

FIRST MERCHANTS CORP
Form 424B5
March 30, 2010
Filed Pursuant to Rule 424(b)(5)

Registration Statement No. 333-158334

Prospectus Supplement

(To prospectus dated April 24, 2009)

\$24,150,000

FIRST MERCHANTS CORPORATION

Common Stock

We are offering to certain institutional investors, pursuant to this prospectus supplement and the accompanying prospectus, up to an aggregate of 4,200,000 shares of our common stock, \$0.125 stated value per share. The purchase price for each share of common stock is \$5.75 (the "Per-Share Offering Price").

Our common stock is traded on the NASDAQ Global Select Market under the symbol "FRME." The last reported sale price of our common stock on Nasdaq on March 29, 2010 was \$6.38 per share.

Investing in our securities involves risks. See "Risk Factors" section beginning on page 4 of this prospectus supplement.

We estimate that the total legal and accounting expenses of the offering will be approximately \$60,000.

	Per share of Common Stock	Total
Public Offering Price	\$ 5.750	\$ 24,150,000
Expenses of the Offering	\$ 0.015	\$ 60,000
Net proceeds to us	\$ 5.735	\$ 24,090,000

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Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The securities are not deposits or other obligations of any bank or savings association and are not insured or guaranteed by the Federal Deposit Insurance Corporation, the Deposit Insurance Fund or any other governmental agency.

The date of this prospectus supplement is March 29, 2010.

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You should rely only on the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus. We have not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdictions where offer and sale is not permitted. You should assume that the information contained in this prospectus supplement and the accompanying prospectus and the documents incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate only as of the date on the front of the respective document. Our business, financial condition, results of operation and prospects may have changed since that date.

ABOUT THIS PROSPECTUS

Unless the context requires otherwise, in this prospectus supplement, we use the terms “we,” “us,” “our,” “First Merchants” and the “Company” to refer to First Merchants Corporation and its subsidiaries.

This document is in two parts. The first is this prospectus supplement, which describes the specific terms of this offering. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering. This prospectus supplement also adds to, updates and changes information contained in the accompanying prospectus. If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement. The accompanying prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, which we refer to as the SEC, using shelf registration rules. Under the shelf registration rules, using a prospectus supplement and the accompanying prospectus, we may sell from time to time common stock, preferred stock, depository shares, debt securities, warrants, purchase contracts, units or any combination thereof, in one or more offerings.

It is important that you read and consider all of the information contained in this prospectus supplement and the accompanying prospectus in making your investment decision. You should also read and consider the information in the documents to which we have referred you in “Where You Can Find More Information” on page S-iii of this prospectus supplement.

The distribution of this prospectus supplement and the accompanying prospectus and the offering of our securities in certain jurisdictions may be restricted by law. Persons into whose possession this prospectus supplement and the accompanying prospectus come should inform themselves about and observe any such restrictions. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. See the “Plan of Distribution” section of this prospectus supplement beginning on page S-6.

WHERE YOU CAN FIND MORE INFORMATION

This prospectus supplement and the accompanying prospectus are a part of a registration statement on Form S-3 that we filed with the SEC under the Securities Act of 1933. This prospectus supplement and the accompanying prospectus do not contain all the information set forth in the registration statement, certain parts of which are omitted in accordance with the rules and regulations of the SEC. For further information with respect to us and the securities offered by this prospectus supplement and the accompanying prospectus, reference is made to the registration statement, including the exhibits to the registration statement and the documents incorporated by reference.

We file annual, quarterly and current reports, proxy statements and other information with the SEC. Our filings are available to the public over the Internet at the SEC's website at <http://www.sec.gov>. You may also read and copy any document we file with the SEC at its public reference facilities at 100 F Street, N.E., Washington, DC 20549. You can also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, N.E., Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference facilities. Our SEC filings are also available at no cost on our website, <http://www.firstmerchants.com/about-us.cfm>, as soon as reasonably practicable after we file such documents with the SEC. Except for those SEC filings, none of the other information on our website is part of this prospectus. Our SEC filings are also available at the office of the NASDAQ Global Select Market. For further information on obtaining copies of our public filings at the NASDAQ Global Select Market, you should call (212) 656-5060 or visit the NASDAQ Global Select Market website <http://www.nasdaq.com>. Our commission file number is 000-0712534.

We "incorporate by reference" into this supplement and the accompanying prospectus the information First Merchants files with the SEC, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this supplement and the accompanying prospectus. Some information contained in this prospectus supplement and the accompanying prospectus updates the information incorporated by reference, and information that First Merchants files subsequently with the SEC will automatically update this prospectus. In other words, in the case of a conflict or inconsistency between information set forth in this prospectus supplement and the accompanying prospectus and the information incorporated by reference into this prospectus supplement, you should rely on the information contained in the document that was filed later. We incorporate by reference the following documents (excluding any portions of such documents that have been "furnished" but not "filed" for purposes of the Securities Exchange Act of 1934, as amended, which we refer to as the "Exchange Act"):

- our annual report on Form 10-K for the fiscal year ended December 31, 2009;
- our current reports on Form 8-K filed with the SEC on February 1, 2010 and March 25, 2010 respectively; and
- the description of our common stock contained in our Form 8-A Registration Statement filed with the SEC on July 18, 1988 pursuant to Section 12 of the Securities Exchange Act of 1934, as amended from time to time (the "Exchange Act"), including any amendment or report filed with the SEC for the purpose of updating such description.

We also incorporate by reference reports First Merchants files in the future under Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act (excluding any portions of any such documents that are "furnished" but not "filed" for purposes of the Exchange Act) until we sell all of the securities offered by this prospectus supplement or terminate this offering.

You may obtain any of these incorporated documents from us without charge, excluding any exhibits to these documents unless the exhibit is specifically incorporated by reference in such document, by requesting them from us in writing or by telephone at the following address:

First Merchants Corporation

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200 East Jackson Street

Muncie, Indiana 47308-0792

Attention: Ms. Cynthia Holaday, Shareholder Relations Officer

(765) 747-1500

These incorporated documents may also be available on our web site at www.firstmerchants.com/about-us.cfm. Except for incorporated documents, information contained on our website is not a prospectus and does not constitute part of this prospectus supplement or the accompanying prospectus.

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FORWARD-LOOKING STATEMENTS

The following is a cautionary note about forward-looking statements. This prospectus supplement and accompanying prospectus (including any information we include or incorporate into this prospectus supplement) contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements can include statements about estimated cost savings, plans and objectives for future operations, and expectations about performance as well as economic and market conditions and trends. These statements often can be identified by the use of words like “expect,” “may,” “could,” “intend,” “project,” “estimate,” “believe” or “anticipate.” We may include forward-looking statements in filings with the SEC, such as this prospectus supplement, in other written materials, and in oral statements made by our senior management to analysts, investors, representatives of the media and others. It is intended that these forward-looking statements speak only as of the date they are made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the forward-looking statement is made or to reflect the occurrence of unanticipated events. By their nature, forward-looking statements are based on assumptions and are subject to risks, uncertainties and other factors. Actual results may differ materially from those contained in a forward-looking statement.

Risks and uncertainties that could affect our future performance include, among others: our ability to execute our business plan; economic, market, operational, liquidity, credit and interest rate risks associated with our business; economic conditions generally and in the financial services industry; increased competition in the financial services industry either nationally or regionally, resulting in, among other things, credit quality deterioration; volatility and direction of market interest rates; governmental legislation and regulation, including changes in accounting regulation or standards; a weakening of the economy that could materially impact credit quality trends and the ability to generate loans; changes in the securities markets; new litigation or changes to existing litigation; changes in fiscal, monetary and tax policies; and our ability to achieve loan and deposit growth.

Before making an investment decision, you should carefully consider the risks described under “Risk Factors” in this prospectus supplement and in our most recent annual report on Form 10-K, together with all of the other information appearing in this prospectus supplement or incorporated by reference into this prospectus supplement, in light of your particular investment objectives and financial circumstances. In addition to those risk factors, there may be additional risks and uncertainties of which management is not aware or focused on or that management deems immaterial. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. The trading price of our securities could decline due to any of these risks, and you may lose all or part of your investment.

SUMMARY

The information below is a summary of the more detailed information included elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus. You should read carefully the following summary together with the more detailed information contained in this prospectus supplement, the accompanying prospectus and the information incorporated by reference into those documents, including the "Risk Factors" section beginning on page S-4 of this prospectus supplement and in our Annual Report on Form 10-K. This summary is not complete and does not contain all of the information you should consider when making your investment decision.

FIRST MERCHANTS CORPORATION

First Merchants Corporation (the "Corporation") is a financial holding company headquartered in Muncie, Indiana and was organized in September 1982. The Corporation's Common Stock is traded on NASDAQ's Global Select Market System under the symbol FRME. The Corporation has one full service bank charter, First Merchants Bank, National Association ("the Bank"), which includes eighty banking locations in twenty-three Indiana and three Ohio counties. In addition to its branch network, the Corporation's delivery channels include ATMs, check cards, interactive voice response systems and internet technology. The Corporation's business activities are currently limited to one significant business segment, which is community banking.

Through the Bank and its trust company described below, the Corporation offers a broad range of financial services, including accepting time, savings and demand deposits; making consumer, commercial, agri-business and real estate mortgage loans; renting safe deposit facilities; providing personal and corporate trust services; providing full-service brokerage; and providing other corporate services, letters of credit and repurchase agreements.

The Bank services the following Indiana counties: Adams, Brown, Carroll, Clinton, Delaware, Fayette, Hamilton, Hendricks, Henry, Howard, Jasper, Jay, Johnson, Madison, Miami, Montgomery, Morgan, Randolph, Tippecanoe, Union, Wabash, Wayne and White counties. Ohio counties include Butler, Franklin and Hamilton.

The Corporation also operates First Merchants Trust Company, National Association (the "Trust Company"), a trust and asset management services company. The Corporation also operates First Merchants Insurance Services, Inc., a full-service property, casualty, personal lines, and employee benefit insurance agency headquartered in Muncie, Indiana.

In addition, the Corporation operates First Merchants Reinsurance Co. Ltd. ("FMRC"), a small life reinsurance company whose primary business includes short-duration contracts of credit life and accidental and health insurance policies and debt cancellation contracts. Such policies and contracts are purchased by the Corporation's bank customers to cover the amount of debt incurred by the insured. No policies are issued for loans other than those originated by the Bank. FMRC limits its self-insurance risk to the first \$15,000 of exposure under each credit life policy and \$350 per month on each accident and health policy. FMRC maintains the same standard for its debt cancellation contracts. FMRC also issues guaranteed asset protection contracts, which are limited to the amount of the loan on these guaranteed asset protection contracts and are issued on loans up to a maximum of \$50,000. The total self-insurance exposure for all contracts as of December 31, 2009 totaled \$15.8 million.

As of December 31, 2009, the Corporation had consolidated assets of \$4.5 billion, consolidated deposits of \$3.5 billion and stockholders' equity of \$464 million. As of December 31, 2009, the Corporation and its subsidiaries had 1,207 full-time equivalent employees.

Recent Material Developments

In connection with the due diligence process conducted with potential investors, management disclosed certain information regarding the first quarter of 2010 which could be considered material. Included in the discussions were estimates concerning net-interest margin, provision expense, non-interest income, non-interest expenses and fully diluted earnings per share available to common shareholders ("EPS"). Additionally, management provided guidance regarding non-performing asset statistics and updates regarding the completion of recent regulatory examinations by the Office of the Comptroller of the Currency and the Federal Reserve Board.

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Management expects Corporation's EPS to better the average of its four analyst estimates in the first quarter of 2010. Linked quarter operating trends include a continuation of strong net interest margin, improved non-interest income and reduced total expense levels during the quarter and should aid the Corporation in producing improved performance.

Non-performing assets ("NPA's") are expected to remain relatively flat (within a 5% variance) during the quarter as problem loan resolutions and new additions to NPA's are moving forward at a consistent pace. The Corporation expects provision expense and charge-off's to closely match one another during the quarter as steady problem asset migration has reduced the need for material increases to the allowance for loan losses.

All capital ratios are expected to improve during the quarter through the addition of capital and the reduction of higher risk-weighted assets.

The Corporation's most recent regulatory examination findings do not include any type of capital directive or individual minimum capital requirement.

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The Offering

Issuer	First Merchants Corporation.
The Offering	Pursuant to this prospectus supplement and the accompanying prospectus, we are offering the following securities:
Common Stock	Up to 4,200,000 shares of common stock, \$0.125 stated value per share, at a purchase price of \$5.75 for each share of common stock.
Pre-emptive Rights	As a condition to the issuance under this offering, the Corporation will agree to grant to all purchaser groups who purchase at least 750,000 shares in the offering certain pre-emptive rights with respect to any new public or nonpublic issuances of the Corporation's common stock during the next year. The pricing and other terms of the pre-emptive rights will be consistent with the pricing and other terms being offered to other purchasers. The rights will cover so much of the offering that permits the eligible purchaser group to increase its percentage ownership in the Corporation to 9.9% of the outstanding stock and are subject to all appropriate regulatory or shareholder approvals. The Corporation expects four purchaser groups to be eligible for these pre-emptive rights which, for a future offering involving the maximum number of shares, would permit the investor groups to have pre-emptive rights un up to 39.6% of the Corporation's outstanding common stock.
Common Stock to be Outstanding Immediately After this Offering	25,495,550 shares, based on 21,295,550 shares of common stock outstanding as of March 26, 2010 and excluding any shares of our common stock issuable upon exercise of outstanding warrants, options or other rights to purchase shares of our common stock.
Use of Proceeds	We intend to use the net proceeds from this offering for working capital and general corporate purposes. See "Use of Proceeds" below.
Risk Factors	Investment in our securities involves risks. See "Risk Factors" beginning on page S-4 of this prospectus supplement for a discussion of factors you should carefully consider before investing in shares of our common stock.
Nasdaq Global Select Market symbol	FRME

RISK FACTORS

An investment in our common stock involves certain risks. You should carefully consider the risks described below and the risk factors incorporated by reference, as well as the other information included or incorporated by reference, in this prospectus supplement and the accompanying prospectus, before making an investment decision. Certain risks related to us and our business are described under the heading "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. The trading price of our common stock could decline due to any of these risks, and you may lose all or part of your investment. This prospectus supplement also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein.

Risks Associated With This Offering

We have broad discretion in how we use the proceeds of this offering, and we may use the proceeds in ways that do not enhance the value of our common stock.

Although we describe in the "Use of Proceeds" section in this prospectus supplement our currently intended use of the net proceeds, we will have significant flexibility in using the net proceeds. We have not allocated specific amounts of the net proceeds from this offering for any specific purpose. You will be relying on the judgment of our management and our Board of Directors with regard to the use of the net proceeds, and you will not have the opportunity, before making your investment decision, to assess whether the proceeds will be used appropriately. It is possible that our use of the net proceeds will not benefit our business or enhance the value of our common stock.

Risks Associated With Our Common Stock

Resales of our common stock in the public market following the offering may cause its market price to fall.

We may issue shares of our common stock with an aggregate sales price of up to \$24.15 million in connection with the offering. The issuance of these new shares could have the effect of depressing the market price for shares of our common stock.

USE OF PROCEEDS

We expect to use the net proceeds from the sale of securities under this prospectus supplement to be up to approximately \$24,090,000 after deducting our estimated offering expenses payable by us, which include all legal, accounting and printing fees. We intend to use the proceeds for general corporate purposes, which may include:

- investing in, or extending credit to, our operating subsidiaries;
- investments at the holding company level;
- reducing or refinancing existing debt; and
- possible acquisitions.

Pending such use, we may temporarily invest the net proceeds of any offering. The precise amounts and timing of the application of proceeds will depend upon our funding requirements and the availability of other funds and have not been determined as of the date of this prospectus supplement.

PRICE RANGE OF COMMON STOCK AND DIVIDENDS

Quarter	Price Per Share				Dividends Declared	
	High		Low		2009	2008
	2009	2008	2009	2008		
First Quarter	\$23.43	\$30.00	\$7.36	\$18.76	\$0.23	\$0.23
Second Quarter	13.25	29.98	7.75	18.15	0.08	0.23
Third Quarter	8.86	27.40	6.45	16.58	0.08	0.23
Fourth Quarter	7.09	22.87	5.00	16.17	0.08	0.23

The table above lists per share prices and dividend payments during 2009 and 2008. Prices are as reported by the National Association of Securities Dealers Automated Quotation – Global Select Market System.

Numbers rounded to nearest cent when applicable.

On March 29, 2010, the last reported sale price of our common stock on Nasdaq was \$6.38.

DIVIDEND POLICY

The payment of dividends is within the discretion of our board of directors and will depend upon our future earnings, capital requirements and financial condition. We recently reduced our quarterly dividend to \$0.01 per share and could determine to reduce further or eliminate altogether our common stock dividend. This could adversely affect the market price of our common stock.

DESCRIPTION OF SECURITIES

We are offering to certain institutional investors, pursuant to this prospectus supplement and the accompanying prospectus, up to an aggregate of 4,200,000 shares of our common stock. The purchase price for each share of common stock is \$5.75.

Common Stock

The material terms and provisions of our common stock are described in the sections entitled "Description of Capital Stock" in the accompanying prospectus. The shares of common stock issued in this offering will be, when issued and paid for in accordance with the securities purchase agreement, duly and validly authorized, issued and fully paid and non-assessable.

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As a condition to the issuance under this offering, the Corporation will agree to grant the purchasers certain pre-emptive rights with respect to any new public or nonpublic issuances of the Corporation's common stock or securities convertible into shares of the Corporation's common stock during the next year. The rights will cover so much of the offering that permits the purchasers to increase their percentage ownership in the Corporation to 9.9% of the outstanding common stock and are subject to all appropriate regulatory or shareholder approvals. The pre-emptive rights will not cover issuances: (i) related to any common stock or other securities issuable upon the exercise or conversion of any securities of the Corporation currently outstanding; (ii) pursuant to the granting or exercise of employee stock options or other stock incentives pursuant to the Corporation's stock incentive plans, employee stock purchase plans or similar plans where stock is being issued or offered to a trust, other entity or otherwise, for the benefit of any employees, officers or directors of the Corporation, in each case in the ordinary course of providing incentive compensation; or (iii) issuances of capital stock as full or partial consideration for a merger, acquisition, joint venture, strategic alliance, license agreement or other similar nonfinancing transaction. The pricing and other terms of the pre-emptive rights shall be consistent with the pricing and other terms being offered to other purchasers. The Corporation estimates no more than four investor groups will be eligible for the pre-emptive rights, which, for a future offering involving the maximum number of shares, would permit the purchaser groups to have pre-emptive rights on 39.6% of the Corporation's outstanding common stock. In the event the future offering is not sufficient to permit each eligible purchaser group to increase its percentage to 9.9% of the Corporation's outstanding stock, each purchaser group's pre-emptive right will be proportionately reduced based on the amount of shares initially purchased pursuant to the securities purchase agreements. Any purchaser group purchasing less than 750,000 shares under this offering will not be eligible for any pre-emptive rights.

PLAN OF DISTRIBUTION

We will enter into a securities purchase agreement directly with the institutional investors in connection with this offering. The form of securities purchase agreement will be included as an exhibit to our Current Report on Form 8-K that we will file with the SEC in connection with the consummation of this offering. We currently anticipate that the closing of this offering will take place on or about March 30, 2010. On the closing date, the following will occur:

- we will receive funds in the amount of the aggregate purchase price of the shares of common stock sold; and
- we will irrevocably instruct the transfer agent to deliver the shares of common stock to the investors.

The estimated legal and accounting expenses payable by us in connection with this offering are approximately \$60,000.

The transfer agent for our common stock is American Stock Transfer & Trust Company, 6201 15th Street, Brooklyn, New York 10038.

Our common stock is listed on the NASDAQ Global Select Market under the symbol "FRME."

The purchase price per share of common stock was determined based on negotiations with the investors and discussions with outside financial advisors.

LEGAL MATTERS

The validity of the common stock offered hereby will be passed upon for us by Bingham McHale LLP, our special outside securities counsel.

EXPERTS

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Our consolidated financial statements as of December 31, 2009 and 2008, and for each of the three years in the period ended December 31, 2009, included in our Annual Report on Form 10-K for the year ended December 31, 2009, and the effectiveness of our internal control over financial reporting as of December 31, 2009 have been audited by BKD, LLP, an independent registered public accounting firm, as stated in their reports appearing therein and herein by

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reference. Such consolidated financial statements have been so incorporated by reference in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

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Prospectus

\$350,000,000

FIRST MERCHANTS CORPORATION

Common Stock

Preferred Stock

Depository Shares

Debt Securities

Warrants

Purchase Contracts

Units

Series A Preferred Stock

Treasury Warrant

We will provide specific terms of these securities in supplements to this prospectus. You should read this prospectus and the applicable prospectus supplement carefully before you invest.

In addition, the United States Department of the Treasury, as the initial selling security holder under this prospectus, or its successors, including transferees, may from time to time offer and sell any or all of the Series A Preferred Stock, the Treasury Warrant, and the shares of common stock issuable upon exercise of the Treasury Warrant from time to time under this prospectus and supplements to this prospectus.

The aggregate initial offering price of all securities we sell under this prospectus will not exceed \$350,000,000, including any shares of our common stock, shares of our Series A Preferred Stock, the Treasury Warrant, or other securities sold by selling security holders.

Our common stock is traded on the NASDAQ Global Select Market under the symbol "FRME."

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The securities are not deposits or other obligations of any bank or savings association and are not insured or guaranteed by the Federal Deposit Insurance Corporation, the Deposit Insurance Fund or any other governmental agency.

The date of this prospectus is _____, 2009.

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ABOUT THIS PROSPECTUS

Unless the context requires otherwise, in this prospectus, we use the terms “we,” “us,” “our,” “First Merchants” and the “Company” to refer to First Merchants Corporation and its subsidiaries. The term “we” may also include the selling security holders in the appropriate context.

This prospectus is part of a registration statement we filed with the Securities and Exchange Commission, or SEC, using a “shelf” registration process. Under the shelf registration process, using this prospectus, together with a prospectus supplement, we may sell, from time to time, in one or more offerings, any combination of the securities described in this prospectus in a dollar amount that does not exceed \$350,000,000, in the aggregate.

In addition, this prospectus may be used by the selling security holders to sell shares of our common stock, shares of our Series A Preferred Stock, the Treasury Warrant, or other securities from time to time under this prospectus as described under the heading “Selling Security Holders.”

This prospectus provides you with a general description of the securities we may offer. Each time we offer securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read this prospectus, the applicable prospectus supplement and the information incorporated by reference in this prospectus before making an investment in our securities. See “Where You Can Find More Information” for more information. If there is any inconsistency between the information in this prospectus and any prospectus supplement, you should rely on the information in the prospectus supplement.

Our SEC registration statement containing this prospectus, including exhibits, provides additional information about us and the securities offered under this prospectus. The registration statement can be read at the SEC’s website or at the SEC’s offices. The SEC’s website and street addresses are provided under the heading “Where You Can Find More Information.”

You should rely only on the information contained in or incorporated by reference in this prospectus or a supplement to this prospectus. We have not authorized anyone to provide you with different information. This document may be used only in jurisdictions where offers and sales of these securities are permitted. You should not assume that information contained in this prospectus, in any supplement to this prospectus, or in any document incorporated by reference is accurate as of any date other than the date on the front page of the document that contains the information, regardless of when this prospectus is delivered or when any sale of our securities occurs.

We may sell our securities to underwriters who will in turn sell the securities to the public on terms fixed at the time of sale. In addition, the securities may be sold by us directly or through dealers or agents that we may designate from time to time. If we, directly or through agents, solicit offers to purchase the securities, we reserve the sole right to accept and, together with our agents, to reject, in whole or in part, any of those offers.

A prospectus supplement will contain the names of the underwriters, dealers or agents, if any, together with the terms of offering, the compensation of those underwriters and the net proceeds to be received by First Merchants. Any underwriters, dealers or agents participating in the offering may be deemed “underwriters” within the meaning of the Securities Act of 1933.

WHERE YOU CAN FIND MORE INFORMATION

This prospectus is a part of a registration statement on Form S-3 that we filed with the SEC under the Securities Act of 1933. This prospectus does not contain all the information set forth in the registration statement, certain parts of which are omitted in accordance with the rules and regulations of the SEC. For further information with respect to us and the securities offered by this prospectus, reference is made to the registration statement, including the exhibits to the registration statement and the documents incorporated by reference.

We file annual, quarterly and current reports, proxy statements and other information with the SEC. Our filings are available to the public over the Internet at the SEC’s website at <http://www.sec.gov>. You may also read and copy any document we file with the SEC at its public reference facilities at 100 F Street, N.E., Washington, D.C. 20549. You can also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference facilities. Our SEC filings are also available at no cost on our website, <http://www.firstmerchants.com/about-us.cfm>, as soon as reasonably practicable after we file such documents with the SEC. Except for those SEC filings, none of the other information on our website is part of this prospectus. Our SEC filings are also available at the office of the NASDAQ Global Select Market. For further information on obtaining copies of our public filings at the NASDAQ Global Select Market, you should call (212) 656-5060 or visit the NASDAQ Global Select Market website <http://www.nasdaq.com>. Our commission file number is 000-0712534.

We “incorporate by reference” into this prospectus the information First Merchants files with the SEC, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus. Some information contained in this prospectus updates the information incorporated by reference, and information that First Merchants files subsequently with the SEC will automatically update this prospectus. In other words, in the case of a conflict or inconsistency between information set forth in this prospectus and information incorporated by reference into this prospectus, you should rely on the

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information contained in the document that was filed later. We incorporate by reference the following documents (excluding any portions of such documents that have been “furnished” but not “filed” for purposes of the Securities Exchange Act of 1934, as amended, which we refer to as the “Exchange Act”):

- our annual report on Form 10-K, as amended, for the fiscal year ended December 31, 2008;
- our current reports on Form 8-K filed with the SEC on January 2, 2009, January 26, 2009, February 9, 2009, February 17, 2009, February 23, 2009, March 5, 2009 and March 31, 2009, respectively; and
- the description of our common stock contained in our Form 8-A Registration Statement filed with the SEC on July 18, 1988 pursuant to Section 12 of the Securities Exchange Act of 1934, as amended from time to time (the “Exchange Act”), including any amendment or report filed with the SEC for the purpose of updating such description.

We also incorporate by reference reports First Merchants files in the future under Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act (excluding any portions of any such documents that are “furnished” but not “filed” for purposes of the Exchange Act), including reports filed after the date of the initial filing of the registration statement and before the effectiveness of the registration statement, until we sell all of the securities offered by this prospectus or terminate this offering.

You may obtain any of these incorporated documents from us without charge, excluding any exhibits to these documents unless the exhibit is specifically incorporated by reference in such document, by requesting them from us in writing or by telephone at the following address:

First Merchants Corporation

200 East Jackson Street

Muncie, Indiana 47308-0792

Attention: Ms. Cynthia Holaday, Shareholder Relations Officer

(765) 747-1500

These incorporated documents may also be available on our web site at www.firstmerchants.com/about-us.cfm. Except for incorporated documents, information contained on our website is not a prospectus and does not constitute part of this prospectus.

FORWARD-LOOKING STATEMENTS

The following is a cautionary note about forward-looking statements. This prospectus (including any information we include or incorporate into this prospectus and in an accompanying prospectus supplement) contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements can include statements about estimated cost savings, plans and objectives for future operations, and expectations about performance as well as economic and market conditions and trends. These statements often can be identified by the use of words like “expect,” “may,” “could,” “intend,” “project,” “estimate,” “believe” or “anticipate.” We may include forward-looking statements in filings with the SEC, such as this prospectus, in other written materials, and in oral statements made by our senior management to analysts, investors, representatives of the media and others. It is intended that these forward looking statements speak only as of the date they are made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the forward-looking statement is made or to reflect the occurrence of unanticipated events. By their nature, forward-looking statements are based on assumptions and are subject to risks, uncertainties and other factors. Actual results may differ materially from those contained in a forward-looking statement.

Risks and uncertainties that could affect our future performance include, among others: our ability to execute our business plan; economic, market, operational, liquidity, credit and interest rate risks associated with our business; economic conditions generally and in the financial services industry; increased competition in the financial services industry either nationally or regionally, resulting in, among other things, credit quality deterioration; volatility and direction of market interest rates; governmental legislation and regulation, including changes in accounting regulation or standards; a weakening of the economy that could materially impact credit quality trends and the ability to generate loans; changes in the securities markets; new litigation or changes to existing litigation; changes in fiscal, monetary and tax policies; our ability to execute our business plan; and our ability to achieve loan and deposit growth.

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Before making an investment decision, you should carefully consider the risks described under “Risk Factors” in the applicable prospectus supplement and in our most recent annual report on Form 10-K, and in our updates to those risk factors in our quarterly reports on Form 10-Q, together with all of the other information appearing in this prospectus or incorporated by reference into this prospectus and any applicable prospectus supplement, in light of your particular investment objectives and financial circumstances. In addition to those risk factors, there may be additional risks and uncertainties of which management is not aware or focused on or that management deems immaterial. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. The trading price of our securities could decline due to any of these risks, and you may lose all or part of your investment.

FIRST MERCHANTS CORPORATION

We are a financial holding company organized in September 1982 and headquartered in Muncie, Indiana. Since being organized, we have grown to include five affiliate banks with eighty-two locations in twenty-four Indiana and three Ohio counties. In addition to our branch network, the First Merchants' delivery channels include ATMs, check cards, interactive voice response systems and internet technology. Our business activities are currently limited to one significant business segment, which is community banking.

Our bank subsidiaries include the following:

- First Merchants Bank, National Association in Delaware, Hamilton, Marion, Henry, Randolph, Union, Fayette, Wayne, Butler (OH), Jay, Adams, Wabash, Howard, and Miami counties;
- First Merchants Bank of Central Indiana, National Association in Madison County;
- Lafayette Bank and Trust Company, National Association in Tippecanoe, Carroll, Jasper, and White counties;
- Commerce National Bank in Franklin and Hamilton counties in Ohio; and
- Lincoln Bank in Brown, Clinton, Hendricks, Johnson, Montgomery, and Morgan counties.

We plan to merge Lincoln Bank with First Merchants Bank of Central Indiana under the First Merchants of Central Indiana charter and have applied to the Office of the Comptroller of the Currency for approval of such merger.

We also operate First Merchants Trust Company, National Association, a trust and asset management services company, and First Merchants Insurance Services, Inc., a full-service property, casualty, personal lines, and employee benefit insurance agency headquartered in Muncie, Indiana. In addition, we operate First Merchants Reinsurance Co. Ltd., a small life reinsurance company whose primary business includes underwriting short-duration contracts of credit life and accidental and health insurance policies and debt cancellation contracts.

Through our bank subsidiaries, we offer a broad range of financial services, including accepting time, savings and demand deposits; making consumer, commercial, agri-business and real estate mortgage loans; renting safe deposit facilities; providing personal and corporate trust services; providing full-service brokerage; and providing other corporate services, including letters of credit and repurchase agreements. Through various non-bank subsidiaries, we also offer personal and commercial lines of insurance and engage in the title agency business and the reinsurance of credit life, accident, and health insurance.

As of December 31, 2008, we had consolidated assets of \$4.8 billion, consolidated deposits of \$3.7 billion, and stockholders' equity of \$396 million. As of December 31, 2008, First Merchants and its subsidiaries had 1,367 full-time equivalent employees.

Our principal office is located at 200 East Jackson Street, Muncie, Indiana 47305-2814 and our telephone number is (765) 747-1500.

Acquisition Policy

We anticipate we will continue our policy of geographic expansion of our banking business through the acquisition of banks whose operations are consistent with our banking philosophy. Our management routinely explores opportunities to acquire financial institutions and other financial services-related businesses and to enter into strategic alliances to expand the scope of our services and customer base.

USE OF PROCEEDS

We expect to use the net proceeds from the sale of any securities for general corporate purposes (other than proceeds from sales by any selling security holders), which may include:

- investing in, or extending credit to, our operating subsidiaries;
- investments at the holding company level;

- reducing or refinancing existing debt;
- possible acquisitions;
- stock repurchases; and
- other purposes as described in any prospectus supplement.

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Pending such use, we may temporarily invest the net proceeds of any offering. The precise amounts and timing of the application of proceeds will depend upon our funding requirements and the availability of other funds. Except as indicated in a prospectus supplement, allocations of the proceeds to specific purposes will not have been made at the date of that prospectus supplement.

In the event the sale of any securities is undertaken by the selling security holders, we will not receive any proceeds from such sales.

We continually evaluate possible business combination opportunities. As a result, future business combinations involving cash, debt or equity securities may occur. Any future business combination or series of business combinations that we might undertake may be material, in terms of assets acquired, liabilities assumed or otherwise, to our financial condition.

CONSOLIDATED RATIO OF EARNINGS TO FIXED CHARGES

AND CONSOLIDATED RATIO OF EARNINGS TO COMBINED FIXED CHARGES

AND PREFERRED STOCK DIVIDENDS

The following table sets forth our consolidated ratio of earnings to fixed charges and our consolidated ratio of earnings to combined fixed charges and preferred stock dividends on a historical basis for the periods indicated. For purposes of computing these ratios, earnings represent income before taxes and fixed charges. Fixed charges, excluding interest on deposits, consist of interest expense, excluding interest on deposits, and one-third of rental expense for all operating leases, which we believe to be representative of the interest portion of rent expense. Fixed charges, including interest on deposits, consist of interest expense, one third of rental expense and interest on deposits. The term "preferred stock dividends" is the amount of pre-tax earnings that is required to pay dividends on First Merchants' outstanding preferred stock.

	For the Years Ended December 31,				
	2008	2007	2006	2005	2004
Consolidated ratio of earnings to fixed charges:					
Including deposit interest	2.22	2.50	2.69	3.07	3.26
Excluding deposit interest	1.32	1.36	1.43	1.65	1.81
Consolidated ratio of earnings to combined fixed charges and preferred stock dividends:					
Including deposit interest	2.22	2.50	2.69	3.07	3.26
Excluding deposit interest	1.32	1.36	1.43	1.65	1.81

REGULATION AND SUPERVISION

General

As a registered bank holding company and financial holding company, we are subject to inspection, examination and supervision by the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956. Each of our bank subsidiaries, other than Lincoln Bank, are national banks and are subject to extensive supervision, examination and regulation by the Office of the Comptroller of the Currency. Lincoln Bank is an Indiana commercial bank and is supervised, regulated and examined by the Indiana Department of Financial Institutions and the Federal Deposit Insurance Corporation. Because we are a holding company, our rights and the rights of our creditors and securityholders, including the holders of the securities we are offering under this prospectus, to participate in the assets of any of our subsidiaries upon the subsidiary's liquidation or reorganization will be subject to the prior claims of the subsidiary's creditors, except to the extent that we may ourselves be a creditor with recognized claims against the subsidiary. In addition, there are various statutory and regulatory limitations on the extent to which our bank subsidiaries can finance or otherwise transfer funds to us or to our nonbank subsidiaries, whether in the form of loans, extensions of credit, investments or asset purchases. Those transfers by our banking subsidiaries to us or any of our nonbanking subsidiaries are

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limited in amount to 10% of such banking subsidiary's capital and surplus and, with respect to us and all such nonbank subsidiaries, to an aggregate of 20% of such banking subsidiary's capital and surplus. Furthermore, loans and extensions of credit are required to be secured in specified amounts and are required to be on terms and conditions consistent with safe and sound banking practices.

In addition, national banking laws restrict the amount of dividends that a national bank may declare in a year without obtaining prior regulatory approval. National banks are limited to the bank's retained net income (as defined) for the current year plus those for the previous two years. At December 31, 2008, First Merchants' affiliate banks had a total of \$42,856,000 retained net profits available for 2009 dividends to First Merchants without prior regulatory approval.

Under the policies of the Board of Governors of the Federal Reserve System, we are expected to act as a source of financial and managerial strength to our subsidiary banks and to commit resources to support our subsidiary banks in circumstances where we might not do so absent such a policy. In addition, subordinated loans by us our subsidiary banks would be subordinate in right of payment to depositors and other creditors of our subsidiary banks. Further, in the event of our bankruptcy, any commitment by us to our regulators to maintain the capital of our subsidiary banks would be assumed by the bankruptcy trustee and entitled to priority of payment.

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For a discussion of the material elements of the regulatory framework applicable to bank holding companies, financial holding companies and their subsidiaries, and specific information relevant to us, refer to our Annual Report on Form 10-K for the year ended December 31, 2008, and any subsequent reports filed by us with the SEC, which are incorporated by reference in this prospectus. This regulatory framework is intended primarily for the protection of depositors and the deposit insurance funds that insure deposits of banks, rather than for the protection of security holders. A change in the statutes, regulations or regulatory policies applicable to us or our subsidiaries may have a material effect on our business.

Recent Legislative and Regulatory Initiatives to Address Financial and Economic Crises

The Troubled Asset Relief Program: Capital Purchase Program

Congress, the United States Department of the Treasury (“Treasury”) and the federal banking regulators, including the FDIC, have taken broad action since early September 2008 to address volatility in the U.S. banking system and financial markets.

In October 2008, the Emergency Economic Stabilization Act of 2008 (“EESA”) was enacted. The EESA authorizes Treasury to purchase from financial institutions and their holding companies up to \$700 billion in mortgage loans, mortgage-related securities and certain other financial instruments, including debt and equity securities issued by financial institutions and their holding companies in a troubled asset relief program (“TARP”). The purpose of TARP is to restore confidence and stability to the U.S. banking system and to encourage financial institutions to increase their lending to customers and to each other. Treasury has allocated \$250 billion towards the TARP Capital Purchase Program. Under the TARP Capital Purchase Program, Treasury will purchase debt or equity securities from participating institutions. TARP also will include direct purchases or guarantees of troubled assets of financial institutions. Participants in the TARP Capital Purchase Program are subject to executive compensation limits and are encouraged to expand their lending and mortgage loan modifications.

On February 20, 2009, as part of the TARP Capital Purchase Program, First Merchants entered into a Letter Agreement incorporating the Securities Purchase Agreement — Standard Terms (collectively, the “Purchase Agreement”) with Treasury, pursuant to which First Merchants sold (i) 116,000 shares of First Merchants’ Fixed Rate Cumulative Perpetual Preferred Stock, Series A (“Series A Preferred Stock”) and (ii) a warrant (“Treasury Warrant”) to purchase 991,453 shares of First Merchants’ common stock, \$.125 stated value per share, for an aggregate purchase price of \$116 million in cash. The issuance and sale of these securities was a private placement exempt from registration pursuant to Section 4(2) of the Securities Act.

The Series A Preferred Stock will qualify as Tier 1 capital and will be entitled to cumulative dividends at a rate of 5% per annum for the first five years, and 9% per annum thereafter. The Series A Preferred Stock may be redeemed by First Merchants after three years. Prior to the end of three years, the Series A Preferred Stock may be redeemed by First Merchants only with proceeds from the sale of qualifying equity securities of First Merchants. The Treasury Warrant has a 10-year term and is immediately exercisable upon its issuance, with an exercise price, subject to anti-dilution adjustments, equal to \$17.55 per share of common stock. Please see the descriptions of the Series A Preferred Stock and the Treasury Warrant under the “Description of Capital Stock — Preferred Stock — Series A Preferred Stock” and “Description of Warrants — Treasury Warrant”, respectively.

Deposit Insurance

First Merchants’ affiliated banks are insured up to regulatory limits by the FDIC; and, accordingly, are subject to deposit insurance assessments to maintain the Deposit Insurance Fund administered by the FDIC. The FDIC has adopted regulations establishing a permanent risk-related deposit insurance assessment system. Under this system, the FDIC places each insured bank in one of four risk categories based on (i) the bank’s capital evaluation and (ii) a supervisory evaluations provided to the FDIC by the bank’s primary federal regulator. Each insured bank’s base annual assessment rate is then determined by the risk category in which it is classified by the FDIC.

Under EESA, FDIC deposit insurance on most accounts is temporarily increased from \$100,000 to \$250,000. This increase is in place until the end of 2009 and is not covered by deposit insurance premiums paid by the banking industry.

The Temporary Liquidity Guarantee Program

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Following a systemic risk determination, on October 14, 2008, the FDIC established the Temporary Liquidity Guarantee Program ("TLGP"). The TLGP includes the Transaction Account Guarantee Program ("TAGP"), which provides unlimited deposit insurance coverage through December 31, 2009 for noninterest-bearing transaction accounts (typically business checking accounts) and certain funds swept into noninterest-bearing savings accounts. Institutions participating in the TAGP pay a 10 basis points fee (annualized) on the balance of each covered account in excess of \$250,000, while the extra deposit insurance is in place. The TLGP also includes the Debt Guarantee Program ("DGP"), under which the FDIC guarantees certain senior unsecured debt of FDIC-insured institutions and their holding companies. The unsecured debt must be issued on or after October 14, 2008 and not later than June 30, 2009, and the guarantee is effective through the earlier of the maturity date or June 30, 2012. The DGP coverage limit is generally 125% of the eligible entity's eligible debt outstanding on September 30, 2008 and scheduled to mature on or before June 30, 2009 or, for certain insured institutions, 2% of their total liabilities as of September 30, 2008. Depending on the term of the debt maturity, the nonrefundable DGP fee ranges from 50 to 100 basis points (annualized) for covered debt outstanding until the earlier of maturity or June 30, 2012. The TAGP and the DGP are in effect for all eligible entities, unless the entity opted out on or before December 5, 2008. On March 17, 2009, the FDIC extended the DGP to June 30, 2009 from the original expiration date of April 30, 2009. In addition, beginning in the second quarter of 2009, the FDIC determined to impose a surcharge on debt issued under the DGP with a maturity of one-year or more. We elected to not opt-out of either the TAGP or the DGP and, as a result, are eligible to participate in both programs.

DESCRIPTION OF CAPITAL STOCK

We have summarized the material terms and provisions of our capital stock in this section, which descriptions are qualified in their entirety by reference to the applicable provisions of Indiana law and by First Merchants' articles of incorporation and bylaws. We have filed complete copies of our articles of incorporation and bylaws, each as amended, as exhibits to our annual report on Form 10-K/A for the year ended December 31, 2008. You should read our articles of incorporation and bylaws for additional information before you buy our common stock, preferred stock, depositary shares, or any securities which may be exercised or exchangeable for or converted into our common stock, preferred stock, or depositary shares.

Common Stock

Authorized Common Stock

As of February 27, 2009, our authorized common stock, \$0.125 stated value per share, was 50,000,000 shares, of which 21,178,488 shares were issued and outstanding. Shares of our common stock, when issued against full payment of the purchase price, and shares of our common stock issuable upon conversion, exchange or exercise of any of the other securities offered by this prospectus, will be validly issued, fully paid and non-assessable.

General

Voting Rights. The holders of our common stock are entitled to one vote for each share of common stock held of record by them on all matters to be voted on by shareholders, except

- (a) shares of common stock are not entitled to a vote if such shares are owned, directly or indirectly, by another corporation and we own, directly or indirectly, a majority of the shares entitled to vote for directors of such corporation; *provided, however*, such limitation on voting does not limit our power to vote shares of our common stock held by us in or for an employee benefit plan or in any other fiduciary capacity, or
- (b) to the extent shares are control shares acquired in a control share acquisition within the meaning of Chapter 42 of the Indiana Business Corporation Law, such shares have voting rights only to the extent granted by resolution approved by our shareholders in accordance with Section 23-1-42-9 of the Indiana Business Corporation Law.

The holders of our common stock are not entitled to cumulative voting rights. Under the Indiana Business Corporation Law, directors are elected by a plurality of the votes cast by shares entitled to vote in an election at which a quorum is present. Our bylaws provide that for all other shareholder votes, when a quorum is present at any meeting, the vote of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which, by express provision of the Indiana Business Corporation Law, our Articles or our bylaws, a greater vote is required, in which case such express provision shall govern and control the decision of such question.

Dividends. Subject to the rights of any series of preferred stock authorized by the board of directors as provided by our Articles, the holders of our common stock are entitled to dividends as and when declared by the board of directors out of funds legally available for the payment of dividends.

Liquidation. In the event of our liquidation or dissolution, subject to the rights of any outstanding series of preferred stock, the holders of our common stock are entitled to share in all assets remaining for distribution to common shareholders according to their interests.

Other Rights. Holders of our common stock have no preemptive or other subscription rights, and the shares of our common stock are not subject to any further calls or assessments by us. There are no conversion rights or sinking fund provisions applicable to the shares of our common stock.

Listing. Our common stock is listed on the NASDAQ Global Select Market under the symbol "FRME." The transfer agent for our common stock is American Stock Transfer & Trust Company, 6201 15th Street, Brooklyn, New York 10038.

Preferred Stock

Authorized Preferred Stock

Our authorized preferred stock consists of 500,000 shares of preferred stock, without par value, of which 116,000 shares relate to our Fixed Rate Cumulative Perpetual Preferred Stock, Series A ("Series A Preferred Stock"). As of February 27, 2009, 116,000 shares of Series A Preferred Stock were issued and outstanding, and 384,000 shares of preferred stock remained available for issuance.

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On February 20, 2009, we issued 116,000 shares of our Series A Preferred Stock to Treasury for a total purchase price of \$116 million in connection with Treasury's TARP Capital Purchase Program. In connection with the Series A Preferred Stock purchase by Treasury, we also issued Treasury a warrant to purchase 991,453 shares of our common stock at a per share exercise price of \$17.55. A description of the Series A Preferred Stock is set forth below under the heading "**Preferred Stock — Series A Preferred Stock.**"

General

Under our articles of incorporation and the Indiana Business Corporation Law, preferred stock may be issued from time to time in one or more series, upon board authorization and without shareholder approval. Within certain legal limits, the board is authorized to establish the terms of series of preferred stock and the relative rights, preferences, limitations or restrictions of any such series. As a result, the board of directors, without shareholder approval, could authorize preferred stock to be issued with voting, conversion and other rights that could adversely affect the voting power and other rights of common shareholders or other outstanding series of preferred stock.

Each series of preferred stock will have the dividend, liquidation, redemption and voting rights described below unless otherwise described in a prospectus supplement pertaining to a specific series of preferred stock; provided that any authorized share of preferred stock shall be equal to every other share of preferred stock and shall participate equally with other shares of preferred stock. The applicable prospectus supplement will describe the following terms of the series of preferred stock in respect of which this prospectus is being delivered:

- the designation of that series and the number of shares offered;
- the amount of the liquidation preference, if any, per share or the method of calculating the amount;
- the initial public offering price at which shares of that series will be issued;
- the dividend rate, if any, or the method of calculating the rate and the dates on which dividends will begin to cumulate, if applicable;
- any redemption or sinking fund provisions;
- any conversion or exchange rights;
- any voting or additional rights, preferences, privileges, qualifications, limitations and restrictions;
- any securities exchange listing;
- the relative ranking and preferences of that series as to dividend rights and rights upon liquidation, dissolution or winding up of First Merchants; and
- any other terms of that series.

Shares of our preferred stock, when issued against full payment of the purchase price, and shares of our preferred stock issuable upon conversion, exchange or exercise of any of the other securities offered by this prospectus, will be validly issued, fully paid and non-assessable.

When appropriate, the applicable prospectus supplement will describe the United States federal income tax considerations relevant to the preferred stock.

Rank. Each series of preferred stock shall be equal to every other share of preferred stock and shall participate equally with other shares of preferred stock.

Dividends. Holders of each series of preferred stock will be entitled to receive, when, as and if our board declares, cash dividends, payable at the dates and at the rates per share as described in the applicable prospectus supplement. Those rates may be fixed, variable or both.

Dividends may be cumulative or non-cumulative, as described in the applicable prospectus supplement. If dividends on a series of preferred stock are non-cumulative and if our board fails to declare a dividend for a dividend period for that series, then holders of that preferred stock will have no right to receive a dividend for that dividend period, and we will have no obligation to pay the dividend for that period, whether or not dividends are declared for any future dividend payment dates. If dividends on a series of preferred stock are cumulative, the dividends on those shares will accrue from and after the date mentioned in the applicable prospectus supplement.

Redemption. The terms on which any series of preferred stock may be redeemed will be in the applicable prospectus supplement. All shares of preferred stock which we redeem, purchase or acquire, including shares surrendered for conversion or exchange, will be retired and restored to the status of authorized but unissued shares, but may be reissued only as a part of the preferred stock other than the series of which they were originally a part.

Liquidation. In the event of our voluntary or involuntary liquidation, dissolution or winding up, preferred shareholders of any particular series will be entitled, subject to creditors' rights and holders of any series of preferred stock ranking senior as to liquidation rights, but before any distribution to common shareholders or holders of any series of preferred stock ranking junior as to liquidation rights, to receive

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a liquidating distribution in the amount of the liquidation preference, if any, per share as mentioned in the applicable prospectus supplement, plus accrued and unpaid dividends for the current dividend period. This would include any accumulation of unpaid dividends for prior dividend periods, if dividends on that series of preferred stock are cumulative. If the amounts available for distribution upon our liquidation, dissolution or winding up are not sufficient to satisfy the full liquidation rights of all the outstanding preferred stock of that series and all stock ranking equal to that series of preferred stock, then the holders of each series of that stock will share ratably in any distribution of assets in proportion to the full respective preferential amount, which may include accumulated dividends, to which they are entitled. After the full amount of the liquidation preference is paid, the holders of preferred stock will not be entitled to any further participation in any distribution of our assets.

Voting. The voting rights of preferred stock of any series will be described in the applicable prospectus supplement. Under Indiana law, regardless of whether a class or a series of shares is granted voting rights by the terms of our articles of incorporation, the shareholders of that class or series are entitled to vote as a separate voting group, or together with other similarly affected series, on certain amendments to our articles of incorporation and certain other fundamental changes that directly affect that class or series.

Under regulations of the Federal Reserve Board, if the holders of any series of preferred stock become entitled to vote for the election of directors because dividends on that series are in arrears, that series may then be deemed a “class of voting securities,” and a holder of 25% or more of that series (or a holder of 5% or more if it otherwise exercises a “controlling influence” over First Merchants) may then be subject to regulation as a bank holding company. In addition, in that event:

- any bank holding company may be required to obtain Federal Reserve Board approval, and any foreign bank, and any company that controls a foreign bank, that has certain types of U.S. banking operations may be required to obtain Federal Reserve Board approval under the International Banking Act of 1978, to acquire 5% or more of that series of preferred stock; and
- any person other than a bank holding company may be required to obtain Federal Reserve Board approval under the Change in Bank Control Act of 1978 to acquire 10% or more of that series of preferred stock.

Conversion or Exchange. The terms on which preferred stock of any series may be converted into or exchanged for another class or series of securities will be described in the applicable prospectus supplement.

Other Rights. The shares of a series of preferred stock may have the preferences, voting powers or relative, participating, optional or other special rights as may be described in the applicable prospectus supplement, our articles of incorporation, or as otherwise required by law. The holders of preferred stock will not have any preemptive rights to subscribe to any of our securities.

Title. First Merchants, any transfer agent and registrar for a series of preferred stock, and any of their agents may treat the registered owner of that preferred stock as the absolute owner of that stock, whether or not any payment for that preferred stock shall be overdue and despite any notice to the contrary, for any purpose.

Transfer Agent and Registrar. Unless the applicable prospectus supplement specifies otherwise, we will be the transfer agent, registrar and dividend disbursement agent for each series of preferred stock.