exercise Period" shall mean the period commencing on the later of (a) the date the Warrants are issued to the initial Holders and (b) the Effective Date and ending at 5:00 p.m., Holland, Michigan time, on the third (3rd) anniversary of the later of (a) or (b), as such period may be extended pursuant to the terms hereof.

1.8 "Exercise Price" shall mean the purchase price for each Warrant Share and shall be \$_____ per share [**150% of price of Settlement Stock**], as adjusted from time to time pursuant to Sections 8.1 and 8.2 hereof.

1.9 "Holders" are the registered owners of the Warrants.

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1.10 "Market" shall mean the Nasdaq Stock Market. If the Common Stock is no longer authorized for quotation on the Nasdaq Stock Market, the Market shall be the principal national securities exchange or quotation system on which the Common Stock is quoted or listed or admitted to trading or, if not quoted or listed or admitted to trading on any national securities exchange or quotation system, the over-the-counter market.

1.11 "Material Information" is material nonpublic information concerning the Company, its subsidiaries, or its or their current or prospective business, financial condition, results of operations or prospects.

1.12 "Option" shall mean a right, option or warrant to purchase or subscribe for shares of Common Stock or Convertible Securities.

1.13 "Person" shall mean a natural person, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, limited liability company, limited liability partnership, government or any agency or political subdivision thereof or any other entity or organization.

1.14 "Qualifying Prospectus" shall mean a prospectus contained in a Registration Statement that satisfies all legal requirements.

1.15 "Registration Statement" shall mean a registration statement relating to the issuance by the Company of the Warrant Shares to the Holders upon exercise of the Warrants pursuant hereto.

1.16 "SEC" shall mean the United States Securities and Exchange Commission, or any successor governmental agency or authority thereto.

1.17 "Securities Act" shall mean the Securities Act of 1933, as amended.

1.18 "Trading Price," as of any date, shall mean the dollar weighted average trading price per share for all round lot transactions in the Common Stock on the Market for the twenty (20) trading days ending two (2) days prior to that date.

1.19 "Warrant Shares" are the shares of Common Stock or other securities deliverable upon exercise of a Warrant.

2. FORM OF WARRANT; EXECUTION; REGISTRATION

2.1 Form of Warrant; Execution of Warrants. The certificates evidencing the Warrants (the "Warrant Certificates") shall be in the form attached to this Agreement. The Warrant Certificates shall be signed on behalf of the Company by its Chief Executive Officer, Chief Financial Officer, President or one of its Vice Presidents. The signature of any such officer on the Warrant Certificates may be manual or by facsimile. Each Warrant Certificate shall be dated the date it is countersigned by the Warrant Agent pursuant to Section 2.3.

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2.2 Registration. The Warrant Certificates shall be numbered and shall be registered on the books of the Company maintained at the principal office of the Warrant Agent initially in Cranford, New Jersey (or such other place in the continental United States as the Warrant Agent shall from time to time notify the Company and the Holders in writing) (the "Warrant Register") as they are issued. The Company and the Warrant Agent shall be entitled to treat the registered owner of any Warrant as the owner in fact thereof for all purposes and shall not be bound to recognize any equitable or other claim to or interest in such Warrant on the part of any other person.

2.3 Countersignature of Warrants. The Warrant Certificates shall be countersigned by the Warrant Agent and shall not be valid for any purpose unless so countersigned. Warrant Certificates may be countersigned, however, by the Warrant Agent and may be delivered by the Warrant Agent notwithstanding that the persons whose manual or facsimile signatures appear thereon as proper officers of the Company shall have ceased to be such officers at the time of such countersignature, issuance or delivery. The Warrant Agent shall, upon written instructions of the Chief Executive Officer, the Chief Financial Officer, the President, any Vice President, the Treasurer or the Secretary of the Company, countersign, issue and deliver Warrant Certificates entitling the Holders thereof to purchase not more than an aggregate of _____ Warrant Shares (subject to adjustment pursuant to Section 8) and shall countersign, issue and deliver Warrant Certificates as otherwise provided in this Agreement.

3. TRANSFER AND EXCHANGE OF WARRANTS

3.1 Transfer and Exchange. Subject to the terms of this Agreement, the Warrant Agent shall initially countersign, register in the Warrant Register, and deliver Warrants in accordance with the written instructions of the Company. Subject to the terms of this Agreement and the receipt of such documentation as the Warrant Agent may reasonably require, the Warrant Agent shall thereafter from time to time register the transfer of any outstanding Warrants upon the Warrant Register upon surrender of the Warrant Certificate or Certificates evidencing such Warrants duly endorsed or accompanied (if so required by it) by a written instrument or instruments of transfer in form reasonably satisfactory to the Warrant Agent (which may be in the form attached to this Agreement), duly executed by the registered Holder or Holders thereof, by the duly appointed legal representative of the Holders, or by a duly authorized attorney. Subject to the terms of this Agreement, each Warrant Certificate may be exchanged for another Warrant Certificate or Certificates entitling the Holder to purchase a like aggregate number of Warrant Shares as the Warrant Certificate or Certificates surrendered then entitles such Holder to purchase. Any Holder desiring to exchange a Warrant Certificate or Certificates shall make such request in writing delivered to the Warrant Agent, and shall surrender, duly endorsed or accompanied (if so required by the Warrant Agent) by a written instrument or instruments in form reasonably satisfactory to the Warrant Agent, the Warrant Certificate or Certificates to be so exchanged. Upon registration of transfer or exchange, the Company shall issue and the Warrant Agent shall countersign and deliver by certified mail a new Warrant Certificate or Certificates to the persons entitled thereto.

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3.2 No Service Charges. No service charge shall be made for any exchange or registration of transfer of a Warrant Certificate or of Warrant Certificates, but the Company may require payment of a sum sufficient to cover any stamp tax or other tax or other governmental charge that is imposed in connection with any such exchange or registration of transfer pursuant to Section 5.

3.3 Acceptance of Terms. By accepting the initial delivery, transfer or exchange of Warrants, each Holder shall be deemed to agree to the terms of this Agreement as it may be in effect from time to time, including any amendments or supplements duly adopted in accordance with Section 12.3. A copy of this Agreement may be obtained by a Holder without cost upon written request to the Company at its principal office or to the Warrant Agent.

4. TERM OF WARRANTS; EXERCISE OF WARRANTS; REGISTRATION OF WARRANT SHARES

4.1 Term of Warrants. Subject to the terms of this Agreement, each Holder shall have the right, which may be exercised on any Business Day during the Exercise Period, to receive from the Company the number of Warrant Shares which the Holder may at the time be entitled to purchase upon exercise of such Warrants and payment of the Exercise Price then in effect for such Warrant Shares. The Warrant Shares issued to a Holder upon exercise of its Warrants shall be duly authorized, validly issued, fully paid and non-assessable and shall not have been issued in violation of or subject to any preemptive rights. Each Warrant not exercised prior to the expiration of the Exercise Period shall become void, and all rights under such Warrant and under this Agreement shall cease as of the expiration of the Exercise Period, provided, however, that if the Exercise Period ends during a suspension pursuant to Section 4.3, the Exercise Period shall be extended for an additional period of time equal to the longer of the period of such suspension during the Exercise Period and twenty (20) Business Days after the date on which the Warrant Agent sends notice to the Holders of the expiration of such suspension period.

4.2 Exercise of Warrants.

(a) During the Exercise Period, except as such may be suspended from time to time as set forth in Section 4.3, each Holder may exercise from time to time some or all of the Warrants evidenced by its Warrant Certificate(s) by: (i) surrendering to the Company at the principal office of the Warrant Agent such Warrant Certificate(s) with written notice (in the form attached to this Agreement) duly completed and signed, which signature shall be guaranteed by an eligible guarantor institution (a bank, savings and loan association or credit union with membership in an approved signature guarantee medallion program) pursuant to Rule 17Ad-15 of the Securities Exchange Act of 1934, as amended, and (ii) paying to the Warrant Agent for the account of the Company the aggregate Exercise Price for the number of Warrant Shares in respect of which such Warrants are exercised. Warrants shall be deemed exercised on the date such Warrant Certificate(s) are surrendered to the Warrant Agent and tender of payment of the aggregate Exercise Price is made. Payment of the aggregate Exercise Price shall be made (1) by wire transfer of immediately available funds to the Warrant Agent for the account of the Company, (2) by certified or official bank check or checks payable to the order of the Company (any such payments under subsections (1) or (2) shall be made in lawful money of the United States of America), or (3) by surrender to the Warrant Agent of the right to receive a number of Warrant Shares, calculated to the nearest one one-hundredth of a share, pursuant to the formula below. In the event that a Holder elects to make payment of the aggregate Exercise Price by surrender of the right to receive Warrant Shares as provided in subsection (3) of the preceding sentence, the number of Warrant Shares issuable to such Holder shall be calculated as follows:

$$X = \frac{Y(A-B)}{A}$$

Where: X = the number of Warrant Shares to be issued to such Holder upon exercise (subject to Section 9);

Y = the total number of Warrant Shares purchasable pursuant to the Warrant being exercised (or, if such Warrant is being exercised only in part, the number of Warrant Shares for which it is being exercised);

A = the Trading Price of a share of Common Stock determined as of the date of exercise; and

B = the then-current Exercise Price.

(b) In the event that less than all of the Warrants evidenced by a Warrant Certificate are exercised, the Holder thereof shall be entitled to receive a new Warrant Certificate or Certificates as specified by such Holder evidencing the remaining Warrant or Warrants, and the Warrant Agent is hereby irrevocably authorized by the Company to countersign, issue and deliver the required new Warrant Certificate or Certificates evidencing such remaining Warrant or Warrants pursuant to Section 4.2 and Section 3 of this Agreement. The Company, whenever requested by the Warrant Agent, will supply the Warrant Agent with Warrant Certificates duly executed on behalf of the Company for such purpose.

(c) Upon the exercise of any Warrants in accordance with this Agreement, the Company shall cause the Warrant Agent, on the Company's behalf, to issue and deliver with all reasonable dispatch, to or upon the written order of the Holder and in such name or names as the Holder may designate, a certificate or certificates for the number of full Warrant Shares issuable upon the exercise of such Warrants and shall take or cause the Warrant Agent to take such other actions as are necessary to complete the exercise of the Warrants (including, without limitation, payment of any cash with respect to fractional interests required under Section 9). The certificate or certificates representing such Warrant Shares shall be deemed to have been issued and any person so designated to be named therein shall be deemed to have become a holder of record of such Warrant Shares as of the date the Warrants are exercised.

(d) Upon delivery of the Warrant Shares issuable upon exercise of a Warrant in accordance herewith and of any required new Warrant Certificates, the Company shall direct the Warrant Agent by written order to cancel the Warrant Certificates surrendered upon exercise. Such canceled Warrant Certificates shall then be disposed of by the Warrant Agent in a manner permitted by applicable laws and satisfactory to the Company in accordance with its written instructions to the Warrant Agent. The Warrant Agent shall account promptly to the Company with respect to Warrants exercised and concurrently pay to the Company all amounts received by the Warrant Agent upon exercise of such Warrants.

(e) The Warrant Agent shall keep copies of this Agreement and any notices given or received pursuant to this Agreement available for inspection by the Holders during normal business hours at its office. The Company shall, at its sole expense, supply the Warrant Agent from time to time with such numbers of copies of this Agreement as the Warrant Agent may reasonably request.

4.3 Registration of Warrant Shares: Suspension of Exercise Period.

(a) The Company shall use its Commercially Reasonable Best Efforts to (i) file under the Securities Act, within thirty (30) days of the date hereof, the Registration Statement, (ii) cause such Registration Statement to be declared effective by the SEC within ninety (90) days of the date hereof and (iii) keep such Registration Statement effective at all times during the Exercise Period, and will make such number of Qualifying Prospectuses available to Holders as they shall reasonably request. No shares of Common Stock shall be issued, and the right to exercise all Warrants shall be suspended, for all periods during which there is not an effective Registration Statement and/or there is not a Qualifying Prospectus available to Holders. The Company shall promptly notify the Warrant Agent of any such suspension, and the Warrant Agent shall have no duty, responsibility or liability in respect of any shares of Common Stock issued or delivered prior to its receipt of such notice. The Company shall promptly notify the Warrant Agent of the termination of any such suspension, and the Company shall cause the Warrant Agent to notify the Holders of the termination of such suspension promptly following notice to the Warrant Agent by the Company. Should the ability of the Holders to exercise the Warrants be suspended for more than an aggregate of sixty (60) days in any three hundred sixty five (365) day period pursuant to this Section 4.3(a), the Exercise Period shall be extended by the aggregate number of days in such suspension period(s) in excess of sixty (60) days. The Company represents and warrants that the issuance of the Warrants is exempt from registration pursuant to Section 3(a)(10) of the Securities Act.

(b) Notwithstanding the foregoing, the Company shall have the right, exercisable by giving written notice of the exercise of such right to the Warrant Agent, at any time and from time to time, to suspend the Exercise Period or delay filing for a period not in excess of 60 calendar days during any consecutive three hundred sixty-five (365) day period beginning on the date on which such notice is given, or such shorter period of time as may be specified in such notice or in a subsequent notice delivered by the Company to such effect, if (i) the Company is, in its good faith judgment, in possession of Material Information, (ii) such Material Information would, in the judgment of the Company's board of directors (after consultation with counsel), need to be disclosed so as to permit the Warrant Shares to be sold in compliance with law, and (iii) disclosure of such Material Information would, in the good faith judgment of the Company (after consultation with counsel), be adverse to its interests. Should the ability of the Holders to exercise the Warrants be suspended for more than an aggregate of sixty (60) days in any three hundred sixty five (365) day period pursuant to this Section 4.3(b), the Exercise Period shall be extended by the aggregate number of days in such suspension period(s) in excess of sixty (60) days.

5. PAYMENT OF TAXES

The Company will pay all documentary stamp and other like taxes, if any, attributable to the initial issuance and delivery of the Warrants and the initial issuance and delivery of the Warrant Shares upon the exercise of Warrants. However, the Company shall not be required to pay any tax or taxes which may be payable in respect of any transfer of the Warrants or involved in the issuance or delivery of any Warrant Shares in a name other than that of the Holder of the Warrants being exercised, and the Warrant Agent shall not register any such transfer or issue or deliver any Warrant Certificate(s) or Warrant Shares unless or until the persons requesting the registration or issuance shall have (i) paid to the Warrant Agent for the account of the Company the amount of such tax, if any, (ii) established to the reasonable satisfaction of the Company that such tax, if any, has been paid, or (iii) delivered to the Company an opinion of legal counsel that no such tax is due.

6. LOST OR STOLEN WARRANT CERTIFICATES

In the event that any Warrant Certificate shall be mutilated, lost, stolen or destroyed, the Company shall issue, and the Warrant Agent shall countersign and deliver, a replacement Warrant Certificate representing an equivalent right or interest. The Holder must submit evidence reasonably satisfactory to the Company and the Warrant Agent of such loss, theft or destruction of such Warrant Certificate and an indemnity or bond, if requested by the Company or the Warrant Agent, also reasonably satisfactory to them. An applicant for such a substitute Warrant Certificate shall also comply with such other reasonable procedures as the Company or the Warrant Agent may reasonably require. The Company and Warrant Agent may charge the Holder for their expenses in replacing a Warrant Certificate.

7. RESERVATION OF WARRANT SHARES

7.1 Reservation of Common Stock. The Company shall at all times keep reserved out of its authorized Common Stock, free of all preemptive rights, a number of shares of Common Stock sufficient to provide for the exercise of the rights of purchase represented by the outstanding Warrants. The transfer agent for the Common Stock and every subsequent or other transfer agent for any shares of the Company's capital stock issuable upon the exercise of the Warrants (each, a "Transfer Agent") will be and are hereby irrevocably authorized and directed at all times to reserve such number of authorized shares of Common Stock as shall be required for such purpose. The Company will keep a copy of this Agreement on file with each Transfer Agent. The Company will supply its Transfer Agent with duly executed stock certificates for such purposes and will itself provide or otherwise make available any cash which may be payable as provided in Section 9. The Company will furnish to its Transfer Agent a copy of all notices of adjustments, and certificates related thereto, transmitted to each Holder. The Company will give the Warrant Agent prompt notice of any change in any Transfer Agent or any change of address of any Transfer Agent.

7.2 Corporate Actions. Before taking any action which would cause an adjustment pursuant to Section 8 reducing the Exercise Price, the Company will take any and all corporate action which may be necessary in order that the Company may validly and legally issue fully paid and non-assessable Warrant Shares at the Exercise Price as so adjusted.

8. **ADJUSTMENT OF WARRANT SHARES AND EXERCISE PRICE.**

8.1 Adjustments. The Warrant Shares purchasable upon the exercise of each Warrant and the Exercise Price shall be subject to adjustment as follows:

(a) Adjustment for Change in Capital Stock. Subject to Section 8.1(b), in case the Company shall (i) pay a dividend on its outstanding shares of Common Stock in shares of Common Stock or make a distribution of shares of Common Stock on its outstanding shares of Common Stock, (ii) make a distribution on its outstanding shares of Common Stock in shares of its capital stock other than Common Stock, (iii) subdivide its outstanding shares of Common Stock into a greater number of shares of Common Stock, (iv) combine its outstanding shares of Common Stock into a smaller number of shares of Common Stock, or (v) issue, by reclassification of its shares of Common Stock, other securities of the Company (including any such reclassification in connection with a consolidation or merger in which the Company is the surviving entity) (each, an "Adjustment Event"), then the number of Warrant Shares purchasable upon exercise of each Warrant immediately prior to the Adjustment Event shall be adjusted so that the Holder of each Warrant shall be entitled to receive the kind and number of Warrant Shares or other securities of the Company which such Holder would have owned or have been entitled to receive upon the happening of the Adjustment Event had such Warrant been exercised in full immediately prior to the happening of such Adjustment Event or any record date with respect to such Adjustment Event. If a Holder is entitled to receive shares of two or more classes of capital stock of the Company pursuant to the foregoing sentence upon exercise of Warrants, the allocation of the adjusted Exercise Price between such classes of capital stock shall be determined reasonably and in good faith by the Board of Directors of the Company. After such allocation, the exercise privilege and the Exercise Price with respect to each class of capital stock shall thereafter be subject to adjustment on terms substantially identical to those applicable to Common Stock in this Section 8. An adjustment made pursuant to this Section 8.1(a) shall become effective immediately after the record date for such Adjustment Event or, if none, immediately after the effective date of such Adjustment Event. Such adjustment shall be made successively whenever an Adjustment Event occurs.

(b) Minimum Adjustment. No adjustment in the number of Warrant Shares purchasable by a Holder pursuant to Section 8.1(a) shall be required unless such adjustment would require an increase or decrease of at least one percent (1%) in the number of Warrant Shares purchasable upon the exercise of each Warrant. The amount by which any adjustment is not made by reason of this subsection shall be carried forward and taken into account in any subsequent adjustment. All calculations shall be made to the nearest one-hundredth of a Warrant Share.

(c) Adjustment in Exercise Price. Whenever the number of Warrant Shares purchasable upon the exercise of each Warrant is adjusted pursuant to Section 8.1(a), the Exercise Price payable for each Warrant Share immediately prior to such adjustment shall be adjusted (to the nearest cent) by multiplying such Exercise Price by a fraction, the numerator of which shall be the number of Warrant Shares purchasable upon the exercise of each Warrant immediately prior to the Adjustment Event and the denominator of which shall be the number of Warrant Shares purchasable immediately after the Adjustment Event.

(d) Adjustment for Additional Issuances of Common Stock. In case the Company shall issue or sell, or in accordance with this Section 8.1(d) be deemed to have issued or sold, in one transaction or a series of transactions occurring during the Exercise Period, shares of Common Stock (including the issuance or sale of shares of Common Stock owned or held by or for the account of the Company) for both (1) an aggregate consideration of greater than \$5,000,000 and (2) a consideration per share (or, in the case of a series of transactions, a weighted average consideration per share) (the "New Issuance Price") of less than \$*[insert price at closing that is used to determine initial Exercise Price]* (the "Applicable Price") (any such transaction or series of transactions, a "Dilutive Issuance"), then immediately after such Dilutive Issuance, the Exercise Price then in effect shall be reduced to an amount equal to 150% of the New Issuance Price. Upon each such adjustment of the Exercise Price hereunder, the number of Warrant Shares purchasable upon exercise of each Warrant shall be adjusted to be equal to the number determined by multiplying the Exercise Price in effect immediately prior to such issuance or sale or deemed issuance or sale by the number of Warrant Shares purchasable upon exercise of each Warrant immediately prior to such adjustment and dividing the product thereof by the Exercise Price resulting from such adjustment. No adjustment shall be made pursuant to this Section 8.1(d) if the precipitating event is addressed in another portion of Section 8. For purposes of determining the adjusted Exercise Price under this Section 8.1(d), the following shall be applicable:

(i) Issuance of Options. If the Company in any manner grants or sells any Options, and the price per share (or, if applicable, the weighted average price per share) for which one share of Common Stock is issuable upon the exercise of any such Option or upon the conversion, exercise or exchange of any Convertible Security issuable upon the exercise of any such Option is less than the Applicable Price, then the shares of Common Stock underlying such Options shall be deemed to have been issued and sold by the Company at the time of the grant or sale of such Options for such price per share (or, if applicable, such weighted average price per share), and such price per share (or, if applicable, such weighted average price per share) shall be deemed to be the New Issuance Price. For purposes of this Section 8.1(d), the aggregate consideration shall be determined by multiplying (A) the price per share (or, if applicable, the weighted average price per share) for which one share of Common Stock is issuable upon the exercise of any such Option or upon the conversion, exercise or exchange of any Convertible Security issuable upon the exercise of any such Option by (B) the number of such Options. For purposes of this Section 8.1(d)(i), the "price per share (or, if applicable, the weighted average price per share) for which one share of Common Stock is issuable upon the exercise of any such Option or upon the conversion, exercise or exchange of any Convertible Security issuable upon the exercise of any such Option" shall be equal to the sum of the amounts of consideration (if any) received or receivable by the Company with respect to one share of Common Stock upon the grant or sale of an Option, upon the exercise of such Option and upon the conversion, exercise or exchange of any Convertible Security issuable upon exercise of such Option (or, if applicable, the weighted average of such sums). No further adjustment of the Exercise Price or number of Warrant Shares shall be made upon the actual issuance of any share of Common Stock or of any Convertible Security upon the exercise of an Option or upon the actual issuance of any share of Common Stock upon the conversion, exercise or exchange of any such Convertible Security.

(ii) Issuance of Convertible Securities. If the Company in any manner issues or sells any Convertible Securities, and the price per share (or, if applicable, the weighted average price per share) for which one share of Common Stock is issuable upon the conversion, exercise or exchange thereof is less than the Applicable Price, then the shares of Common Stock underlying such Convertible Securities shall be deemed to have been issued and sold by the Company at the time of the issuance or sale of such Convertible Securities for such price per share (or, if applicable, such weighted average price per share), and such price per share (or, if applicable, such weighted average price per share) shall be deemed to be the New Issuance Price. For purposes of this Section 8.1(d), the aggregate consideration shall be determined by multiplying (A) the price per share (or, if applicable, the weighted average price per share) for which one share of Common Stock is issuable upon the conversion, exercise or exchange of any such Convertible Security by (B) the number of such Convertible Securities. For purposes of this Section 8.1(d)(ii), the “price per share (or, if applicable, the weighted average price per share) for which one share of Common Stock is issuable upon the conversion, exercise or exchange” shall be equal to the sum of the amounts of consideration (if any) received or receivable by the Company with respect to one share of Common Stock upon the issuance or sale of a Convertible Security and upon the conversion, exercise or exchange thereof (or, if applicable, the weighted average of such sums). No further adjustment of the Exercise Price or number of Warrant Shares shall be made upon the actual issuance of any share of Common Stock upon the conversion, exercise or exchange of a Convertible Security, and if any issuance or sale of a Convertible Security is made upon the exercise of any Option for which adjustment of this Warrant has been or is to be made pursuant to other provisions of this Section 8.1(d), no further adjustment of the Exercise Price or number of Warrant Shares shall be made by reason of such issuance or sale.

(iii) Change in Option Price or Rate of Conversion. If the exercise price provided for in any Option, the additional consideration, if any, payable upon the issuance, conversion, exercise or exchange of any Convertible Security, or the rate at which any Convertible Security is convertible into or exercisable or exchangeable for shares of Common Stock increases or decreases at any time, the Exercise Price and the number of Warrant Shares in effect at the time of such increase or decrease shall be adjusted to the Exercise Price and the number of Warrant Shares which would have been in effect at such time had such Option or Convertible Security provided for such increased or decreased exercise price, additional consideration or increased or decreased conversion rate, as the case may be, at the time initially granted, issued or sold. For purposes of this Section 8.1(d)(iii), if the terms of any Option or Convertible Security that was outstanding as of the date of issuance of this Warrant are modified in the manner described in the immediately preceding sentence, then such Option or Convertible Security and the Common Stock deemed issuable upon exercise, conversion or exchange thereof shall be deemed to have been issued as of the date of such modification. No adjustment pursuant to this Section 8.1(d)(iii) shall be made if such adjustment would result in an increase of the Exercise Price then in effect or a decrease in the number of Warrant Shares. Notwithstanding the foregoing, none of the adjustments described in this subsection shall affect the Exercise Price or number of Warrant Shares unless a Dilutive Issuance has occurred.

(iv) Calculation of Consideration Received. In case any Option is issued in connection with the issuance or sale of other securities of the Company, together comprising one integrated transaction in which no specific consideration is allocated to such Option by the parties thereto, such Option will be deemed to have been issued for a consideration of \$0.01. If any shares of Common Stock, Options or Convertible Securities are issued or sold or deemed to have been issued or sold for cash, the consideration received therefor will be deemed to be the net amount received by the Company therefor. If any shares of Common Stock, Options or Convertible Securities are issued or sold for a consideration other than cash, the amount of such consideration received by the Company will be the fair value of such consideration, except where such consideration consists of securities, in which case the amount of consideration received by the Company will be the Closing Sale Price of such security on the date of receipt. If any shares of Common Stock, Options or Convertible Securities are issued to the owners of the non-surviving entity in connection with any merger in which the Company is the surviving entity, the amount of consideration therefor will be deemed to be the fair value of such portion of the net assets and business of the non-surviving entity as is attributable to such shares of Common Stock, Options or Convertible Securities, as the case may be. The fair value of any consideration other than cash or securities will be reasonably determined in good faith by the Company's Board of Directors.

(v) Record Date. If the Company takes a record of the holders of shares of Common Stock for the purpose of entitling them (A) to receive a dividend or other distribution payable in Options or Convertible Securities or (B) to subscribe for or purchase shares of Common Stock, Options or Convertible Securities, then such record date will be deemed to be the date of the issuance or sale of the shares of Common Stock deemed to have been issued or sold upon the declaration of such dividend or the making of such other distribution or the date of the grant of such right of subscription or purchase, as the case may be.

8.2 Notice of Adjustment. Whenever the number of Warrant Shares purchasable upon the exercise of each Warrant or the Exercise Price of Warrant Shares is adjusted, the Company shall cause the Warrant Agent promptly to mail to each Holder, at the sole expense of the Company, by first class mail, postage prepaid, notice of such adjustment or adjustments and shall deliver to the Warrant Agent a certificate of an officer of the Company setting forth: (a) the number of Warrant Shares purchasable upon the exercise of each Warrant and the Exercise Price for each Warrant Share after such adjustment, (b) a brief statement of the facts requiring such adjustment, and (c) the computations by which such adjustment was made. The Warrant Agent shall be entitled to rely on such certificate and shall be under no duty or responsibility with respect to any such certificate, except to exhibit the same, from time to time, to any Holder requesting an inspection of such certificate during reasonable business hours.

8.3 Merger or Consolidation.

(a) In case of any consolidation or merger of the Company into another entity, or any sale of all or substantially all assets of the Company (collectively, a "Reorganization"), the Company or such successor entity shall on or before the date of consummation of the Reorganization (the "Closing Date"), at its option, either:

(i) deliver to the Warrant Agent a notice of redemption (the "Redemption Notice"), which shall be binding on the Company and on all Holders, and redeem all Warrants by payment, in cash, to each Holder of an amount equal to the excess, if any, of (A) the value of the consideration that each such Holder would have been entitled to receive upon the consummation of the Reorganization had such Holder exercised all of such Holder's Warrant(s) immediately prior to such Reorganization, over (B) the aggregate Exercise Price that would have been payable by each such Holder upon any such exercise immediately prior to such Reorganization, such payments to be made within ten (10) Business Days of the Closing Date; or

(ii) execute and deliver to the Warrant Agent an agreement, which shall be binding on the Holders, that each Holder shall have the right thereafter upon payment of the Exercise Price in effect immediately prior to such action (after giving effect to any applicable adjustments) to purchase upon exercise of each Warrant the kind and amount of shares and other securities and property (including cash) which such Holder would have owned or have been entitled to receive upon the consummation of the Reorganization had such Warrant been exercised immediately prior to such Reorganization. The Company shall at its sole expense mail, by first class mail, postage prepaid, to each Holder notice of the execution of any such agreement. Such agreement shall provide for adjustments, which shall be substantially identical to the adjustments provided for in this Section 8.

(b) In the event the Company delivers a Redemption Notice, any right to exercise a Warrant shall terminate at 5:00 p.m., Holland, Michigan time, on the Closing Date. On and after the Closing Date, the Holders of the Warrants shall have no further rights except to receive, upon surrender of the Warrant, the Redemption Price, without interest.

(c) The Company shall not merge or consolidate with or into any other entity, unless the successor entity (if not the Company) shall expressly assume, by supplemental agreement reasonably satisfactory in form and substance to the Warrant Agent in its sole judgment and executed and delivered to the Warrant Agent, the performance and observance of each and every covenant and condition of this Agreement to be performed and observed by the Company. The provisions of this Section 8.3 shall similarly apply to successive consolidations or mergers.

8.4 Other Events. If any event occurs of the type contemplated by the provisions of this Section 8 but not expressly provided for by such provisions, then the Company's Board of Directors will in good faith make an appropriate adjustment in the Exercise Price and the number or type of Warrant Shares so as to protect the rights of the Holders.

8.5 Statement on Warrants. Irrespective of any adjustments in the Exercise Price or the number or kind of securities purchasable upon the exercise of the Warrants, Warrants previously issued may continue to express the same Exercise Price and number and kind of Warrant Shares as are stated in the Warrants when initially issued.

8.6 No Impairment. The Company shall not, for the purpose of avoiding or seeking to avoid the observance or performance of any of the terms and provisions of this Agreement, amend its Articles of Incorporation or engage in any reclassification, reorganization, consolidation, merger, dissolution, liquidation, issue, sale or exchange of securities or any other voluntary action.

9. FRACTIONAL INTERESTS

Neither the Company nor the Warrant Agent shall be required to issue fractional Warrant Shares on the exercise of Warrants. If more than one Warrant shall be exercised at the same time by the same Holder, the number of full Warrant Shares which shall be issuable upon such exercise shall be computed on the basis of the aggregate number of Warrants so exercised. If any fraction of a Warrant Share would, except for the provisions of this Section 9, be issuable on the exercise of any Warrant, the Company shall pay an amount in cash equal to the Trading Price for one share of Common Stock on the date the Warrant Certificate is presented for exercise, multiplied by such fraction.

10.1 NO RIGHTS AS STOCKHOLDERS

10.1 No Rights. Nothing contained in this Agreement or in any of the Warrants shall be construed as conferring upon the Holders or their transferees the right to vote, to receive dividends, to receive notice as stockholders in respect of any meeting of stockholders for the election of directors of the Company or any other matter, or to receive any rights whatsoever as stockholders of the Company.

10.2 Notice of Certain Events. In the event the Company shall:

- (a) authorize the issuance to all holders of shares of Common Stock of rights, options or warrants to subscribe for or purchase shares of Common Stock or any other subscription rights, options or warrants;
- (b) authorize the distribution to all holders of shares of Common Stock of securities or assets (other than cash dividends);
- (c) effect any Reorganization, any reclassification or change of Common Stock issuable upon exercise of the Warrants (other than a change in par value or as a result of a subdivision or combination of outstanding shares of Common Stock), or a tender offer or exchange offer for shares of Common Stock; or
- (d) effect a voluntary or involuntary dissolution, liquidation or winding up of the Company; then the Company shall cause to be filed with the Warrant Agent and shall cause to be given to each Holder at its address appearing on the Warrant Register, at least twenty (20) calendar days prior to the applicable record date hereinafter specified, or promptly in the case of events for which there is no record date, by first class mail, postage prepaid, a written notice stating (x) the date as of which the Holders of record of shares of Common Stock entitled to receive any such rights, options, warrants or distribution are to be determined, (y) the initial expiration date set forth in any tender offer or exchange offer for shares of Common Stock, or (z) the date on which any such reclassification, Reorganization, dissolution, liquidation or winding up is expected to become effective or consummated, as well as the date as of which it is expected that Holders of record of shares of Common Stock shall be entitled to exchange such shares for securities or other property, if any, deliverable upon such reclassification, Reorganization, dissolution, liquidation, or winding up. The failure to give the notice required by this Section 10.2 or any defect therein shall not affect the legality or validity of any distribution, right, option, warrant, reclassification, Reorganization, dissolution, liquidation, winding up or action, or the vote upon any of the foregoing.

11. WARRANT AGENT

11.1 Appointment. The Company hereby appoints the Warrant Agent to act as agent for the Company in accordance with the terms and conditions of this Agreement, and the Warrant Agent hereby accepts such appointment. The Warrant Agent undertakes the duties and obligations imposed by this Agreement upon the terms and conditions set forth in this Agreement.

11.2 Rights and Duties of Warrant Agent.

(a) Agent for the Company. In acting under this Agreement and in connection with the Warrant Certificates, the Warrant Agent is acting solely as agent of the Company and does not assume any obligation or relationship or agency or trust for or with any of the Holders or beneficial owners of Warrants.

(b) Counsel. The Warrant Agent may consult with counsel satisfactory to it (who may be counsel to the Company), and the Warrant Agent shall incur no liability or responsibility to the Company or to any Holder in respect of any action taken, suffered or omitted by it in good faith and in accordance with the opinion or the advice of such counsel.

(c) Documents. The Warrant Agent shall incur no liability for or in respect of any action taken, suffered or omitted by it in reliance upon any Warrant Certificate, notice, direction, consent, certificate, affidavit, statement or other paper or document reasonably believed by it to be genuine and to have been presented or signed by the proper parties.

(d) No Implied Obligations. The Warrant Agent shall be obligated to perform only such duties as are specifically set forth in this Agreement and in the Warrant Certificates, and no implied duties or obligations of the Warrant Agent shall be read into this Agreement or the Warrant Certificates against the Warrant Agent. The Warrant Agent shall have no duty or responsibility in case of any default by the Company in the performance of its covenants or agreements contained in this Agreement or in the Warrant Certificates.

(e) Not Responsible for Adjustments or Validity of Stock. The Warrant Agent shall not at any time be under any duty or responsibility to any Holder to conduct any review or investigation to determine whether any facts exist that may require an adjustment of the number of Warrant Shares or other property issuable upon exercise of each Warrant or the Exercise Price, with respect to the nature or extent of any adjustment when made, or with respect to the method employed in making such adjustment. The Warrant Agent shall not be accountable with respect to the validity or value of any shares of Common Stock or of any securities or property which may at any time be issued or delivered upon the exercise of any Warrant or upon any adjustment. The Warrant Agent shall not be responsible for any failure of the Company to make any cash payment or to issue, transfer or deliver any shares of Common Stock or stock certificates upon the surrender of any Warrant Certificate for the purpose of exercise or upon any adjustment.

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11.3 Other Transactions in Securities of the Company. The Warrant Agent and any stockholder, director, officer or employee of the Warrant Agent may buy, sell or deal in any of the Warrants or any other securities of the Company, acquire a pecuniary interest in any transaction in which the Company may be interested, contract with or lend money to the Company and otherwise act as fully and freely as though it were not Warrant Agent under this Agreement. Nothing herein shall preclude the Warrant Agent from acting in any other capacity for the Company or for any other Person.

11.4 Compensation and Indemnity. The Company agrees that the Warrant Agent is entitled, from time to time, to reasonable compensation for its services as mutually agreed and to reimbursement for all reasonable out-of-pocket expenses incurred by it, including the reasonable compensation and expenses of the Warrant Agent's agents and counsel. The Company shall indemnify the Warrant Agent against any loss, liability or expense, including reasonable attorneys' fees, incurred by it without negligence, willful misconduct, or bad faith on its part arising out of or in connection with the acceptance or performance of its duties under this Agreement. The Warrant Agent shall notify the Company promptly of any claim for which it may seek indemnity. The Company need not reimburse any expense or indemnify against any loss or liability incurred by the Warrant Agent through willful misconduct, negligence or bad faith. The Company's payment obligations pursuant to this Section 11.4 shall survive the termination of this Agreement.

11.5 Instructions from Company. The Warrant Agent is hereby authorized and directed to accept instructions with respect to the performance of its duties from the Chairman of the Board, the President, a Vice President, the Treasurer or the Secretary of the Company, and to request from such officers advice or instructions in connection with its duties. The Warrant Agent shall not be liable for any action taken, suffered or omitted by it in good faith in accordance with instructions of any such officer or officers, provided such instructions are not in contravention of this Agreement.

11.6 Successor Warrant Agent.

(a) Resignation and Removal. Upon sixty (60) days' prior written notice, the Warrant Agent may resign at any time, and such notice shall specify the date on which the resignation shall become effective. The Warrant Agent may be removed at any time by the Company upon sixty (60) days' prior written notice, which notice shall specify the date on which the removal shall become effective. Notwithstanding the foregoing, no resignation or removal shall take effect until the appointment by the Company of a successor Warrant Agent and the acceptance of such appointment by such successor Warrant Agent.

(b) Appointment of Successor. In the event that the Warrant Agent shall resign or be removed, shall become insolvent, shall consent to the appointment of or taking possession by a receiver, custodian, liquidator, assignee, trustee, sequestrator (or other similar official) of the Warrant Agent or its property or affairs, shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due, a successor Warrant Agent shall be appointed by the Company. Any successor Warrant Agent shall be a bank or trust company, in good standing, incorporated under the laws of the United States of America or any state thereof, and having at the time of its appointment as Warrant Agent a combined capital and surplus of at least \$100,000,000.

(c) Successor To Expressly Assume Duties. Any successor Warrant Agent shall execute, acknowledge and deliver to its predecessor and to the Company an instrument accepting such appointment, and upon the delivery of such instrument, the successor Warrant Agent, without any further act, deed or conveyance, shall become vested with all the rights and obligations of such predecessor with like effect as if originally named as Warrant Agent under this Agreement, and the predecessor Warrant Agent, upon payment of its charges and disbursements then unpaid, shall become obligated to transfer, deliver and pay over all monies, securities and other property on deposit with or held by such predecessor as Warrant Agent. Upon the appointment of a successor Warrant Agent, the successor Warrant Agent shall mail, by first class mail, postage prepaid, to each Holder, written notice of such removal or resignation of the predecessor Warrant Agent and the name and address of the successor Warrant Agent.

(d) Successor by Merger. Any corporation or entity into which the Warrant Agent may be merged or consolidated, any corporation or entity resulting from any merger or consolidation to which the Warrant Agent shall be a party, or any corporation to which the Warrant Agent shall sell or otherwise transfer all or substantially all of its assets and business shall be the successor Warrant Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties to this Agreement, provided that the successor Warrant Agent is eligible for appointment as a successor Warrant Agent under the provisions of this Section 11.6. If at the time a successor Warrant Agent is appointed any of the Warrant Certificates shall have been countersigned but not delivered, any such successor Warrant Agent may adopt the countersignature of the original Warrant Agent and deliver such Warrant Certificates so countersigned, and all such Warrant Certificates shall be fully valid and effective as provided in this Agreement.

(e) Name Change. If the name of the Warrant Agent shall be changed and at such time any of the Warrant Certificates shall have been countersigned but not delivered, the Warrant Agent may adopt the countersignatures under its prior name and deliver such Warrant Certificates so countersigned, and all such Warrant Certificates shall be fully valid and effective as provided in this Agreement.

12. MISCELLANEOUS

12.1 Notices.

(a) Any notice pursuant to this Agreement shall be in writing addressed to the relevant address set forth below or such other relevant address as may be specified in writing by the relevant party. A notice shall be deemed properly made: (i) upon personal delivery, (ii) five (5) days after deposit in the mail, postage prepaid, first class mail, or (iii) one (1) day after deposit with a recognized overnight courier, postage prepaid.

If to the Company:

Macatawa Bank Corporation
10753 Macatawa Drive
Holland, Michigan 49424
Attn: Chief Financial Officer
Facsimile: (616) 494-7644

If to the Warrant Agent:

Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016
Attn: Daniel Flynn
Facsimile: (908) 497-2310

(b) Any notice pursuant to this Agreement by the Company or the Warrant Agent to the Holders shall be in writing and shall be delivered to such Holders at their respective addresses in the Warrant Register. The address of each Holder shall be as provided in the Warrant Register. Any Holder may change its address by notice to the Company and the Warrant Agent given in accordance with this Section 12.1. Failure to provide notice to a Holder or any defect in such notice shall not affect its sufficiency with respect to other Holders. If a notice is mailed in the manner provided by this Section 12, it is duly given, whether or not the addressee receives it.

12.2 Cancellation of Warrants. In the event the Company shall purchase or otherwise acquire Warrants, such Warrants shall be delivered to the Warrant Agent and be cancelled by it and retired. The Warrant Agent shall cancel any Warrant Certificate surrendered for exchange, substitution, transfer or exercise in whole or in part.

12.3 Supplements and Amendments. The Company and the Warrant Agent may from time to time supplement or amend this Agreement, the Warrants and the Warrant Certificates without approval of any Holder, in order to: (a) cure any ambiguity or correct or supplement any provision contained in the Agreement, the Warrants and the Warrant Certificates that may be defective or inconsistent with any other provision in such documents, (b) comply with the requirements of any national securities exchange or the Market, or (c) make any other changes to this Agreement, the Warrants and the Warrant Certificates that (i) the Company and the Warrant Agent may deem necessary or desirable, (ii) shall not be inconsistent with the provisions of this Agreement, the Warrants and the Warrant Certificates, and (iii) shall not adversely affect the rights of any Holder. Any other supplement or amendment to this Agreement, the Warrants and the Warrant Certificates may be made with the approval of the Holders of a majority of the then outstanding Warrants, provided, however, that no such supplement or amendment shall, without the written consent of each Holder affected thereby, (w) shorten the Exercise Period for any Warrant, (x) increase the Exercise Price payable pursuant to any Warrant, (y) modify the provisions of this Section 12.3 or (z) increase the obligations of any Holder or otherwise disproportionately adversely affect the rights of any Holder. The Company shall give or cause the Warrant Agent to give prompt notice to all Holders of any supplement or amendment pursuant to this Section 12.3.

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12.4 Successors. All the covenants and provisions of this Agreement by or for the benefit of the Company or the Warrant Agent shall bind and inure to the benefit of the Company or the Warrant Agent and their respective successors.

12.5 Applicable Law. The terms and conditions of this Agreement and the Warrants shall be governed, construed, interpreted, and enforced in accordance with the domestic laws of the State of Michigan, without regard to its conflict of laws principles.

12.6 Benefits of this Agreement. Nothing in this Agreement shall be construed to give any person or corporation other than the Company, the Warrant Agent and the Holders any legal or equitable right, remedy or claim under this Agreement. This Agreement shall be for the sole and exclusive benefit of the Company, the Warrant Agent, their respective assigns and the Holders.

12.7 Execution in Counterparts. This Agreement may be executed in multiple counterparts, which, when taken together, shall constitute one and the same instrument.

12.8 Captions. The captions of the sections and subsections of this Agreement have been inserted for convenience only and shall have no substantive effect.

(Signatures appear on the following page.)

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

COMPANY:

Macatawa Bank Corporation

By: _____

Name: _____

Title: _____

WARRANT AGENT:

Registrar and Transfer Company

By: _____

Name: _____

Title: _____

Signature Page to the Warrant Agreement

TO BE IN THE FORM OF A BANKNOTE CERTIFICATE

CUSIP No. _____

THIS WARRANT IS GOVERNED BY AND SUBJECT TO THE TERMS AND CONDITIONS CONTAINED IN THE WARRANT AGREEMENT. A COPY OF THE WARRANT AGREEMENT MAY BE OBTAINED UPON REQUEST FROM MACATAWA BANK CORPORATION OR THE WARRANT AGENT .

Warrant to Purchase Common Stock of Macatawa Bank Corporation

This Warrant (the "Warrant") is issued to _____, or his, her or its registered assigns (the "holder") by Macatawa Bank Corporation, a Michigan corporation (the "Company"), on _____, 2008 (the "Warrant Issue Date"). This Warrant is issued pursuant to that certain Warrant Agreement, dated _____, 2008 (the "Warrant Agreement"), between the Company and _____, a _____ (the "Warrant Agent") and in furtherance of that certain Settlement and Release and Stock and Warrant Issuance Agreement, dated _____, 2008, in settlement of the lawsuit pending in the United States District Court for the Western District of Michigan, entitled *In re Trade Partners, Inc. Investor Litigation*, Case No. 1:07-MD-1846-RHB, and the lawsuit pending in the Kent County Circuit Court in Grand Rapids, Michigan, entitled *Giese et al. v. Macatawa Bank Corp et al.*, Case No. 06-11707-CZ.

1. **Definitions.** All capitalized terms not defined herein shall have the meanings ascribed to them in the Warrant Agreement.
 2. **Purchase Shares.** Subject to the terms and conditions hereinafter set forth, the holder is entitled, upon surrender of this Warrant to the Warrant Agent, to purchase from the Company up to _____ (_____) fully paid and non-assessable shares of the Company's Common Stock. The number of shares of Common Stock issuable pursuant to this Section 2 shall be subject to adjustment pursuant to Section 8 of the Warrant Agreement.
 3. **Exercise Price.** The purchase price for each Warrant Share shall be \$ _____ per share, as adjusted from time to time pursuant to Section 8 of the Warrant Agreement (the "Exercise Price"). All payments shall be made in lawful money of the United States of America by certified or official bank check or checks payable to the order of the Company or by wire transfer.
 4. **Exercise Period.** This Warrant shall be exercisable, in whole or in part, on any Business Day, from and after the later of (a) _____, 2008 and (b) the Effective Date of the Registration Statement and until 5:00 p.m., Holland, Michigan time, on the third anniversary of the later of (a) or (b), as such period may be extended pursuant to the terms of the Warrant Agreement (the "Exercise Period").
-

5. Method of Exercise. While this Warrant remains outstanding and during the Exercise Period, the holder may exercise, in whole or in part, the purchase rights evidenced hereby. Such exercise shall be effected by: (a) the surrender of this Warrant, together with a duly executed copy of the form of Notice of Election (attached to this Warrant), to the Warrant Agent at its principal offices; and (b) the payment to the Warrant Agent for the account of the Company of an amount equal to the aggregate Exercise Price for the number of Warrant Shares being purchased in any manner permitted in the Warrant Agreement.

6. Certificates for Warrant Shares. Upon the exercise of the purchase rights evidenced by this Warrant, one or more certificates for the number of Warrant Shares so purchased shall be issued as soon as practicable thereafter (with appropriate restrictive legends, if applicable), and in any event within thirty (30) days of the delivery of the Notice of Election. In case the holder shall exercise this Warrant with respect to less than all of the Warrant Shares that may be purchased under this Warrant, the Company shall execute a new warrant in the form of this Warrant for the balance of such Warrant Shares and deliver such new warrant to the holder of this Warrant.

7. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant, but in lieu of such fractional shares, the Company shall make a cash payment for such fractional shares or scrip on the basis of the Trading Price determined as of the date of exercise.

8. No Shareholder Rights. Prior to exercise of this Warrant, the holder shall not be entitled to any rights of a shareholder with respect to the Warrant Shares, including (without limitation) the right to vote such Warrant Shares, receive dividends or other distributions thereon, exercise preemptive rights or be notified of shareholder meetings, and such holder shall not be entitled to any notice or other communication concerning the business or affairs of the Company. However, nothing in this Section 8 shall limit the right of the holder to be provided the notices required under the Warrant Agreement.

9. Transfers of Warrant. Subject to compliance with applicable federal and state securities laws, this Warrant and all rights (but only with all related obligations) under this Warrant are transferable in whole or in part by the holder. The transfer shall be recorded on the books of the Company upon (a) the surrender of this Warrant, properly endorsed, or as otherwise provided for in Section 3 of the Warrant Agreement, to the Warrant Agent at its principal offices, and (b) the payment to the Company of all transfer taxes and other governmental charges imposed on such transfer. In the event of a partial transfer, the Company shall issue to the holders one or more appropriate new warrants.

10. Successors and Assigns. The terms and provisions of this Warrant and the Warrant Agreement shall inure to the benefit of, and be binding upon, the Company and the holders hereof and their respective successors and assigns.

11. Amendments and Waivers. Any term of this Warrant may be amended and the observance of any term of this Warrant may be waived (either generally or in a particular instance and either retroactively or prospectively), with the written consent of the Company and the holder. Any waiver or amendment effected in accordance with this Section shall be binding upon each holder of any Warrant Shares purchased under this Warrant at the time outstanding (including securities into which such Warrant Shares have been converted), each future holder of all such Warrant Shares, and the Company.

12. Notices. All notices required under this Warrant shall be deemed to have been given or made for all purposes (a) upon personal delivery, (b) five (5) days after deposit in the mail, postage prepaid, first class mail, or (c) one (1) day after deposit with a recognized overnight courier, postage prepaid. Notices to the Company shall be sent to 10753 Macatawa Drive, Holland, Michigan 49424 (or at such other place as the Company shall notify the holder hereof in writing). Notices to the holder shall be sent to the address of the holder in the Warrant Register. Notices to the Warrant Agent shall be sent to _____ or such other address as the Warrant Agent shall indicate in a notice to the Company and the holder.

13. Captions. The section and subsection headings of this Warrant are inserted for convenience only and shall not constitute a part of this Warrant in construing or interpreting any provision hereof.

14. Governing Law. The terms and conditions of this Warrant shall be governed, construed, interpreted, and enforced in accordance with the domestic laws of the State of Michigan, without regard to its conflict of laws principles.

15. Warrant Agreement. This Warrant is governed by and subject to the terms and conditions contained in the Warrant Agreement. In the event of a conflict between the provisions of the Warrant Agreement and this Warrant, the provisions of the Warrant Agreement shall govern. A copy of the Warrant Agreement may be obtained at no cost upon request from the Company at its principal office or from the Warrant Agent.

IN WITNESS WHEREOF, the Company and the Warrant Agent have caused this Warrant to be executed by their duly authorized officers.

COMPANY:

Macatawa Bank Corporation

By: _____

Name: _____

Title: _____

WARRANT AGENT:

Registrar and Transfer Company

By: _____

Name: _____

Title: _____

MACATAWA BANK CORPORATION

WARRANT NOTICE OF EXERCISE

To: Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016

1. The undersigned hereby elects to purchase _____ shares of Common Stock of Macatawa Bank Corporation, a Michigan corporation (the "Company"), pursuant to the terms of the attached Warrant and the Warrant Agreement referenced in such Warrant. To the extent the undersigned is not exercising this Warrant in full, please reissue and return to the undersigned a new Warrant to purchase the remaining number of shares of Common Stock.

2. Payment of the Exercise Price per share required under such Warrant accompanies this notice in the amount of \$_____ by means of:

- _____ wire transfer of immediately available funds to the Warrant Agent for the account of the Company,
_____ certified or official bank check or checks to the order of the Company, or
_____ surrender of the right to receive Warrant Shares having an aggregate Trading Price determined as of the date hereof equal to the aggregate Exercise Price.

Signature: _____

Name in Which Shares Are to be Registered:

Print Name: _____

Name: _____

SSN: _____

SSN: _____

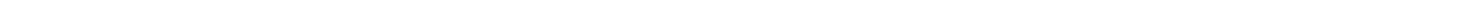
Address: _____

Address: _____

Date: _____

Signatures must be guaranteed by an eligible guarantor institution (a bank, stockbroker, savings and loan association or credit union with membership in an approved signature guarantee medallion program) pursuant to Rule 17Ad-15 of the Securities Exchange Act of 1934, as amended.

Signature Guaranteed by: _____



MACATAWA BANK CORPORATION

WARRANT TRANSFER

To: Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016

For value received, the undersigned hereby sells, assigns and transfers unto _____ the right to purchase _____ (_____) shares of Common Stock, no par value, of Macatawa Bank Corporation, a Michigan corporation (the "Corporation") pursuant to the attached Warrant and does hereby irrevocably constitute and appoint Registrar and Transfer Company as the undersigned's attorney-in-fact, with full power of substitution, to transfer the Warrant, or such portion as is transferred hereby, on the books of the Corporation. The undersigned requests that the Registrar and Transfer Company issue to the transferee a Warrant certificate evidencing such transfer and to issue to the undersigned a new Warrant evidencing the right to purchase Common Stock for the balance not so transferred, if any.

Signature: _____

Name in Which Shares Are to be Registered:

Print Name: _____

Name: _____

SSN: _____

SSN: _____

Address: _____

Address: _____

Date: _____

Signatures must be guaranteed by an eligible guarantor institution (a bank, stockbroker, savings and loan association or credit union with membership in an approved signature guarantee medallion program) pursuant to Rule 17Ad-15 of the Securities Exchange Act of 1934, as amended.

Signature Guaranteed by: _____