

FIRST MERCHANTS CORP
Form 11-K
June 29, 2009

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

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2007

OR

TRANSITION REPORT PURSUANT TO SECTION 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 0-17071

A. Full title of the plan and the address of the plan, if different from that of the Issuer named below:

First Merchants Corporation
Retirement Savings Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal office:

First Merchants Corporation
200 East Jackson Street
Muncie, Indiana 47305

First Merchants Corporation

Retirement Income and Savings Plan

EIN 35-1544218 PN 002

Accountants' Report and Financial Statements

December 31, 2008 and 2007

First Merchants Corporation

Retirement Income and Savings Plan

December 31, 2008 and 2007

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Report of Independent Registered Public Accounting Firm

Audit and Administrative Committee

First Merchants Corporation Retirement Income and Savings Plan

Muncie, Indiana

We have audited the accompanying statements of net assets available for benefits of First Merchants Corporation Retirement Income and Savings Plan as of December 31, 2008 and 2007, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing auditing procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. Our audits also included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of First Merchants Corporation Retirement Income and Savings Plan as of December 31, 2008 and 2007, and the changes in its net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 4, the Plan changed its method of accounting for fair value measurements in accordance with Statement of Financial Accounting Standards No. 157 in 2008.

The accompanying supplemental schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Indianapolis, Indiana

June 17, 2009

Federal Employer Identification Number: 44-0160260

First Merchants Corporation**Retirement Income and Savings Plan****Statements of Net Assets Available for Benefits**

December 31, 2008 and 2007

Assets

	2008	2007
Investments , at fair market value		
Common stock	\$ 1,293,563	\$ 898,880
Mutual funds	28,919,211	41,109,136
Collective investment fund	2,068,009	1,917,967
Money market funds	4,197,096	2,383,076
Participant loans	23,355	70,133
Total investments	36,501,234	46,379,192
Receivables		
Accrued income	1,979	15,511
Employer contributions	1,632,101	1,467,396
Total receivables	1,634,080	1,482,907
Cash	18,514	17,229
Net Assets Available for Benefits, at Fair Market Value	38,153,828	47,879,328
Adjustment from fair value to contract value for interest in collective investment fund relating to fully benefit-responsive investment contracts	(8,289)	(9,487)
Net Assets Available for Benefits	\$ 38,145,539	\$ 47,869,841

See Notes to Financial Statements

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First Merchants Corporation**Retirement Income and Savings Plan****Statements of Changes in Net Assets Available for Benefits****Years Ended December 31, 2008 and 2007**

	2008	2007
Investment Income (Loss)		
Net depreciation in fair value of investments	\$ (15,326,198)	\$ (1,638,645)
Interest and dividends	1,479,815	4,251,214
Net investment income (loss)	(13,846,383)	2,612,569
Contributions		
Participants	3,083,642	2,864,855
Employer	2,677,512	2,394,262
Rollovers	1,175,305	324,418
Other contributions	1,229	10,636
	6,937,688	5,594,171
Total additions (deductions)	(6,908,695)	8,206,740
Deductions		
Benefits paid to participants	2,814,794	5,451,185
Other expenses	813	—
Total deductions	2,815,607	5,451,185
Net Increase (Decrease)	(9,724,302)	2,755,555
Net Assets Available for Benefits, Beginning of Year	47,869,841	45,114,286
Net Assets Available for Benefits, End of Year	\$ 38,145,539	