

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name First Merchants Corporation		2 Issuer's employer identification number (EIN) 35-1544218	
3 Name of contact for additional information Nicole Weaver		4 Telephone No. of contact (765) 521-7619	5 Email address of contact nweaver@firstmerchants.com
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 200 East Jackson Street, P.O. Box 792		7 City, town, or post office, state, and ZIP code of contact Muncie, Indiana 47305	
8 Date of action April 1, 2022		9 Classification and description Level One common stock & preferred stock	
10 CUSIP number See attached	11 Serial number(s)	12 Ticker symbol LEVL, LEVLP	13 Account number(s)

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ See attached.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ See attached.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ See attached.

Part II Organizational Action (continued)

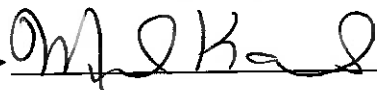
17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See attached.

18 Can any resulting loss be recognized? ▶ See attached.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See attached.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ 

Date ▶ 5/9/22

Print your name ▶ Michele M. Kawiecki

Title ▶ Chief Financial Officer

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

First Merchants Corporation
FEIN: 35-1544218

Attachment to Form 8937
Report of Organizational Actions Affecting Basis of Securities

This discussion contained in this Form 8937 is of a general nature only, is not exhaustive, and is not intended to be, nor should it be construed to be, tax advice to any particular shareholder. Because of the complexity of the tax law and because of the unique tax consequences to the shareholders following the "Merger" (as defined below), each shareholder is strongly urged to consult such shareholder's own tax advisor as to the particular tax consequences to such shareholder of the Merger, including the applicability and effect of federal, state, local, foreign and other tax laws in such shareholder's particular circumstances. For more information, please refer to the section entitled "Material U.S. Federal Income Tax Consequences" contained in the First Merchants Corporation Registration Statement on Form S-4, as amended, filed with the United States Securities and Exchange Commission on January 13, 2022 which is also available on the First Merchants Corporation website under the "Investor Relations" link.

Part I, Box 9

The securities subject to reporting include all shares of First Merchants Corporation ("First Merchants") common and preferred stock issued in exchange for the outstanding common and preferred stock of Level One Bancorp, Inc. ("Level One") as a result of the merger of Level One with and into First Merchants on April 1, 2022.

Part I, Box 10

Security	CUSIP number
Level One common stock	52730D208
Level One 7.50% Non-Cumulative Perpetual Preferred Stock, Series B	N/A
Level One depositary share representing a 1/100th interest in a share of Level One preferred stock	52730F203

Part II, Box 14

The reportable organizational action involves the merger of Level One with and into First Merchants on April 1, 2022. As a result of the merger, each share of outstanding Level One common stock was exchanged for (i) 0.7167 shares of First Merchants common stock and (ii) \$10.17 in cash. To the extent that the exchange would have resulted in the issuance of a fractional share of First Merchants common stock to an Level One shareholder, a cash payment equal to the market value equivalent of the fractional share was paid in lieu of issuing a fractional share of First Merchants common stock.

In addition, each share of 7.50% Non-Cumulative Perpetual Preferred Stock, Series B, of Level One, with a liquidation preference of \$2,500 per share, was converted into the right to receive one share of a newly created Series A preferred stock of First Merchants having voting powers, preferences and special rights that are substantially identical to those of the Level One preferred stock. Likewise, each outstanding Level One depositary share representing a 1/100th interest in a share of Level One preferred stock became a First Merchants depositary share and represents a 1/100th interest in a share of First Merchants preferred stock.

Part II, Box 15 and 16

For purposes of this discussion, the term “U.S. Holder” means a beneficial owner of Level One common stock that for U.S. federal income tax purposes is an individual who is a citizen or resident of the U.S., a corporation or entity taxed as a corporation that was organized under the laws of the U.S. or any state or the District of Columbia, an estate the income of which is subject to U.S. federal income tax regardless of its source, or a trust that (i) is subject to the supervision of a court within the U.S. and the control of one (1) or more U.S. Persons (as hereinafter defined) or (ii) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. Person. For purposes of this discussion, “U.S. Person” shall have the meaning ascribed to it by Section 7701(a)(30) of the Internal Revenue Code.

The parties intend for the merger of Level One into First Merchants (the “Merger”) to qualify as a “reorganization” under Section 368(a) of the Internal Revenue Code for U.S. federal income tax purposes. In general, a U.S. Holder exchanging Level One common stock will not recognize gain (or loss) as a result of their receiving shares of First Merchants common stock in the Merger, but will recognize gain (but not loss) in an amount not to exceed the cash received as part of the Merger Consideration, and will recognize gain or loss with respect to any cash received in lieu of fractional shares of First Merchants common stock. Such gain will generally be capital gain, but in certain circumstances, such gain may be treated as having the effect of a distribution under Section 302 of the Code or Section 356(a)(2) of the Code, in which case the gain will be treated as a dividend.

The basis of a share of First Merchants common stock (including any fractional shares of First Merchants common stock deemed received and redeemed for cash as described below) received in the Merger will generally be equal to the basis of the Level One common stock exchanged in the Merger, decreased by cash received in the Merger and increased by the amount of any gain recognized in the Merger. In addition, the holding period of the First Merchants common stock received in the Merger (including any fractional shares of First Merchants common stock deemed received and redeemed for cash as described below) generally will include the holding period of Level One common stock surrendered in the exchange. If a U.S. Holder acquired different blocks of Level One common stock at different times or at different prices, the First Merchants common stock received in the Merger will be allocated pro rata to each block of Level One common stock, and the basis and holding period of each block of First Merchants common stock received will be determined on a block-for-block basis depending on the basis and holding period of the blocks of Level One common stock exchanged for such block of First Merchants common stock.

A U.S. Holder who receives cash in lieu of fractional shares 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. Any resultant gain or loss will be capital in nature, and will be long-term or short-term, depending on the period of time the exchanged Level One common stock were held. The deductibility of capital losses is subject to limitations.

The basis of a share of First Merchants preferred stock received in the Merger will generally be equal to the basis of the Level One preferred stock exchanged in the Merger. If, however, the First Merchants preferred stock received is nonqualified preferred stock but the Level One preferred stock transferred is not nonqualified preferred stock, the basis of the First Merchants preferred stock would be increased by the amount of any gain recognized.

Part II, Box 17

The parties intend for the Merger to qualify as a “reorganization” under Section 368(a) of the Internal Revenue Code for U.S. federal income tax purposes. The other sections of the Internal Revenue Code that typically impact tax treatment of shareholders under a Section “368(a) reorganization” are 354, 356, 358, 302, 1001, 1221 and 1223.

Part II, Box 18

A U.S. Holder who receives cash in lieu of fractional shares 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. Any resultant gain or loss will be capital in nature, and will be long-term or short-term, depending on the period of time the exchanged Level One common stock were held. The deductibility of capital losses is subject to limitations.

Part II, Box 19

The Merger was consummated on April 1, 2022. As a result, the appropriate reportable tax year of the U.S. Holders for the exchange of Level One stock for First Merchants stock would be their taxable year which includes the April 1, 2022 date.