

Distributions: A Participant may designate the date the Participant is to receive a distribution of the amounts deferred (so long as the date is at least two (2) years following the beginning of the Plan year for which the first deferral is made). If no designation is made, or if the Participant dies, retires or terminates service prior to the designated date, the Plan will commence distributing the funds within ninety (90) days following the termination of service (subject to certain exceptions for "Key Employees"). A Participant may also request distribution in the event of an "Unforeseeable Emergency" (as defined under the Plan) upon approval of the Committee. Each Participant will also receive distribution of its funds from the Plan in the event of a "Change in Control" of the Corporation (as defined under the Plan).

Unfunded Nature of Plan. The Corporation intends to utilize a "rabbi trust" in connection with the Plan and to make contributions to the trust to provide itself with a source of funds to assist it in meeting its liabilities under the Plan. However, the Corporation's obligations under the Plan will remain an unsecured, unfunded promise to pay benefits to the participants in accordance with the Plan's provisions.

Termination of the Plan. The Corporation may amend or terminate the Plan at any time in its sole discretion.

The foregoing summary of the Plan is subject to, and qualified in its entirety by, the full text of the Plan which is attached hereto as Exhibit 10.1 and is incorporated herein by reference in its entirety.

Item 9.01. Financial Statements and Exhibits.

(d) (10.1) 2011 Executive Deferred Compensation Plan, effective as of January 1, 2011.

SIGNATURES

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

DATE: November 3, 2011

FIRST MERCHANTS CORPORATION

By: /s/ Mark K. Hardwick

Mark K. Hardwick,
Executive Vice President and
Chief Financial Officer

EXHIBIT INDEX

(d)

Exhibits.

Number

Description

10.1

2011 Executive Deferred Compensation Plan, effective as of January 1, 2011



**FIRST MERCHANTS CORPORATION
2011 EXECUTIVE DEFERRED COMPENSATION PLAN**

(Effective as of January 1, 2011)

*Krieg DeVault LLP
One Indiana Square, Suite 2800
Indianapolis, IN 46204-2079
www.kriegdevault.com*

ADOPTION OF
FIRST MERCHANTS CORPORATION
2011 EXECUTIVE DEFERRED COMPENSATION PLAN

Pursuant to resolutions adopted by the Board of Directors of the First Merchants Corporation (the "Company"), the undersigned officers of the Company hereby executes the First Merchants Corporation 2011 Executive Deferred Compensation Plan, effective as of January 1, 2011, on behalf of the Company, in the form attached hereto.

Dated this _____ day of _____, 2011.

FIRST MERCHANTS CORPORATION

By: _____

ATTEST:

By: _____

**FIRST MERCHANTS CORPORATION
2011 EXECUTIVE DEFERRED COMPENSATION PLAN**

TABLE OF CONTENTS

	<u>PAGE</u>
ARTICLE I INTRODUCTION	3
Section 1.1	3
Section 1.2	3
Section 1.3	3
Section 1.4	3
Section 1.5	3
Section 1.6	4
ARTICLE II ELIGIBILITY AND PARTICIPATION	4
Section 2.1	4
Section 2.2	5
ARTICLE III CONTRIBUTIONS AND ALLOCATIONS	5
Section 3.1	5
Section 3.2	5
Section 3.3	7
Section 3.4	8
Section 3.5	8
Section 3.6	9
Section 3.7	9
Section 3.8	9
Section 3.9	9
Section 3.10	9
Section 3.11	9
ARTICLE IV BENEFIT PAYMENTS	10
Section 4.1	10
Section 4.2	12
Section 4.3	13
Section 4.4	14
Section 4.5	14
Section 4.6	15
Section 4.7	17
ARTICLE V PLAN ADMINISTRATION	17
Section 5.1	17
Section 5.2	18
Section 5.3	18
Section 5.4	18
ARTICLE VI BENEFIT CLAIMS	19
ARTICLE VII FUNDING AND TRANSFERS	19
Section 7.1	19
Section 7.2	19
ARTICLE VIII AMENDMENT AND TERMINATION OF THE PLAN	19
Section 8.1	19
Section 8.2	20
ARTICLE IX PARTICIPATION BY AFFILIATES	20
Section 9.1	20
Section 9.2	20
ARTICLE X MISCELLANEOUS	20
Section 10.1	20
Section 10.2	20
Section 10.3	20
Section 10.4	21
Section 10.5	21
Section 10.6	21
Section 10.7	21
Section 10.8	21
Section 10.9	21
Section 10.10	21
Section 10.11	21
Section 10.12	22

ARTICLE I

INTRODUCTION

Section 1.1 Purpose

The purpose of the First Merchants Corporation 2011 Executive Deferred Compensation Plan (the "Plan") is to provide certain management or highly compensated employees of First Merchants Corporation (the "Company") and its Affiliates supplemental retirement benefits to help recompense the employees for benefits reduced under the First Merchants Corporation Retirement and Income Savings Plan (the "401(k) Plan") due to benefit limits imposed by the Internal Revenue Code of 1986, as amended (the "Code") and to permit the deferral of additional compensation. It is the intention of the Company that the Plan constitute an unfunded arrangement maintained for the purpose of providing deferred compensation for a select group of management or highly compensated employees for federal income tax purposes and for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and a deferred compensation arrangement that complies with Code Section 409A. Consequently, the Plan will be administered and its provisions interpreted consistently with that intention.

Section 1.2 Effective Date; Plan Year

The "Effective Date" of the Plan is January 1, 2011. The "Plan Year" is the 12-month period beginning on each January 1 and ending on the next following December 31.

Section 1.3 Administration

The Plan will be administered by the Compensation and Human Resources Committee (the "Committee") of the Company's Board of Directors (the "Board"). The Committee, from time to time, may adopt any rules and procedures it deems necessary or desirable for the proper and efficient administration of the Plan that are consistent with the terms of the Plan. Any notice or document required to be given or filed with the Committee will be properly given or filed if delivered to or mailed, by registered mail, postage paid, to the Compensation Committee of the Board of Directors, First Merchants Corporation, 200 East Jackson, Muncie, Indiana 47305-2814, Attention: Human Resource Department.

Section 1.4 Affiliates

Any corporation or trade or business whose employees are treated as being employed by the Company under Code Sections 414(b), 414(c), 414(m) or 414(o) (an "Affiliate") may adopt the Plan with the Company's consent in accordance with Section 9.1.

Section 1.5 Supplements

The provisions of the Plan may be modified by supplements to the Plan. The terms and provisions of each supplement are a part of the Plan and supersede any other provisions of the Plan to the extent necessary to eliminate any inconsistencies between the supplement and any other Plan provisions.

Section 1.6

Definitions

The following terms are defined in the Plan in the following Sections:

<u>Term</u>	<u>Plan Section</u>
401(k) Plan	1.1
Acceleration Event	4.7
Account	3.7
Accounting Date	3.9
Adverse Benefit Determination	A-3
Affiliate	1.4
Benefit Claim	A-1
Board	1.3
Claimant	A-1
Code	1.1
Committee	1.3
Company	1.1
Compensation	3.1
Disabled	4.4(b)
Effective Date	1.2
Employee Deferral Contributions	3.1
ERISA	1.1
Identification Date	4.1(d)
Key Employee	4.1(d)
Matching Contributions	3.3(c)
Non-elective Contributions	3.5
Normal Retirement Age	3.3(d)
Participant	2.2
Plan	1.1
Plan Year	1.2
Separation from Service	4.1(b)
Service	3.3(d)
Specified Employee	4.1(d)
Supplemental Contributions	3.4
Termination of Employment	4.1(b)
Unforeseeable Emergency	3.2(f)

ARTICLE II

ELIGIBILITY AND PARTICIPATION

Section 2.1

Eligibility.

Any salaried employee who is employed by the Company or another Affiliate that has adopted the Plan under Article IX is eligible to become a "Participant" in the Plan provided the employee is designated as a Participant by the Committee in writing.

Section 2.2

Participation

A designated employee will become a "Participant" as of the later of the Effective Date or the date specified by the Committee. A Participant may be removed as an active Participant by the Committee, effective as of any date, so that the Participant will not be entitled to make any additional deferral under Section 3.2 accrue additional benefits under Section 3.3 or 3.4 on or after that date.

ARTICLE III

CONTRIBUTIONS AND ALLOCATIONS

Section 3.1

Employee Deferral Contributions

Subject to the terms and limitations of this Article, a Participant may elect, pursuant to Section 3.2, to have a portion of the Participant's Compensation payable in any Plan Year withheld by the Company or an Affiliate and credited as an "Employee Deferral Contribution" under the Plan. The term "contribution" is used for ease of reference; however, contributions are merely credits to each Participant's Account (as defined under Section 3.7), which is a bookkeeping account.

The term "Compensation," for purposes of the Plan, means, the total remuneration paid to the Participant by the Company or an Affiliate during a Plan year, including overtime, bonuses, other forms of additional compensation and any excess pre-tax contributions for the Plan Year, as reportable for Federal income tax purposes on IRS Form W-2 in the box designated "wages, tips, other compensation," plus pre-tax Contributions and any contributions made on a pre-tax basis pursuant to Code Section 125 and elective amounts that are not includible in the gross income of the Participant by reason of Code Section 132(f)(4).

Section 3.2

Deferral Elections

Employee Deferral Contributions will be withheld from a Participant's Compensation in accordance with the following terms and conditions.

- (a) Requirement for Deferral Elections. As a condition to the Company's or an Affiliate's obligation to withhold and the Committee's obligation to credit Employee Deferral Contributions for the benefit of a Participant pursuant to Section 3.1, the Participant must complete and file a deferral election form with the Committee (in a format prescribed by the Committee).
 - (b) Timing of Execution and Delivery of Elections. To be effective to defer any portion of a Participant's Compensation, a deferral election form must be filed with the Committee on or prior to the last day of the calendar year preceding the Plan Year in which the services giving rise to the Compensation are performed. For example, to defer Compensation payable with respect to services performed during the 2012 Plan Year, an election must be filed on or before December 31, 2011.
-

- (c) Maximum Deferral. For Plan Years beginning on and after January 1, 2011, the Participant may elect to defer as an Employee Deferral Contribution for a Plan Year up to 75 percent of the Participant's Compensation. For purposes of calculating the percentage a Participant may defer under the Plan, the percentage of Compensation a Participant defers under the 401(k) Plan will count toward the 75 percent limitation. For example, a Participant defers 10 percent of her Compensation under the 401(k) Plan which means she can defer up to 65 percent of her Compensation under the Plan.
- (d) Initial Eligibility. In the case of the first Plan Year in which an individual becomes a Participant, the deferral election form may be filed with the Committee at any time within 30 days of the date the individual becomes a Participant (rather than the date specified under subsection 3.2(b)). This initial election will only apply to Compensation paid for services performed after the filing of the deferral election form. This special initial eligibility election rule will not apply if the Participant is or has been a participant in a deferred compensation arrangement required to be aggregated with the Plan under the rules of Code Section 409A.
- (e) Change of Deferral Elections. Subject to the provisions of subsection 3.2(f), once made, a deferral election will remain in effect for a Plan Year unless and until the election is revoked or a new election filed. The revocation or new election must be filed in accordance with the requirements of subsection 3.2(b). No deferral election may be changed for Compensation payable for a Plan Year after the last day of the election period described in subsection 3.2(b). For example, except as provided in Section 3.2(b), any election in place for 2012 Compensation may not be changed after December 31, 2011.
- (f) Unforeseeable Emergency. The Committee, in its sole discretion, may cancel a Participant's election to defer Compensation if the Committee determines the Participant has suffered an "Unforeseeable Emergency." The cancellation will apply to the period after the Committee's determination. The Participant must submit a signed statement of the facts causing the severe financial hardship and any other information required by the Committee, in its sole discretion. An "Unforeseeable Emergency" is a severe financial hardship of the Participant or beneficiary resulting from:
- (i) an illness or accident of the Participant or beneficiary, the Participant's or beneficiary's spouse, or the Participant's or beneficiary's dependent (as defined in Code Section 152(a));
 - (ii) loss of the Participant's or beneficiary's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance, for example, not as a result of a natural disaster);
-

- (iii) imminent foreclosure of or eviction from the Participant's primary residence; the need to pay for medical expenses, including non-refundable deductibles, as well as for the costs of prescription drug medication; the need to pay for the funeral expenses of a spouse or a dependent (as defined in Code Section 152(a)) or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant or beneficiary. An Unforeseeable Emergency will be deemed to occur if a Participant receives a hardship withdrawal from the 401(k) Plan pursuant to Code Section 401(k) and Treasury Regulation Section 1.401(k)-1(d)(3).

Section 3.3 Matching Contributions

- (a) Amount of Matching Contribution. The Company and its Affiliates may, as determined by the Committee in its sole discretion, make "Matching Contributions" to Participants' Accounts each Plan Year, in an amount equal to 50 percent of a Participant's deferrals under the Plan up to six percent of Compensation, for a maximum Matching Contribution of three percent. In order for a Participant to receive a Matching Contribution, he or she must have made sufficient pre-tax contributions under the 401(k) Plan to be entitled to the maximum matching Company contribution under the 401(k) Plan for that year.
- (b) Allocation of Matching Contribution. Any Matching Contributions made under subsection 3.3(a) for a Plan Year will be allocated and credited to Participants' Accounts according to the Employee Deferral Contributions credited under Section 3.1 for the Plan Year.
- (c) Timing of Contribution. A Matching Contribution contributed for the benefit of a Participant for a Plan Year will be credited to a Participant's Account at the same time as Matching Contributions are contributed to a Participant's account under the 401(k) Plan.
- (d) Vesting of Matching Contribution. Upon the Participant's attainment of "Normal Retirement Age" (attainment of age 65 years and five years of participation in the 401(k) Plan), death or Disability (as defined in subsection 4.4(b)), all Matching Contributions shall be 100 percent vested. Prior to the occurrence of one of the foregoing, Matching Contributions shall become vested in accordance with the following schedule based on years of Service as of the date of determination:

<u>Years of Service</u>	<u>Vested Percentage</u>
less than 5	0%
5 or more	100%

The term "Service" means the full years credited to a Participant for the purpose of determining vesting under the 401(k) Plan. A Participant shall receive credit for one year of Service for each Plan Year during which he is employed by the Company or an Affiliate for at least 1,000 Hours of Employment (as defined in the 401(k) Plan).

Section 3.4 Supplemental Contributions

The Company and its Affiliates may, as determined by the Committee in its sole discretion, make "Supplemental Contributions" under the Plan, in accordance with subsections 3.4(a) and 3.4(b).

- (a) Amount of Contribution. The Company may, but is not required to, credit to a Participant's Account such amount as the Committee may in its discretion determine from time to time, which amount will constitute a Supplemental Contribution under the Plan.
- (b) Timing of Contribution. A Supplemental Contribution may be credited to a Participant's Account at any time.
- (c) Vesting of Supplemental Contribution. Upon the Participant's attainment of Normal Retirement Age, death or Disability (as defined in subsection 4.4(b)), all Supplemental Contributions shall be 100 percent vested. Prior to the occurrence of one of the foregoing, Supplemental Contributions shall be determined in accordance with the following schedule based on years of Service as of the date of determination:

<u>Years of Service</u>	<u>Vested Percentage</u>
Less than 3 years	0%
3 years or more	100%

Section 3.5 Non-elective Contributions

The Company and its Affiliates will make "Non-elective Contributions" under the Plan, in accordance with subsections 3.4(a) and 3.5(c).

- (a) Amount of Non-elective Contribution. For each Plan Year in which a Participant's compensation deferrals and related matching contributions under the 401(k) Plan must be refunded to him or her in accordance with the Code's limitations, the refunded amounts will be transferred to the Participant's Account as a "Non-elective Contribution."
 - (b) Timing of Contribution. Non-elective Contributions will be credited to Participants' Accounts on the day the compensation deferral and matching contributions are refunded to participants in the 401(k) Plan.
 - (c) Vesting of Non-elective Contributions. A Participant will be 100 percent vested in his or her Non-elective Contributions at all times.
-

Section 3.6 Limitation on Contributions

Notwithstanding the provisions of Sections 3.3 and 3.4, if a Participant is one of the top five highest paid employees of the Company during the period of time that the United States Department of Treasury ("Treasury") holds Series A preferred stock of the Company ("Preferred Stock") under the Treasury's TARP Capital Purchase Program, then the Participant is not eligible to receive a Matching Contribution or Supplemental Contribution during the period of time the Treasury holds the Preferred Stock.

Section 3.7 Plan Account

The Committee will establish and maintain an "Account" under the Plan for each Participant and will increase and decrease a Participant's Account as provided in Section 3.9.

Section 3.8 Investment Credits

A Participant's Account will be increased or decreased to reflect the increase or decrease in the value of the Account established for the Participant. The amount of interest credited will be determined based on the investment earnings under the funding method(s) used by the Company pursuant to Section 7.2. In the event any Participant is entitled to a distribution of the Account under Article IV, the increase or decrease in the value of the Account will be allocated as of the last day of the month immediately preceding the month in which the payment to the Participant will be made.

Section 3.9 Account Allocations

As of each Accounting Date, each Participant's Account will be:

- (i) Increased by the amount credited to the Account under Sections 3.1, 3.3 and 3.4 since the last accounting;
- (ii) Increased or decreased by the amount determined under Section 3.8 since the last accounting; and
- (iii) Decreased by any payment made under Article IV.

The "Accounting Date" will be the last day of each Plan Year and any other date selected by the Committee.

Section 3.10 Allocation of Forfeitures

The amount, if any, of a Participant's Matching Contributions and Supplemental Contributions forfeited under subsection 3.3(d) or 3.4(c) will reduce future Matching Contributions and Supplemental Contributions, respectively.

Section 3.11 Military Service

Notwithstanding any provision of this Plan to the contrary, contributions and benefits with respect to qualified military service will be provided in accordance with Code Section 414(u).

ARTICLE IV

BENEFIT PAYMENTS

Section 4.1 Time of Payment of Benefits

Except as provided in Sections 4.5 through 4.7, a Participant will receive or will begin to receive payment of his vested Account balance within 90 days following the date specified for payment or the commencement of payment effectively elected by the Participant, as provided in this Section.

- (a) Timing of Execution and Delivery of Payment Election. A Participant may elect the date his vested Account balance will be paid or will begin to be paid by completing and filing with the Committee a payment election form approved by the Committee. The specified date must be a date at least two years from the beginning of the Plan Year for which the first deferral under the Plan is made. To be effective, the election under this Section must be filed with the Committee at the time the Participant first makes a deferral election under this Plan (or under any other plan required to be aggregated with this Plan pursuant to the requirements of Code Section 409A). In lieu of specifying a date certain, a Participant may elect to have payment made or commenced within a specified period of time following the date the Participant experiences a Separation from Service (as defined in subsection 4.1(b)). If no date is specified, payment will be made or commenced within 90 days following the Participant's Separation from Service.
- (b) Separation from Service. "Separation from Service" means the date on which the Participant dies, retires or otherwise experiences a Termination of Employment with the Company. Provided, however, a Separation from Service does not occur if the Participant is on military leave, sick leave, or other bona fide leave of absence (such as temporary employment by the government) if the period of such leave does not exceed six months, or if the leave is for a longer period, so long as the individual's right to reemployment with the Company is provided either by statute or by contract. If the period of leave exceeds six months and the Participant's right to reemployment is not provided either by statute or contract, there will be a Separation from Service on the first date immediately following such six-month period. A Participant will incur a "Termination of Employment" when a termination of employment is incurred under Treasury Regulation Section 1.409A-1(h)(ii).
- (c) Change of Payment Election. An election as to the date payment will be made or commenced may be changed by a Participant by filing a new payment election form with the Committee; provided, however, that: (i) the new election will not take effect until at least 12 months after the date the new election is filed, (ii) the single lump-sum payment or the commencement of installment payments will be delayed for a period of not less than five years from the date the payment or first payment would otherwise have been made, and (iii) the new election is filed with the Committee at least 12 months prior to the date of the first scheduled payment under the Plan.
- (d) Suspension of Payments to Specified Employees. If a benefit is payable to a Participant under the Plan due to the Participant's Separation from Service, for any reason other than death, and if at the time of the Separation from Service the Participant is a "Specified Employee," payment of all amounts to the Participant under the Plan will be suspended for six months following the Participant's Separation from Service. If the Participant elected to receive payment of his benefit in the form of installments, payment of any installments that the Participant was otherwise entitled to receive during the six-month suspension period will be accumulated and paid in the form of a lump sum on the first day following the six-month suspension period. The remainder of the Participant's benefit will then continue distribution in the manner and at the time elected by the Participant. If the Participant elected to receive payment of his benefit in the form of a lump sum, he will receive payment of that amount on the first day following the six-month suspension period. If the Participant incurs a Separation from Service due to death, regardless of whether the Participant meets the definition of a Specified Employee, payment of his benefit will not be suspended.
 - (i) A "Specified Employee" means a Participant who is a "Key Employee" at a time when the Company's stock is publicly traded on an established securities market. A Participant will be a Specified Employee on the first day of the fourth month following any Identification Date on which the Participant is a Key Employee.
 - (ii) A Participant is a "Key Employee" if at any time during the 12-month period ending on an "Identification Date" the Participant is: (A) an officer of the Company or an Affiliate having annual compensation greater than \$160,000; (B) a five-percent owner of the Company; or (C) a one-percent owner of the Company having an annual compensation greater than \$150,000. For purposes of determining whether a Participant is an officer under clause (A), nor more than 50 employees (or, if lesser, the greater of 3 or 10 percent of the employees) will be treated as officers, and those categories of employees listed in Code Section 414(q)(5) will be excluded.
 - (iii) The Identification Date for purposes of this Plan is December 31 of each Plan Year.

Section 4.2 Method of Payment

Except as provided in Sections 4.5 through 4.7, the balance of a Participant's vested Account will be distributed in cash or in kind in one of the following methods effectively elected by the Participant:

- (a) A single lump sum payment;
- (b) Annual installment payments over a period of 2 to 10 years; or
- (c) A combination of the methods specified in subsections (a) and (b).

Section 4.3 Method of Payment Elections

- (a) Initial Election. A Participant may elect the method in which his vested Account balance will be paid to him under Section 4.2 in accordance with the terms and conditions of this Section. To make an election, a Participant must file an election with the Committee (on a form or forms prescribed by the Committee). To be effective, the election under this Section must be filed with the Committee at the time the Participant first makes a deferral election under the Plan (or under any other plan required to be aggregated with this Plan pursuant to the requirements of Code Section 409A). If no election is made or if the election is not timely or properly made, distribution will be made in a lump sum payment.

- (b) Change of Method of Payment Election. An election as to the manner of payment may not be changed after the payment has been made or payments have commenced. Prior to that time, a Participant may change his election by filing a new election form with the Committee; provided, however, that: (i) the new election will not take effect until at least 12 months after the date the new election is filed; (ii) the single lump sum payment or the commencement of installment payments with respect to which such election is made must be deferred for a period of not less than five years from the date such payment would otherwise have been made; and (iii) the new election is filed at least 12 months prior to the date of the first scheduled payment under the Plan.
- (c) Installments. If installment distributions are elected, the initial annual installment amount will be the Account balance otherwise payable in a single sum multiplied by a fraction, the numerator of which is one and the denominator of which is the total number of installment payments. Subsequent annual installments will also be a fraction of the unpaid Account balance, the numerator of which is always one but the denominator of which is the denominator used in calculating the previous installment minus one. For example, if five annual installment payments are elected, the initial installment will be one-fifth of the vested single sum Account balance, the second installment will be one-fourth of the remaining vested Account balance and the third installment will be one-third of the remaining vested Account balance, and so on.
-

Section 4.4

Disability and Death

Subject to the provisions of subsection 4.1(d), in the event a Participant Separates from Service due to the Participant's Disability, or if the Participant dies or becomes Disabled before he has received his entire Account balance, the unpaid balance will be paid to the Participant, or in the event of his death to his designated beneficiary or beneficiaries, in a single lump sum within 90 days of a determination by the Committee that the Participant is Disabled or within 90 days of the Participant's death.

- (a) Beneficiary Designations. A Participant may designate a beneficiary or beneficiaries to receive any amount payable under this Section as a result of his death. A Participant may change his designation of beneficiaries at any time by filing with the Committee a written notice of the change on a form approved by the Committee. Each beneficiary designation filed with the Committee will cancel all previously filed beneficiary designations. If no designation is in effect on the Participant's death, or if the designated beneficiary does not survive the Participant, his beneficiary will be his surviving spouse, if any, and then his estate.
- (b) Disability. A Participant incurs a "Disability" or is "Disabled" for purposes of the Plan if the Participant in question is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months. A Participant who, by reason of any medically determinable physical or mental impairment that can be expected to result in death or last for a continuous period of not less than 12 months, is receiving income replacement benefits for a period of not less than three months under an accident and health plan sponsored by an Employer will be deemed to be Disabled. The Committee will be the sole and final judge of whether a Participant is Disabled for purposes of this Plan, after consideration of any evidence it may require, including the reports of any physician or physicians it may designate.

Section 4.5

Unforeseeable Emergency

In the event the Committee determines in its sole discretion that a Participant has experienced an Unforeseeable Emergency, all or a portion of a Participant's vested Account may be distributed no later than 90 days following such determination, in a single lump sum payment. The Participant must submit a signed statement of the facts causing the severe financial hardship and any other information required by the Committee, in its sole discretion. Payment under this Section is subject to the following conditions:

- (a) The emergency must not be able to be relieved through reimbursement or compensation from insurance or otherwise, by liquidation of the Participant's assets, to the extent liquidation of such assets would not cause severe financial hardship, or by cessation of deferrals under this Plan.
-

- (b) The amount of the distribution must be limited to the amount reasonably necessary to satisfy the emergency need (which may include amounts necessary to pay any Federal, state, or local income taxes or penalties reasonably anticipated to result from the distribution) and must take into account any additional compensation available due to cancellation of a deferral election under subsection 3.2(f).

Section 4.6

Change in Control

In the event of a Change in Control (as defined below), the unpaid balance of a Participant's account will be paid to the Participant in a lump sum on the date of the Change in Control.

- (a) Definition of Change in Control: A Change in Control occurs when there is a change in ownership as described in (i), a change in effective control as described in (ii) or a change in the ownership of a substantial portion of the Company's assets as described in (iii).

- (i) *Change in Ownership*. A change in the ownership of the Company occurs on the date that any person, or group of persons, as defined in subparagraph (b), acquires ownership of stock of the Company that, together with stock held by the person or group, constitutes more than 50 percent of the total fair market value or total voting power of the stock.

- (A) However, if any person or group is considered to own more than 50 percent of the total fair market value or total voting power of the stock, the acquisition of additional stock by the same person or group is not considered to cause a change in the ownership of the Company.

- (B) An increase in the percentage of stock owned by any person or group, as a result of a transaction in which the Company acquires its stock in exchange for property will be treated as an acquisition of stock.

- (ii) *Change in the Effective Control*. A change in the effective control of the Company will occur when:

- (A) Any person or group, acquires, or has acquired during the twelve-month period ending on the date of the most recent acquisition by such person(s), ownership of stock of the Company possessing 35 percent or more of the total voting power; or

- (B) A majority of members of the Board is replaced during any twelve-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election.

However, if any person or group is considered to effectively control the Company, the acquisition of additional control of the Company by the same person(s) is not considered to cause a change in the effective control.

(iii) *Change in the Ownership of a Substantial Portion of the Company's Assets.* A change in the ownership of a substantial portion of the Company's assets occurs on the date that any person or group acquires, or has acquired during the 12-month period ending on the date of the most recent acquisition by such person(s), assets from the Company that have a total gross fair market value equal to or more than 40 percent of the total gross fair market value of all of the assets immediately prior to such acquisition(s).

(A) Gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

(B) However, there is no Change in Control under this subparagraph when there is a transfer to an entity that is controlled by the shareholders of the Company immediately after the transfer. A transfer of assets by the Company is not treated as a change in the ownership of such assets if the assets are transferred to: (i) a shareholder of the Company (immediately before the asset transfer) in exchange for or with respect to its stock; (ii) an entity, 50 percent or more of the total value or voting power of which is owned, directly or indirectly, by the Company; (iii) a person, or group of persons, that owns, directly or indirectly, 50 percent or more of the total value or voting power of all the outstanding stock of the Company or (iv) an entity, at least 50 percent of the total value or voting power of which is owned, directly or indirectly, by a person described in (iii). For purposes of this subsection, and except as otherwise provided, a person's status is determined immediately after the transfer of the assets. For example, a transfer to a corporation in which the Company has no ownership interest before the transaction, but which is a majority-owned subsidiary of the Company after the transaction is not treated as a change in the ownership of the assets of the Company.

- (iv) *Acting as a Group.* For purposes of this Section, persons will not be considered to be acting as a group solely because they purchase or own stock of the Company at the same time, or as a result of the same public offering. However, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock or similar business transaction with the Company. If a person, including an entity, owns stock in both corporations that enter into a merger, consolidation, purchase or acquisition of stock or similar transaction, such shareholder is considered to be acting as a group with other shareholders in a corporation prior to the transaction giving rise to the change and not with respect to the ownership interest in the other corporation.
- (v) *Exceptions.* Notwithstanding the foregoing, a Change in Control of the Company (i) will not occur as a result of the issuance of stock by the Company in connection with any public offering of its stock; (ii) will not be deemed to have occurred with respect to any transaction unless such transaction has been approved or shares have been tendered by a majority of the shareholders who are not Section 16 Persons; and (iii) will not occur due to stock ownership by the 401(k) Plan, or any other employee benefit plan sponsored by the Company or an Affiliate. "Section 16(b) Person" means a person subject to potential liability under Section 16(b) of the 1934 Act with respect to transactions which involve equity securities of the Company.

Section 4.7 Acceleration of Time of Payment

Except as provided in Section 4.5, 4.6 or this Section, the time or schedule of payment of a Participant's Account provided in Sections 4.1 through 4.4 may not be accelerated. The time and schedule of payment of a Participant's Account may be accelerated in accordance with Treasury Regulation Section 1.409A-3(j)(4).

ARTICLE V

PLAN ADMINISTRATION

Section 5.1 Appointment of the Committee

The Committee, or a duly authorized officer or officers of the Company empowered by the Committee to act on its behalf, will be responsible for administering the Plan, and the Committee will be charged with the full power and the responsibility for administering the Plan in all its details.

Section 5.2

Powers and Responsibilities of the Committee

- (a) Committee Powers. The Committee will have all powers necessary to administer the Plan, including the power to construe and interpret the Plan documents; to decide all questions relating to an individual's eligibility to participate in the Plan; to determine the amount, manner and timing of any distribution of benefits or withdrawal under the Plan; to resolve any claim for benefits in accordance with Article VI and Supplement A, and to appoint or employ advisors, including legal counsel, to render advice with respect to any of the Committee's responsibilities under the Plan. Any construction, interpretation, or application of the Plan by the Committee will be final, conclusive and binding.
- (b) Records and Reports. The Committee will be responsible for maintaining sufficient records to determine each Participant's eligibility to participate in the Plan, and for purposes of determining the amount of contributions that may be made on behalf of the Participant under the Plan.
- (c) Rules and Decisions. The Committee may adopt such rules as it deems necessary, desirable, or appropriate in the administration of the Plan. All rules and decisions of the Committee will be applied uniformly and consistently to all Participants in similar circumstances. When making a determination or calculation, the Committee will be entitled to rely upon information furnished by a Participant or beneficiary, the Company or the legal counsel of the Company.
- (d) Application for Benefits. The Committee may require a Participant or beneficiary to complete and file with it an application for a benefit, and to furnish all pertinent information requested by it. The Committee may rely upon all such information so furnished to it, including the Participant's or beneficiary's current mailing address.
- (e) Delegation. The Committee may authorize one or more officers of the Company to perform administrative responsibilities on its behalf under the Plan. Any such duly authorized officer will have all powers necessary to carry out the administrative duties delegated to such officer by the Committee.

Section 5.3

Liabilities.

The individual members of the Committee will be indemnified and held harmless by the Company with respect to any alleged breach of responsibilities performed or to be performed hereunder.

Section 5.4

Income and Employment Tax Withholding

The Company and its Affiliates will be responsible for withholding from the Participant's Compensation, from the contribution to the Plan, or from the distribution of the Participant's benefit under the Plan, of all applicable federal, state, city and local taxes.

ARTICLE VI

BENEFIT CLAIMS

While a Participant or beneficiary need not file a claim to receive his benefit under the Plan, if he wishes to do so, a claim must be made in writing and filed with the Committee. If a claim is denied, the Committee will furnish the claimant with written notice of its decision. A claimant may request a review of the denial of a claim for benefits by filing a written request with the Committee. The Committee will afford the claimant a full and fair review of such request. The claim and claim review process will be conducted in accordance with the provisions of Supplement A.

ARTICLE VII

FUNDING AND TRANSFERS

Section 7.1 Unfunded Status

The Plan will be maintained in such a fashion that at all times for purposes of ERISA and the Code it will be unfunded and will constitute a mere promise by the Company to make Plan benefit payments in the future. Any and all rights created under this Plan will be unsecured contractual rights against the Company.

Section 7.2 Trust.

Notwithstanding the provisions of Section 7.1, the Committee may, in its discretion, satisfy all or any part of the Company's obligations under the Plan from a trust established by the Company in connection with the Plan or from an insurance contract, annuity or similar vehicle owned by the Company or by setting aside and investing amounts deferred under the Plan as an asset of the Company. Any such trust or other vehicle will constitute solely a means to assist the Company in meeting its promised obligations under the Plan and will not constitute a funded account within the meaning of ERISA or the Code, nor will it create a security interest for the benefit of any Participant or beneficiary. Any trust created hereunder will conform in substantially all respects to the terms of the "Model Trust," as described in Revenue Procedure 92-64.

ARTICLE VIII

AMENDMENT AND TERMINATION OF THE PLAN

Section 8.1 Amendment of the Plan

The Company may amend the Plan at any time in its sole discretion. Notwithstanding the foregoing, the Company may not amend the Plan to reduce a Participant's Account balance as determined on the day preceding the effective date of the amendment.

Section 8.2 Termination of the Plan

The Company may terminate the Plan at any time in its sole discretion. Absent an amendment to the contrary, Plan benefits that had accrued prior to the termination will be paid at the times and in the manner provided for by the Plan at the time of the termination.

ARTICLE IX

PARTICIPATION BY AFFILIATES

Section 9.1 Affiliate Participation

Any Affiliate may adopt the Plan and become a participating Company under the Plan by filing with the Committee:

- (a) A certified copy of a resolution of its board of directors to that effect; and
- (b) A written document signed by an authorized Company officer which indicates the Company's consent to that action.

Notwithstanding any provision herein to the contrary, First Merchants Bank, N.A. and First Merchants Insurance Services, Inc. shall automatically be participating Affiliates as of the Effective Date.

Section 9.2 First Merchants Corporation Action Binding on Other Employers

As long as First Merchants Corporation is a Company under the Plan, it is empowered to act for any other Company in all matters relating to the Plan or the Committee.

ARTICLE X

MISCELLANEOUS

Section 10.1 Governing Law

The Plan will be construed, regulated and administered according to the laws of the State of Indiana, without reference to that state's choice of law principles, except in those areas preempted by the laws of the United States of America in which case the federal laws will control.

Section 10.2 Headings and Gender

The headings and subheadings in the Plan have been inserted for convenience of reference only and will not affect the construction of the Plan provisions. In any necessary construction, the masculine will include the feminine and the singular the plural, and vice versa.

Section 10.3 Spendthrift Clause

No benefit or interest available under the Plan will be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment by creditors of a Participant or a Participant's beneficiary, either voluntarily or involuntarily.

Section 10.4 Counterparts

This Plan may be executed in any number of counterparts, each one constituting but one and the same instrument, and may be sufficiently evidenced by any one counterpart.

Section 10.5 No Enlargement of Employment Rights

Nothing contained in the Plan may be construed as a contract of employment between the Company and any person, nor may the Plan be deemed to give any person the right to be retained in the employ of the Company or limit the right of the Company to employ or discharge any person with or without cause.

Section 10.6 Limitations on Liability

Notwithstanding any other provision of the Plan, neither the Company nor any individual acting as an employee or agent of a Company will be liable to a Participant or any beneficiary for any claim, loss, liability or expense incurred in connection with the Plan, except when the same has been judicially determined to be due to the gross negligence or willful misconduct of that person.

Section 10.7 Incapacity of Participant or Beneficiary

If any person entitled to receive a distribution under the Plan is physically or mentally incapable of personally receiving and giving a valid receipt for any payment due (unless a prior claim for the distribution has been made by a duly qualified guardian or other legal representative), then, unless and until a claim for the distribution has been made by a duly appointed guardian or other legal representative of the person, the Committee may provide for the distribution to be made to any other individual or institution then contributing toward or providing for the care and maintenance of the person. Any payment made for the benefit of the person under this Section will be a payment for the account of such person and a complete discharge of any liability of the Company and the Plan.

Section 10.8 Evidence

Evidence required of anyone under the Plan may be by certificate, affidavit, document or other information which the person relying on the evidence considers pertinent and reliable, and signed, made or presented by the proper party or parties.

Section 10.9 Action by Company or Committee

Any action required of or permitted by the Company or Committee under the Plan will be by resolution of the Company's Board or by the Committee or by a person or persons authorized by resolution of the Board or the Committee.

Section 10.10 Severability

In the event any provisions of the Plan are held to be illegal or invalid for any reason, the illegality or invalidity will not affect the remaining parts of the Plan, and the Plan will be construed and endorsed as if the illegal or invalid provisions had never been contained in the Plan.

Section 10.11 Information to be Furnished by a Participant

A Participant, or any other person entitled to benefits under the Plan, must furnish the Committee with any and all documents, evidence, data or other information the Committee considers necessary or desirable for the purpose of administering the Plan. Benefit payments under the Plan are conditioned on a Participant (or other person who is entitled to benefits) furnishing full, true and complete data, evidence or other information to the Committee, and on the prompt execution of any document reasonably related to the administration of the Plan requested by the Committee.

Section 10.12

Binding on Successors

The Plan will be binding upon and inure to the benefit of the Company and its successors and assigns, and the successors, assigns, designees and estates of a Participant. The Plan will also be binding upon and inure to the benefit of any successor organization succeeding to substantially all of the assets and business of the Company, but nothing in the Plan will preclude the Company from merging or consolidating into or with, or transferring all or substantially all of its assets to, another organization which assumes the Plan and all obligations of the Company hereunder. The Company agrees that it will make appropriate provision for the preservation of a Participant's rights under the Plan in any agreement or plan which it may enter into to effect any merger, consolidation, reorganization or transfer of assets. Upon such a merger, consolidation, reorganization, or transfer of assets and assumption of Plan obligations of the Company, the term "Company" will refer to such other organization and the Plan will continue in full force and effect.

SUPPLEMENT A

CLAIMS AND REVIEW PROCEDURES

Section A-1 Procedures Governing the Filing of Benefit Claims

All Benefit Claims must be filed on the appropriate claim forms available from the Committee or in accordance with the procedures established by the Committee for claim purposes. The term "Benefit Claim" means a request for a Plan benefit or benefits, made by a Claimant or by an authorized representative of a Claimant, that complies with the Plan's procedures for making benefit claims. The term "Claimant" means a Participant, a Surviving Spouse of a Participant, a Beneficiary, or an Alternate Payee, who is claiming entitlement to the payment of any benefit payable under the Plan.

Section A-2 Notification of Benefit Determinations

The Committee will notify a Claimant, in accordance with Section A-3, of the Plan's benefit determination within a reasonable period of time after receipt of a Benefit Claim, but not later than 90 days (45 days in the case of a Disability Claim) after receipt of the Benefit Claim by the Plan.

If special circumstances require an extension of time for processing the Benefit Claim, the Committee will notify the Claimant of the extension prior to the termination of the initial period described above. The notice will indicate the special circumstances requiring the extension of time and the date by which the Plan expects to make the benefit determination. In no event will the extension exceed a period of 90 days from the end of the initial period.

In the case of a Disability Claim, the extension period will not exceed 30 days, unless prior to the end of first 30-day extension period, the Committee determines that, due to matters beyond its control, a decision cannot be rendered within the extension period, in which case the period for making the determination may be extended for an additional 30 days. Every Disability Claim notice will specifically explain the standards on which entitlement to a benefit is based, the unresolved issues that prevent a decision on the claim, the additional information needed to resolve those issues and the Claimant's right to provide the specified information within 45 days. If the extension is in effect due to the Claimant's failure to submit information necessary to decide a Disability Claim, the period for making the benefit determination will be tolled from the date on which the notice of the extension is sent to the Claimant until the date on which the Claimant responds to the request for information. The term "Disability Claim" means a request for a Plan benefit made by a Claimant due to the purported Total and Permanent Disability of a Plan Participant.

Section A-3

Manner And Content of Notification of Benefit Determinations

All notices given by the Committee will be given to a Claimant, or to his authorized representative, in a manner that satisfies the standards of 29 CFR 2520.104b-1(b) as appropriate with respect to the particular material required to be furnished or made available to that individual. The Committee may provide a Claimant with either a written or an electronic notice of the Plan's benefit determination. Any electronic notification will comply with the standards imposed by 29 CFR 2520.104b-1(c)(1)(i), (ii), (iii) and (iv). In the case of an Adverse Benefit Determination, the notice will set forth, in a manner calculated to be understood by the Claimant:

- (a) The specific reasons for the adverse determination;
- (b) Reference to the specific Plan provisions (including any internal rules, guidelines, protocols, criteria, etc.) on which the determination is based;
- (c) A description of any additional material or information necessary for the Claimant to complete the claim and an explanation of why such material or information is necessary;
- (d) For a Disability Claim, the identification of any medical or vocational experts whose advice was obtained on behalf of the Plan in connection with Claimant's Adverse Benefit Determination, without regard to whether the advice was relied upon; and
- (e) A description of the Plan's review procedures and the time limits applicable to such procedures.

The term "Adverse Benefit Determination" means a denial, reduction, or termination of, or a failure to provide or make payment (in whole or in part) for, any benefit payable under the Plan.

Section A-4

Appeal of Adverse Benefit Determinations

A Claimant who receives an Adverse Benefit Determination and desires a review of that determination must file, or his authorized representative must file on his behalf, a written request for a review of the Adverse Benefit Determination, not later than 60 days 180 days for a Disability Claim after receiving the determination.

The written request for a review must be filed with the Committee. Upon receiving the written request for review, the Committee will advise the Claimant, or his authorized representative, in writing that:

- (a) The Claimant, or his authorized representative, may submit written comments, documents, records, and any other information relating to the claim for benefits; and
-

- (b) The Claimant will be provided, upon request of the Claimant or his authorized representative, reasonable access to, and copies of, all documents, records, and other information relevant to the Claimant's Benefit Claim, without regard to whether those documents, records, and information were considered or relied upon in making the Adverse Benefit Determination that is the subject of the appeal.

Section A-5 Benefit Determination on Review

All appeals by a Claimant of an Adverse Benefit Determination will receive a full and fair review by an appropriate named fiduciary of the Plan. In the case of a Disability Claim, the named fiduciary will not be: (i) the party who made the Adverse Benefit Determination that is the subject of the appeal, nor (ii) the subordinate of that party. In performing this review for a Disability Claim, the named fiduciary will take into account all comments, documents, records, and other information submitted by the Claimant (or the Claimant's authorized representative) relating to the claim, without regard to whether the information was submitted or considered in the initial benefit determination, and will not afford deference to the initial Adverse Benefit Determination. For a Disability Claim, the named fiduciary will consult with a healthcare professional who has appropriate training and experience in the field of medicine involved in the medical judgment and who was not consulted in connection with the Adverse Benefit Determination and who is not the subordinate of such an individual if the named fiduciary believes that such a consultation is necessary to properly complete the review process.

Section A-6 Notification of Benefit Determination on Review

The Committee will notify a Claimant, in accordance with Section A-7, of the Plan's benefit determination on review within a reasonable period of time, but not later than 60 days (45 days in the case of a Disability Claim) after the Plan's receipt of the Claimant's request for review of an Adverse Benefit Determination. If, however, special circumstances require an extension of time for processing the review by the named fiduciary, the Claimant will be notified, prior to the termination of the initial 60-day (or 45 day) period, of the special circumstances requiring the extension and the date by which the Plan expects to render the Plan's benefit determination on review, which will not be later than 120 days (90 days in the case of a Disability Claim) after receipt of a request for review. Provided, however, in the case of a Plan with a Committee or other group designated as the appropriate named fiduciary that holds regularly scheduled meetings at least quarterly, the time limit of this Section will be modified in accordance with 29 CFR 2560.503-1(i)(1)(ii) or 29 CFR 2560.503-1(i)(3)(ii), whichever is applicable.

If the extension period is in effect for a Disability Claim but the extension is due to the Claimant's failure to submit information necessary to decide a claim, the period for making the benefit determination on review will be tolled from the date on which notification of the extension is sent to the Claimant until the date on which the Claimant responds to the request for additional information.

Section A-7 Manner and Content of Notification of Benefit Determination on Review. The Committee will provide a Claimant with notification of its benefit determination on review in a method described in Section A-3.

In the case of an Adverse Benefit Determination on review, the notification must set forth, in a manner calculated to be understood by the Claimant:

- (a) The specific reasons for the adverse determination on review;
 - (b) Reference to the specific Plan provisions (including any internal rules, guidelines, protocols, criteria, etc.) on which the benefit determination on review is based;
 - (c) A statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the Claimant's Benefit Claim, without regard to whether those records were considered or relied upon in making the Adverse Benefit Determination on review, including any reports, and the identities, of any experts whose advice was obtained.
-