

FIRST MERCHANTS CORP  
Form S-4/A  
April 21, 2017  
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As filed with the Securities and Exchange Commission on April 21, 2017

Registration Statement No. 333-216780

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**Amendment No. 2**  
**to**  
**FORM S-4**  
**REGISTRATION STATEMENT**  
***UNDER***  
***THE SECURITIES ACT OF 1933***

**FIRST MERCHANTS CORPORATION**  
**(Exact name of registrant as specified in its charter)**

<b>INDIANA</b> (State or other jurisdiction of incorporation or organization)	<b>6712</b> (Primary Standard Industrial Classification Code Number) 200 East Jackson Street  Muncie, Indiana 47305  (765) 747-1500	<b>35-1544218</b> (I.R.S. Employer Identification No.)
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(Address, including Zip Code, and telephone number, including area code, of registrant's principal executive offices)

**Mark K. Hardwick**  
**Executive Vice President,**  
**Chief Financial Officer and Chief Operating Officer**  
**First Merchants Corporation**  
**200 East Jackson Street**  
**Muncie, Indiana 47305**  
**(765) 747-1500**

(Name, address, including Zip Code, and telephone number, including area code, of agent for service)

*With copies to:*

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Indianapolis, Indiana 46204

(614) 464-6400

(317) 635-8900

Approximate date of commencement of the proposed sale of the securities to the public: As soon as practicable after the effective date of this Registration Statement and upon the effective time of the merger described in the accompanying proxy statement and prospectus.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a 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 7(a)(2)(B) of the Securities Act.

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third Party Tender Offer)

**The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange**

**Commission, acting pursuant to said Section 8(a), may determine.**

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**THE INFORMATION IN THIS PROXY STATEMENT AND PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. WE MAY NOT ISSUE THESE SECURITIES UNTIL THE REGISTRATION STATEMENT IS EFFECTIVE. THIS PROXY STATEMENT AND PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IT IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.**

**PRELIMINARY PROXY STATEMENT AND PROSPECTUS**

**DATED APRIL 21, 2017 SUBJECT TO COMPLETION**

**FIRST MERCHANTS CORPORATION**

**THE ARLINGTON BANK**

**YOUR VOTE IS VERY IMPORTANT**

**PROSPECTUS OF FIRST MERCHANTS CORPORATION FOR UP TO**

**2,074,783 SHARES OF COMMON STOCK AND**

**PROXY STATEMENT OF THE ARLINGTON BANK**

The Board of Directors of First Merchants Corporation ( First Merchants ) and the Board of Directors of The Arlington Bank ( Arlington Bank ) have approved an Agreement and Plan of Reorganization and Merger (the Merger Agreement ), pursuant to which Arlington Bank will merge with and into First Merchants Bank ( First Merchants Bank ), a wholly-owned banking subsidiary of First Merchants (the Merger ). This proposed strategic business combination will significantly expand First Merchants Columbus, Ohio presence and further strengthen its position as the second largest bank holding company headquartered in the State of Indiana. Following the Merger, the combined company will have 109 banking offices in twenty-seven Indiana counties, as well as two counties in both Ohio and Illinois, and have approximately \$7.6 billion in assets, \$5.4 billion in loans, \$5.8 billion in deposits, and total shareholders equity of \$974.5 million.

If the Merger Agreement is approved by the shareholders of Arlington Bank and the Merger is subsequently completed, each Arlington Bank common share will be converted into the right to receive 2.7245 shares (the Exchange Ratio ) of First Merchants common stock. First Merchants will pay cash for any fractional shares resulting from application of the Exchange Ratio. The Exchange Ratio is subject to adjustments for stock splits, stock dividends, recapitalization, or similar transactions. Immediately prior to the Merger, each outstanding option to purchase Arlington Bank common shares will be converted into the right to receive cash in an amount equal to (a) the excess, if any, of (i) the Exchange Ratio multiplied by the average closing price of First Merchants common stock for the ten (10) trading days preceding the fourth calendar day prior to the date of the Merger, over (ii) the per share exercise price of such Arlington Bank stock option, multiplied by (b) the number of Arlington Bank common shares

subject to such stock option, less (c) applicable tax withholdings.

First Merchants common stock is listed on The NASDAQ Global Select Market under the symbol FRME. On January 24, 2017, the last business day prior to the public announcement of the Merger, the closing price of a share of First Merchants common stock was \$36.46, which, after giving effect to the Exchange Ratio of 2.7245, results in an implied value of approximately \$99.34 per Arlington Bank common share as of such date. On April 12, 2017, the latest practicable date before the date of this proxy statement and prospectus, the closing price of a share of First Merchants common stock was \$38.11, which, after giving effect to the Exchange Ratio of 2.7245, results in an implied value of approximately \$103.83 per Arlington Bank common share as of such date. You should obtain a current market quotation for First Merchants before you vote.

We cannot complete the Merger unless a majority of the issued and outstanding common shares of Arlington Bank vote to approve the Merger Agreement. Arlington Bank will hold a special meeting of its shareholders to vote on this merger proposal. **Your vote is very important.** Whether or not you plan to attend the shareholder meeting, please take the time to vote by completing the enclosed proxy card and mailing it in the enclosed envelope. **If you sign, date and mail your proxy card without indicating how you want to vote, your proxy will be counted as a vote in favor of the Merger Agreement. Not returning your card will have the same effect as a vote against the Merger Agreement.**

The date, time and place of the meeting are as follows:

May 17, 2017, 5:00 p.m., local time

2130 Tremont Center

Upper Arlington, Ohio 43221

This proxy statement and prospectus provides you with detailed information about the special meeting and the proposed Merger. It also contains or references information about Arlington Bank and First Merchants. You can also get information about First Merchants from publicly available documents that have been filed with the Securities and Exchange Commission.

We strongly support the Merger of our companies. **The Board of Directors of Arlington Bank unanimously recommends that you vote in favor of the Merger Agreement.**

/s/ Michael C. Rechin

President and Chief Executive Officer

FIRST MERCHANTS CORPORATION

/s/ James R. DeRoberts

Chairman and Chief Executive Officer

THE ARLINGTON BANK

**For a discussion of certain risk factors which you should consider in evaluating the Merger, see Risk Factors beginning on page 22. We encourage you to read this entire document carefully.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued pursuant to this proxy statement and prospectus or determined if this**

**proxy statement and prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

**These securities are not savings or deposit accounts or other obligation of any bank or non-bank subsidiary of either of our companies, and they are not insured by the Federal Deposit Insurance Corporation, the Deposit Insurance Fund or any other federal or state governmental agency.**

**Proxy statement and prospectus dated [ ], 2017, and first mailed to Arlington Bank shareholders on or about [ ], 2017.**

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**ADDITIONAL INFORMATION**

This document incorporates important business and financial information about First Merchants from other documents filed by First Merchants with the Securities and Exchange Commission ( SEC ) that are not delivered with or included in this document. This information (including the documents incorporated herein by reference) is available to you without charge upon your written or oral request. You may request these documents in writing or by telephone at the following addresses and telephone numbers:

First Merchants Corporation

200 East Jackson Street

Muncie, Indiana 47305

Attention: Brian T. Hunt,

Corporate Secretary

Telephone: (765) 747-1500

**To ensure timely delivery, shareholders must request the documents containing the information described above no later than five (5) business days prior to the date of the special meeting of the Arlington Bank shareholders. Accordingly, if you would like to make such a request, please do so by [ ], 2017, in order to receive the requested information before the meeting.**

You can also obtain copies of the documents incorporated by reference in this document through the SEC's website at [www.sec.gov](http://www.sec.gov). See WHERE YOU CAN FIND ADDITIONAL INFORMATION on page [ ].



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**THE ARLINGTON BANK**

**2130 Tremont Center**

**Upper Arlington, Ohio 43221**

**NOTICE OF SPECIAL MEETING OF**

**SHAREHOLDERS TO BE HELD ON**

**May 17, 2017**

To Our Shareholders:

We will hold a special meeting of the shareholders of The Arlington Bank ( Arlington Bank ) on May 17, 2017, at 5:00 p.m., local time, at 2130 Tremont Center, Upper Arlington, Ohio 43221.

The purposes of the special meeting are:

1. *Merger Proposal.* To consider and vote upon a proposal to approve the Agreement and Plan of Reorganization and Merger, dated January 25, 2017 (the Merger Agreement ), among First Merchants Corporation ( First Merchants ), First Merchants Bank, a wholly-owned banking subsidiary of First Merchants ( First Merchants Bank ) and Arlington Bank, and to approve the transactions contemplated thereby (the Merger Proposal ). Pursuant to the Merger Agreement, Arlington Bank will merge with and into First Merchants Bank (the Merger ).
2. *Adjournment Proposal.* To approve one or more adjournments of the Arlington Bank special meeting, if necessary or appropriate, to solicit additional proxies in favor of the Merger Proposal (the Adjournment Proposal ).
3. *Other Matters.* To vote upon such other matters which may properly be presented at the special meeting or any adjournment or postponement of the special meeting. Arlington Bank 's Board of Directors is not aware of any such other matters.

The proxy statement and prospectus describes the Merger Agreement and the proposed Merger in detail and includes, as [Annex A](#), the complete text of the Merger Agreement. We urge you to read these materials for a description of the Merger Agreement and the proposed Merger. **In particular, you should carefully read the section captioned Risk Factors beginning on page [ ] of the accompanying proxy statement and prospectus for a discussion of certain risk factors relating to the Merger.**

The Board of Directors of Arlington Bank has fixed the close of business on April 14, 2017, as the record date for determining those shareholders who are entitled to notice of, and to vote at, the special meeting and any adjournment or postponement of the special meeting. Approval of the Merger Proposal requires the affirmative vote of at least a majority of the outstanding Arlington Bank common shares. Approval of the Adjournment Proposal only requires the affirmative vote of at least a majority of the Arlington Bank common shares voting at the meeting, in person or by

proxy, so long as a quorum is present.

If you do not vote your shares in favor of the adoption and approval of the Merger Agreement, under the Ohio General Corporation Law (the "OGCL"), you will have the right to demand the fair cash value for your Arlington Bank common shares. To exercise your dissenters' rights, you must adhere to the specific requirements of the OGCL. See "THE MERGER Rights of Dissenting Shareholders" on page [ ] of this proxy statement and prospectus and the complete text of the applicable sections of the OGCL attached to this proxy statement and prospectus as Annex B.

**The Arlington Bank Board of Directors unanimously recommends that you vote FOR (1) approval of the Merger Proposal; and (2) approval of the Adjournment Proposal.**

**Whether or not you plan to attend the special meeting in person, please submit your proxy by completing, signing, and dating the enclosed proxy card and returning it as soon as possible using the**

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**enclosed postage-prepaid envelope. If you attend the special meeting, you may vote in person if you wish, even if you have previously submitted your proxy. Not submitting your proxy will have the same effect as a vote against the Merger Proposal.**

By Order of the Board of Directors

James R. DeRoberts  
Chairman and Chief Executive Officer

[ ], 2017  
Upper Arlington, Ohio

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**FORWARD-LOOKING STATEMENTS**

This document, and the information included or incorporated by reference into it, contain forward-looking statements made pursuant to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements can often, but not always, be identified by the use of words like believe, continue, pattern, estimate, project, intend, anticipate, expect and similar expressions, or future or conditional verbs such as will, should, could, might, can, may, or similar expressions. These forward-looking statements include, but are not limited to, statements relating to the benefits of the proposed Merger between First Merchants and Arlington Bank, including future financial and operating results, cost savings, enhanced revenues, and accretion/dilution to reported earnings that may be realized from the Merger, as well as other statements of expectations regarding the Merger, and other statements of First Merchants' goals, intentions and expectations; statements regarding First Merchants' business plan and growth strategies; statements regarding the asset quality of First Merchants' loan and investment portfolios; and estimates of First Merchants' risks and future costs and benefits, whether with respect to the Merger or otherwise.

These forward-looking statements are subject to significant risks, assumptions and uncertainties that may cause results to differ materially from those set forth in forward-looking statements, including, among other things: the risk that the businesses of the First Merchants and Arlington Bank will not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected; expected revenue synergies and cost savings from the Merger may not be fully realized or realized within the expected timeframe; revenues following the Merger may be lower than expected; customer and employee relationships and business operations may be disrupted by the Merger; the ability to obtain required governmental and shareholder approvals, and the ability to complete the Merger on the expected timeframe; possible changes in economic and business conditions; the existence or exacerbation of general geopolitical instability and uncertainty; the ability of First Merchants to integrate recent acquisitions and attract new customers; possible changes in monetary and fiscal policies, and laws and regulations; the effects of easing restrictions on participants in the financial services industry; the cost and other effects of legal and administrative cases; possible changes in the credit worthiness of customers and the possible impairment of collectability of loans; fluctuations in market rates of interest; competitive factors in the banking industry; changes in the banking legislation or regulatory requirements of federal and state agencies applicable to banks and bank holding companies; continued availability of earnings and excess capital sufficient to support continued dividends; changes in market, economic, operational, liquidity, credit and interest rate risks associated with the First Merchants' and Arlington Bank's business; and other risks and factors identified in First Merchants' filings with the SEC.

Neither First Merchants nor Arlington Bank undertakes any obligation to update any forward-looking statement, whether written or oral, relating to the matters discussed herein unless required to under the federal securities laws. In addition, First Merchants' and Arlington Bank's past results of operations do not necessarily indicate either of their anticipated future results, whether the Merger is effectuated or not.

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**QUESTIONS AND ANSWERS ABOUT THE MERGER  
AND THE SHAREHOLDER MEETING**

**Q: What am I voting on?**

**A:** You are being asked to vote to approve the Merger Agreement, pursuant to which Arlington Bank will merge with and into First Merchants Bank, and to approve the transactions contemplated by the Merger Agreement (the Merger Proposal ). First Merchants Bank would be the surviving entity in the Merger, and Arlington Bank would no longer be a separate company.

You are also being asked to vote on two additional proposals (completion of the Merger is not conditioned upon approval of any of these additional proposals):

a proposal to adjourn the Arlington Bank special meeting, if necessary or appropriate, to solicit additional proxies in favor of the Merger Proposal (which we refer to as the Adjournment Proposal ); and

to vote on such other matters that may be properly presented at the special meeting or any adjournment or postponement of the special meeting. Arlington Bank's Board is not aware of any such other matters.

**Q: Why are First Merchants and Arlington Bank proposing to merge?**

**A:** We believe the Merger is in the best interests of both companies and our respective shareholders. With seven current banking locations in the Columbus, Ohio area and 120 local employees, First Merchants Bank has been serving Columbus for over 25 years. Partnered with Arlington Bank, First Merchants Bank believes it will become a stronger bank in the Columbus market, one of the fastest growing cities in the Midwest. The combination provides an excellent opportunity, as First Merchants strives to grow profitably and efficiently, in what has become a very competitive and highly-regulated industry.

You should review the background of and reasons for the Merger described in greater detail beginning on page [ ].

**Q: What will Arlington Bank shareholders receive in the Merger?**

**A:** If the Merger Agreement is approved and the Merger is subsequently completed, each outstanding Arlington Bank common share will be converted into the right to receive 2.7245 shares (the Exchange Ratio ) of First Merchants common stock (the Merger Consideration ). Each Arlington Bank shareholder that would otherwise be entitled to receive a fractional share of First Merchants common stock will receive cash in lieu of such fractional share. The Exchange Ratio is subject to adjustments for stock splits, stock dividends, recapitalization, or similar transactions. Immediately prior to the Merger, each



outstanding option to purchase Arlington Bank common shares will be converted into the right to receive cash in an amount equal to (a) the excess, if any, of (i) the Exchange Ratio multiplied by the average closing price of First Merchants common stock for the ten (10) trading days preceding the fourth calendar day prior to the date of the Merger, over (ii) the per share exercise price of such Arlington Bank stock option, multiplied by (b) the number of Arlington Bank common shares subject to such stock option, less (c) applicable tax withholdings.

Because the Exchange Ratio is fixed (except for customary anti-dilution adjustments), the value of the Merger Consideration that you will receive will depend on the market price of First Merchants common stock when you receive your shares of First Merchants common stock. The implied per share value of the Merger Consideration, based upon First Merchants' closing stock price on April 12, 2017, the most recent practicable trading day before this proxy statement and prospectus was finalized, was \$103.83 per share. **No assurance can be given that the current market price of First Merchants common stock will be equivalent to the market price of First Merchants common stock on the date that shares of First Merchants common stock are received by an Arlington Bank shareholder or at any other time.** You should obtain current market prices for shares of First Merchants common stock which is listed on The NASDAQ Global Select Market under the symbol FRME.

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**Q: What risks should I consider before I vote on the Merger Proposal?**

**A:** You should carefully review the section captioned **RISK FACTORS** beginning on page [ ].

**Q: Will First Merchants shareholders receive any shares or cash as a result of the Merger?**

**A:** No. After the Merger, First Merchants shareholders will continue to own the same number of First Merchants shares they owned before the Merger.

**Q: When is the Merger expected to be completed?**

**A:** We are working to complete the Merger as quickly as possible. We must first obtain the necessary regulatory approvals and the approval of Arlington Bank shareholders at the special meeting. We currently expect to complete the Merger during the second quarter of 2017.

**Q: What are the tax consequences of the Merger to me?**

**A:** The Merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the Internal Revenue Code). A U.S. Holder (as defined in the section captioned **MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES** beginning on page [ ]) who exchanges all of its Arlington Bank common shares for shares of First Merchants common stock pursuant to the Merger will not recognize any gain or loss on the exchange for federal income tax purposes, except with respect to any cash received in lieu of a fractional share of First Merchants common stock. A U.S. Holder who receives cash in lieu of a fractional share of First Merchants common stock will be treated as having received such fractional share of First Merchants common stock pursuant to the Merger and then as having sold that fractional share of First Merchants common stock for cash. As a result, a U.S. Holder will generally recognize gain or loss equal to the difference between the amount of cash received and the U.S. Holder's basis in the fractional share of First Merchants common stock determined as described above. At the closing of the Merger, First Merchants will receive an opinion from their tax attorneys confirming these tax consequences and Arlington Bank will receive a letter from First Merchants' tax attorneys addressed to the shareholders of Arlington Bank to the effect that such shareholders shall be permitted to rely upon this tax opinion. Under the Merger Agreement, receipt of the tax opinion and the reliance letter may be waived by First Merchants and Arlington Bank, respectively, prior to the closing of the Merger. However, if receipt of such opinion and reliance letter were waived, Arlington Bank would resolicit its shareholders if any change in the tax consequences were material and disclose the reasons for the waiver and the change in tax consequences. Such resolicitation would require an amendment to the Registration Statement on Form S-4, of which this proxy statement and prospectus is a part. See **MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES** beginning on page [ ]. **Your individual tax consequences will depend on your personal situation. You should consult your tax advisor for a full understanding of the tax consequences of the Merger to you.**

**Q: Will I have dissenters' rights?**

**A:** The shareholders of Arlington Bank are entitled to dissenters' rights in connection with the Merger under Section 1701.85 of the Ohio General Corporation Law (the "OGCL"), a copy of which is included as Annex B to this proxy statement and prospectus. **If you wish to assert dissenters' rights, you must deliver to Arlington Bank a written demand for payment of the fair cash value of your shares before the vote on the Merger is taken at the special meeting. In addition, you must not vote in favor of the Merger either in person or by proxy.** The procedure for dissenting is explained more fully under "THE MERGER - Rights of Dissenting Shareholders" beginning on page [ ] and in Annex B to this proxy statement and prospectus.

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**Q: What do I need to do now?**

**A:** You should carefully read and consider the information contained in this document and any information incorporated herein by reference. Then, please submit your proxy by completing, signing, and dating the enclosed proxy card and returning it as soon as possible using the enclosed postage-prepaid envelope so that your shares can be voted at the special shareholder meeting. If a returned proxy card is signed but does not specify how you wish to vote your shares, your proxy will be voted **FOR** the: (1) approval of the Merger Proposal; and (2) approval of the Adjournment Proposal.

**Q: What if I don't vote or I abstain from voting?**

**A:** If you do not vote or you abstain from voting, your abstention will count as a vote **AGAINST** the Merger Proposal.

**Q: May I change my vote after I have submitted my proxy?**

**A:** Yes. You can change your vote at any time before your proxy is voted at the special meeting. You can do this in one of three ways. First, you can send a written notice stating that you revoke your proxy. Second, you can complete and submit a new proxy, dated at a date later than your most recent proxy. Please submit your notice of revocation and/or new proxy card to The Arlington Bank, 2130 Tremont Center, Upper Arlington, Ohio 43221, Attention: Mark K. Milligan, Secretary. Third, you may attend the special meeting and vote in person. Simply attending the special meeting, however, will not revoke your proxy. You must request a ballot and vote the ballot at the meeting.

**Q: What constitutes a quorum?**

**A:** The presence, in person or by proxy, of shareholders holding at least a majority of the issued and outstanding shares of Arlington Bank entitled to vote as of April 14, 2017, the record date for the special meeting, will constitute a quorum for the special meeting. On the record date, there were 763,678 Arlington Bank common shares outstanding and entitled to vote at the special meeting.

**Q: Should I send in my stock certificate(s) now?**

**A:** No. After the Merger is completed, Arlington Bank shareholders will receive written instructions from First Merchants for exchanging their stock certificates for shares of First Merchants common stock and cash for fractional shares to be received by them in the Merger. If you are a First Merchants shareholder, you should retain your certificates, as you will continue to hold the First Merchants shares you currently own.

**Q: Whom should I contact if I have other questions about the Merger Agreement or the Merger?**

**A:** You may contact:

The Arlington Bank

2130 Tremont Center

Upper Arlington, Ohio 43221

Attention: James R. DeRoberts,

Chairman and Chief Executive Officer

Telephone (614) 486-9000

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**SUMMARY**

*This summary highlights selected information from this proxy statement and prospectus. Because this is a summary, it does not contain all of the information that is important to you. You should carefully read this entire document, including the documents incorporated herein by reference, and the other documents to which we have referred you before you decide how to vote. See WHERE YOU CAN FIND ADDITIONAL INFORMATION on page [ ] for a description of documents that we incorporate by reference into this document. Each item in this summary includes a page reference that directs you to a more complete description in this document of the topic discussed.*

***Description of First Merchants (page [ ])***

**First Merchants Corporation**

200 East Jackson Street

Muncie, Indiana 47305

(765) 747-1500

First Merchants is a financial holding company headquartered in Muncie, Indiana and was organized in September 1982. First Merchants common stock is listed on The NASDAQ Global Select Market under the symbol FRME. First Merchants has one full-service Indiana commercial bank charter, First Merchants Bank, which opened for business in Muncie, Indiana, in March 1893. First Merchants Bank also operates Lafayette Bank and Trust and First Merchants Private Wealth Advisors as divisions of First Merchants Bank. First Merchants Bank includes over 106 banking locations in 27 Indiana, two Illinois and two Ohio counties. First Merchants Bank's business activities are currently limited to one significant business segment, which is community banking.

As of December 31, 2016, First Merchants had consolidated assets of \$7.2 billion, consolidated deposits of \$5.6 billion and shareholders' equity of \$902 million. As of December 31, 2016, First Merchants and its subsidiaries had 1,449 full-time equivalent employees. See DESCRIPTION OF FIRST MERCHANTS on page [ ].

***Description of Arlington Bank (page [ ])***

**The Arlington Bank**

2130 Tremont Center

Upper Arlington, Ohio 43221

(614) 486-9000

Arlington Bank is an Ohio savings bank headquartered in Upper Arlington, Ohio. Arlington Bank has been operating in the Columbus, Ohio market since 1999 and now serves customers through three banking center locations. Arlington Bank employed 67 full-time equivalent employees at December 31, 2016.

At December 31, 2016, Arlington Bank had assets of approximately \$309 million, deposits of approximately \$262 million, and shareholders' equity of approximately \$34 million.

***The Merger (page [ ])***

*We have attached a copy of the Merger Agreement to this document as Annex A. Please read the Merger Agreement in its entirety. It is the legal document that governs the Merger.*

The Merger Agreement provides that, if all of the conditions are satisfied or waived, Arlington Bank will be merged with and into First Merchants Bank, immediately thereafter, Arlington Bank will cease to exist. We expect to complete the Merger during the second quarter of 2017.

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***Reasons for the Merger (pages [ ] and [ ])***

**First Merchants.** First Merchants' Board of Directors considered a number of financial and nonfinancial factors in making its decision to merge with Arlington Bank, including its respect for the ability and integrity of the Arlington Bank Board of Directors, management and staff. The Board believes that expanding First Merchants' operations in the market areas where Arlington Bank operates offers financial and strategic benefits to First Merchants and Arlington Bank as a combined company.

**Arlington Bank.** In considering the Merger with First Merchants, Arlington Bank's Board of Directors collected and evaluated a variety of economic, financial and market information regarding First Merchants and its subsidiaries, their respective businesses and First Merchants' reputation and future prospects. In the opinion of Arlington Bank's Board of Directors, favorable factors included First Merchants' strong earnings and stock performance, its management, the compatibility of its markets to those of Arlington Bank, the likelihood of regulatory approvals of the Merger, and the attractiveness of First Merchants' offer from a financial perspective. In addition, the Board of Directors considered the fairness opinion of Boenning & Scattergood, Inc. ( "Boenning" ), described below.

***Opinion of Boenning & Scattergood, Inc. (page [ ])***

The Arlington Bank Board of Directors retained Boenning to render a fairness opinion in connection with the proposed Merger. At the meeting of the Arlington Bank Board of Directors on January 24, 2017, Boenning delivered to the Arlington Bank Board of Directors an oral opinion, which was confirmed by delivery of a written opinion, dated January 24, 2017, to the effect that, as of the date of the opinion and based upon and subject to the conditions, limitations, qualifications and assumptions set forth in the opinion, the right of the holders of Arlington Bank common shares to receive 2.7245 shares (the "Exchange Ratio") of First Merchants common stock (the "Merger Consideration") was fair, from a financial point of view, to such holders of Arlington Bank common shares, other than any holders who properly perfect their right to dissent under applicable law (the "Excluded Holders").

The full text of the written opinion of Boenning, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion of Boenning, is attached as [Annex C](#) to this proxy statement and prospectus and is incorporated herein by reference. Arlington Bank shareholders are urged to read Boenning's written opinion carefully and in its entirety. Boenning's opinion is limited solely to the fairness, from a financial point of view, of the Exchange Ratio to be received in the Merger by the holders of Arlington Bank common shares (other than any Excluded Holders) and does not address Arlington Bank's underlying business decision to effect the Merger or the relative merits of the Merger as compared to any alternative business strategies or transactions that might be available with respect to Arlington Bank. Boenning's opinion does not constitute a recommendation to any shareholder of Arlington Bank as to how such shareholder should vote or act with respect to any matter relating to the Merger or otherwise.

***What Arlington Bank Shareholders Will Receive (page [ ])***

If the Merger Agreement is approved and the Merger is subsequently completed, each outstanding Arlington Bank common share will be converted into the right to receive the Exchange Ratio of 2.7245 shares of First Merchants common stock. The number of shares of First Merchants common stock issuable to each Arlington Bank shareholder will be rounded to the nearest thousandth of a share. The Exchange Ratio is subject to adjustment for stock splits, stock dividends, recapitalization or similar transactions. Each Arlington Bank shareholder that would otherwise be entitled to receive a fractional share of First Merchants common stock will receive cash in lieu of such fractional share.





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Because the Exchange Ratio is fixed (except for customary anti-dilution adjustments), the value of the Merger Consideration that you will receive will depend on the market price of First Merchants common stock when you receive your shares of First Merchants common stock. The implied per share value of the Merger Consideration, based upon First Merchants' closing stock price on April 12, 2017, the most recent practicable trading day before this proxy statement and prospectus was finalized, was \$103.83 per share. **No assurance can be given that the current market price of First Merchants common stock will be equivalent to the market price of First Merchants common stock on the date that shares of First Merchants common stock are received by an Arlington Bank shareholder or at any other time.**

Within three (3) business days following the effective date of the Merger, First Merchants will mail a letter of transmittal to each person who was, immediately prior to the effective time of the Merger, a holder of record of Arlington Bank common shares. The letter of transmittal will contain instructions for use in effecting the surrender of Arlington Bank stock certificates in exchange for the consideration to which such person may be entitled pursuant to the Merger Agreement.

### *What First Merchants Shareholders Will Receive (page [ ])*

First Merchants shareholders will not receive any consideration in the Merger. After the Merger, First Merchants shareholders will continue to own the same number of First Merchants shares owned before the Merger.

### *The Arlington Bank Special Shareholders Meeting (page [ ])*

The special meeting of Arlington Bank shareholders will be held on May 17, 2017, at 5:00 p.m., local time, at 2130 Tremont Center, Upper Arlington, Ohio 43221.

At the special meeting, Arlington Bank shareholders will be asked:

1. *Merger Proposal.* To consider and vote upon a proposal to approve the Merger Agreement and to approve the transactions contemplated thereby. Pursuant to the Merger Agreement, Arlington Bank will merge with and into First Merchants Bank.
2. *Adjournment Proposal.* To approve one or more adjournments of the Arlington Bank special meeting, if necessary or appropriate, to solicit additional proxies in favor of the Merger Proposal.
3. *Other Matters.* To vote upon such other matters which may properly be presented at the special meeting or any adjournment or postponement of the special meeting. Arlington Bank's Board of Directors is not aware of any such other matters.

### *Arlington Bank Recommendation to Shareholders (page [ ])*

Arlington Bank's Board of Directors unanimously approved and adopted the Merger Agreement and approved and authorized the proposed Merger. Arlington Bank's Board of Directors concluded that entering into the Merger Agreement and completing the Merger and the other transactions contemplated by the Merger Agreement are in the best interest of Arlington Bank and the Arlington Bank shareholders. Arlington Bank's Board of Directors unanimously recommends that Arlington Bank shareholders vote **FOR** (1) approval of the Merger Proposal, and

(2) approval of the Adjournment Proposal. In reaching its determination, Arlington Bank's Board of Directors considered a number of factors, which are described in the section captioned "THE MERGER - Arlington Bank's Reasons for the Merger" beginning on page [ ]. Because of the wide variety of factors considered, Arlington Bank's Board of Directors did not believe it practicable, nor did it attempt, to quantify or otherwise assign relative weight to the specific factors it considered in reaching its decision.

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***Arlington Bank Special Meeting Record Date; Vote Required (page [ ])***

Only Arlington Bank shareholders of record as of the close of business on April 14, 2017, are entitled to notice of, and to vote at, the Arlington Bank special meeting and any adjournments or postponements of the special meeting. As of the record date, there were 763,678 Arlington Bank common shares outstanding. Approval of the Merger Proposal requires the affirmative vote of holders of at least a majority of the outstanding Arlington Bank common shares entitled to vote. The approval of the Adjournment Proposal requires more votes to be cast in favor of the proposal than are cast against it. You can vote your shares by attending the Arlington Bank special meeting and voting in person, or you can vote by proxy by marking the enclosed proxy card with your vote, signing it and mailing it in the enclosed return envelope. You can revoke your proxy at any time before the special meeting by sending a written notice of revocation, submitting a new proxy or by attending the special meeting and voting in person.

No approval by First Merchants shareholders is required.

***Voting Agreement (page [ ])***

Each member of the Board of Directors of Arlington Bank, as of January 25, 2017, the date the Merger Agreement was executed, entered into a voting agreement with First Merchants to cause all Arlington Bank common shares owned by each of them of record or beneficially on such date to be voted in favor of the Merger Proposal. See THE MERGER AGREEMENT Voting Agreement on page [ ]. As of the record date, the members of the Arlington Bank Board of Directors had power to vote, or caused to be voted, an aggregate of 276,258 Arlington Bank common shares outstanding, representing 36.17% of the outstanding shares on that date.

***What We Need to Do to Complete the Merger (page [ ])***

Completion of the Merger depends on a number of conditions being met or waived. In addition to our compliance with the Merger Agreement, these conditions include among others:

the approval of the Merger Agreement at the special meeting by a majority of the issued and outstanding Arlington Bank common shares;

the approval of the Merger by certain regulatory agencies and the expiration of any regulatory waiting periods;

the representations and warranties made by the parties in the Merger Agreement must be true, accurate and correct in all material respects on and as of the effective date of the Merger, except that representations and warranties that are qualified by materiality or a Material Adverse Effect (as defined below in THE MERGER AGREEMENT Conditions to Completion of the Merger ) must be true and correct in all respects, and provided that for those representations and warranties which address matters only as of an earlier date, then they shall be tested as of such earlier date;

the covenants made by the parties must have been complied with in all material respects from the date of the Merger Agreement through and as of the effective date of the Merger;

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First Merchants must have received an opinion of Bingham Greenebaum Doll LLP that, for U.S. federal income tax purposes, the Merger will be treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code;

Arlington Bank must have received a letter from Bingham Greenebaum Doll LLP addressed to the shareholders of Arlington Bank, dated as of the effective date of the Merger, to the effect that such shareholders may rely on the opinion referenced immediately above;

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the Registration Statement on Form S-4, of which this proxy statement and prospectus is a part, relating to the First Merchants shares to be issued pursuant to the Merger Agreement, must have become effective under the Securities Act of 1933, as amended