

FIRST MERCHANTS CORP
Form 11-K
June 26, 2012

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, 2011

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, 2011 and 2010

First Merchants Corporation
Retirement Income and Savings Plan
December 31, 2011 and 2010

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Report of Independent Registered Public Accounting Firm

Audit and Administrative Committee
First Merchants Corporation Retirement 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, 2011 and 2010, 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 and 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, 2011, and 2010, 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.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental information as listed in the table of contents is not a required part of the basic financial statements, but is 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. The supplemental information is the responsibility of the Plan's management. Such information has been subject to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly states, in all material respects, in relation to the basic financial statements taken as a whole.

/s/BKD, LLP

Indianapolis, Indiana
June 26, 2012

Federal Employer Identification Number: 44-0160260

First Merchants Corporation
Retirement Income and Savings Plan
Statements of Net Assets Available for Benefits
December 31, 2011 and 2010

	2011	2010
Assets		
Investments, at fair market value		
Common Stock	\$ 1,260,912	\$ 1,070,093
Mutual Funds	46,391,397	46,048,029
Collective Investment Fund	3,454,682	3,383,610
Money Market Funds	3,704,051	4,037,108
Total Investments	54,811,042	54,538,840
Receivables		
Accrued Income	247,208	127,471
Employer Contributions	1,608,045	1,637,034
Notes Receivable from Participants	1,338,110	1,087,379
Total Receivables	3,193,363	2,851,884
Cash	304	6,776
Total Assets	\$ 58,004,709	\$ 57,397,500
Liabilities		
Excess Contributions Refundable	44,434	74,877
Accrued Administrative Expenses	24,096	
Total Liabilities	\$ 68,530	\$ 74,877
Net Assets Available for Benefits, at Fair Market Value	\$ 57,936,179	\$ 57,322,623
Adjustment from fair value to contract value for interest in collective investment fund relating to fully benefit-responsive investment contracts	\$ (73,309)	\$ (111,402)
Net Assets Available for Benefits	\$ 57,862,870	\$ 57,211,221

See Notes to Financial Statements

First Merchants Corporation

Retirement Income and Savings Plan

Statements of Changes in Net Assets Available for Benefits

Years Ended December 31, 2011 and 2010

	2011	2010
Investment Income (Loss)		
Net (Depreciation) / Appreciation in fair value of investments	\$ (1,768,965)	\$ 5,450,409
Investment Interest and Dividends	1,281,157	997,839
Net Investment Income (Loss)	(487,808)	6,448,248
Interest Income From Notes Receivable from Participants	68,879	41,315
Contributions		
Participants	3,404,659	3,162,365
Employer	2,797,162	2,745,642
Rollovers	342,705	481,971
Total Contributions	6,544,526	6,389,978
Total Additions	\$ 6,125,597	\$ 12,879,541
Deductions		
Benefits Paid to Participants	5,373,722	3,127,500
Administrative Expenses	100,226	-
Total Deductions	\$ 5,473,948	\$ 3,127,500
Net Increase	651,649	9,752,041
Net Assets Available for Benefits, Beginning of Year	57,211,221	47,459,180
Net Assets Available for Benefits, End of Year	\$ 57,862,870	\$ 57,211,221

See Notes to Financial Statements

First Merchants Corporation
Retirement Income and Savings Plan
Notes to Financial Statements
December 31, 2011 and 2010

Note 1: Description of Plan

The following description of First Merchants Corporation Retirement Income and Savings Plan (Plan) provides only general information. Participants should refer to the Plan Document and Summary Plan Description for a more complete description of the Plan's provisions, which are available from the Plan Administrator.

General

The Plan is a defined-contribution plan sponsored by First Merchants Corporation (Corporation) for the benefit of all employees who are age 18 or older. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). First Merchants Trust Company, a division of First Merchants Bank, N.A. is the trustee and record keeper of the Plan. First Merchants, as custodian, employs Fidelity to hold the majority of the Plan's assets on their behalf.

Contributions

The Plan permits eligible employees through a salary deferral election to have the Corporation make annual contributions of up to 75% of eligible compensation up to the maximum allowed by law. Employee rollover contributions are also permitted. The Plan also accepts Roth elective deferrals made on behalf of participants.

Prior to March 1, 2005, the Corporation made matching contributions of its employees' salary deferral amounts of 25% of the first 5% of employees' eligible compensation for all participating employees. After March 1, 2005, the matching contribution described above is the only type of employer contribution granted to grandfathered participants who are at least age 55 and credited with at least ten years of service at February 28, 2005. The remaining participants may receive three different types of employer contributions. The Corporation's contributions are as follows:

- Retirement security contributions: range from 2% to 7% of pay based on years of continuous service. The participant must have 1,000 hours of service and be employed at the end of the Plan year. Effective January 1, 2010, any employee who is hired or rehired after January 1, 2010 is not eligible for the Retirement Security Contribution.
- Matching contributions: 50% of the first 6% of employees' eligible compensation for all participating employees.
- Transition contributions: 3% of eligible compensation for all participants who are at least age 45, credited with at least ten years of service at February 28, 2005 and were participating in the Corporation's defined-benefit plan at February 28, 2005. The participant must have 1,000 hours of service and be employed at the end of the Plan year. This contribution was only applicable through the 2009 Plan year.

First Merchants Corporation
Retirement Income and Savings Plan
Notes to Financial Statements
December 31, 2011 and 2010

The end of year requirement does not apply for participants who have terminated due to normal retirement age, death, or disability. Prior to January 1, 2010, the end of year requirement did not apply for participants who terminated due to early retirement age, which was defined as age 55 and greater than five years of service. Effective January 1, 2010, there is no longer an early retirement provision under the Plan. Normal retirement is defined as age 65 if you are a participant in the Plan at March 1, 2005. If you became a participant in the Plan after March 1, 2005, then the normal retirement date is the later of age 65 or the 5th anniversary of your earliest participation date. Prior to January 1, 2010, the entry date for retirement security and transition contributions was March 1, 2005, and each subsequent January 1. Effective January 1, 2010, any employee who is hired or rehired after January 1, 2010 is not eligible for the retirement security contribution. Catch-up contributions are also available for participants after they reach 50 years of age before the end of the applicable year.

The Plan Document also includes an automatic deferral feature whereby a participant is treated as electing to defer 3% of eligible compensation unless the participant made an affirmative election otherwise. Contributions are subject to certain limitations.

Participant Investment Account Options

Investment account options available include various funds as well as Corporation common stock. Each participant has the option of directing his contributions into any of the separate investment accounts and may change the allocation daily. Allocations to the Corporation's common stock are generally limited to 25% of the applicable account balance.

For the Plan to implement a no-load platform for mutual funds, a black out period began February 14, 2010 and continued through February 23, 2010. During this period, funds could not be applied to the employee-selected mutual funds with the Trustee or withdrawn from the Plan until the Trustee had time to accurately complete the no-load platform.

Participant Accounts

Each participant's account is credited with the participant's contribution, the Corporation's contribution and Plan earnings. Allocations of Plan earnings are based on participant account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their voluntary contributions and rollover contribution accounts plus earnings thereon. Vesting in the Corporation's matching contribution portion of their accounts plus earnings thereon is based on

years of credited service. A participant is fully vested in the matching contribution portion of their account after five years of credited service. The vesting in the retirement security contribution portion of their account plus earnings is 100% after three years of credited service and vesting in the transition contribution portion of their account plus earnings is immediate since all eligible participants have at least ten years of service. The nonvested balance is forfeited upon termination of service. Forfeitures are used to reduce the Corporation's contribution or to pay reasonable administrative expenses of the Plan.

First Merchants Corporation
Retirement Income and Savings Plan
Notes to Financial Statements
December 31, 2011 and 2010

Payment of Benefits

Upon termination of service, participants may elect to receive a lump-sum amount or installments equal to the value of their accounts. Withdrawals other than for termination are permitted under circumstances provided by the Plan. Plan assets may include amounts allocated to accounts of terminated or retired participants who have elected to withdraw from the Plan but have not yet been paid. Plan assets include approximately \$12,700 and \$0, which were allocated to these accounts at December 31, 2011 and 2010, respectively.

Forfeited Accounts

At December 31, 2011 and 2010, forfeited nonvested accounts totaled \$854 and \$0 respectively. These accounts will be used to reduce future employer contributions. Also, in 2011 and 2010, employer contributions were reduced by approximately \$60,800 and \$78,400, respectively, from forfeited nonvested accounts.

Notes Receivable From Participants

Effective January 1, 2010, the Plan Document includes provisions authorizing loans from the Plan to active eligible participants. The minimum amount of a loan shall be \$1,000. The maximum amount of a participant's loans is determined by the available loan balance restricted to the lesser of \$50,000 or 50% of the participant's vested account balance. All loans are covered by demand notes and are repayable over a period not to exceed five years (except for loans for the purchase of a principal residence) through payroll withholdings unless the participant is paying the loan in full. Interest on the loans is based on local prevailing rates as determined by the Plan Administrator.

Prior to January 1, 2010, new loans were not allowed by the Plan. The participant loan balances reported prior to January 1, 2010 were acquired from merged plans in March 1, 2005.

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent notes receivable from participants are reclassified as benefits paid based upon the terms of the Plan Document.

Plan Termination

Although it has not expressed any intent to do so, the Corporation has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

First Merchants Corporation
Retirement Income and Savings Plan
Notes to Financial Statements
December 31, 2011 and 2010

Note 2: Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared on the accrual method of accounting.

Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts, because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan invests in investment contracts through a collective trust. The Statement of Net Assets Available for Benefits presents the fair value of the investments in the collective trust as well as the adjustment from fair value to contract value relating to the investment. The statement of changes in net assets available for benefits is prepared on a contract value basis.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets and changes in net assets available for benefits. Actual results could differ from those estimates.

Valuation of Investments and Income Recognition

Quoted market prices, if available, are used to value investments. Mutual funds are valued at the net asset value of shares held by the Plan at year end. Investment in the Corporation's common stock is valued at the quoted market price on the last business day of the plan year. The Plan's interest in the collective investment fund (Federated Capital Preservation Fund) is valued based on information reported by the investment advisor using the audited financial statements of the collective investment fund at year-end. The collective investment fund invests in investments that pursue multiple strategies to exceed the performance of certain industrial averages. The funds may invest in money market mutual funds and guaranteed investment contracts. The net asset value of the fund is determined as of the end of each month utilizing the values of the underlying assets. The fund provides daily liquidity at contract value for any participant withdrawing and transferring funds.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

First Merchants Corporation
Retirement Income and Savings Plan
Notes to Financial Statements
December 31, 2011 and 2010

Plan Tax Status

The Plan obtained its latest determination letter on August 6, 2010, in which the Internal Revenue Service stated that the Plan and related trust, as then designed, were in compliance with the applicable requirements of the Internal Revenue Code and therefore not subject to tax. The Plan has been amended since it received the determination letter. However, the Plan Administrator believes that the Plan and related trust are currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. With a few exceptions, the Plan is no longer subject to U.S. federal, state and local or non-U.S. income tax examinations by tax authorities for years before 2008.

Payment of Benefits

Benefit payments to participants are recorded upon distribution.

Administrative Expenses

Administrative expenses may be paid by the Corporation or the Plan, at the Corporation's discretion.

Note 3: Investments

At December 31, 2011, the Plan's investments are held by Fidelity and the Corporation. The Federated Capital Preservation Fund included in Plan assets may be subject to withdrawal charges upon contract termination. Crediting interest rates on the guaranteed interest portion of the investment contract are determined by the issuer. The Plan's investments (including investments bought, sold and held during the year) appreciated (depreciated) in fair value as follows:

First Merchants Corporation
 Retirement Income and Savings Plan
 Notes to Financial Statements
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	2011	
	Net Depreciation in Fair Value During Year	Fair Value at End Of Year
Common Stock	\$ (31,926)	\$ 1,260,912
Mutual Funds	(1,737,039)	46,391,397
Collective Investment Fund	-	3,454,682
Money Market Funds	-	3,704,051
	\$ (1,768,965)	\$ 54,811,042

	2010	
	Net Appreciation in Fair Value During Year	Fair Value at End Of Year
Common Stock	\$ 335,315	\$ 1,070,093
Mutual Funds	5,115,094	46,048,029
Collective Investment Fund	-	3,383,610
Money Market Fund	-	4,037,108
	\$ 5,450,409	\$ 54,538,840

Interest and dividends realized on the Plan's investments for the years ended December 31, 2011 and 2010 were \$1,281,157 and \$997,839, respectively.

First Merchants Corporation
 Retirement Income and Savings Plan
 Notes to Financial Statements
 December 31, 2011 and 2010

The fair values of individual investments that represented 5% or more of the Plan's assets were as follows:

	2011	2010
Fidelity Contra Fund	\$ 4,586,086	\$ -
Federated Total Return Bond	4,494,746	-
Vanguard Windsor II Fund	4,201,746	-
Federated Capital Preservation Fund	3,454,682	3,383,610
Goldman Sachs Mid Cap Equity Fund	3,375,764	4,018,797
Franklin Small Cap Value Fund	3,033,844	3,422,814
Federated Government Obligations Fund	2,996,714	4,037,108
American Funds Amcap Fund	-	5,274,854
MFS Value Fund	-	4,587,146
PIMCO Total Return Fund	-	4,305,599

Note 4: Disclosures About Fair Value of Assets and Liabilities

ASC Topic 820, Fair Value Measurements, defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Topic 820 also specified a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of net assets available for benefits, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. The Plan has no liabilities measured on a recurring

basis and has no assets or liabilities measured at fair value on a nonrecurring basis.

First Merchants Corporation
Retirement Income and Savings Plan

Notes to Financial Statements

December 31, 2011 and 2010

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include common stock, mutual funds and money market funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Level 2 securities include a collective investment fund. The inputs used to determine fair value of Level 2 investments may include market quotations or price, reported trades, broker/dealer quotes, bids and offers of the underlying investments obtained from external appraisals, independent pricing sources and market research publications. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. There are no Level 3 securities held by the Plan.

The following table presents the fair value measurements of assets recognized in the accompanying statement of net assets available for benefits measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2011:

	2011			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements Using Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common Stock	\$ 1,260,912	\$ 1,260,912		
Mutual Funds				
Bonds	9,014,489	9,014,489		
Broad Market	28,314	28,314		
Emerging Market	149,960	149,960		
International Equities	3,553,416	3,553,416		
Large Cap Equities	13,273,574	13,273,574		
Lifecycle Funds	6,998,951	6,998,951		
Mid-Cap Equities	6,820,506	6,820,506		
Real Estate	849,046	849,046		
Small-Cap Equities	5,703,141	5,703,141		
	46,391,397	46,391,397		
Money Market Fund	3,704,051	3,704,051		
Collective Investment Fund	3,454,682		3,454,682	
	\$ 54,811,042	\$ 51,356,360	\$ 3,454,682	\$ -

First Merchants Corporation
Retirement Income and Savings Plan
Notes to Financial Statements
December 31, 2011 and 2010

	Fair Value	2010 Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common Stock	\$ 1,070,093	\$ 1,070,093		
Mutual Funds				
Bonds	8,798,359	8,798,359		
Broad Market	33,665	33,665		
Emerging Market	51,837	51,837		
International Equities	4,102,199	4,102,199		
Large Cap Equities	14,257,516	14,257,516		
Lifecycle Funds	5,074,609	5,074,609		
Mid-Cap Equities	7,328,526	7,328,526		
Real Estate	644,246	644,246		
Small-Cap Equities	5,757,072	5,757,072		
	46,048,029	46,048,029		
Money Market Fund	4,037,108	4,037,108		
Collective Investment Fund	3,383,610		3,383,610	
	\$ 54,538,840	\$ 51,155,230	\$ 3,383,610	\$ -

Note 5: Party-in-Interest Transactions

Party-in-interest transactions include those with fiduciaries or employees of the Plan, any person who provides services to the Plan, an employer whose employees are covered by the Plan, an employee organization whose members are covered by the Plan, a person who owns 50 percent or more of such an employer or employee association, or relatives of such persons.

The Plan paid \$88,443 and \$0 of investment fees to First Merchants Trust Company during 2011 and 2010. Individually nonmaterial expenses paid to parties-in-interest aggregated \$11,783 for 2011 and \$0 for 2010. The Company provides certain administrative services at no cost to the Plan.

First Merchants Corporation
 Retirement Income and Savings Plan
 Notes to Financial Statements
 December 31, 2011 and 2010

The Plan invests in First Merchants Corporation common stock. Activity at fair value was as follows:

	First Merchants Corporation Common Stock
Balance, January 1, 2010	\$ 533,127
Changes	536,966
Balance, December 31, 2010	1,070,093
Changes	190,819
Balance, December 31, 2011	\$ 1,260,912

Note 6: Nonexempt Transactions

Defined-contribution plans are required to remit employee contributions to the Plan as soon as they can be reasonably segregated from the employer's general assets, but no later than the 15th business day of the month following the month in which the participant contributions are withheld by the employer. There were no such transactions during 2011 while \$150 of contributions from 2009 that were not remitted within the required time period were remitted during 2010.

Note 7: Plan Amendments

Effective January 1, 2010, an employee hire or rehired on or after January 1, 2010, will not be eligible for employer contributions other than the employer matching contributions. Also effective January 1, 2010, participant loans will be allowed by the Plan and early retirement termination allocation of contributions will not apply.

First Merchants Corporation
Retirement Income and Savings Plan
Notes to Financial Statements
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Note 8: Risks and Uncertainties

The plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the participants' account balances and the amounts reported in the statements of net assets available for benefits.

The current protracted economic decline continues to present retirement plans with difficult circumstances and challenges, which in some cases have resulted in large and unanticipated declines in the fair value of investments. The financial statements have been prepared using values and information currently available to the Plan.

Given the volatility of current economic conditions, the values of assets recorded in the financial statements could change rapidly, resulting in material future adjustments in investment values that could negatively impact the Plan.

Supplemental Schedule

First Merchants Corporation

Retirement Income and Savings Plan

Employer Identification Number: 35-1544218 Plan Number: 002

Schedule H, Line 4i - Schedule of Assets (Held at End of Year)

December 31, 2011

(a)(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investment Including Par or Maturity Value		(d) Current Value
Common Stock			
*First Merchants Corporation	148,868	shares	\$ 1,260,912
Mutual Funds			
American Century International Bond	36,439	shares	520,358
American Europacific Growth Fund	32,452	shares	1,138,748
American High Income Trust Fund	109,456	shares	1,166,810
Blackrock Small Cap Growth Fund	54,039	shares	1,267,778
Dodge & Cox International Fund	32,013	shares	936,065
Federated Intercontinental Fund	687	shares	28,314
Federated U.S. Government Fund	200,864	shares	2,334,043
Federated Total Return Bond	398,470	shares	4,494,746
Fidelity Contra Fund	67,982	shares	4,586,086
Fidelity Advisor Mid Cap Fund	4,762	shares	77,397
Fidelity Diversified International Fund	54,819	shares	759,248
Franklin Small Cap Value Fund	72,028	shares	3,033,844
Goldman Sachs Mid Cap Fund	100,558	shares	3,375,764
Invesco Small Cap Equity Fund	93,885	shares	1,194,217
MFS International Discovery Fund	37,041	shares	719,355
Nuveen Mid Cap Index Fund	45,563	shares	1,865,843
Nuveen Real Estate Fund	44,757	shares	849,046
T Rowe Emerging Markets Fund	5,259	shares	149,960
T Rowe Price Dividend Growth Fund	101,939	shares	2,379,266
Vanguard 500 Index Fund	22,022	shares	2,106,476
Vanguard Inflation Protected Bond	17,991	shares	498,533
Vanguard Mid Cap Index Fund	53,377	shares	1,501,502
Vanguard Small Cap Index Fund	6,891	shares	207,302
Vanguard Target Retirement Fund	10,874	shares	125,382
Vanguard Target 2015 Fund	60,293	shares	741,610
Vanguard Target 2025 Fund	103,044	shares	1,264,357
Vanguard Target 2035 Fund	38,820	shares	485,649
Vanguard Target 2045 Fund	22,223	shares	286,012
Vanguard Target 2010 Fund	33,979	shares	762,151
Vanguard Target 2020 Fund	59,681	shares	1,294,482
Vanguard Target 2050 Fund	22,363	shares	456,434

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Vanguard Target 2040 Fund	26,205	shares	537,214
Vanguard Target 2030 Fund	49,983	shares	1,045,659
Vanguard Windsor II Fund	91,841	shares	4,201,746
			46,391,397
Collective Investment Fund			
Federated Capital Preservation Fund	338,137	units	3,454,682
Money Market Funds			
Federated Government Obligation Fund	2,996,714	shares	2,996,714
Federated U.S. Treasury Cash Fund	707,336	shares	707,337
			3,704,051
*Participant Loans	4.0% - 6.0%		1,338,110
			\$ 56,149,152
*Party-in-interest			

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

First Merchants Corporation Retirement Income and Savings Plan

Date: June 26, 2012

/s/Mark K. Hardwick

Mark K. Hardwick

Executive Vice President and Chief Financial Officer

(Principal Financial and Principal Accounting Officer)
