

FIRST MERCHANTS CORP
Form S-4
September 09, 2014
Table of Contents

As filed with the Securities and Exchange Commission on September 9, 2014

Registration Statement No. 333-

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

FORM S-4
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.)

6712

(Primary Standard Industrial

Classification Code Number)

200 East Jackson Street

Muncie, Indiana 47305

(765) 747-1500

(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

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:

David R. Prechtel, Esq.

Jeremy E. Hill, Esq.

Bingham Greenebaum Doll LLP

2700 Market Tower

Michael J. Messaglia, Esq.

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One Indiana Square

Suite 2800

10 W. Market Street

Indianapolis, Indiana 46204

Indianapolis, Indiana 46204

(317) 636-4341

(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

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)

CALCULATION OF REGISTRATION FEE

| Title of Each Class of Securities to be Registered | Amount to be Registered⁽¹⁾ Up to | Proposed Maximum Offering Price Per Share | Proposed Maximum Aggregate Offering Price⁽²⁾ | Amount of Registration Fee⁽³⁾ |
|---|--|--|--|---|
| Common Stock, no par value | 2,250,930 shares | N/A | \$37,729,000 | \$4,859.50 |

- (1) This represents the maximum number of shares of First Merchants Corporation common stock estimated to be issuable upon completion of the merger described herein. This number is based on the number of shares of Community Bancshares, Inc. common stock outstanding as of September 5, 2014, and the exchange of each such share of Community Bancshares, Inc. common stock for 4.0926 shares of First Merchants Corporation common stock, pursuant to the terms of the Agreement and Plan of Reorganization and Merger, dated as of July 21, 2014, by and between First Merchants Corporation and Community Bancshares, Inc., which is attached to the proxy statement and prospectus as Annex A. For purposes of this calculation, it has been assumed that all holders elect to receive First Merchants Corporation common stock and not cash in exchange for their Community Bancshares, Inc. common stock (the securities to be canceled in the merger).
- (2) Estimated solely for the purpose of calculating the registration fee required by Section 6(b) of the Securities Act and computed pursuant to Rule 457(f)(2) and Rule 457(f)(3) under the Securities Act, based on the book value of Community Bancshares, Inc. common stock (the securities to be canceled in the merger) as of June 30, 2014.
- (3) The registration fee of \$4,859.50 for the securities registered hereby has been calculated pursuant to Rule 457(f) under the Securities Act, as \$37,729,000 multiplied by .0001288.

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.

each shareholder making such cash elections in order to limit the cash portion of the total consideration paid to Community Bancshares shareholders to \$15 million. There is no limit on the number of outstanding shares of Community Bancshares common stock that may be exchanged for shares of First Merchants common stock at the 4.0926 exchange ratio.

We cannot complete the Merger unless a majority of the issued and outstanding shares of common stock of Community Bancorp vote to approve the Merger Agreement. Community Bancshares 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:

, 2014, : .m., local time

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 Community Bancshares 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. First Merchants common stock is listed on The NASDAQ Global Select Market under the symbol FRME.

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

/s/ Michael C. Rechin
President and Chief Executive Officer
FIRST MERCHANTS CORPORATION

/s/ Charles L. Crow
Chairman and President
COMMUNITY BANCSHARES, INC.

For a discussion of certain risk factors which you should consider in evaluating the Merger, see Risk Factors beginning on page 26. 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 , 2014,
and first mailed to Community Bancshares shareholders on or about , 2014.**

Table of Contents

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: David L. Ortega,

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 Community Bancshares shareholders. Accordingly, if you would like to make such a request, please do so by _____, 2014, 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. See WHERE YOU CAN FIND ADDITIONAL INFORMATION on page 85.

Table of Contents

COMMUNITY BANCSHARES, INC.

830 Logan Street

Noblesville, Indiana 46060

**NOTICE OF SPECIAL MEETING OF
SHAREHOLDERS TO BE HELD ON**

, 2014

To Our Shareholders:

We will hold a special meeting of the shareholders of Community Bancshares, Inc. (Community Bancshares) on _____, _____, 2014, at _____ : _____ .m. local time, at _____ .

The purposes of the special meeting are the following:

1. *Merger Proposal.* To consider and vote upon a proposal to approve the Agreement and Plan of Reorganization and Merger, dated July 21, 2014 (the Merger Agreement), between First Merchants Corporation (First Merchants) and Community Bancshares, pursuant to which Community Bancshares will merge with and into First Merchants (the Merger) and, immediately thereafter, Community Bank will merge with and into First Merchants Bank, National Association (First Merchants Bank), a wholly-owned banking subsidiary of First Merchants (the Bank Merger).
2. *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. The 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 26 of the accompanying proxy statement and prospectus for a discussion of certain risk factors relating to the Merger.**

The Board of Directors of Community Bancshares has fixed the close of business on _____, 2014, 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 shares of Community Bancshares common stock.

Our shareholders are entitled to assert dissenters' rights of appraisal in connection with the proposed Merger under Chapter 44 of the Indiana Business Corporation Law, a copy of which is attached as Annex B to the accompanying proxy statement and prospectus.

The Community Bancshares Board of Directors unanimously recommends that you vote FOR approval of the Merger 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 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

Charles L. Crow
Chairman and President

, 2014
Noblesville, Indiana

Table of Contents

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 Community Bancshares, 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 Community Bancshares 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 Community Bancshares' business; and other risks and factors identified in First Merchants' filings with the SEC.

Neither First Merchants nor Community Bancshares 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 Community Bancshares' past results of operations do not necessarily indicate either of their anticipated future results, whether the Merger is effectuated or not.

Table of Contents

TABLE OF CONTENTS

| | PAGE |
|--|------|
| <u>QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SHAREHOLDER MEETING</u> | 1 |
| <u>SUMMARY</u> | 6 |
| <u>FIRST MERCHANTS AND COMMUNITY BANCSHARES HISTORICAL AND PRO FORMA PER SHARE AND CAPITAL RATIO DATA</u> | 19 |
| <u>SELECTED CONSOLIDATED FINANCIAL DATA</u> | 20 |
| <u>SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF FIRST MERCHANTS</u> | 21 |
| <u>SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF COMMUNITY BANCSHARES</u> | 22 |
| <u>UNAUDITED PRO FORMA SUMMARY OF SELECTED CONSOLIDATED FINANCIAL DATA OF FIRST MERCHANTS</u> | 23 |
| <u>RISK FACTORS</u> | 26 |
| <u>THE COMMUNITY BANCSHARES SPECIAL MEETING</u> | 33 |
| <u>General Information</u> | 33 |
| <u>Matters To Be Considered</u> | 33 |
| <u>Vote Required</u> | 33 |
| <u>Voting Agreement</u> | 33 |
| <u>Proxies</u> | 33 |
| <u>Solicitation of Proxies</u> | 34 |
| <u>Recommendation of the Community Bancshares Board of Directors</u> | 34 |
| <u>Other Matters</u> | 34 |
| <u>Beneficial Ownership of Community Bancshares Common Stock by Certain Shareholders</u> | 35 |
| <u>COMMUNITY BANCSHARES MERGER PROPOSAL</u> | 36 |
| <u>THE MERGER</u> | 37 |
| <u>Description of the Merger</u> | 37 |
| <u>Exchange of Community Bancshares Common Stock</u> | 37 |
| <u>Effect of the Merger on First Merchants Shareholders</u> | 41 |
| <u>Background of the Merger</u> | 41 |
| <u>First Merchants Reasons for the Merger</u> | 43 |
| <u>Community Bancshares Reasons for the Merger</u> | 44 |
| <u>Opinion of SunTrust Robinson Humphrey, Inc.</u> | 46 |
| <u>Recommendation of the Community Bancshares Board of Directors</u> | 58 |
| <u>Rights of Dissenting Shareholders</u> | 58 |
| <u>Registration of First Merchants Common Stock</u> | 60 |
| <u>Regulatory Approvals</u> | 60 |
| <u>Effective Date of the Merger</u> | 61 |
| <u>The NASDAQ Global Select Market Listing</u> | 61 |
| <u>Accounting Treatment</u> | 61 |
| <u>Registration Statement</u> | 61 |
| <u>Interests of Certain Persons in the Merger</u> | 61 |
| <u>THE MERGER AGREEMENT</u> | 63 |
| <u>Description of the Merger</u> | 63 |
| <u>Representations and Warranties</u> | 63 |
| <u>Conditions to Completion of the Merger</u> | 64 |

| | |
|--|-----|
| <u>Termination; Waiver; Amendment</u> | 65 |
| <u>Restrictions Affecting the Parties Prior to Completion of the Merger</u> | 66 |
| <u>Fees and Expenses</u> | 68 |
| <u>Management After the Merger</u> | 68 |
| <u>Indemnification and Insurance of Community Bancshares Directors and Officers</u> | 68 |
| <u>Employee Benefit Plans</u> | 69 |
| <u>Voting Agreement</u> | 69 |
| <u>MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES</u> | 70 |
| <u>Tax Consequences of the Merger Generally</u> | 70 |
| <u>Tax Consequences to First Merchants, First Merchants Shareholders and Community Bancshares</u> | 71 |
| <u>Tax Consequences of the Merger to U.S. Holders of Community Bancshares Common Stock</u> | 71 |
| <u>Information Reporting and Backup Withholding</u> | 74 |
| <u>Reporting Requirements</u> | 74 |
| <u>DESCRIPTION OF FIRST MERCHANTS</u> | 76 |
| <u>Business</u> | 76 |
| <u>Incorporation of Certain Information Regarding First Merchants by Reference</u> | 76 |
| <u>COMPARISON OF COMMON STOCK</u> | 77 |
| <u>LEGAL MATTERS</u> | 86 |
| <u>EXPERTS</u> | 86 |
| <u>SHAREHOLDER PROPOSALS</u> | 86 |
| <u>WHERE YOU CAN FIND ADDITIONAL INFORMATION</u> | 86 |
| <u>ANNEX A: AGREEMENT AND PLAN OF REORGANIZATION AND MERGER</u> | A-1 |
| <u>ANNEX B: CHAPTER 44 OF THE INDIANA BUSINESS CORPORATION LAW</u> | B-1 |
| <u>ANNEX C: OPINION OF SUNTRUST ROBINSON HUMPHREY, INC.</u> | C-1 |

Table of Contents

**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 Community Bancshares will merge with and into First Merchants. First Merchants would be the surviving entity in the Merger, and Community Bancshares would no longer be a separate company.

Q: Why are First Merchants and Community Bancshares proposing to merge?

A: We believe the Merger is in the best interests of both companies and our respective shareholders. Community Bancshares and First Merchants believe that the Merger will bring together two complementary institutions to create a strategically, operationally and financially strong company that is positioned for further growth. The Merger will give the combined company greater scale and geographic diversity, not only for serving existing customers more efficiently, but also for future expansion. The combination will expand the second largest bank holding company based in the State of Indiana. We believe the Merger will enhance our capabilities to provide banking and financial services to our customers and strengthen the competitive position of the combined organization.

You should review the background of and reasons for the Merger described in greater detail beginning on page 41.

Q: What will Community Bancshares shareholders receive in the Merger?

A: If the Merger Agreement is approved and the Merger is subsequently completed, each outstanding share of Community Bancshares common stock will be converted, at the election of the shareholder, into the right to receive either:

4.0926 shares of First Merchants common stock; or

\$85.94 in cash;

in each case, subject to adjustment, election, allocation and proration procedures set forth in the Merger Agreement. Each Community Bancshares 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.

When making an election, shareholders may specify different elections (cash or stock) with respect to different shares of Community Bancshares common stock held by them, subject to adjustment, election, allocation and proration procedures set forth in the Merger Agreement. In the event that the total amount of cash elections, cash in lieu of

fractional shares and other cash payments required in the Merger exceeds \$15,000,000, the Merger Agreement provides that cash elections will be adjusted and allocation will occur such that shares subject to cash elections (not including any shares subject to a proper exercise of dissenters' rights) will be converted into shares subject to a stock election on a pro rata basis based on the total number of shares of Community Bancshares common stock held by each shareholder making such cash elections in order to limit the cash portion of the total consideration paid to Community Bancshares shareholders to \$15,000,000. This limitation on the total cash consideration to be paid in connection with the Merger is designed to permit First Merchants to maximize and maintain its capital structure. There is no limit on the number of outstanding shares of Community Bancshares common stock that may be exchanged for shares of First Merchants common stock at the 4.0926 exchange ratio.

The allocation of the mix of consideration payable to Community Bancshares shareholders in the Merger will not be known until the results of the cash/stock elections made by Community Bancshares shareholders are tallied by the election agent, which will not be completed until soon after the date of the special shareholders meeting. **No guarantee can be made that Community Bancshares shareholders will receive the amount of cash they elected.**

Table of Contents

Because the 4.0926 exchange ratio is fixed (except for customary anti-dilution adjustments), if you receive First Merchants common stock as consideration for all or a portion of your shares of Community Bancshares common stock, the implied value of the stock 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 per share value of the stock consideration, based upon First Merchants closing stock price on _____, 2014, the most recent practicable trading day before this proxy statement and prospectus was finalized, was \$ _____ 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 a Community Bancshares shareholder or at any other time. At the time of completion of the Merger, the market price of the stock consideration could be greater or less than the value of the cash consideration due to fluctuations in the market price of First Merchants common stock.** 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.

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 26.

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 Community Bancshares shareholders at the special meeting. We currently expect to complete the Merger during the fourth quarter of 2014.

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 70) who exchanges all of its shares of Community Bancshares common stock solely 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 exchanges all of its shares of Community Bancshares common stock solely for cash will recognize gain or loss measured by the difference between the amount of cash received and the adjusted tax basis

of the Community Bancshares common shares exchanged. A U.S. Holder receiving First Merchants common stock for a portion of its Community Bancshares common stock and cash for the remaining portion of its Community Bancshares common stock in the Merger will generally recognize gain (but not loss) equal to the lesser of (i) the amount of cash received in the Merger or (ii) the excess, if any, of the amount of cash and the fair market value of First Merchants common stock received over the U.S. Holder's adjusted tax basis in its shares of Community Bancshares 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, Community Bancshares and First Merchants will each receive an opinion from their tax advisors that the Merger effected pursuant to the Merger Agreement constitutes a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, and Community Bancshares will also

Table of Contents

receive an opinion from its tax advisor that no gain or loss will be recognized by shareholders of Community Bancshares to the extent they receive shares of First Merchants common stock in the Merger in exchange for their shares of Community Bancshares common stock, except that gain or loss will be recognized with respect to any cash received in lieu of fractional share interest. See MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES beginning on page 70. **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 continue to receive tax distributions from Community Bancshares?

A: Prior to the effective date of the Merger, Community Bancshares shall, subject to applicable laws and regulatory requirements, limitations and approvals, declare and pay a cash dividend to its shareholders (the Final Tax Dividend) in connection with the filing of the final Form 1120S, U.S. Income Tax Return of Community Bancshares (the Final Tax Return). If the effective date of the Merger occurs later than December 31, 2014, Community Bancshares shall, subject to applicable laws and regulatory requirements, limitations and approvals, also declare and pay a cash dividend to its shareholders (the 2014 Tax Dividend) in connection with the 2014 Form 1120S, U.S. Income Tax Return of Community Bancshares (the 2014 Tax Return). See MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES beginning on page 70 for additional information about the Final Tax Dividend and the 2014 Tax Dividend, including how the Final Tax Dividend and the 2014 Tax Dividend will be calculated. **The shareholders of Community Bancshares should consult with their own tax advisors about the tax consequences of the Final Tax Dividend and the 2014 Tax Dividend, if applicable, as related to them.**

Q: Will I have dissenters' rights?

A: The shareholders of Community Bancshares are entitled to dissenters' rights in connection with the Merger under Chapter 44 of the Indiana Business Corporation Law, as amended (the Indiana Business Corporation Law), 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 Community Bancshares written notice of your intent to assert such rights before the vote 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 58 and in Annex B to this proxy statement and prospectus.

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** approval of the Merger Proposal.

Q: How do I elect the form of payment that I prefer?

A: An Election Form is enclosed with this proxy statement and prospectus. If you wish to make an election, you should complete this Election Form and mail it in the postage-prepaid envelope provided to the election agent, American Stock Transfer & Trust Company, LLC (American Stock Transfer). For you to make an effective election, your properly completed and executed Election Form must be received by American Stock Transfer before 5:00 p.m. (Eastern) on , 2014, the election deadline. Please read the instructions on the Election Form for information on completing the form. If you do not return a properly completed and executed Election Form by the election deadline, then you will receive First Merchants common stock for all of your shares of Community Bancshares common stock.

Table of Contents

Q: Which form of payment should I choose? Why?

A: The form of payment you should elect will generally depend upon your personal financial and tax circumstances. We urge you to consult your financial or tax advisor if you have any questions about the form of payment you should elect.

Q: If I am voting against the Merger Proposal, should I still make an election?

A: Yes. If the Merger Proposal is approved by Community Bancshares shareholders and the Merger becomes effective, you will receive merger consideration based on the Election Form you submit, subject to the adjustment, election, allocation and proration procedures set forth in the Merger Agreement and described herein. If you fail to submit an Election Form, your Community Bancshares shares will be treated as if you elected to receive First Merchants common stock for all such shares.

Q: Can I exercise my dissenters' rights if I have submitted an election form?

A: Yes. If you are a Community Bancshares shareholder and vote against the Merger Proposal, you may still exercise your dissenters' rights even though you have submitted an Election Form, although your right to do so depends on your strict compliance with the requirements of the Indiana Business Corporation Law. In the event you perfect your dissenters' rights, any Election Form previously submitted by you shall no longer be valid and such dissenters' rights shall apply in lieu thereof.

Q: Can I change my election?

A: Yes. You can change your election by delivering a new Election Form to American Stock Transfer prior to the election deadline. After the election deadline, no changes may be made.

Q: Am I guaranteed to receive the form of merger consideration — cash, common stock or a combination thereof — that I request on my Election Form?

A: No. There is a limit of \$15,000,000 on the cash portion of the total consideration to be paid by First Merchants to Community Bancshares shareholders in connection with the Merger. This amount represents approximately 31.7% (or approximately 174,350 shares) of the total outstanding shares of Community Bancshares common stock receiving \$85.94 in cash per share. If the total amount of cash elections, cash in lieu of fractional shares and other cash payments required in the Merger exceeds \$15,000,000, the Merger Agreement provides that cash elections will be adjusted and allocation will occur such that shares subject to cash elections (not including any shares subject to a proper exercise of dissenters' rights) will be converted into shares subject to a stock election on a pro rata basis based on the total number of shares of Community Bancshares common stock held by each shareholder making such cash elections in order to limit the cash portion of the total consideration paid to

Community Bancshares shareholders to \$15,000,000. Accordingly, shareholders making a cash election for all or a portion of their shares of Community Bancshares common stock may receive a form or mix of consideration they did not elect if total cash payments to Community Bancshares shareholders would exceed \$15,000,000. Conversely, there is no limit on the number of outstanding shares of Community Bancshares common stock that may be exchanged for shares of First Merchants common stock at the 4.0926 exchange ratio. The adjustment, election, allocation and proration procedures are described in greater detail in this document under **THE MERGER Exchange of Community Bancshares Common Stock** beginning on page 37.

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.

Table of Contents

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 Community Bancshares, Inc., 830 Logan Street, Noblesville, Indiana 46060, Attention: William C. Delullo, Corporate 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 Community Bancshares entitled to vote as of _____, 2014, the record date for the special meeting, will constitute a quorum for the special meeting. On _____, 2014, there were 550,000 shares of Community Bancshares common stock 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, Community Bancshares shareholders will receive written instructions from First Merchants for exchanging their stock certificates for shares of First Merchants common stock and/or cash 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:
Community Bancshares, Inc.

830 Logan Street

Noblesville, Indiana 46060

Attention: Charles L. Crow,

Chairman and President

Telephone (317) 773-0800

Table of Contents

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 86 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.

The Companies (page 76)

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 bank charter, First Merchants Bank which opened for business in Muncie, Indiana, in March 1893. First Merchants Bank also operates Lafayette Bank and Trust, Commerce National Bank and First Merchants Trust Company as divisions of First Merchants Bank. First Merchants Bank includes over 97 banking locations in 26 Indiana and two counties in both Ohio and Illinois. First Merchants Bank's business activities are currently limited to one significant business segment, which is community banking. First Merchants also operates First Merchants Insurance Services, Inc., operating as First Merchants Insurance Group, a full-service property, casualty, personal lines, and employee benefit insurance agency headquartered in Muncie, Indiana.

As of June 30, 2014, First Merchants had consolidated assets of \$5.6 billion, consolidated deposits of \$4.3 billion and shareholders' equity of \$671 million. As of June 30, 2014, First Merchants and its subsidiaries had 1,403 full-time equivalent employees. See DESCRIPTION OF FIRST MERCHANTS on page 76.

Community Bancshares, Inc.

830 Logan Street

Noblesville, Indiana 46060

(317) 773-0800

Community Bancshares is a registered bank holding company under the Bank Holding Company Act of 1956, as amended, incorporated under Indiana law and headquartered in Noblesville, Indiana. Community Bancshares wholly-owned bank subsidiary is Community Bank, an Indiana state bank. Community Bank has been operating in Central Indiana since 1991. Community Bank has eleven banking centers located in Hamilton and Madison Counties in Indiana. Community Bancshares and Community Bank employed 68 full-time equivalent employees at June 30, 2014.

At June 30, 2014, on a consolidated basis, Community Bancshares had assets of approximately \$267 million, deposits of approximately \$229 million, and shareholders' equity of approximately \$38 million.

The Merger (page 37)

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.

Table of Contents

The Merger Agreement provides that, if all of the conditions are satisfied or waived, Community Bancshares will be merged with and into First Merchants and, immediately thereafter, Community Bancshares will cease to exist. Immediately following the Merger, Community Bank will be merged with and into First Merchants Bank and Community Bank will cease to exist. We expect to complete the Merger during the fourth quarter of 2014.

Reasons for the Merger (pages 43 and 44)

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

Community Bancshares. In considering the Merger with First Merchants, Community Bancshares 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 Community Bancshares Board of Directors, favorable factors included First Merchants strong earnings and stock performance, its management, the compatibility of its markets to those of Community Bancshares, 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 SunTrust Robinson Humphrey, Inc. (STRH), described below.

Opinion of SunTrust Robinson Humphrey, Inc. (page 46)

The Community Bancshares Board of Directors retained STRH to render a fairness opinion in connection with the proposed Merger. At the meeting of the Community Bancshares Board of Directors on July 21, 2014, STRH delivered to the Community Bancshares Board of Directors an oral opinion, which was confirmed by delivery of a written opinion, dated July 21, 2014, 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 Merger Consideration (as defined below in the section captioned Opinion of SunTrust Robinson Humphrey, Inc.) to be received in the Merger by the holders of Community Bancshares common stock was fair, from a financial point of view, to such holders of Community Bancshares common stock, 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 STRH, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion of STRH, is attached as Annex C to this proxy statement and prospectus and is incorporated herein by reference. Community Bancshares shareholders are urged to read STRH s written opinion carefully and in its entirety. STRH s opinion is limited solely to the fairness, from a financial point of view, of the Merger Consideration to be received in the Merger by the holders of Community Bancshares common stock (other than any Excluded Holders) and does not address Community Bancshares 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 Community Bancshares. STRH s opinion does not constitute a recommendation to any shareholder of Community Bancshares as to how such shareholder should vote or act with respect to any matter relating to the Merger or otherwise, including whether a holder of Community Bancshares common stock should elect to receive the Cash Consideration or the Stock Consideration (each as defined below in the section captioned Opinion of SunTrust Robinson Humphrey, Inc.).

Table of Contents

What Community Bancshares Shareholders Will Receive (page 37)

If the Merger Agreement is approved and the Merger is subsequently completed, each outstanding share of Community Bancshares common stock will be converted, at the election of the shareholder, into the right to receive either:

4.0926 shares of First Merchants common stock; or

\$85.94 in cash;

in each case, subject to adjustment, election, allocation and proration procedures set forth in the Merger Agreement. Each Community Bancshares 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.

When making an election, shareholders may specify different elections (cash or stock) with respect to different shares of Community Bancshares common stock held by them, subject to the adjustment, election, allocation and proration procedures set forth in the Merger Agreement. In the event that the total amount of cash elections, cash in lieu of fractional shares and other cash payments required in the Merger exceeds \$15,000,000, the Merger Agreement provides that cash elections will be adjusted and allocation will occur such that shares subject to cash elections (not including any shares subject to a proper exercise of dissenters' rights) will be converted into shares subject to a stock election on a pro rata basis based on the total number of shares of Community Bancshares common stock held by each shareholder making such cash elections in order to limit the cash portion of the total consideration paid to Community Bancshares shareholders to \$15,000,000. This limitation on the total cash consideration to be paid in connection with the Merger is designed to permit First Merchants to maximize and maintain its capital structure. There is no limit on the number of outstanding shares of Community Bancshares common stock that may be exchanged for shares of First Merchants common stock at the 4.0926 exchange ratio.

The allocation of the mix of consideration payable to Community Bancshares shareholders in the Merger will not be known until the results of the cash/stock elections made by Community Bancshares shareholders are tallied by American Stock Transfer, which will not be completed until soon after the date of the special shareholders meeting. **No guarantee can be made that Community Bancshares shareholders will receive the amount of cash they elected.**

Because the 4.0926 exchan