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FIRST MERCHANTS CORP
Form 8-K
February 23, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

DATE OF REPORT (Date of earliest event reported): February 23, 2009

FIRST MERCHANTS CORPORATION
(Exact name of registrant as specified in its charter)

INDIANA (State or other jurisdiction of incorporation)	0-17071 (Commission file number)	35-1544218 (IRS Employer Identification No.)
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200 East Jackson Street
P.O. Box 792
Muncie, IN 47305-2814
(Address of principal executive offices, including zip code)

(765) 747-1500
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 8.01 OTHER EVENTS.

On February 23, 2009 First Merchants Corporation issued a press release to report its received funds in the Capital Purchase Plan. A copy of the press

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Exhibit No. 99.1

Press Release, dated February 23, 2009

N/E/W/S R/E/L/E/A/S/E

February 23, 2009

For further information, contact:

Mark Hardwick, Executive VP and Chief Financial Officer 765-751-1857

First Merchants Corporation Closes Capital Purchase Program Offering

(Muncie, Ind., February 23, 2009) First Merchants Corporation (NASDAQ: FRME) today announced that it has received \$116 million of equity capital by issuing 116,000 shares of Fixed Rate Cumulative Perpetual Preferred Stock, Series A (the "Designated Preferred Stock"), and a warrant to purchase up to 991,453 shares of the Corporation's common stock, at an initial per share price of \$17.55 to the U.S. Treasury Department.

The Designated Preferred Stock pays cumulative dividends at a rate of 5 percent per year for the first five years and 9 percent per year thereafter. The Corporation has the ability to repay the obligation at any time subject to consultation with its primary regulator. Repayment of the full amount of the Designated Preferred Stock issuance by December 31, 2009 with the proceeds of a sale of Tier 1 qualifying perpetual preferred stock or common stock for cash would result in a 50% reduction in the number of warrants outstanding.

Mark K. Hardwick, Executive Vice President and Chief Financial Officer commented that, "Capital and liquidity are critically important components to any balance sheet when difficult economic conditions exist. The Capital Purchase Program, introduced in late October, is clearly the lowest capital alternative available to First Merchants Corporation at this time and offers the least amount of shareholder dilution. The restrictions are very manageable and the latest revisions, resulting from American Recovery and Reinvestment Act of 2009, add the additional repayment flexibility desired in a temporary capital alternative. Post-closing, the Corporation's Total Risk-Based Capital Ratio of 12.8 percent is well above the "well capitalized" regulatory guidelines of 10 percent."

Michael C. Rechin, President and Chief Executive Officer commented, "Our stakeholders include our customers, communities, employees and shareholders. Our stakeholders hold varied views around public policy such as the TARP, EESA and CPP and we have weighed those considerations carefully. The decision to participate in the Capital Purchase Program was based on our desire to add the lowest cost capital (shareholder focused) in order to support continued economic growth in Central Indiana and Ohio (community focused). Extending credit renewals and new credit for appropriately structured lending opportunities support the markets where our employees live and work (customer and employee focused)."

About First Merchants Corporation

First Merchants Corporation is a financial holding company headquartered in Muncie, Indiana. Subsidiaries of the Corporation include First Merchants Bank, N.A., First Merchants Bank of Central Indiana, N.A., Lafayette Bank & Trust Company, N.A., Commerce National Bank, Lincoln Bank and First Merchants Trust Company, N.A. The Corporation also operates First Merchants Insurance Services, a full-service property casualty, personal lines, and healthcare insurance agency.

First Merchants Corporation's common stock is traded on the NASDAQ Global Select

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Market under the symbol FRME. Quotations are carried in daily newspapers and can be found on the Corporation's Internet web page (<http://www.firstmerchants.com>).

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