

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-K/A
(Amendment No. 1)

[Mark One]

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 0-17071

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

(Address of principal executive offices)

47305-2814

(Zip Code)

Registrant's telephone number, including area code: (765)747-1500

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class
Common Stock, \$0.125 stated value per share

Name of each exchange on which registered
The NASDAQ Stock Market

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant(1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every interactive data file required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files) Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer (Do not check if smaller reporting company)
Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value (not necessarily a reliable indication of the price at which more than a limited number of shares would trade) of the voting stock held by non-affiliates of the registrant was \$1,732,182,000 as of the last business day of the registrant's most recently completed second fiscal quarter (June 30, 2017).

As of February 22, 2018 there were 49,540,866 outstanding common shares, without par value, of the registrant.

DOCUMENTS INCORPORATED BY REFERENCE

Documents

Portions of the Registrant's Definitive

Proxy Statement for Annual Meeting of

Shareholders to be held May 10, 2018

Part of Form 10-K into which incorporated

Part III (Items 10 through 14)

EXPLANATORY NOTE

First Merchants Corporation (the "Company") is filing this Amendment No. 1 to its Annual Report on Form 10-K for the year ended December 31, 2017 for the sole purpose of satisfying the requirements of Rule 15d-21 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), with respect to the First Merchants Corporation Employee Stock Purchase Plan (2009). This Amendment also serves to update the exhibit description in connection therewith.

In addition, as required by Rule 12b-15 of the Exchange Act, new certifications by the Company's principal executive officer and principal financial officer are filed as exhibits to this Amendment. This Amendment does not reflect events occurring after the date of the initial Annual Report on Form 10-K or modify or update any disclosures that may have been affected by subsequent events. Other than the changes referred to above, all other information in the initial Annual Report on Form 10-K, as amended, remains unchanged.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) 3. Exhibits:

Exhibit No: Description of Exhibits:

2.1	Agreement and Plan of Reorganization and Merger among First Merchants Corporation, First Merchants Bank and The Arlington Bank, dated as of January 25, 2017 (Incorporated by reference to registrant's Form 8-K filed on January 25, 2017) (SEC No. 000-17071)
2.2	Agreement and Plan of Reorganization and Merger among First Merchants Corporation and Independent Alliance Banks, Inc., dated as of February 17, 2017 (Incorporated by reference to registrant's Form 8-K filed on February 17, 2017) (SEC No. 000-17071)
3.1	First Merchants Corporation Articles of Incorporation, as amended (Incorporated by reference to registrant's Form 8-K filed on May 2, 2017) (SEC No. 000-17071)
3.2	Bylaws of First Merchants Corporation dated August 11, 2016 (Incorporated by reference to registrant's Form 10-K filed on March 1, 2017) (SEC No. 000-17071)
3.3	First Merchants Corporation Articles of Amendment of the Articles of Incorporation for the Series B Preferred Stock (Incorporated by reference to registrant's Form 8-K filed on September 23, 2011) (SEC No. 000-17071)
4.1	First Merchants Corporation Amended and Restated Declaration of Trust of First Merchants Capital Trust II dated as of July 2, 2007 (Incorporated by reference to registrant's Form 8-K filed on July 3, 2007) (SEC No. 000-17071)
4.2	Indenture dated as of July 2, 2007 (Incorporated by reference to registrant's Form 8-K filed on July 3, 2007) (SEC No. 000-17071)
4.3	Guarantee Agreement dated as of July 2, 2007 (Incorporated by reference to registrant's Form 8-K filed on July 3, 2007) (SEC No. 000-17071)
4.4	Form of Capital Securities Certification of First Merchants Capital Trust II (Incorporated by reference to registrant's Form 8-K filed on July 3, 2007) (SEC No. 000-17071)
4.5	First Merchants Corporation Dividend Reinvestment and Stock Purchase Plan (Incorporated by reference to registrant's Post-Effective Amendment No. 1 to Form S-3 filed on August 21, 2009) (SEC 033-45393)
4.6	Upon request, the registrant agrees to furnish supplementally to the Commission a copy of the instruments defining the rights of holders of its (a) 5.00% Fixed-to-Floating Rate Senior Notes due 2028 in the aggregate principal amount of \$5 million and (b) 6.75% Fixed-to-Floating Rate Subordinated Notes due 2028 in aggregate principal amount of \$65 million.
4.7	Description of Assumed Junior Subordinated Debt Securities of Independent Alliance Banks, Inc. and Agreement to Furnish Copies of Related Instruments and Documents (Incorporated by reference to registrant's Form 10-Q filed on November 9, 2017) (SEC No. 000-17071) (1)
10.1	First Merchants Corporation Senior Management Incentive Compensation Program, dated February 7, 2018 (Incorporated by reference to registrant's Form 10-K filed on March 1, 2018) (1)
10.2	Resolution of the Board of Directors of First Merchants Corporation on director compensation dated October 1, 2017 (Incorporated by reference to the registrant's Form 10-K filed on March 1, 2018) (1)
10.3	First Merchants Corporation Equity Compensation Plan for Non-Employee Directors, effective January 1, 2018 (Incorporated by reference to the registrant's Form 8-K filed on December 15, 2017) (1)
10.4	First Merchants Corporation 2009 Long-Term Equity Incentive Plan, effective as amended January 1, 2015 (Incorporated by reference to registrant's Form 10-K filed on February 27, 2015) (1)
10.5	First Merchants Corporation Change of Control Agreement, as amended, with Michael C. Rechin dated June 1, 2011 (Incorporated by reference to registrant's Form 10-Q filed on August 9, 2011) (SEC No. 000-17071) (1)
10.6	First Merchants Corporation Change of Control Agreement, as amended, with Mark K. Hardwick dated June 1, 2011 (Incorporated by reference to registrant's Form 10-Q filed on August 9, 2011) (SEC No. 000-17071) (1)
10.7	First Merchants Corporation Change of Control Agreement, as amended, with Michael J. Stewart dated June 1, 2011 (Incorporated by reference to registrant's Form 10-Q filed on August 9, 2011) (SEC No. 000-17071) (1)
10.8	First Merchants Corporation Change of Control Agreement, as amended, with John J. Martin dated June 1, 2011 (Incorporated by reference to registrant's Form 10-Q filed on August 9, 2011) (SEC No. 000-17071) (1)
10.9	First Merchants Corporation Change of Control Agreement, as amended, with Jeffery B. Lorentson dated June 1, 2011 (Incorporated by reference to registrant's Form 10-Q filed on August 9, 2011) (SEC No. 000-17071) (1)
10.10	First Merchants Corporation Change of Control Agreement, effective February 11, 2014, with Stephan H. Fluhler (Incorporated by reference to registrant's Form 8-K filed on May 12, 2014) (SEC No. 000-17071) (1)
10.11	First Merchants Corporation Supplemental Executive Retirement Plan and amendments thereto (Incorporated by reference to registrant's Form 10-K for year ended December 31, 1997) (SEC No. 000-17071) (1)
10.12	First Merchants Corporation Defined Contribution Supplemental Retirement Plan dated January 1, 2006 (Incorporated by reference to registrant's Form 8-K filed on February 6, 2007) (SEC No. 000-17071) (1)

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the registrant has duly caused this Amendment No. 1 to its Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized, on this 28th day of September, 2018.

FIRST MERCHANTS CORPORATION

By: /s/ Michael C. Rechin
Michael C. Rechin,
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Amendment No. 1 to the Annual Report on Form 10-K has been signed by the following persons on behalf of the registrant and in the capacities indicated, on this 28th day of September, 2018.

/s/ Michael C. Rechin
Michael C. Rechin, President and
Chief Executive Officer
(Principal Executive Officer)

/s/ Mark K. Hardwick
Mark K. Hardwick, Executive Vice President,
Chief Financial Officer and Chief Operating Officer
(Principal Financial and Accounting Officer)

/s/ Michael R. Becher*
Michael R. Becher, Director

/s/ Michael C. Rechin
Michael C. Rechin, Director

/s/ Michael J. Fisher*
Michael J. Fisher, Director

/s/ Charles E. Schalliol*
Charles E. Schalliol, Director

/s/ F. Howard Halderman*
F. Howard Halderman, Director

/s/ Patrick A. Sherman*
Patrick A. Sherman, Director

/s/ William L. Hoy*
William L. Hoy, Director

/s/ Terry L. Walker*
Terry L. Walker, Director

/s/ Gary J. Lehman*
Gary J. Lehman, Director

/s/ Jean L. Wojtowicz*
Jean L. Wojtowicz, Director

/s/ Michael C. Marhenke*
Michael C. Marhenke, Director

* By Mark K. Hardwick as Attorney-in Fact pursuant to a Limited Power of Attorney executed by the directors listed above, which Power of Attorney was filed with Securities and Exchange Commission as an exhibit to the initial Annual Report on Form 10-K, filed September 28, 2018.

By: /s/ Mark K. Hardwick
Mark K. Hardwick
As Attorney-in-Fact
September 28, 2018

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement of First Merchants Corporation on Form S-8 (File No. 333-159643) of our report dated September 28, 2018, on our audits of the financial statements of First Merchants Corporation Employee Stock Purchase Plan (2009) as of June 30, 2018 and 2017, and for the years ended June 30, 2018, 2017 and 2016, which report is included in Exhibit 99.1.

/s/ **BKD, LLP**

Indianapolis, Indiana
September 28, 2018

EXHIBIT-31.1

FIRST MERCHANTS CORPORATION

FORM 10-K
CERTIFICATION PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

CERTIFICATION

I, Michael C. Rechin, President and Chief Executive Officer of First Merchants Corporation, certify that:

1. I have reviewed this Annual Report on Form 10-K/A of First Merchants Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in the Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board or directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 28, 2018

By: /s/ Michael C. Rechin
Michael C. Rechin
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT-31.2

FIRST MERCHANTS CORPORATION

FORM 10-K
CERTIFICATION PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

CERTIFICATION

I, Mark K. Hardwick, Executive Vice President, Chief Financial Officer and Chief Operating Officer of First Merchants Corporation, certify that:

1. I have reviewed this Annual Report on Form 10-K/A of First Merchants Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in the Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board or directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 28, 2018

By: /s/ Mark K. Hardwick

Mark K. Hardwick

Executive Vice President,

Chief Financial Officer

and Chief Operating Officer

(Principal Financial and Accounting Officer)

EXHIBIT-32

CERTIFICATIONS PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of First Merchants Corporation (the "Corporation") on Form 10-K/A for the period ending December 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael C. Rechin, President and Chief Executive Officer of the Corporation, do hereby certify, in accordance with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o (d)); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date: September 28, 2018

By: /s/ Michael C. Rechin
Michael C. Rechin
President and Chief Executive Officer
(Principal Executive Officer)

A signed copy of this written statement required by Section 906 has been provided to First Merchants Corporation and will be retained by First Merchants Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

In connection with the annual report of First Merchants Corporation (the "Corporation") on Form 10-K/A for the period ending December 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark K. Hardwick, Executive Vice President and Chief Financial Officer of the Corporation, do hereby certify, in accordance with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o (d)); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date: September 28, 2018

By: /s/ Mark K. Hardwick
Mark K. Hardwick
Executive Vice President,
Chief Financial Officer and Chief Operating Officer
(Principal Financial and Accounting Officer)

A signed copy of this written statement required by Section 906 has been provided to First Merchants Corporation and will be retained by First Merchants Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 99.1

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2018

FIRST MERCHANTS CORPORATION
EMPLOYEE STOCK PURCHASE PLAN (2009)
(Full title of the plan)

FIRST MERCHANTS CORPORATION
(Name of issuer of the securities held pursuant to the plan)

200 East Jackson Street
Muncie, Indiana 47305
(Address of principal executive office)

Report of Independent Registered Public Accounting Firm

Audit Committee, Plan Management and Plan Participants
First Merchants Corporation
Muncie, Indiana

Opinion on the Financial Statements

We have audited the accompanying statements of financial condition of First Merchants Corporation Stock Purchase Plan (2009) as of June 30, 2018 and 2017, and the related statements of income and changes in plan equity for each of the years in the three-year period ended June 30, 2018. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of First Merchants Corporation Employee Stock Purchase Plan (2009) as of June 30, 2018 and 2017, and the results of its operations for each of the three years in the period ended June 30, 2018, in conformity with accounting principles generally accepted in the United States of America.

Basis of Opinion

These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ **BKD, LLP**

We have served as the Plan's auditor since 1989.

Indianapolis, Indiana
September 28, 2018

First Merchants Corporation
Employee Stock Purchase Plan (2009)
Statements of Financial Condition
June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Investments - Interest Bearing Deposits	\$ 7,069	\$ 5,924
Plan Equity	<u>\$ 7,069</u>	<u>\$ 5,924</u>

See Notes to Financial Statements

First Merchants Corporation
Employee Stock Purchase Plan (2009)
Statements of Income and Changes in Plan Equity
Years Ended June 30, 2018, 2017 and 2016

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Investment Income - Interest	\$ 126	\$ 108	\$ 135
Participant Contributions	624,943	501,073	462,397
	<u>625,069</u>	<u>501,181</u>	<u>462,532</u>
Withdrawals and Terminations Paid in Cash	7,341	7,892	16,120
Purchase and Distribution of Stock	616,583	491,531	445,448
	<u>623,924</u>	<u>499,423</u>	<u>461,568</u>
Changes in Plan Equity for the Year	1,145	1,758	964
Plan Equity at Beginning of Year	5,924	4,166	3,202
Plan Equity at End of Year	<u>\$ 7,069</u>	<u>\$ 5,924</u>	<u>\$ 4,166</u>

See Notes to Financial Statements

First Merchants Corporation

Employee Stock Purchase Plan (2009)

Notes to Financial Statements

June 30, 2018, 2017 and 2016

Note 1: Summary of Significant Accounting Policies

Organization - The Plan was originally adopted by the Board of Directors of First Merchants Corporation (Corporation) in February 1989, and commenced operations in July 1989. Effective July 1, 1994, the Plan was amended by the adoption of the 1994 Employee Stock Purchase Plan (1994 Plan), and effective July 1, 1999, amended again by the adoption of the 1999 Employee Stock Purchase Plan (1999 Plan). The 1999 Plan was adopted by the Board of Directors of the Corporation in February 1999 and approved by Corporation stockholders in April 1999. In December 2003, the Compensation Committee of the Board of Directors approved a new Plan that was approved by Corporation stockholders in April 2004 to be effective July 1, 2004. On February 4, 2009, the Board of Directors of the Corporation approved a new plan, which was subsequently approved by the shareholders of the Company on May 6, 2009.

The Plan provides for the purchase of up to 1,000,000 shares of the Company's common stock by eligible employees through a series of consecutive quarterly offering periods commencing July 1, 2009 and ending once all allocated shares have been issued under the Plan or June 30, 2019, whichever is earlier.

Investments, consisting of interest-bearing deposit accounts at a subsidiary of the Corporation, are carried at cost, which approximates fair value.

Note 2: General Information

The Plan, in conjunction with other benefit plans, provides for the purchase of up to 1,000,000 shares of the Corporation's common stock by eligible employees through a maximum of forty offerings of three month durations. Prior to each offering period, eligible employees elect a set dollar amount to be deducted from their pay. Contributions and accumulated interest are used at the end of the offering period to purchase whole shares of stock. Any contributions remaining at the end of a quarter for a partial share will remain in the participant's account and applied towards the purchase of stock the following quarter. Employees are not permitted to purchase shares which exceed \$25,000 in fair market value during a calendar year.

At the end of each offering period, the balance of each participant's payroll deduction account is applied to the purchase of the largest number of full shares of the Corporation's common stock possible. The price at which the shares are deemed to have been purchased is determined by the Compensation and Human Resource Committee of the Corporation's Board of Directors and will be 85% of the average fair market value of the common stock during the offering period, except the price cannot be less than 85% of the lesser of the fair market value of the common stock at the beginning or the end of the offering period. The fair market value of the common stock for purposes of the Plan is the closing price of the common stock as reported by NASDAQ on such date. Shares to be purchased under the Plan may be obtained by the Corporation from its authorized but previously unissued shares, from open market transactions or from private sources.

First Merchants Corporation

Employee Stock Purchase Plan (2009)

Notes to Financial Statements

June 30, 2018, 2017 and 2016

In June 2018, March 2018, December 2017, and September 2017, the Corporation issued 4,842; 4,363; 4,167; and 3,493 shares of its common stock for the offering period ended June 29, 2018; March 30, 2018; December 29, 2017; and September 29, 2017, respectively, at \$38.23, \$36.36, \$36.30 and \$34.80 per share, respectively.

In June 2017, March 2017, December 2016, and September 2016, the Corporation issued 3,835; 3,453; 4,577; and 5,432 shares of its common stock for the offering period ended June 30, 2017; March 31, 2017; December 31, 2016; and September 30, 2016, respectively, at \$34.29, \$33.14, \$27.01 and \$22.46 per share, respectively.

In June 2016, March 2016, December 2015, and September 2015, the Corporation issued 4,650; 5,887; 4,849; and 5,492 shares of its common stock for the offering period ended June 30, 2016, March 31, 2016, December 31, 2015, and September 30, 2015, respectively, at \$21.13, \$20.03, \$22.38, and \$21.98 per share, respectively.

At June 30, 2018, 2017, and 2016, the Plan had 406, 336, and 354 participants, respectively.

Note 3: Income Tax Status

The Plan is not and will not be qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended (Code). 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 the stock purchased under the Plan is not includable in the participant's gross income for federal income tax purposes, unless a disqualifying distribution occurs.

The Plan adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, *Income Taxes*, concerning the accounting and disclosures for uncertain tax positions on July 1, 2009. As a result, the Plan has not identified any uncertain tax positions that it believes should be recognized in the financial statements.

Note 4: Related Party

Plan assets are held in interest-bearing accounts maintained by the Plan Sponsor with interest paid quarterly at the prevailing rates. Each participant's payroll deferral is maintained in a separate deposit account with First Merchants Bank. At June 30, 2018, there were no participants with a deferral balance exceeding federally insured limits.