

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)	
Nicolet Bankshares, Inc. as successor in interest to Baylake Corp.		47-0871001	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
Nicolet Bankshares, Inc.	920-430-1400	www.nicoletbank.com - click the contact us link	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and Zip code of contact	
111 N Washington Street		Green Bay, WI 54301	
8 Date of action		9 Classification and description	
04/29/2016		Baylake Corp. Common Stock	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
072788		BYLK	

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ On April 29, 2016, Nicolet Bankshares, Inc. (Nicolet) acquired Baylake Corp. (Baylake), EIN: 39-1268055, in a statutory merger that is being treated as a reorganization within the meaning of Section 368(a)(1)(A) of the Internal Revenue Code. Pursuant to the terms of the merger, the Baylake shareholders exchanged each share of their Baylake common stock for 0.4517 shares of Nicolet common stock. Shareholders received cash in lieu of fractional shares based on a per share price of \$37.58 for the Nicolet common stock.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ The aggregate tax basis of the Nicolet shares received will equal the aggregate tax basis of the Baylake shares exchanged (not counting the basis of any shares allocated to the receipt of fractional Nicolet shares). Baylake shareholders who received cash in lieu of fractional shares of Nicolet stock will be treated as having received the fractional share in the merger and then as having exchanged the fractional share for cash. These holders will generally recognize gain or loss equal to the difference between the tax basis allocated to the fractional shares and the amount of cash received.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ The per share fair market value of Nicolet common stock and Baylake common stock was \$38.50 and \$17.43 respectively, as reported by NASDAQ on April 29, 2016.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ _____
Sections 354(a), 356(a), 368(a) and 1001.

18 Can any resulting loss be recognized? ▶ No loss may be recognized by the Baylake shareholders receiving Nicolet common stock, except that any loss on the receipt of cash in lieu of a fractional share of Nicolet may be recognized.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The reportable year is 2016.
Each Baylake shareholder should consult his, hers, or its tax advisor as to the personal implications of the receipt of Nicolet common stock and any cash received as a result of receiving cash in lieu of fractional shares.

Sign Here
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.
Signature ▶ _____ Date ▶ _____
Print your name ▶ Signed copy maintained by the issuer Title ▶ _____

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.