



**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See Attached.

Blank lines for providing Internal Revenue Code section(s) and subsection(s).

18 Can any resulting loss be recognized? ▶ See Attached.

Blank lines for providing information regarding resulting loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See Attached.

Blank lines for providing other information necessary to implement the adjustment.

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.

**Sign Here**

Signature ▶  Date ▶ September 25, 2019

Print your name ▶ Mark K. Hardwick Title ▶ Chief Operating and Financial Officer

<b>Paid Preparer Use Only</b>	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.			

**First Merchants Corporation**  
**FEIN: 35-1544218**

**Attachment to Form 8937**  
**Report of Organizational Actions Affecting Basis of Securities**

*This discussion contained in this Form 8937 is of a general nature only, is not exhaustive, and is not intended to be, nor should it be construed to be, tax advice to any particular shareholder. Because of the complexity of the tax law and because of the unique tax consequences to the shareholders following the "Merger" (as defined below), each shareholder is strongly urged to consult such shareholder's own tax advisor as to the particular tax consequences to such shareholder of the Merger, including the applicability and effect of federal, state, local, foreign and other tax laws in such shareholder's particular circumstances. For more information, please refer to the section entitled "Material U.S. Federal Income Tax Consequences" contained in the First Merchants Corporation Registration Statement on Form S-4, as amended, filed with the United States Securities and Exchange Commission on December 21, 2018 which is also available on the First Merchants Corporation website under the "Investor Relations" link.*

**Part I, Box 9**

The securities subject to reporting include all shares of First Merchants Corporation ("First Merchants") common stock issued in exchange for the outstanding common stock of MBT Financial Corp. ("MBT") as a result of the merger of MBT with and into First Merchants on September 1, 2019.

**Part II, Box 14**

The reportable organizational action involves the merger of MBT with and into First Merchants on September 1, 2019. As a result of the merger, each share of outstanding MBT common stock was exchanged for 0.2750 shares of First Merchants common stock. To the extent that the exchange would have resulted in the issuance of a fractional share of First Merchants common stock to an MBT shareholder, a cash payment equal to the market value equivalent of the fractional share was paid in lieu of issuing a fractional share of First Merchants common stock.

**Part II, Box 15 and 16**

For purposes of this discussion, the term "U.S. Holder" means a beneficial owner of MBT common stock that for U.S. federal income tax purposes is an individual who is a citizen or resident of the U.S., a corporation or entity taxed as a corporation that was organized under the laws of the U.S. or any state or the District of Columbia, an estate the income of which is subject to U.S. federal income tax regardless of its source, or a trust that (i) is subject to the supervision of a court within the U.S. and the control of one (1) or more U.S. Persons (as hereinafter defined) or (ii) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. Person. For purposes of this discussion, "U.S. Person" shall have the meaning ascribed to it by Section 7701(a)(30) of the Internal Revenue Code.

The parties intend for the merger of MBT into First Merchants (the "Merger") to qualify as a "reorganization" under Section 368(a) of the Internal Revenue Code for U.S. federal income tax purposes. In general, a U.S. Holder who receives First Merchants common stock in exchange for MBT

common stock will not recognize any gain or loss on the exchange for U.S. federal income tax purposes, except with respect to cash received in lieu of fractional shares of First Merchants common stock (as discussed below). The aggregate tax basis of First Merchants common stock received by a U.S. Holder in exchange for their MBT common stock (including any fractional shares of First Merchants common stock deemed received and redeemed for cash as described below) will be equal to the U.S. Holder's aggregate adjusted tax basis in their MBT common stock exchanged. In addition, the holding period of the First Merchants common stock received in the Merger (including any fractional shares of First Merchants common stock deemed received and redeemed for cash as described below) generally will include the holding period of MBT common stock surrendered in the exchange. If a U.S. Holder acquired different blocks of MBT common stock at different times or at different prices, the First Merchants common stock received in the Merger will be allocated pro rata to each block of MBT common stock, and the basis and holding period of each block of First Merchants common stock received will be determined on a block-for-block basis depending on the basis and holding period of the blocks of MBT common stock exchanged for such block of First Merchants common stock.

A U.S. Holder who receives cash in lieu of fractional shares of First Merchants common stock will be treated as having received such fractional share of First Merchants common stock pursuant to the Merger and then as having sold that fractional share of First Merchants common stock for cash. As a result, a U.S. Holder will generally recognize gain or loss equal to the difference between the amount of cash received and the U.S. Holder's basis in the fractional share of First Merchants common stock determined as described above. Any resultant gain or loss will be capital in nature, and will be long-term or short-term, depending on the period of time the exchanged MBT common stock were held. The deductibility of capital losses is subject to limitations.

#### **Part II, Box 17**

The parties intend for the Merger to qualify as a "reorganization" under Section 368(a) of the Internal Revenue Code for U.S. federal income tax purposes. The other sections of the Internal Revenue Code that typically impact tax treatment of shareholders under a Section "368(a) reorganization" are 354, 356, 358, 302, 1001, 1221 and 1223.

#### **Part II, Box 18**

A U.S. Holder who receives cash in lieu of fractional shares of First Merchants common stock will be treated as having received such fractional share of First Merchants common stock pursuant to the Merger and then as having sold that fractional share of First Merchants common stock for cash. As a result, a U.S. Holder will generally recognize gain or loss equal to the difference between the amount of cash received and the U.S. Holder's basis in the fractional share of First Merchants common stock determined as described above. Any resultant gain or loss will be capital in nature, and will be long-term or short-term, depending on the period of time the exchanged MBT common stock were held. The deductibility of capital losses is subject to limitations.

#### **Part II, Box 19**

The Merger was consummated on September 1, 2019. As a result, the appropriate reportable tax year of the U.S. Holders for the exchange of MBT common stock for First Merchants common stock would be their taxable year which includes the September 1, 2019 date.