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A N N U A L | R E P O R T

**your partners
in success**

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The photo on the cover and title page was taken at the First Merchants Corporation *Mega Conference* on October 14, 2002.
The event brought together all employees of the Corporation for a day-long program of training, sharing and partnership building.
Photography by Andy Oehler



First Merchants Corporation will be the financial institution of choice in its coverage markets for banking, trust and insurance services.

CLIENT

- *Producing client satisfaction through delivering quality products and superior quality service*

SERVICE

- *Providing employees with growth opportunities for personal achievement and career satisfaction*

COMES

- *Achieving a superior return on our shareholders' investment*

FIRST

We will take the "Extra Step" to recognize client needs, to exercise initiative in developing sales and service opportunities and to service client needs in a personal, reliable and professional manner.

To achieve our mission, we seek to implement five objectives which define the way we conduct our business.

We strive to be:

- **Client-Focused...**
placing our clients' needs and superior client service as our highest priority;
- **Value-Driven...**
providing products and services of high value at competitively fair prices;
- **Plan-Disciplined...**
achieving market initiative and superior financial results through planning;
- **Committed to Recruiting & Retaining Achievers...**
creating an environment of personal growth, trust and team work which encourages and allows all of our employees to reach their highest level of achievement;
- **Decisive Leaders...**
doing the right things in all that we do, communicating our position and acting on it.

financial highlights

(table dollar amounts in thousands, except per share data)

	2002	2001
at year end	2	1
Total Assets	\$2,678,687	\$1,787,035
Stockholders' Equity	261,129	179,128
Total Loans	2,025,922	1,359,893
Securities	342,062	240,322
Total Deposits	2,036,688	1,421,251
Trust Accounts at Market Value (not included in banking assets)	1,332,723	1,374,026

for the year

Interest Income	\$ 146,682	\$ 120,435
Interest Expense	53,759	56,074
Net Interest Income	92,923	64,361
Total Other Income	27,077	18,543
Total Other Expenses	71,009	45,195
Net Income	27,836	22,209

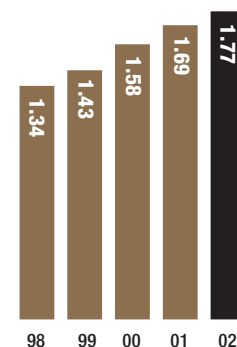
per share ⁽¹⁾

Basic Net Income	\$ 1.79	\$ 1.71
Diluted Net Income	1.77	1.69
Cash Earnings ⁽²⁾	1.80	1.77
Cash Dividends90	.88
Book Value	16.00	13.46
Market Value (Dec. 31 Bid Price)	22.75	22.87

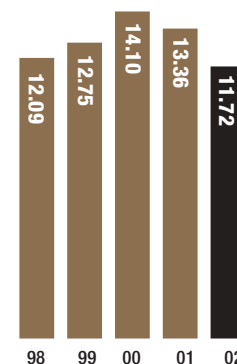
averages during the year

Total Assets	\$2,406,251	\$1,689,694
Total Loans	1,842,429	1,270,555
Securities	314,409	292,901
Total Deposits	1,857,053	1,331,631

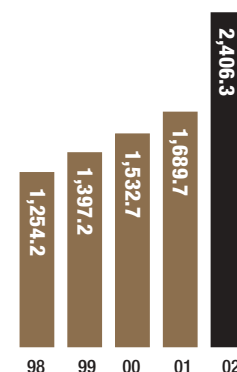
diluted net income per share ⁽¹⁾
(in dollars)



return on average equity
(percent)



average assets
(in millions of dollars)



⁽¹⁾ Restated for a five percent (5%) stock dividend distributed September 2002.

⁽²⁾ Diluted Net Income plus amortization of purchase accounting adjustments and goodwill.



**a commitment
to partnership**

In 2002, First Merchants Corporation achieved its 27th consecutive year of increased earnings, a record matched by only two dozen U.S. publicly traded companies.

During the last half of 2002, we initiated the process of combining our trust and investment services into a single stand-alone company.

Through this unification the new entity... Merchants Trust Company... became one of the largest trust companies in Indiana.

To Our Shareholders:

In times of economic, political and corporate governance uncertainty, it is gratifying to report to our shareholders another year of successful performance.

In 2002, First Merchants Corporation achieved its 27th consecutive year of increased earnings, a record matched by only two dozen U.S. publicly traded companies. This is an unusual level of accomplishment given the volatility in our economy over the last two years. We attribute our success to our relationship with our clients, the ability to affiliate with quality community banks in our Corporation, and a continuing commitment toward achievement demonstrated by our staff.

27th consecutive year of earnings growth

Our corporate earnings grew to \$27.8 million in 2002. Our earnings per share were \$1.77. These earnings were achieved from an asset base of \$2.7 billion, a 49.9% increase over last year. Our earnings represent a 1.16% return on assets, which compares favorably to our industry peer group. First Merchants Corporation has achieved quality performance for many years, as our earnings history attests.

loan growth

First Merchants Corporation again experienced robust growth in its loan portfolio. Commercial loans increased by 34.7%. Mortgage lending, fueled by low interest rates and demand for new housing, grew by 37.2%; mortgage origination revenues increased by 38.6% to \$1.7 million. Commercial, residential and consumer lending continued to be driven by our commitment to regional economic development and support of the communities we serve.

trust & investment growth

The Trust & Investment Divisions of our banks continue to be significant contributors to First Merchant Corporation's earnings. Despite the travails of the public securities markets, total revenue produced by these activities amounted to \$6.25 million.

During the last half of 2002, we initiated the process of combining our trust and investment services into a single stand-alone company. With the full support of the regulators, this initiative culminated in the formation of the Merchants Trust Company on January 1, 2003. This wholly owned subsidiary of the Corporation will continue its delivery of high-quality services to our many clients as well as expand our presence into other attractive venues.

insurance services

First Merchants Corporation is a majority member in the Indiana Title Insurance Company, with two other banking partners. In its first year of operations under this structure, Indiana Title Insurance Company added \$912,000 in revenue while providing invaluable additional service to our lending programs.

First Merchants Insurance Services, our property casualty and health care insurance agency, continued to produce positive results in spite of a difficult insurance market. They acquired the Stephenson Agency in Madison County in August, and will likely see future additions in coming months.

acquisitions of 2002

First Merchants Corporation continued its commitment to growth in 2002, through affiliation with community banks in attractive markets. Our merger with Lafayette Bancorp was completed April 1, 2002. This addition was our largest to date and added \$770 million to our asset base.

In connection with this transaction, we successfully distributed in a public offering \$53 million of Trust Preferred Securities. This issue of 8.75%, 30-year preferred securities was eagerly absorbed by the market and has traded at a premium since its debut under the symbol FRMEP.

In August 2002, we were especially pleased to announce a definitive agreement to bring Commerce National Bancorp into the First Merchants family. Commerce National Bancorp represents our first opportunity outside the State of Indiana, and positions the Corporation positively to develop the affluent markets of Columbus, Ohio, and its suburbs. This transaction is expected to close in early 2003 and will add approximately \$320 million to our assets.

the structure of our business

First Merchants Corporation operates under a multi-charter business model, meaning that each affiliate bank retains its own charter, either Federal or State. Each *bank*, the emphasis on individual bank, must undergo routine regulatory review of its assets and asset quality, capital adequacy, internal operating controls, liquidity, and management soundness. Each bank must stand on its own safety and soundness. First Merchants Corporation is only as strong as its partner banks and through this structure is able to assure its investors of an exceedingly high standard of oversight and financial stability.

a commitment to growth

Our commitment to growth through affiliation with community banks in attractive markets continued in 2002 with...

- *the completion of our merger with LAFAYETTE BANCORP and*
- *a definitive agreement to bring COMMERCE NATIONAL BANCORP into the First Merchants Family – representing our first opportunity outside the state of Indiana and putting the Corporation into position to develop the affluent markets of Columbus, Ohio, and its suburbs.*



**a commitment
to excellence**

*The success that
First Merchants Corporation
has achieved is due to a
commitment to excellence
and a lot of hard work.
This commitment is the
foundation of our success.*



sarbanes-oxley

In August 2002, Congress passed the Sarbanes-Oxley Act to improve corporate governance and accountability, in the wake of the numerous business scandals that had shaken the markets and investor confidence. First Merchants Corporation has practiced many of the newly required provisions *before* the scandals occurred and before this legislation. For instance, Sarbanes-Oxley prohibits personal loans to executives. First Merchants Corporation has adhered to this provision of the 30-year-old Federal Reserve Regulation “O” in all its dealings with executives, directors and insiders. Sarbanes-Oxley mandates independence of auditors and director committees. First Merchants has consistently balanced its internal audit program with independent external audit firms that have no conflicting engagements with the firm. Its internal audit, compensation and nominating committees have been comprised of non-executive outside directors.

First Merchants Corporation has a historical commitment to the security and safety of client monies, and to the monies of its investors. First Merchants Corporation will continue to be in the forefront of sound governance and management oversight to reinforce the security and safety of all our partners.

human capital

Most importantly, First Merchants Corporation focuses on the human side of our business. We provide our employees with a high level of training, as exemplified by our *Corporate Mega Conference*, shown on the cover of this report, in which *all* employees received training in corporate systems and operations. We assembled nearly 1,100 employees in Muncie to engage in training, team building and corporate stewardship exercises. Through this and other regular meetings, our community affiliate strategies, operational efficiencies, and sales systems can be easily introduced and implemented with any new partner.

The success that First Merchants Corporation has achieved is due to our commitment to excellence and a lot of hard work. Our directors, senior management, and employees have reinforced our commitment to the client and the shareholder. This commitment is the foundation of our success.

Sincerely,

Michael L. Cox
President and Chief Executive Officer

your partners in success

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A N N U A L R E P O R T



No man is an island entire of itself, every man is a piece of the continent, a part of the main. — John Donne

Success is rarely accomplished alone. Commitment, collaboration and cooperation of a resolute team is essential. At First Merchants Corporation, the efforts of literally thousands of people have joined together to create our record of solid achievement.

We know that we succeed when others succeed. Partnerships with each of our affiliate banks, combined with a longstanding commitment to community partnership were critical factors contributing to the Corporation's positive record for 2002.



lafayette bank & trust...our largest merger to date

Partnerships often create
expanded markets
for their participating
organizations, including
a wider geographic reach
and/or access to new segments
of an established market.

Lafayette Bank & Trust, a high-performing bank in a vibrant market, is the latest addition to the First Merchants Corporation family of Community Banks. The merger was completed on April 1, 2002, making this strong, strategic business partner First Merchants Corporation's largest merger to date.

Lafayette Bank & Trust Company first opened its doors on May 1, 1899, in downtown Lafayette, as a state-chartered Community Bank under the name of Lafayette Loan & Trust.

Lafayette is a community with a population of approximately 150,000 and a labor force of 100,000, drawing from neighboring counties. Lafayette was named the top city in Indiana in which to reside and was also named "Community of the Year" by the Indiana Chamber of Commerce in 2001. *Money* magazine ranked Lafayette number two on its June 1998 listing of the top Midwest small cities in the United States in which to live. This poll examined health care facilities, crime rates, the economy, housing, education, transit, weather, leisure and the arts, proving once again that Lafayette is a great place. Lafayette has also been listed 21st of 300 in the ranking of industry friendly communities in *Industry Week*.



Tippecanoe County has one of the lowest rates of unemployment in Indiana. Approximately four percent of the population work in more than 100 manufacturing plants, such as Suburu-Izuzu, Wabash National, Caterpillar, Eli Lilly and Alcoa, to name a few. Lafayette is also home to other significant employers of educational, governmental and professional services. Its sister city, West Lafayette, is home to Purdue University, with 12,000 faculty and staff and 38,000 students.

Lafayette Bank & Trust has twenty offices in four counties – Tippecanoe, White, Jasper, and Carroll with assets of \$762 million. As the financial leader in its area with 24% of the region’s total deposits, it also ranked at the top of a recent survey by the *Journal & Courier*, which asked respondents what institution first came to mind for financial services. Since its beginnings more than a century ago, Lafayette Bank & Trust has provided trust services for residents and public entities, currently managing assets in excess of \$300 million. Lafayette Bank & Trust has long been the leader in mortgage loans in its markets. Its senior mortgage lender was featured in the *Mortgage Bankers* magazine, which ranked him fifth of the “Top 50 Mortgage Bankers” in the country.

Over the years, the Bank has made two major acquisitions. In 1988, it purchased the Bank of Reynolds in White County, with assets totaling over \$55 million. In 1999, it acquired, from Bank One, three branches in Jasper County with deposits totaling \$118 million. In 1995, it took the initiative and entered in-store banking and opened its first full-service branch inside Payless Supermarket stores. It has since partnered with Wal-Mart, increasing its in-store branches to four and extending its full-service hours to 70 per week. With the acquisition of Lafayette Bank & Trust, the First Merchants Corporate footprint now extends into northwest Indiana, an attractive market which is home to many Chicago commuters who appreciate the more affordable lifestyle.

your partners in success



Partnerships offer
expanded resources.

*Partners have easier,
more convenient access
to important specialized
resources such as expertise,
space, technology and materials.*



merchants trust company unites wealth management services

At the end of 2002, First Merchants Corporation announced the formation of Merchants Trust Company, a wholly owned subsidiary of First Merchants Corporation. The new company unites the trust and asset management services of all affiliate banks of the Corporation and represents one of the largest trust companies in the state of Indiana, with assets in excess of \$1.3 billion.

First Merchants Corporation President and, CEO, Michael Cox said, “In forming Merchants Trust Company, we remain true to our commitment of partnering with local community banks to provide the personal service that our customers desire. The efficiencies gained in combining our trust services will give us greater resources in investment management, estate planning, retirement plan services, and state-of-the-art operating systems.”

Headquarters for the Company will be in Muncie, Indiana, with trust offices in Muncie, Lafayette and Portland. Future expansion plans call for additional trust offices in Indianapolis and other markets where retail banking relationships currently exist.

Local senior management and trust administrators will continue to provide the hands-on, personal service to our trust and investment clients that they have come to enjoy. Our combined resources will allow us to expand our services, making our local trust offices the premier provider in each community First Merchants Corporation serves.

Merchants Trust Company provides a full range of trust and investment services for individuals, families, businesses, and not-for-profit organizations. In addition, the Company specializes in turn-key retirement plans, including pension plans, profit sharing, 401(k) and 403(b) plans, cross-tested plans, and cash balance plans.



new insurance partnership offers expanded options

In October, First Merchants Insurance Services merged with Pendleton Insurance Company. Pendleton Insurance has been a part of its community since 1872. The new partnership will allow First Merchants Insurance Services to write insurance policies through more companies, providing more options for the consumer. First Merchants Insurance represents more than two dozen A+ rated insurance companies providing a comprehensive line of insurance plans for both personal and commercial needs.



mega conference...

where all FMC employees come together

On October 14, 2002, the employees of First Merchants Corporation and its affiliate banks gathered at the Horizon Center in Muncie for a day of sharing and learning.

Partnerships offer

their participants

a sense of interdependence.

They offer both

connections and community.

The *FMC Mega Conference* was designed to communicate First Merchants Corporation's vision and to clarify the services provided to the affiliate banks by corporate employees. Michael L. Cox, president and CEO, started the day with an opening address to all employees. The day's break-out sessions included presentations from compliance, finance, trust, human resources, sales and marketing, operations and technology, First Merchants Insurance Services and the Indiana Title Insurance Company.

Throughout the day, employees were able to put faces on the names of Corporation staff and meet fellow colleagues from the affiliate banks. It is a corporate goal to provide opportunities for affiliate employees to interact with and learn from other affiliates as well as recognize the resources that can be accessed for support and assistance. Employees were also given opportunities to submit questions to their own presidents, as the day concluded with an "Ask Your CEO Session."

your partners in success



Partnership is an active relationship based on

recognition of a common interest

to secure the competitiveness, visibility

and prosperity of the enterprise.



committed to partnership...
now and into the future

The many partnerships between First Merchants Corporation, its nine affiliate banks, and the businesses and individuals in each community the Corporation serves have led us to the successes we have achieved throughout the years. It is also these very same relationships and the new partnerships yet to be formed that will all be responsible for helping elevate First Merchants Corporation to the next level. We continue to be humbled by the incredible support of everyone in the First Merchants Corporation family, from shareholders to employees and financial service customers in every market we serve. We look forward to further growth and expansion for all areas of the Corporation including each affiliate bank, First Merchants Insurance Services, Indiana Title Insurance Company, and Merchants Trust Company. With the continued commitment of our more than one thousand employees, we will stay focused on our mission.

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**partnering
with the media**

All forms of the media play an important role in communicating the message of First Merchants Corporation. This timeline presents 2002 public announcements provided to the Corporation's numerous media outlets, shareholders, affiliate banks and the communities they serve.

T H E Y E A R I N R E V I E W

JANUARY

26th consecutive increase in earnings per share

First Merchants Corporation has reported that 2001 cash-basis diluted earnings per share increased 7.5% to \$1.86, up from \$1.73 in the prior year. First Merchants' common stock continued to receive an A+ rating from Standard and Poor's. President and CEO Michael Cox noted that, "the rating reflects our consistent record of earnings growth and dividend increases, and results from our operating philosophy, which emphasizes balanced attention to efficiency, growth and asset quality."

Given the competitive financial environment and the many choices the consumers have, continuous achievements like this could not happen without the commitment of each affiliate bank to the mission, goals and objectives of the Corporation.

APRIL

merger with lafayette bank & trust company

First Merchants Corporation successfully completed its previously announced merger with Lafayette Bancorp. Lafayette Bank & Trust Company has become the second largest affiliate of First Merchants Corporation. Mr. Cox remarked, "Lafayette Bank & Trust has a long history of excellent performance. It is the largest community banking organization in a very attractive growth market area. Bringing Lafayette Bank & Trust into the First Merchants family results in a natural extension of our company's geographic reach, and we are extremely pleased to have such an exemplary partner."

JULY

10.9% increase in earnings per share

First Merchants Corporation reported that second quarter 2002 diluted earnings per share increased 10.9% to \$.51, up from \$.46 in prior year. Net income increased \$2,366,000, or 42.5% from \$5,574,000 to \$7,940,000 during the same period. A sizeable balance sheet growth, primarily attributable to the acquisitions of Francor Financial, Inc. (Frances Slocum Bank) and Lafayette Bancorp, combined with continuing increases in earnings per share illustrates that mergers and acquisitions are a core competency. That improved net interest margin, during this record low interest rate environment, has been aided by increasing non-maturity deposits, as customers appear to be placing money in safer and more liquid investments.

AUGUST

20th consecutive annual dividend increase

Twenty consecutive annual dividend increases reflects the Corporation's operating performance and its mission of providing consistent returns to its shareholders.

AUGUST

first merchants corporation and cnbc agree to merge

First Merchants (\$2.7 billion) and Commerce National Bancorp (\$320 million) will have combined assets of \$3 billion. Upon completion of the merger, Commerce National Bank, CNBC's subsidiary, will continue to operate as a growing commercial banking entity in the greater Columbus, Ohio, market. Thomas McAuliffe will continue as its Chief Executive Officer and John Romelfanger will continue as Chief Operating Officer, and its 16-member Board of Directors will remain intact.

OCTOBER

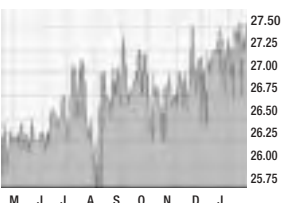
first merchants announces 9.1% increase in earnings per share

Continued strong net interest margin helped fuel third quarter earnings in a time of declining economic conditions and financial markets.

APRIL

first merchants issues \$53 million in trust preferred securities

First Merchants Corporation issued Trust Preferred Securities totaling \$53 million to generate proceeds to pay the cash election portion of the Lafayette Bancorp merger. The 30-year instrument was issued at \$25 per share (FRMEP). The stock has since traded at a premium as indicated by the chart to the left.





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a record matched by only two dozen

U.S. publicly traded companies

First Merchants Corporation

common stock continues

to receive an "A+" rating

from Standard and Poor's.

five-year summary

OF SELECTED FINANCIAL DATA

(in thousands, except share data)

	2002	2001	2000	1999	1998
operations					
Net Interest Income					
Fully Taxable Equivalent (FTE) Basis	\$ 96,599	\$ 66,806	\$ 58,619	\$ 56,513	\$ 52,463
Less Tax Equivalent Adjustment	<u>3,676</u>	<u>2,445</u>	<u>2,637</u>	<u>2,948</u>	<u>2,767</u>
Net Interest Income	<u>92,923</u>	<u>64,361</u>	<u>55,982</u>	<u>53,565</u>	<u>49,696</u>
Provision for Loan Losses	<u>7,174</u>	<u>3,576</u>	<u>2,625</u>	<u>2,241</u>	<u>2,372</u>
Net Interest Income					
After Provision for Loan Losses	85,749	60,785	53,357	51,324	47,324
Total Other Income	27,077	18,543	16,634	14,573	12,880
Total Other Expenses	<u>71,009</u>	<u>45,195</u>	<u>40,083</u>	<u>36,710</u>	<u>32,741</u>
Income Before Income Tax Expense	41,817	34,133	29,908	29,187	27,463
Income Tax Expense	<u>13,981</u>	<u>11,924</u>	<u>9,968</u>	<u>10,099</u>	<u>9,556</u>
Net Income	<u>\$ 27,836</u>	<u>\$ 22,209</u>	<u>\$ 19,940</u>	<u>\$ 19,088</u>	<u>\$ 17,907</u>
per share data ⁽¹⁾					
Basic Net Income	\$ 1.79	\$ 1.71	\$ 1.59	\$ 1.44	\$ 1.36
Diluted Net Income	1.77	1.69	1.58	1.43	1.34
Cash Dividends Paid ⁽²⁾90	.88	.82	.76	.70
December 31 Book Value	16.00	13.46	12.19	10.48	11.66
December 31 Market Value (Bid Price)	22.75	22.87	20.52	23.18	23.58
average balances					
Total Assets	\$2,406,251	\$1,689,694	\$1,532,691	\$1,397,230	\$1,254,223
Total Loans	1,842,429	1,270,555	1,104,013	935,716	870,317
Total Deposits	1,857,053	1,331,631	1,209,015	1,073,074	1,016,629
Securities Sold Under Repurchase Agreements					
(long-term portion)	66,535	44,394	53,309	56,181	34,900
Total Federal Home Loan Bank Advances	155,387	103,941	80,008	57,062	30,742
Total Stockholders' Equity	237,575	166,232	141,446	149,727	148,052
year-end balances					
Total Assets	\$2,678,687	\$1,787,035	\$1,621,063	\$1,474,048	\$1,362,527
Total Loans	2,025,922	1,359,893	1,175,586	998,956	891,132
Total Deposits	2,036,688	1,421,251	1,288,299	1,147,203	1,085,952
Securities Sold Under Repurchase Agreements					
(long-term portion)	23,632	32,500	32,500	35,000	28,000
Total Federal Home Loan Bank Advances	184,677	103,499	93,182	73,514	47,068
Total Stockholders' Equity	261,129	179,128	156,063	126,296	153,891
financial ratios					
Return on Average Assets	1.16%	1.31%	1.30%	1.37%	1.43%
Return on Average Stockholders' Equity	11.72	13.36	14.10	12.75	12.09
Average Earning Assets to Total Assets	91.38	93.29	94.85	94.77	94.80
Allowance for Loan Losses as % of Total Loans	1.11	1.11	1.06	1.01	1.03
Dividend Payout Ratio	50.85	52.07	51.90	53.15	52.24
Average Stockholders' Equity to Average Assets	9.87	9.84	9.23	10.72	11.80
Tax Equivalent Yield on Earning Assets ⁽³⁾	6.83	7.80	8.19	7.81	8.15
Cost of Supporting Liabilities	2.44	3.56	4.16	3.54	3.74
Net Interest Margin on Earning Assets	4.39	4.24	4.03	4.27	4.41

⁽¹⁾ Restated for all stock dividends and stock splits.

⁽²⁾ Dividends per share is for First Merchants Corporation only, not restated for pooling transactions.

⁽³⁾ Average earning assets include the average balance of securities classified as available for sale, computed based on the average of the historical amortized cost balances without the effects of the fair value adjustment.

27 years of consecutive earnings growth

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7 0
5 2

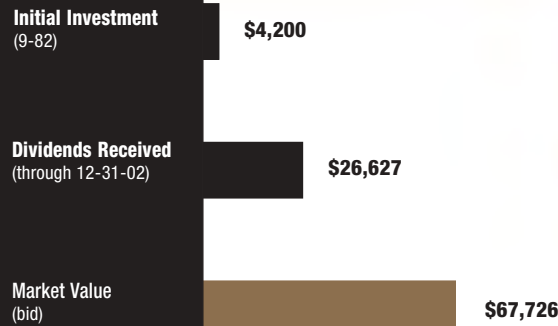
2002
\$27,836,000

1975
\$1,537,000

investor summary

stock performance

A purchase of 100 shares in September 1982, when the holding company was organized, would have cost \$4,200. Through three 2-for-1 stock splits, three 3-for-2 splits, and two five percent (5%) stock dividends, the number of shares held as of December 31, 2002, would be approximately 2,977 with a market value of \$67,726. In addition, dividends in the amount of \$26,627 would have been paid on the initial investment of \$4,200.



TRADING HISTORY

Listed on NASDAQ/NMS
on June 20, 1989

Trading Symbol: FRME

2002 Stock Price Range:

High \$28.75

Low \$20.95

Current bid price
as of 12/31/02: \$22.75

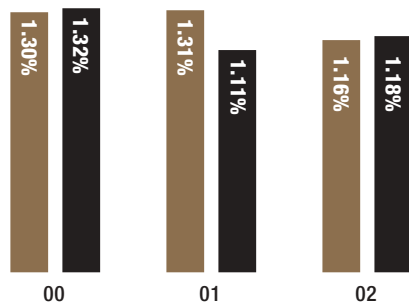
2002 NASDAQ

Trading Volume:
5,770,610 shares

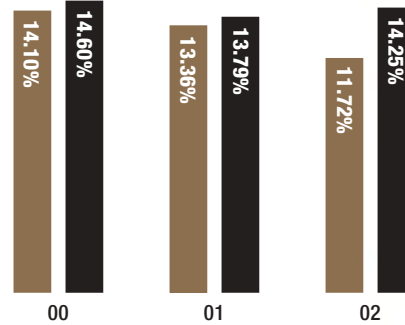
December 31, 2002

Shares outstanding:
16,322,748

return on assets

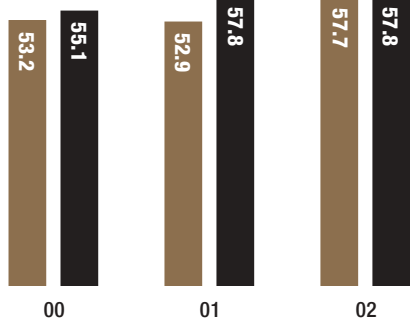


return on equity



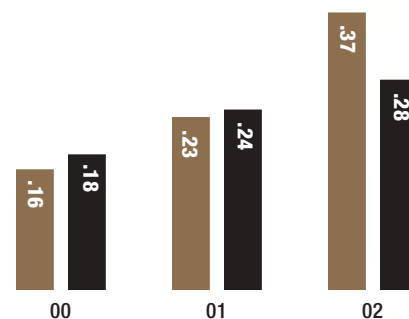
efficiency ratio

(indicates the cost to produce a dollar of revenue)



loan losses

(as a percent of average loans)



■ First Merchants ■ SNL Securities Peer Group ⁽¹⁾

⁽¹⁾ Bank holding companies with assets from \$1 billion to \$5 billion. 2002 peer data reflects results through September 30, 2002.

stock & dividend information

price per share

quarter	high		low		dividends declared	
	2002	2001	2002	2001	2002	2001
first quarter	\$25.76	\$22.90	\$20.95	\$18.99	\$.22	\$.22
second quarter	28.71	21.70	24.29	19.72	.22	.22
third quarter	28.75	23.57	21.43	19.96	.23	.22
fourth quarter	25.47	23.78	21.66	21.57	.23	.22

The table above lists per share prices and dividend payments during 2002 and 2001. Prices are as reported by the National Association of Securities Dealers.

Automated Quotation – National Market System.
Numbers rounded to nearest cent when applicable.

Restated for a five percent (5%) stock dividend distributed September, 2002 and 2001.

general stockholder inquiries

Stockholders and interested investors may obtain information about the Corporation upon written request or by calling:

Mr. Brian A. Edwards
Shareholder Relations Officer
First Merchants Corporation
P. O. Box 792
Muncie, Indiana 47308-0792
765.741.7278
1.800.262.4261 Ext. 7278
bedwards@firstmerchants.com

stock transfer agent & registrar

American Stock Transfer & Trust Company
59 Maiden Lane • First Floor
New York, New York 10038

market makers

The following firms make a market in First Merchants Corporation stock:

First Tennessee Securities
Geduld LLC
Keefe, Bruyette & Woods, Inc.
Knight Securities, L.P.
Herzog, Heine, Geduld, Inc.
Howe Barnes Investments, Inc.
Sandler O'Neill & Partners
NatCity Investments, Inc.
RBC Capital Markets
Spear, Leeds & Kellogg
Stifel, Nicolaus & Company, Inc.

form 10-k & financial information

First Merchants Corporation, upon request and without charge, will furnish stockholders, security analysts and investors a copy of Form 10-K filed with the Securities and Exchange Commission.

Please contact:
Mr. Mark K. Hardwick
Senior Vice President
and Chief Financial Officer
First Merchants Corporation
P. O. Box 792
Muncie, Indiana 47308-0792
765.751.1857
1.800.262.4261 Ext. 1857
mhardwick@firstmerchants.com

**first merchants corporation
market area**

2
0
0
2



First Merchants Corporation currently provides services through 70 banking centers located in Delaware, Adams, Boone, Carroll, Fayette, Hamilton, Henry, Howard, Jasper, Jay, Madison, Miami, Randolph, Tippecanoe, Wabash, Wayne, White and Union Counties in Indiana and Butler County in Ohio.

INDIANA

- DELAWARE COUNTY (12)**
Corporate Office • Muncie
Albany
Daleville
Eaton
- ADAMS COUNTY (4)**
Decatur
- BOONE COUNTY (1)**
Zionsville
- CARROLL COUNTY (1)**
Flora
- FAYETTE COUNTY (3)**
Connersville
- HAMILTON COUNTY (5)**
Carmel
Fishers
Noblesville
Westfield
- HENRY COUNTY (3)**
Middletown
Mooreland
Sulphur Springs
- HOWARD COUNTY (1)**
Kokomo
- JASPER COUNTY (4)**
Demotte
Remington
Rensselaer
- JAY COUNTY (2)**
Portland
- MADISON COUNTY (9)**
Anderson
Edgewood
Ingalls
Lapel
Markleville
Pendleton
- MIAMI COUNTY (2)**
Peru
- RANDOLPH COUNTY (2)**
Winchester
- TIPPECANOE (11)**
Lafayette
West Lafayette
- UNION COUNTY (1)**
Liberty
- WABASH COUNTY (3)**
North Manchester
Wabash
- WAYNE COUNTY (1)**
Richmond
- WHITE COUNTY (4)**
Brookston
Monticello
Reynolds

OHIO

- BUTLER COUNTY (1)**
Oxford

* () Number of banking offices/county



corporate profile

first merchants corporation

Corporate Office

200 East Jackson Street
Muncie, Indiana 47305

765.747.1500

<http://www.firstmerchants.com>

annual meeting

The Annual Meeting of Stockholders
of First Merchants Corporation
will be held...

Thursday, April 10, 2003 • 3:30 pm

Horizon Convention Center
401 South High Street
Muncie, Indiana 47305

First Merchants Corporation is a financial holding company headquartered in Muncie, Indiana. It was organized in September 1982, as the bank holding company for the Merchants National Bank of Muncie, now First Merchants Bank, N.A. Since its organization, First Merchants Corporation has grown to include nine affiliate banks with 70 locations in 18 Indiana counties and one Ohio county, a multi-line insurance agency, a title insurance company and a trust company.

Subsidiaries of the Corporation include First Merchants Bank in Delaware, Hamilton and Boone Counties; Madison Community Bank in Madison County; First United Bank in Henry County; Union County National Bank (in Union, Fayette, Wayne and Oxford (Ohio) Counties); The Randolph County Bank; First National Bank of Portland in Jay County; Decatur Bank & Trust Company in Adams County; Frances Slocum Bank (in Wabash, Howard and Miami Counties); and Lafayette Bank & Trust Company (in Carroll, Jasper, White and Tippecanoe Counties). The Corporation also operates First Merchants Insurance Services, a full-service property, casualty, personal lines, and health care insurer, headquartered in Muncie, Indiana, and is a majority owner of the Indiana Title Insurance Company, LLC, a title insurance agency.

Effective January 1, 2003, First Merchants Corporation formed Merchants Trust Company. This unites the trust and asset management services of all affiliate banks of the Corporation and represents one of the largest trust companies in the state of Indiana, with assets in excess of \$1.3 billion. Merchants Trust Company provides a full range of trust and investment services for individuals, families, businesses, and not-for-profit organizations. In addition, Merchants Trust Company specializes in turn-key retirement plans, including pension plans, profit sharing, 401(k) and 403(b) plans, cross-tested plans, and cash balance plans.

For seven years, First Merchants Corporation has been listed among *America's Finest Companies*, an investment guide published by The Staton Institute. First Merchants continues to receive an A+ rating from Standard & Poor's for its common stock (NASDAQ symbol FRME) and Blue Ribbon status for all affiliate banks from independent bank-rating service Veribanc. At the end of 2002, First Merchants Corporation has accomplished 27 years of consecutive increased earnings.

First Merchants Corporation's operating philosophy is to be client-focused, value-driven, plan-disciplined, and managed for achievers from both an employee and shareholder perspective.



First Merchants Corporation

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Robert M. Smitson
Vice Chairman of the Board
Maxon Corporation
Chairman of the Board

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First Merchants Corporation
President
Chief Executive Officer

Roger M. Arwood
First Merchants Corporation
Executive Vice President
Chief Operating Officer

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Madison Community Bank
Chairman of the Board

Jerry M. Ault
Frances Slocum Bank
Chairman of the Board
President
Chief Executive Officer

Dennis A. Bieberich
Decatur Bank & Trust Company
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Chief Executive Officer

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Bennett, Boehning & Clary
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Bingham McHale, LLP
Attorney
Retired

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Ball State University
President

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Alltrista Corporation
Chairman of the Board
President
Chief Executive Officer
Retired

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Chairman of the Board

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Great Lakes Chemical Corporation
Executive Vice President
Chief Financial Officer
Retired

Norman M. Johnson
Stein Roe & Farnham
Executive Vice President
Retired

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Ball Corporation
Chairman of the Board
Retired

Dr. John E. Worthen
Ball State University
President
Retired

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Senior Vice President
First Merchants Corporation

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Vice President

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Vice Chairman of the Board
Maxon Corporation
Chairman of the Board

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Chief Executive Officer

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Executive Vice President
Chief Operating Officer

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Chief Executive Officer

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Ontario Corporation
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Health Services, Inc.
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Retired

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Retired

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DeFur, Voran, Hanley,
Radcliff & Reed
Partner

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Muncie Power Products, Inc.
Chairman of the Board
Chief Executive Officer

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First Merchants Bank
Assistant Vice President
Executive Administrative Officer

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William P. Givens

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Hurley C. Goodall
Betty J. Kendall
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President

James W. Trulock
President

R. Donn Roberts
Director

Harry J. Bailey
Director

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Decatur Bank & Trust Company
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Fleming Excavating, Inc.
President

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Thunderbird Products
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Slick Engineering

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Tiede, Metz & Downs PC
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Chief Executive Officer

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Self-employed Farmer

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Retired General Manager
PSI Energy, A CINERGY Company

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Chief Financial Officer
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Retired

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Stall & Kessler Diamond Center
Co-owner

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Nelmeeks, Inc.
President

Eric P. Meister
GTE North, Inc.
Central Division Manager
Retired

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Charles E. Maki

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Delco Remy Division
General Manager
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Lincoln Financial Advisors

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& General Counsel

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Senior Vice President

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Senior Vice President

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J. Neal Barnum
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Vice President

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Vice President
Lending Operations

Janice E. Ferrell
Vice President
Deposit Operations
Branch Administration

Carl F. Walker
Vice President
Lending

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Joyce D. Dick
Senior Vice President

Marjorie E. Phillips
Senior Vice President

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Vice President

Joe D. Coffing
Vice President

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Vice President

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Vice President

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Vice President

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Vice President

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Chief Executive Officer

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Vice President

Richard K. Fulaytar
Vice President

MaryAnn Gardner
Vice President

Sherry Hazelbaker
Vice President

Kirk A. Klabunde
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Vice President

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Executive Vice President
Cashier

Rick D. Tudor
Vice President

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Chief Executive Officer

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Executive Vice President

Dale A. Cummins
Executive Vice President

Kurt A. Kinzler
Senior Vice President

Kyle D. Clark
Vice President

Lee M. Elzemeyer
Vice President

The greater part of progress is the desire to progress.

— *Seneca*



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your partners in success®

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