

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-8
REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933

FIRST MERCHANTS CORPORATION
(Exact Name of Registrant as Specified in its Charter)

INDIANA
(State or other jurisdiction of
incorporation or organization)

35-1544218
(I.R.S. Employer
Identification No.)

200 East Jackson
Muncie, Indiana 47305
(Address of Principal Executive Offices
Including Zip Code)

FIRST MERCHANTS CORPORATION EMPLOYEE STOCK PURCHASE PLAN (1994)
(Full title of the plan)

Larry R. Helms
200 E. Jackson
Muncie, IN 47305
(317) 747-1530
(Name, address and telephone
number, including area code, of
agent for service)

With a Copy To: David R. Prechtel, Esq.
Bingham Summers Welsh &
Spilman
2700 Market Tower
10 West Market Street
Indianapolis, IN 46204

CALCULATION OF REGISTRATION FEE (1)

Title of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share (2)	Proposed Maximum Aggregate Offering Price (2)	Amount of Registration Fee
Common Stock, No Par Value	112,500 Shares	\$29.50	\$3,318,750	\$1,144.40

(1) In addition, pursuant to Rule 416(c) under the Securities Act of 1933, this registration statement also covers an indeterminate amount of interests to be offered or sold pursuant to the employee benefit plan described herein.

(2) Estimated solely for purpose of calculating the registration fee in accordance with Rule 457.

FIRST MERCHANTS CORPORATION
EMPLOYEE STOCK PURCHASE PLAN (1994)

112,500 Shares of Common Stock
No Par Value

Employees of First Merchants Corporation (the "Company") and such of its subsidiaries as shall be designated by the Compensation Committee of the Company's Board of Directors (the "Committee") are hereby offered the opportunity to participate in the First Merchants Corporation Employee Stock Purchase Plan (1994) (the "Plan").

A description of the Plan is set forth in this Prospectus. Generally, the Plan provides for the purchase of up to 112,500 shares of the no par value common stock of the Company (the "Common Stock") by eligible employees through a maximum of five offerings of twelve month durations. Prior to each offering period, eligible employees will be entitled to elect to have up to 20% of their ordinary base compensation deducted from their pay and accumulated with interest until the end of the offering period, but not to exceed \$25,000 per offering period. At the end of each offering period, the balance of each participant's payroll deduction account will be applied towards the purchase of Company Common Stock at a price to be determined by the Committee which shall be 85% of the lesser of the fair market value of the Common Stock at the beginning or at the end of the offering period.

This Prospectus relates to the offer of participation interests in the Plan to employees of the Company and its designated subsidiaries, as well as the distribution by the Plan of shares of the Company's Common Stock pursuant thereto.

No person has been authorized to give any information or to make any representations other than those in this Prospectus in connection with the offer contained in this Prospectus, and if given or made, such information or representations must not be relied upon as having been authorized by the Company. This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any security other than the securities offered by this Prospectus, nor does it constitute an offer to sell or a solicitation of an offer to buy the securities by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer is not qualified to do so, or to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implications that the information herein is correct as of any time subsequent to the date hereof.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS COVERING SECURITIES THAT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933.

The date of this Prospectus is June 14, 1994.

THE COMPANY

The Company's principal executive office is located at 200 East Jackson Street, Muncie, Indiana 47305 and its telephone number is (317) 747-1500.

SUMMARY OF THE PLAN

The following information summarizes certain features of the Plan. This summary is qualified in its entirety by reference to the official text of the Plan, a copy of which may be obtained from the Company in the manner described under "ADDITIONAL INFORMATION."

GENERAL INFORMATION

The Plan was adopted by the Board of Directors of the Company on December 14, 1993 and approved by the shareholders of the Company on March 31, 1994. The effective date of the Plan is July 1, 1994. The purpose of the Plan is to provide eligible employees of the Company and participating subsidiaries a convenient opportunity to purchase Company Common Stock through annual offerings financed by payroll deductions.

The Plan provides for the purchase of up to 112,500 shares of the Company's Common Stock by eligible employees through a maximum of five offerings of twelve month durations. Prior to each offering period, eligible employees will be entitled to elect to have up to 20% of their ordinary base compensation deducted from their pay and accumulated with interest until the end of that offering period, but not to exceed \$25,000 per offering period. At the end of each offering period, the balance of each participant's payroll deduction account will be applied towards the purchase of the largest number of full shares of the Company's Common Stock possible and each participant will receive a certificate evidencing such shares. The price at which the shares will be deemed to have been purchased will be determined by the Committee and shall be equal to 85% of the lesser of the fair market value of the Company's Common Stock at the time such option is granted or on the last day of the offering period. Shares to be purchased under the Plan may be obtained by the Company from authorized but unissued shares, from open market transactions or from private sources.

In the event any change in the Common Stock through recapitalization, merger, consolidation, stock dividend or split, combination or exchanges of shares or otherwise, the Committee shall make such equitable adjustments in the Plan and the then outstanding offering as it deems necessary and appropriate including, but not limited to, changing the number of shares of Common Stock reserved under the Plan and the price of the current offering. If the number of shares of Common Stock that participating employees become entitled to purchase is greater than the number of shares of Common Stock available, the available shares shall be allocated by the Committee among such participating employees in such manner as it deems fair and equitable. No fractional shares of Common Stock shall be issued or sold under the Plan.

The Company will maintain or cause to be maintained payroll deduction accounts for all participating employees. All funds received or held by the Company or its subsidiaries under the Plan may be, but need not be, segregated from other corporate funds. Payroll deduction accounts will be credited with interest at such rates and intervals as the Committee shall determine from time to time. Any balance remaining in any employee's payroll deduction account at the end of an offering period will be refunded to the employee.

Each participating employee will receive a statement of his or her payroll deduction account and the number of shares of Common Stock purchased therewith following the end of each offering period.

Subject to rules, procedures and forms adopted by the Committee, a participating employee may at any time during the offering period increase, decrease or suspend his or her payroll deduction, or may withdraw the entire balance of his or her payroll deduction account and thereby withdraw from participation in an offering. Under the initial rules established by the Committee, payroll deductions may not be altered more than once in each offering period and withdrawal requests must be received on or before the last day of such offering. In the event of a participating employee's retirement, death or termination of employment, his or her participation in any offering under the Plan shall cease, no further amounts shall be deducted pursuant to the Plan, and the balance in the employee's account shall be paid to the employee, or, in the event of the employee's death, to the employee's beneficiary designated on a form approved by the Committee (or, if the employee has not designated a beneficiary, to his or her estate).

The Plan may continue until all of the Common Stock allocated to it has been purchased or until after the fifth annual offering is completed, whichever shall occur first. The Company's Board of Directors may terminate the Plan at any time, or make such amendment to the Plan as it deems advisable, but no amendments may be made without the approval of the Company's shareholders if it would materially: (i) increase the benefits accruing to participants under the Plan; (ii) modify the requirements as to eligibility for participation in the Plan; (iii) increase the number of shares which may be issued under the Plan, (iv) increase the cost of the Plan to the Company; or (v) alter the allocation of Plan benefits among participating employees. The Committee may at any time suspend an offering if required by law or if determined by the Committee to be in the best interests of the Company. No option, right or benefit under the Plan may be transferred by a participating employee other than by will or the laws of descent and distribution, and all options, rights and benefits under the Plan may be exercised during the participating employee's lifetime only by such employee or the employee's guardian or legal representative. Participant's funds held in the Plan are subject to the claims of the participant's creditors and may be subject to attachment or other legal process of the participant's creditors.

ELIGIBILITY

All employees of the Company and such of its subsidiaries as shall be designated by the Committee will be eligible to participate in the Plan. As of July 1, 1994, employees of the following Company subsidiaries were entitled to participate in the Plan: First Merchants Bank, N.A., First United Bank and Pendleton Banking Company. No employee shall be eligible to participate in the Plan if his or her customary employment is 20 hours or less per week or if he or she has been employed by the Company or subsidiary for less than six months. In no event shall an employee be eligible to participate in the Plan if, immediately after an option is granted under the Plan, the employee owns more than five percent (5%) of the total combined voting power or value of all classes of shares of the Company or of any parent or subsidiary of the Company. No special restrictions relating to the maximum or minimum level of participation is imposed upon the officers of the Company and its subsidiaries.

RESTRICTIONS ON REOFFERS OR REALES

This Prospectus has been prepared in accordance with the requirements of Form S-8 and, accordingly, does not cover reoffers or resales of shares of Common Stock acquired pursuant to the Plan. Plan participants who acquire such shares pursuant to the Plan who are deemed to be affiliates of the Company may only resell or reoffer shares acquired pursuant to the Plan under an exemption from the registration requirements of the Securities Act of 1933 (the "1933 Act") or pursuant to a prospectus which meets the requirements of General instruction C of Form S-8. The exemption provided by Rule 144 under the 1933 Act would be available to such affiliates so long as the Company continues to be in compliance

with the reporting requirements and if the affiliate satisfies the other requirements of that rule. For purposes of the 1933 Act, in general, an "affiliate" of a company is "a person" (as defined in the 1933 Act) that "directly or indirectly . . . controls" such company.

Participants who are not deemed to be affiliates of the Company may sell shares of Common Stock acquired pursuant to the Plan free from restriction, other than the general prohibition of federal and state securities laws on trading securities while in possession of material non-public information concerning the Company.

ADMINISTRATION

The Plan is administered by the Committee, which consists of three or more members of the Board of Directors of the Company, none of whom are eligible to participate in the Plan and all of whom shall be "disinterested persons", as such term is defined in the rules of the Securities and Exchange Commission, as amended from time to time. The Committee shall prescribe rules and regulations for the administration of the plan and interpret its provisions. The Committee may correct any defect, reconcile any inconsistency or resolve any ambiguity in the plan. The actions and determinations of the Committee on matters relating to the Plan are conclusive. The members of the Committee serve for one-year periods and may be removed at any time by the Board.

INVESTMENT OF FUNDS

Under the Plan, Common Stock may be purchased from the Company, on the open market or from private parties who may be affiliates of the Company. No fees, commissions or other charges, except reasonable interest charges for deferred payment of the purchase price shall be paid to purchase Common Stock from private parties who may be affiliates of the Company.

ERISA AND FEDERAL INCOME TAX

The provisions of the federal income tax laws relating to the Plan are complex, subject to amendment and to various interpretations. The following statement is intended only as a summary of the Company's interpretation of the principal federal income tax consequences of participation in the Plan. Plan participants are advised to consult their personal tax consultant regarding the federal, state, local and other tax consequences applicable to them.

The Plan is not and will not be qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and is not subject to any provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). The Plan is intended to qualify as an employee stock purchase plan under Section 423 of the Code. Consequently, the difference between the purchase price and the fair market value of any stock purchased under the Plan is not includable in the participant's gross income for federal income tax purposes, unless a disqualifying disposition occurs. The Company is not entitled to a deduction for federal income tax purposes with respect to any stock purchased under the Plan, unless a disqualifying disposition occurs.

ADDITIONAL INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "1934 Act"), and, in accordance therewith, files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information can be inspected and copied at the public reference offices of the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N. W., Washington, D.C. 20549 and at the Commission's regional offices located at Northwest Atrium Center, 500 West Meridian Street, Suite 1400, Chicago, Illinois 60611-2511; and

at 7 World Trade Center, 13th Floor, New York, New York 10048. Copies of such material can also be obtained from the Public Reference Section of the Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates.

The Company has filed with the Commission in Washington, D.C. a registration statement on Form S-8 (the "Registration Statement") under the 1933 Act, with respect to the securities offered hereby. This Prospectus does not contain all the information set forth in the Registration Statement and the Exhibits relating thereto. For further information with respect to the Company and the securities offered by this Prospectus, reference is made to such Registration Statement and Exhibits.

Statements contained in this Prospectus as to the contents of any documents are not necessarily complete. In each instance reference is hereby made to the copy of such document filed as an exhibit to the Registration Statement for a full statement of the provisions thereof and each such statement in this Prospectus is qualified in all respects by such reference.

The Company hereby undertakes to provide, without charge, to each person to whom a copy of this Prospectus has been delivered, on the written or oral request of any such person, a copy of any or all of the following documents which are incorporated in this Prospectus by reference, other than exhibits to such documents:

(1) The Company's Annual Report on Form 10-K for the year ended December 31, 1993.

(2) All reports filed by the Company pursuant to Sections 13(a) or 15(d) of the 1934 Act since December 31, 1993.

(3) The description of the Company's Common Stock which is contained in the registration statement on Form 8-A filed by the Company under Section 12 of the 1934 Act, including any amendment or report filed for the purpose of updating such description.

(4) All documents filed by the Company regarding the Plan pursuant to Sections 13, 14 or 15(d) of the 1934 Act, subsequent to the date of the Prospectus and prior to the filing of a post-effective amendment to the Registration Statement which indicates that all securities offered hereby have been sold or which deregisters all securities then remaining unsold.

The Company will also provide, without charge, to each person to whom a copy of this Prospectus has been delivered, on the written or oral request of any such person a copy of such other documents required to be delivered pursuant to Rule 428(b) of the 1933 Act. Participants in the Plan should direct requests for such copies and any other information about the Plan and the Committee to Larry R. Helms, First Merchants Corporation, 200 East Jackson Street, Box 792, Muncie, Indiana 47305 (Telephone: (317) 747-1500).

LEGAL OPINIONS

Certain legal matters relating to the validity of the securities offered hereby have been passed upon for the Company by Bingham Summers Welsh & Spilman, 2700 Market Tower, 10 West Market Street, Indianapolis, Indiana 46204-2982.

PART II
INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. INCORPORATION OF DOCUMENTS BY REFERENCE.

The following documents, which have heretofore been filed by the Company with the Commission, are incorporated by reference and shall be deemed to be a part hereto.

(1) The Company's Annual Report on Form 10-K for the year ended December 31, 1993.

(2) All reports files by the Company pursuant to Sections 13(a) or 15(d) of the 1934 Act since December 31, 1993.

(3) The description of the Company's Common Stock which is contained in the registration statement on Form 8-A filed by the Company under Section 12 of the 1934 Act, including any amendment or report filed for the purpose of updating such description.

All documents filed by the Company regarding the Plan pursuant to Sections 13, 14, or 15(d) of the 1934 Act, subsequent to the date of the Prospectus and prior to the filing of a post-effective amendment to the Registration Statement which indicates that all securities offered hereby have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference herein and to be a part hereof from the date of filing of such documents.

Item 4. DESCRIPTION OF SECURITIES.

Not Applicable.

Item 5. INTERESTS OF NAMED EXPERTS AND COUNSEL.

Not Applicable.

Item 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

The Articles of Incorporation and the Registrant provide indemnification protection in favor of all officers and directors of the Registrant and its subsidiaries, except for the acts or omissions of such officers and directors not performed in good faith or in the best interests of the Registrant.

In addition, under the provisions of the Indiana Business Corporation Law ("Corporate Act"), directors are not liable for any action taken as a director, or any failure to take any action, unless (i) the director has breached or failed to perform the duties of the director's office in compliance with IC 23-1-35; and (ii) the breach or failure to perform constitutes willful misconduct or recklessness. The Corporate Act also allows indemnification of officers and directors if:

1. the individual's conduct was in good faith; and
2. the individual reasonably believed:
 - A) in the case of conduct in the individual's official capacity with the corporation, that the individual's conduct was in its best interests; and

- B) in all other cases, that the individual's conduct was at least not opposed to its best interests; and
3. in the case of any criminal proceeding, the individual either:
- A) had reasonable cause to believe that the individual's conduct was lawful; or
 - B) had no reason to believe the individual's conduct was unlawful.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the "Act") may be permitted to directors, officers, and controlling persons of the Registrant pursuant to the foregoing provisions or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer, or controlling person in connection with the securities being registered hereby) is asserted against the Registrant by such director, officer, or controlling person in connection with the securities registered hereby, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The directors and officers of the Registrant are covered by insurance policies indemnifying against certain liabilities, including certain liabilities arising under the Act, which might be incurred by them in such capacities and against which they cannot be indemnified by the Registrant.

Item 7. EXEMPTION FROM REGISTRATION CLAIMED.

Not Applicable.

Item 8. EXHIBITS.

Exhibit No. -----	Description of Exhibit -----
4.	First Merchants Corporation Employee Stock Purchase Plan (1994)
5.	Opinion of Bingham Summers Welsh & Spilman relating to legality of securities being registered.
15.	None
23a.	Consent of Bingham Summers Welsh & Spilman*
23b.	Consent of Geo. S. Olive & Co.
24.	Power of Attorney included in "Signatures" section.
25-28.	None

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* Included in opinion.

Item 9. UNDERTAKINGS.

The undersigned Registrant hereby undertakes:

- (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:
 - (i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;
 - (ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement;
 - (iii) To include any material information with respect to the plan or distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

Provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the information required to

be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

- (2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- (3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and each filing of the Plan's annual reports pursuant to section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Stefan S. Anderson and Larry R. Helms and each of them his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully and to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

SIGNATURES

THE REGISTRANT.

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Muncie, State of Indiana, on June 10, 1994.

FIRST MERCHANTS CORPORATION

By: /s/ Stefan S. Anderson

Stefan S. Anderson
President

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Pursuant to the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature -----	Capacity -----	Date ----
/s/ Stefan S. Anderson ----- Stefan S. Anderson	Director, Chairman and Principal Executive Officer	June 10, 1994
/s/ Robert M. Smitson ----- Robert M. Smitson	Director and Vice Chairman	June 10, 1994
/s/ Thomas B. Clark ----- Thomas B. Clark	Director	June 10, 1994
/s/ Michael L. Cox ----- Michael L. Cox	Director	June 10, 1994
/s/ David A. Galliher ----- David A. Galliher	Director	June 10, 1994
/s/ Dr. Thomas K. Gardiner ----- Dr. Thomas K. Gardiner	Director	June 10, 1994
/s/ Hurley C. Goodall ----- Hurley C. Goodall	Director	June 10, 1994
/s/ John W. Hartmeyer ----- John W. Hartmeyer	Director	June 10, 1994
/s/ Nelson W. Heinrichs ----- Nelson W. Heinrichs	Director	June 10, 1994
/s/ Jon H. Moll ----- Jon H. Moll	Director	June 10, 1994
/s/ Joseph E. Wilson ----- Joseph E. Wilson	Director	June 10, 1994
/s/ Robert F. Wisehart ----- Robert F. Wisehart	Director	June 10, 1994
/s/ John E. Worthen ----- John E. Worthen	Director	June 10, 1994
/s/ James L. Thrash ----- James L. Thrash	Principal Financial and Principal Accounting Officer	June 10, 1994

THE PLAN.

Pursuant to the requirements of the Securities Act of 1933, the Plan has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Muncie, State of Indiana on the 10th day of June, 1994.

FIRST MERCHANTS CORPORATION EMPLOYEE STOCK
PURCHASE PLAN (1994)

By:/s/ Thomas B. Clark

Thomas B. Clark,
Compensation Committee Member

By:/s/ John W. Hartmeyer

John W. Hartmeyer,
Compensation Committee Member

By:/s/ Robert M. Smitson

Robert M. Smitson,
Compensation Committee Member

EXHIBIT INDEX

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24.	Power of Attorney included in "Signatures" section.	
25-28.	None	

*Included in opinion.

FIRST MERCHANTS CORPORATION
EMPLOYEE STOCK PURCHASE PLAN (1994)

INTRODUCTION

The First Merchants Corporation Employee Stock Purchase Plan (the "PLAN") was adopted by the Board of Directors (the "BOARD") of First Merchants Corporation (the "COMPANY") on December 14, 1993, subject to approval of the Company's shareholders at their annual meeting on March 31, 1994. The effective date of the Plan shall be July 1, 1994, if it is approved by the shareholders. The purpose of the Plan is to provide eligible employees of the Company and its subsidiaries a convenient opportunity to purchase shares of common stock of the Company through annual offerings financed by payroll deductions. The Plan may continue until all the stock allocated to it has been purchased or until after the fifth offering is completed, whichever is earlier. The Board may terminate the Plan at any time, or make such amendment of the Plan as it may deem advisable, but no amendment may be made without the approval of the Company's shareholders if it would materially: (i) increase the benefits accruing to participants under the Plan; (ii) modify the requirements as to eligibility for participation in the Plan; (iii) increase the number of shares which may be issued under the Plan, (iv) increase the cost of the Plan to the Company; or (v) alter the allocation of Plan benefits among participating employees.

The Plan is not qualified under Section 401(a) of the Internal Revenue Code of 1986 (the "CODE") and is not subject to any provisions of the Employee Retirement Income Security Act of 1974 (ERISA). It is the Company's intention to have the Plan qualify as an "employee stock purchase plan" under Section 423 of the Code, and the provisions of the Plan shall be construed so as to extend and limit participation in a manner consistent with the requirements of that Section of the Code.

ADMINISTRATION

The Plan is administered by the Compensation Committee (the "COMMITTEE"), which consists of three or more members of the Board, none of whom are eligible to participate in the Plan and all of whom shall be "disinterested persons," as such term is defined in the rules of the Securities and Exchange Commission, as amended from time to time. The Committee shall prescribe rules and regulations for the administration of the Plan and interpret its provisions. The Committee may correct any defect, reconcile any inconsistency or resolve any ambiguity in the Plan. The actions and determinations of the Committee on matters relating to the Plan are conclusive. The Committee and its members may be addressed in care of the Company at its principal executive office. The members of the Committee do not serve for fixed periods but may be appointed or removed at any time by the Board.

STOCK SUBJECT TO THE PLAN

An aggregate of 112,500 shares of common stock, without par value, of the Company (the "COMMON STOCK") is available for purchase under the Plan. Shares of Common Stock which are to be delivered under the Plan may be obtained by the Company by authorized

purchases on the open market or from private sources, or by issuing authorized but unissued shares of Common Stock. In the event of any change in the Common Stock through recapitalization, merger, consolidation, stock dividend or split, combination or exchanges of shares or otherwise, the Committee may make such equitable adjustments in the Plan and the then outstanding offering as it deems necessary and appropriate including, but not limited to, changing the number of shares of Common Stock reserved under the Plan and the price of the current offering. If the number of shares of Common Stock that participating employees become entitled to purchase is greater than the number of shares of Common Stock available, the available shares shall be allocated by the Committee among such participating employees in such manner as it deems fair and equitable. No fractional shares of Common Stock shall be issued or sold under the Plan.

ELIGIBILITY

All employees of the Company and such of its subsidiaries as shall be designated by the Committee will be eligible to participate in the Plan. No employee shall be eligible to participate in the Plan if his or her customary employment is less than 20 hours per week. No employee shall be eligible to participate in an offering unless he or she has been continuously employed by the Company or subsidiary for at least six months as of the first day of such offering. No employee shall be eligible to participate in the Plan if, immediately after an option is granted under the Plan, the employee owns more than five percent (5%) of the total combined voting power or value of all classes of shares of the Company or of any parent or subsidiary of the Company.

OFFERINGS, PARTICIPATING, DEDUCTIONS

The Company may make up to five offerings of 12 months' duration each to eligible employees to purchase Common Stock under the Plan. An eligible employee may participate in such offering by authorizing at any time prior to the first day of such offering a payroll deduction for such purpose in whole dollar amounts, up to a maximum of twenty percent (20%) of his or her basic salary or wages, excluding any bonus, overtime, incentive or other similar extraordinary remuneration received by such employee. The Committee may at any time suspend an offering if required by law or if determined by the Committee to be in the best interests of the Company.

The Company will maintain or cause to be maintained payroll deduction accounts for all participating employees. All funds received or held by the Company or its subsidiaries under the Plan may be, but need not be, segregated from other corporate funds. Payroll deduction accounts will be credited with interest at such rates and intervals as the Committee shall determine from time to time. Any balance remaining in any employee's payroll deduction account at the end of an offering period will be refunded to the employee.

Each participating employee will receive a statement of his or her payroll deduction account and the number of shares of Common Stock purchased therewith following the end of each offering period.

Subject to rules, procedures and forms adopted by the Committee, a participating employee may at any time during the offering period increase, decrease or suspend his or her payroll deduction, or may withdraw the entire balance of his or her payroll deduction

account and thereby withdraw from participation in an offering. Under the initial rules established by the Committee, payroll deductions may not be altered more than once in each offering period and withdrawal requests may be received on or before the last day of such offering. In the event of a participating employee's retirement, death or termination of employment, his or her participation in any offering under the Plan shall cease, no further amounts shall be deducted pursuant to the Plan, and the balance in the employee's account shall be paid to the employee, or, in the event of the employee's death, to the employee's beneficiary designated on a form approved by the Committee (or, if the employee has not designated a beneficiary, to his or her estate).

PURCHASE, LIMITATIONS, PRICE

Each employee participating in any offering under the Plan will be granted an option, upon the effective date of such offering, for as many full shares of Common Stock as the amount of his or her payroll deduction account at the end of any offering period can purchase. No employee may be granted an option under the Plan which permits his or her rights to purchase Common Stock under the Plan, and any other stock purchase plan of the Company or a parent or subsidiary of the Company qualified under Section 423 of the Code, to accrue at a rate which exceeds \$25,000 of the fair market value of such Common Stock (determined at the effective date of the offering) for each calendar year in which the option is outstanding at any time. As of the last day of the offering period, the payroll deduction account of each participating employee shall be totaled. If such account contains sufficient funds to purchase one or more full shares of Common Stock as of that date, the employee shall be deemed to have exercised an option to purchase the largest number of full shares of Common Stock at the offering price. Such employee's account will be charged for the amount of the purchase and a stock certificate representing such shares will be issued.

The Committee shall determine the purchase price of the shares of Common Stock which are to be sold under each offering, which price shall be the lesser of (i) an amount equal to 85 percent of the Fair Market Value of the Common Stock at the time such option is granted, or (ii) an amount equal to 85 percent of the Fair Market Value of the Common Stock at the time such option is exercised. Fair Market Value of a share of Common Stock on a given date is defined as the average price between the highest "bid" and lowest "offered" quotations of a share on such date (or, if none, on the most recent date on which there were bid and offered quotations of a share), as reported by the National Association of Securities Dealers Automated Quotation System, or other similar service selected by the Committee. However, if the Common Stock is listed on a national securities exchange, Fair Market Value is defined as the last reported sale price of a share on such date, or if no sale took place, the last reported sale price of a share of stock on the most recent day on which a sale of a share of stock took place as recorded on such exchange. If the Common Stock is neither listed on such date on a national securities exchange nor traded in the over-the-counter market, Fair Market Value is defined as the fair market value of a share on such date as determined in good faith by the Committee.

TRANSFER OF INTERESTS, STOCK CERTIFICATES

No option, right or benefit under the Plan may be transferred by a participating employee other than by will or the laws of descent and distribution, and all options, rights and benefits under the Plan may be exercised during the participating employee's lifetime only by such employee or the employee's guardian or legal representative. There are no restrictions imposed by or under the Plan upon the resale of shares of Common Stock issued under the Plan.

Certain officers of the Company are subject to restrictions under Section 16(b) of the Securities Exchange Act of 1934 (the "1934 ACT"). With respect to such officers, transactions under the Plan are intended to comply with all applicable conditions of Rule 16b-3 or its successors under the 1934 Act. To the extent any provision of the Plan or action by the Committee fails to so comply, it shall be deemed null and void if permitted by law and deemed advisable by the Committee.

Certificates for Common Stock purchased under the Plan may be registered only in the name of the participating employee, or, if such employee so indicates on his or her authorization form, in his or her name jointly with a member of his or her family, with right of survivorship. An employee who is a resident of a jurisdiction which does not recognize such a joint tenancy may have certificates registered in the employee's name as tenant in common with a member of the employee's family, without right of survivorship.

June 10, 1994

FIRST MERCHANTS CORPORATION
200 East Jackson Street
P. O. Box 792
Muncie, IN 47305-2814

Gentlemen:

You have requested our opinion in connection with the proposed offering of participation interests (the "Participation Interests") in the First Merchants Corporation Employee Stock Purchase Plan (1994) (the "Plan") and shares of First Merchants Corporation (the "Company") common stock (the "Shares") to be issued to Plan participants pursuant to the Plan which are covered by a Registration Statement on Form S-8 (the "Registration Statement") under the Securities Act of 1933, as amended (the "Act"), filed with the Securities and Exchange Commission. With respect to the Registration Statement, we have acted as special counsel to the Company.

In connection with your request to us, we have been provided with the following:

- (1) The Articles of Incorporation and By-Laws of the Company;
- (2) Minutes of a meeting of the Board of Directors of the Company on December 14, 1993, and minutes of a meeting of the Shareholders of the Company on March 31, 1994;
- (3) A certificate from the Indiana Secretary of State certifying that the Company is a duly organized and existing Indiana corporation; and
- (4) A copy of the Plan.

For purposes of this opinion, we have examined the above documents and have relied upon them as to matters of fact. We have not independently checked to verify the accuracy or completeness of the information set forth or certified in such documents.

In addition, we have reviewed such other documents as we have considered necessary or appropriate for the purposes of this opinion.

In making our examination of documents executed by parties other than officers and directors of the Company, we have assumed that such other parties have the corporate power to enter into and perform all obligations thereunder, and we have also assumed the due authorization, by all requisite corporate action, of the execution and delivery of such documents and the validity and binding effect thereof on such other parties.

We are qualified to practice law in the State of Indiana, and we do not purport to be experts on, or to express an opinion herein concerning, any law other than the law of the State of Indiana and the Federal law of the United States.

Based upon our examination of the foregoing documents and subject to the foregoing limitations and qualifications, we are of the opinion that:

- (1) As of this date, the Company is a duly organized and existing corporation under the laws of the State of Indiana, with the corporate power and authority to conduct its business as currently conducted.
- (2) Subject to the effectiveness of the Registration Statement, to any other action required for compliance with the Act in connection with the creation of Participation Interests, to compliance with applicable state laws, to such action as may be required to establish and allocate Participation Interests and the property held in the Plan and to compliance with the terms and conditions of the Plan, the employees of the Company and its subsidiaries participating in the Plan will acquire lawful interests in the Plan consisting of property held in the Plan which is allocated to their accounts under the Plan.
- (3) Subject to the effectiveness of the Registration Statement under the Act and to any action required for compliance with the Act in connection with the Plan's acquisition of Shares of the Company under the Plan:
 - (a) All Shares of the Company issued and outstanding as of the date hereof which may hereafter be acquired under the Plan are, and
 - (b) all Shares of the Company issued after the date hereof which are
 - (i) authorized by the Company's Certificate of Incorporation as in effect at the time of such issuance,
 - (ii) issued for lawful consideration under the laws of the State of Indiana, and
 - (iii) issued pursuant to authority duly granted by the Board of Directors of the Company, and which, upon or after the issuance thereof, are acquired by the Plan will be,

duly authorized, legally issued, fully paid and non-assessable.

We consent to the use of this opinion as an exhibit to the Registration Statement and to the reference made to us in the Registration Statement and Prospectus forming a part thereof under the caption "Legal Opinions". By giving this consent, we do not admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the rules and regulations of the Securities and Exchange Commission thereunder.

Very truly yours,

/s/ Bingham Summers Welsh & Spilman

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We consent to the use of our report, dated January 21, 1994, incorporated herein by reference which is included in the annual report on Form 10-K of First Merchants Corporation for the year ended December 31, 1993.

/s/ Geo. S. Olive & Co. LLC

Geo. S. Olive & Co. LLC
Indianapolis, Indiana
June 9, 1994