

FIRST MERCHANTS CORPORATION
POLICY REGARDING EXCESSIVE OR LUXURY EXPENDITURES

General Policy. The employees and directors of First Merchants Corporation and its affiliates (collectively, the “Company”) are prohibited from making any excessive or luxury expenditures in violation of this policy. The term “excessive or luxury expenditures” means excessive expenditures on any of the following to the extent such expenditures are not reasonable expenditures for staff development, reasonable performance incentives, or other similar reasonable measures conducted in the normal course of the Company’s business operations:

1. entertainment or events;
2. office or facility renovations;
3. aviation or other transportation services; and
4. other similar items, activities, or events for which the Company may reasonably anticipate incurring expenses, or reimbursing an employee or director for incurring expenses.

Reasonable expenditures may be incurred for business-related activities, events and purposes, including, without limitation, legitimate travel and meeting-related costs for attendance at conferences and meetings in appropriate environments for purposes of professional development, education, training, familiarization with Company products and services, and/or networking and best practice sharing across companies and industries; provided, however, such expenditures must conform with all applicable Company policies and procedures. In general, such expenditures should provide a demonstrable return on the investment; e.g., by contributing to the Company’s competitiveness, increasing its value, or positioning it for long-term growth.

Air Travel. Air travel on Company business shall be by commercial airline or as a passenger on a third party-owned or leased aircraft paid for by the third party. Air travel by first or business class requires the prior approval of the Chief Executive Officer. The Company does not own or lease, and does not intend to purchase or lease, any private aircraft for use by Company employees or directors.

Automobile Expenses. The Company will provide automobiles of an appropriate make, model and age – but not luxury automobiles (defined as costing more than \$60,000 new) – for use by the Chief Executive Officer and the Chief Banking Officer. No other car will be provided for use by any Company employee or director (except as specifically required for the employee’s job, such as in the case of a delivery person) except with the prior approval of the Compensation and Human Resources Committee. Expenses for employee or director use of personal vehicles for Company business will be reimbursed at a rate that does not exceed the published IRS mileage rate. Documentation in support of such use must be provided in accordance with applicable Company policies and procedures.

Entertainment Expenses. All expenditures by employees or directors for entertainment must comply with applicable Company policies and must have a business purpose and not be extravagant. Requests for reimbursement for such expenditures must be justified and supported by documentation in accordance with applicable Company policies and procedures.

Employee Offices. Employees' offices, including executive offices, shall be appropriate for the employee's position but not ostentatious in size, furnishings or decoration. Materials used to construct or renovate offices and facilities shall be selected on the basis of their quality, appearance, cost and durability, considering their intended use and avoiding opulence. All expenditures for constructing, renovating, or furnishing offices must comply with applicable Company policies and procedures, which require Chief Information Officer, Chief Executive Officer and/or Board of Directors approval, depending on the type and amount of the expenditure.

Expenditures for Activities and Events. The Chief Executive Officer's prior approval is required for expenditures for an activity or event whose total cost exceeds \$25,000. If the cost exceeds \$100,000, prior approval of the Board of Directors is required.

Documentation. All Company expenditures, including those expenditures covered by this policy, shall be documented, reported, supported by written invoices and receipts, and subject to audit in accordance with standard, uniformly-applied Company policies and procedures.

Reporting Violations; Disciplinary Action. An employee or director who learns of a violation of this policy shall promptly report the violation to Chief Executive Officer and the Chairpersons of the Audit Committee and the Compensation and Human Resources Committee. Compliance with this policy is a condition of employment, and any violations thereof may result in disciplinary action up to and including discharge.

Certification of Compliance. The Chief Executive Officer and the Chief Financial Officer shall certify at least annually that this policy is being followed and that the approval of any expenditure requiring prior approval of an executive officer or the Company's Board of Directors was properly obtained with respect to each such expenditure.

Approved by
First Merchants Corporation
Board of Directors
July 28, 2009