

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 1994 STOCK OPTION PLAN
(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

Title of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share (1)	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee
Options issued pursuant to the First Merchants Corporation 1994 Stock Option Plan	210,000 Options	\$29.50	\$6,195,000	\$2,136.20
Common Stock, No Par Value	210,000 Shares	\$29.50	\$6,195,000	\$2,136.20
Total				\$4,272.41

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

FIRST MERCHANTS CORPORATION
1994 STOCK OPTION PLAN

210,000 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") and directors of the Company are hereby offered the opportunity to participate in the First Merchants Corporation 1994 Stock Option Plan (the "Plan").

A description of the Plan is set forth in this Prospectus. Generally, the Plan provides for the issuance of Incentive Stock Options ("Incentive Stock Options") and Non-Qualified Stock Options ("Non-Qualified Stock Options") (collectively "Options") to acquire up to an aggregate of 210,000 shares of the no par value common stock of the Company ("Common Stock"). The Plan will be administered by the Committee who will, subject to the terms of the Plan, designate key employees of the Company and its subsidiaries to receive Options, and determine the number of Options to be issued, the exercise price, the terms of the Options and the allocation thereof among key employees. Non-Qualified Stock Options to purchase 400 shares of Common Stock will automatically be granted to all non-employee directors of the Company each July 1 during the term of the Plan.

This Prospectus relates to the Options to be issued to employees of the Company and its designated subsidiaries and the Company's directors pursuant to the Plan, 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 promote the long-term success of the Company and its subsidiaries, and to attract, retain, and motivate key employees and directors while creating a long-term mutuality of interest with shareholders.

The Plan provides for the issuance of Options to acquire the Company's Common Stock. The Plan will be administered by the Committee who will, subject to the terms of the Plan, designate key employees of the Company or any subsidiary to receive Options, and determine the number of Options to be issued, the exercise price, the term of the Options, and the allocation thereof among key employees. Non-Qualified Options to purchase 400 shares of common stock shall automatically be granted to all non-employee directors of the Company each July 1 during the term of the Plan. No Options may be issued pursuant to the Plan after June 30, 1999.

The Plan provides that the exercise price of Options may not be less than the fair market value of the shares upon grant of the Option, and that the price may be paid in cash, shares of the Company's Common Stock owned by the optionee or a combination thereof. The exercise price of Non-Qualified Stock Options granted to non-employee directors shall be the fair market value of the shares upon grant of the Option. Shares of Common Stock of the Company to be issued under the Plan shall be made available at the discretion of the Board, either from authorized but unissued shares or from issued shares reacquired by the Company. The aggregate number of shares of Common stock that may be issued under the Plan shall not exceed 210,000 shares. Where Options are for any reason canceled, or expire or terminate unexercised, the shares covered by such Options shall again be available for grant of Options.

Options become fully exercisable six months after the date of grant. The shares covered by an Option may be purchased on or after the exercise dates and in such amounts as the Committee may determine, provided that in no event may an Option be exercisable more than 10 years from the date of grant. Further, all Options outstanding will become exercisable upon a change in control (as defined in the Plan) of the Company.

An Option granted under the Plan may not be transferred except by will or the laws of descent and distribution and, during the lifetime of the employee or director to whom granted, may be exercised only by such employee or director, or his or her guardian or legal representative.

Upon the termination of an Option holder's employment (for any reason other than retirement, disability, death or termination for deliberate, willful or gross misconduct), Option privileges shall be limited to the shares which were immediately purchasable at the date of such termination and such Option privileges shall expire unless exercised before the date of such termination. If an Option holder's employment is terminated for deliberate, willful or gross misconduct, as determined by the Board, all rights under the Option shall expire upon receipt of the notice of such termination.

In the event of an Option holder's retirement or disability, Option privileges shall apply to those shares immediately purchasable at the date of separation from service. The Committee, in its sole discretion, may provide that any Options outstanding but not yet exercisable upon the separation of the Option holder may become exercisable in accordance with a schedule determined by the Committee; provided, however, that in the event of retirement no options shall become exercisable until at least six months after grant. Option privileges under Incentive Stock Options shall expire unless exercised within three months from the date of separation, but no later than the date on which the Option terminates. Option privileges under Non-Qualified Stock Options shall expire unless exercised within five years from the date of separation, but no later than the date on which the Option terminates.

Upon the death of an Option holder, Option privileges shall apply to those shares which were immediately purchasable at the time of death. Option privileges shall expire unless exercised by legal representatives or beneficiaries within one year after the date of the employee's or director's death, but no later than the date on which the Option terminates.

In the event of a reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation, rights offering, or any other change in the corporate structure of the Company, the Committee shall make such adjustments, if any, as are appropriate in the number and kind of shares authorized by the Plan, in the number and kind of shares covered by the Options granted and in the Option price.

The Board may discontinue the Plan at any time and may from time to time amend or revise the terms of the Plan as permitted by applicable statutes, except that it may not revoke or alter, in a manner unfavorable to the holders, any Options then outstanding, or amend the Plan without shareholder approval so as to materially: (i) increase the benefits accruing to participants under the Plan; (ii) increase the number of securities which may be issued under the Plan; (iii) modify the requirements as to eligibility for participation in the Plan; or (iv) increase the cost of the Plan to the Company. In addition, Plan provisions relating to non-employee directors may not be amended more than once every six months, other than to comport with changes in the Internal Revenue Code, the Employee Retirement Income Security Act of 1974, or the rules thereunder.

ELIGIBILITY

The Committee will designate key employees of the Company or its subsidiaries (First Merchants Bank, N.A., First United Bank and Pendleton Banking Company) to receive Options under the Plan. No employee may be issued Options (see "ERISA and Federal Income Taxes") if such employee owns Company Common Stock possessing more than 10% of the total combined voting power of all classes of

stock of the Company, and the aggregate fair market value of the Common Stock subject to Options which are exercisable by the employee for the first time during that calendar year exceeds \$100,000.

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 non-employee members of the Board of Directors of the Company (the "Board") 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 have full authority to establish regulations for the administration of the Plan and to make any other determination it deems necessary to administer the Plan. The members of the Committee serve for one-year periods and may be removed at any time by the Board.

INVESTMENT OF FUNDS

Shares of Common Stock to be issued by the Company pursuant to the Plan may be authorized but unissued shares or shares reacquired by 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 TAXES

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 provides that the Committee may determine whether the Options to be issued are to be Incentive Stock Options under Section 422A of the Internal Revenue Code of 1986, as amended, or Non-qualified Stock Options. Assuming the Options are not traded on an established market at the time they are granted, the issuance of Options will not cause any federal income tax consequences to the recipient or the Company. The difference between the purchase price and the fair market value of any Common Stock purchased through the exercise of a Non-qualified Stock Option is includable, on the exercise date, as ordinary income to the optionee for federal income tax purposes. This difference is not includable in the optionee's gross income for Common Stock purchased through the exercise of an Incentive Stock Option until that Common Stock is sold, unless a disqualifying disposition occurs. The Company may deduct for federal income tax purposes the difference between the purchase price and the fair market value of any Common Stock purchased through the exercise of a Non-qualified Stock Option at the time the difference is included in the optionee's gross income. No deduction is permitted in connection with an Incentive Stock Option 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 document 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 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.

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 of 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 1994 Stock Option Plan.
5.	Opinion of Bingham Summers Welsh & Spilman relating to legality of securities being registered.
15.	None
23.a.	Consent of Bingham Summers Welsh & Spilman.*
23.b.	Consent of Geo. S. Olive & Co.
24.	Power of Attorney included in "Signatures" section.
25-29.	None.

*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

Page 11

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 1994 STOCK
OPTION PLAN

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

Exhibit No.	Description of Exhibit	Form S-8 Page
4.	First Merchants Corporation 1994 Stock Option Plan.	17
5.	Opinion of Bingham Summers Welsh & Spilman relating to legality of securities being registered.	22
15.	None	
23.a.	Consent of Bingham Summers Welsh & Spilman.	*
23.b.	Consent of Geo. S. Olive & Co.	24
24.	Power of Attorney included in "Signatures" section.	
25-29.	None.	

*Included in opinion.

FIRST MERCHANTS CORPORATION

1994 STOCK OPTION PLAN

I. PURPOSE

The purposes of the First Merchants Corporation 1994 Stock Option Plan (the "PLAN") are to promote the long-term success of First Merchants Corporation (the "COMPANY") and its subsidiaries, and to attract, retain, and motivate key employees and directors while creating a long-term mutuality of interest with shareholders.

II. ADMINISTRATION

The Plan shall be administered by the Compensation Committee (the "COMMITTEE"), consisting of three or more non-employee members of the Board of Directors of the Company (the "BOARD"), 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 have full authority to establish regulations for the administration of the Plan and to make any other determination it deems necessary to administer the Plan, except as expressly provided in the Plan.

III. ELIGIBILITY FOR AWARD

Non-employee directors of the Company who are serving as directors on the date of grant shall automatically receive options under the Plan, as provided in Section IV. In addition, the Committee shall designate key employees (not non-employee directors) of the Company or any subsidiary of the Company to receive options under the Plan.

IV. ALLOTMENT OF SHARES

Shares of common stock of the Company to be issued under the Plan shall be made available, at the discretion of the Board, either from authorized but unissued shares or from issued shares reacquired by the Company. The aggregate number of shares of common stock that may be issued under the Plan shall not exceed 210,000 shares. Where options are for any reason canceled, or expire or terminate unexercised, the shares covered by such options shall again be available for grant of options within the limits provided by the preceding sentence. Options may be allotted to eligible employees (not non-employee directors) at such times and in such amounts as the Committee, in its sole discretion, may determine, provided, however, that in the case of options which are intended to be incentive stock options ("INCENTIVE STOCK OPTIONS") within the meaning of Section 422 of the Internal Revenue Code of 1986 (the "CODE"):

- (i) the option holder, at the time the option is granted, shall not own common stock possessing more than 10% of the total combined voting power of all classes of stock of the Company, and

- (ii) the aggregate Fair Market Value (determined at the time the option is granted) of the stock with respect to which the options are exercisable for the first time by an individual during any calendar year (under all such plans of the Company and any parent or subsidiary corporations) shall not exceed \$100,000.

Options to purchase 400 shares of common stock, which shall be options that do not qualify as Incentive Stock Options ("NON-QUALIFIED STOCK OPTIONS"), shall automatically be granted to all non-employee directors of the Company each July 1 during the term of the Plan. However, if at any time insufficient shares remain available for allotment to non-employee directors in accordance with the preceding sentence, the number of options allotted to each such director shall be reduced proportionally.

V. GRANTING OF OPTIONS

All options granted under the Plan shall be in such form as the Committee may from time to time approve. The Committee shall determine in each case whether the options are Incentive Stock Options or Non-Qualified Stock Options; provided, however, options granted to non-employee directors must be Non-Qualified Stock Options. All options granted under the Plan shall be subject to the following terms and conditions:

(a) OPTION PRICE. The option price per share with respect to each option granted to a non-employee director shall be equal to 100% of the Fair Market Value of the common stock at the date the option is granted. The Committee shall determine the option price per share with respect to each option granted to an eligible employee; provided, however, the option price shall not be less than 100% of the Fair Market Value of the common stock at the date the option is granted.

(b) PERIOD OF OPTION. Unless a shorter period is fixed by the Committee or another provision of this Plan, each option may be exercised during a period of ten years from the date the option was granted.

(c) PAYMENT. The option price shall be payable in cash, by tender to the Company of shares of Company stock owned by the option holder, or by any combination thereof. No shares shall be issued until full payment has been made. A holder of an option shall have none of the rights of a shareholder until the shares are issued.

(d) EXERCISE OF OPTIONS. The shares covered by an option may be purchased on such installments and on such exercise dates as the Committee may determine, provided, however, that no option shall become exercisable until at least six months after grant unless disability of the option holder occurs before the expiration of the six-month period. Any shares not purchased on the applicable exercise date may be purchased thereafter at any time prior to the final expiration of the option. In no event shall any option be exercisable after the expiration of ten years from the date upon which the option was granted. Each option shall become exercisable according to terms set by the Committee at the time of grant, except as specified in Section VI (Acceleration of Exercisability on Change of Control). The Committee may direct that an option become exercisable in installments, which need not be annual installments, over a period which may be less than the term of the option. At such time as an installment shall become exercisable, it may be exercised at any time thereafter in whole or in part until the expiration or termination of the option. The

Committee may, in its sole discretion, prescribe shorter or longer time periods and additional requirements with respect to exercise of an option.

(e) NONTRANSFERABILITY OF OPTIONS. An option granted under the Plan may not be transferred except by will or the laws of descent and distribution and, during the lifetime of the employee or director to whom granted, may be exercised only by such employee or director, or his or her guardian or legal representative.

(f) TERMINATION OF EMPLOYMENT. Upon the termination of an option holder's employment (for any reason other than retirement, disability, death or termination for deliberate, willful or gross misconduct), option privileges shall be limited to the shares which were immediately purchasable at the date of such termination and such option privileges shall expire unless exercised before the date of such termination. If an option holder's employment is terminated for deliberate, willful or gross misconduct, as determined by the Board, all rights under the option shall expire upon receipt of the notice of such termination.

(g) RETIREMENT OR DISABILITY OF AN OPTION HOLDER. In the event of an option holder's disability (within the meaning of Section 22(e)(3) of the Code) or retirement as an employee or director, option privileges shall apply to those shares immediately purchasable at the date of separation from service. The Committee, in its sole discretion, may provide that any options outstanding but not yet exercisable upon the separation of the option holder may become exercisable in accordance with a schedule determined by the Committee; provided, however, that in the event of retirement no options shall become exercisable until at least six months after grant. Option privileges under Incentive Stock Options shall expire unless exercised within three months from the date of separation, but no later than the date on which the option terminates. Option privileges under Non-Qualified Stock Options shall expire unless exercised within five years from the date of separation, but no later than the date on which the option terminates.

(h) DEATH OF OPTION HOLDER. Upon the death of an option holder, option privileges shall apply to those shares which were immediately purchasable at the time of death. Option privileges shall expire unless exercised by legal representatives or beneficiaries within one year after the date of the employee's or director's death, but no later than the date on which the option terminates.

VI. ACCELERATION OF EXERCISABILITY ON CHANGE OF CONTROL

Upon a Change of Control of the Company, all options theretofore granted and not previously exercisable shall become fully exercisable to the same extent and in the same manner as if they had become exercisable by passage of time in accordance with the provisions of the Plan relating to periods of exercisability and to termination of employment.

A "CHANGE OF CONTROL" shall be deemed to have occurred if:

(i) any individual, entity or firm becomes the beneficial owner of 40% or more of the outstanding common stock of the Company, provided, however, that such an event shall not constitute a Change of Control if such shareholder has entered into an agreement with the Company, approved by the Board, which materially restricts the right of such shareholder to direct or influence the management or policies of the Company; or

(ii) in any solicitation of proxies from the security holders of the Company, proxies are solicited by or on behalf of a person or entity other than the Board and, upon the conclusion of such solicitation, nominees of such person or entity are elected to one-half or more of the then available positions on the entire Board.

The merger or consolidation of the Company with any other entity shall not, as such, be regarded as a Change of Control for the purposes of this Plan. The effect of such a merger or consolidation shall be determined by the provisions of this Section.

VII. FAIR MARKET VALUE

"FAIR MARKET VALUE" shall mean the value of a share of common stock on a particular date, determined as follows: (i) if the common stock is not listed on such date on any national securities exchange, the average 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; (ii) if the common stock is neither listed on such date on a national securities exchange nor traded in the over-the-counter market, the fair market value of a share on such date as determined in good faith by the Committee; or (iii) if the common stock is listed on such date on one or more national securities exchanges, the last reported sale price of a share on such date as recorded on the composite tape system, or, if such system does not cover the common stock, the last reported sale price of a share on such date on the principal national securities exchange on which the common stock is listed or, if no sale of common stock took place on such date, the last reported sale price of a share on the most recent day on which a sale of a share took place as recorded by such system or on such exchange, as the case may be.

VIII. ADJUSTMENT IN THE EVENT OF RECAPITALIZATION

In the event of a reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation, rights offering, or any other change in the corporate structure of the Company, the Committee shall make such adjustments, if any, as are appropriate in the number and kind of shares authorized by the Plan, in the number and kind of shares covered by the options granted and in the option price.

IX. AMENDMENTS AND DISCONTINUANCE

The Board may discontinue the Plan at any time and may from time to time amend or revise the terms of the Plan as permitted by applicable statutes, except that it may not revoke or alter, in a manner unfavorable to the holders, any options then outstanding, or amend the Plan without shareholder approval so as to materially: (i) increase the benefits accruing to participants under the Plan; (ii) increase the number of securities which may be issued under the Plan; (iii) modify the requirements as to eligibility for participation in the Plan; or (iv) increase the cost of the Plan to the Company. In addition, Plan provisions relating to non-employee directors may not be amended more than once every six months, other than to comport with changes in the Code, the Employee Retirement Income Security Act of 1974 (ERISA), or the rules thereunder.

X. COMPLIANCE WITH RULE 16b-3

With respect to persons subject to Section 16 of the Securities Exchange Act of 1934 (the "1934 Act"), 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 provisions 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.

XI. EFFECTIVE DATE AND TERM OF THE PLAN

The 1994 Stock Option Plan shall become effective on July 1, 1994, subject to prior approval of the shareholders. No option shall be granted pursuant to this Plan after June 30, 1999. However, options theretofore granted may extend beyond that date in accordance with their terms and the provisions of the Plan.

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 options (the "Options") to be issued pursuant to the First Merchants Corporation 1994 Stock Option Plan (the "Plan") and shares of First Merchants Corporation (the "Company") common stock (the "Shares") to be issued to holders of Options 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, 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) The Shares, when issued as contemplated by the Plan and the Registration Statement in exchange for payment therefor, 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