

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 11-K

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

For the fiscal year ended December 31, 2007

OR

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

Commission file number 0-17071

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

First Merchants Corporation  
Retirement Savings Plan

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

First Merchants Corporation  
200 East Jackson Street  
Muncie, Indiana 47305

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement of First Merchants Corporation on Form S-8 (File Number 333-50484) of our report dated May 31, 2008, of our audit on the financial statements of First Merchants Corporation Retirement Income and Savings Plan for the year ended December 31, 2007, which report is included in its Annual Report on Form 11-K.

BKD, LLP

Indianapolis, Indiana  
May 31, 2008

First Merchants Corporation  
Retirement Income and Savings Plan  
EIN 35-1544218 PN 002

Accountants' Report and Financial Statements  
December 31, 2007 and 2006

First Merchants Corporation  
Retirement Income and Savings Plan  
December 31, 2007 and 2006

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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, 2007 and 2006, 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of First Merchants Retirement Income and Savings Plan as of December 31, 2007 and 2006, 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.

The accompanying supplemental schedule is presented for the purpose of additional analysis and 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. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Indianapolis, Indiana  
May 31, 2008

Federal Employer Identification Number: 44-0160260

First Merchants Corporation  
 Retirement Income and Savings Plan  
 Statements of Net Assets Available for Benefits  
 December 31, 2007 and 2006

Assets	2007	2006
	-----	-----
Investments, at fair market value		
Common stock	\$ 898,880	\$ 1,180,998
Mutual funds	41,109,136	38,478,653
Collective investment fund	1,917,967	1,971,563
Money market funds	2,383,076	1,897,754
Participant loans	70,133	139,879
	-----	-----
Total investments	46,379,192	43,668,847
	-----	-----
Receivables		
Accrued income	15,511	14,311
Employer contributions	1,467,396	1,399,525
	-----	-----
Total receivables	1,482,907	1,413,836
	-----	-----
Cash	17,229	17,355
	-----	-----
Total assets	47,879,328	45,100,038
	-----	-----
Liabilities		
Excess contributions refundable	-	5,468
	-----	-----
Net Assets Available at Fair Market Value		
Adjustment from fair value to contract value for interest in collective trust relating to fully benefit-responsive	47,879,328	45,094,570
investment contracts	(9,487)	19,716
	-----	-----
Net Assets Available for Benefits	\$47,869,841	\$45,114,286
	=====	=====

See Notes to Financial Statements

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First Merchants Corporation  
 Retirement Income and Savings Plan  
 Statements of Changes in Net Assets Available for Benefits  
 Years Ended December 31, 2007 and 2006

	2007	2006
Investment Income		
Net appreciation (depreciation) in fair value of investments	(1,638,645)	2,478,543
Interest and dividends	4,251,214	2,298,773
Net investment income	2,612,569	4,777,316
Contributions		
Participants	2,864,855	2,828,581
Employer	2,394,262	2,312,050
Rollovers	324,418	650,796
Other contributions	10,636	-
Total additions	5,594,171	5,791,427
Deductions - benefits paid to participants	5,451,185	3,847,666
Net Increase	2,755,555	6,721,077
Net Assets Available for Benefits, Beginning of Year	45,114,286	38,393,209
Net Assets Available for Benefits, End of Year	\$47,869,841	\$45,114,286

First Merchants Corporation  
Retirement Income and Savings Plan  
Notes to Financial Statements  
December 31, 2007 and 2006

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 is the trustee and recordkeeper of the Plan. In October 2006, the assets were transferred from Mid Atlantic Capital Corporation to Fidelity. Fidelity is now the custodian for a majority of the Plan's assets.

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. Effective January 1, 2007, the Plan will accept 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:

- o Retirement security contributions: range from 2% of pay to 7% of pay based on years of service. The participant must have 1,000 hours of service and be employed at the end of the plan year.
- o Matching contributions: 50% of the first 6% of employees' eligible compensation for all participating employees.
- o 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 will only be applicable through the 2009 plan year.

First Merchants Corporation  
Retirement Income and Savings Plan  
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December 31, 2007 and 2006

The entry date for retirement security and transition contributions is March 1, 2005, and each subsequent January 1. 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.

#### 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 benefits 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. In 2006, the vesting in the retirement security contribution portion of their account plus earnings was 100% after five 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. Effective January 1, 2007, the Plan was amended to change the vesting of the Corporation's retirement security contribution portion of participant's accounts to 100% after three years of credited 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.

#### 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. At December 31, 2007 and 2006, plan assets include approximately \$55,900 and \$39,600, respectively, allocated to accounts of terminated or retired participants who have elected to withdraw from the Plan but have not yet been paid.



First Merchants Corporation  
Retirement Income and Savings Plan  
Notes to Financial Statements  
December 31, 2007 and 2006

#### 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.

#### Note 2: Summary of Significant Accounting Policies

##### Method of Accounting

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

##### 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.

As described in Financial Accounting Standards Board Staff Position, FSP AAG INV-1 and SOP 94-4-1, Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans (the FSP), 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. As required by the FSP, the Statement of Net Assets Available for Benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis. The FSP was effective for financial statements for the years ending after December 15, 2006.

##### Valuation of Investments and Income Recognition

Quoted market prices, if available, are used to value investments. Participant loans and money market funds are valued at cost, which approximates market. 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.

First Merchants Corporation  
Retirement Income and Savings Plan  
Notes to Financial Statements  
December 31, 2007 and 2006

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.

#### Plan Tax Status

The Plan obtained its latest determination letter in September 2001, 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 and restated since receiving 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.

#### Payment of Benefits

Benefit payments to participants are recorded upon distribution.

#### Participant Loans

Effective March 1, 2005, participant loans were acquired from merged plans. Participant loans have never been allowed in the Plan. Effective March 1, 2005, no new loans will be granted under the Plan with respect to any merged plan that had an active loan program. Any outstanding loan will continue to be repaid based on the term of the loan from the merged plan.

#### Administrative Expenses

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

First Merchants Corporation  
 Retirement Income and Savings Plan  
 Notes to Financial Statements  
 December 31, 2007 and 2006

Note 3: Investments

At December 31, 2007, 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:

	2007	
	Net Depreciation in Fair Value During Year	Fair Value at End of Year
	-----	-----
Investments at fair value		
Common stock	\$ (207,150)	\$ 898,880
Mutual funds	(1,431,495)	41,109,136
Federated Capital Preservation Fund	-	1,917,967
Investments at cost, which approximates market		
Money market fund	-	2,383,076
Participant loans	-	70,133
	-----	-----
	\$(1,638,645)	\$46,379,192
	=====	=====

First Merchants Corporation  
 Retirement Income and Savings Plan  
 Notes to Financial Statements  
 December 31, 2007 and 2006

	2006	
	Net Appreciation in Fair Value During Year	Fair Value at End of Year
Investments at fair value		
Common stock	\$ 56,851	\$ 1,180,998
Mutual funds	2,421,692	38,478,653
Federated Capital Preservation Fund	-	1,971,563
Investments at cost, which approximates market		
Money market fund	-	1,897,754
Participant loans	-	139,879
	\$2,478,543	\$43,668,847
	\$2,478,543	\$43,668,847

Interest and dividends realized on the Plan's investments for the years ended 2007 and 2006 were \$4,251,214 and \$2,298,773, respectively.

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

	2007	2006
American Funds Amcap Fund	\$5,662,008	\$5,531,041
Goldman Sachs Mid Cap Equity Fund	4,462,526	4,500,401
MFS Value Fund	5,427,506	5,068,479
Oppenheimer Main Street Fund	2,741,236	2,770,000
PIMCO Total Return Fund	2,565,006	2,432,313
Oppenheimer Small & Mid Cap Value Fund	3,743,401	3,646,415

First Merchants Corporation  
 Retirement Income and Savings Plan  
 Notes to Financial Statements  
 December 31, 2007 and 2006

Note 4: 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 invests in First Merchants Corporation common stock. Activity at fair value was as follows:

	First Merchants Corporation Common Stock -----
Balance, January 1, 2006	\$1,073,188
Changes	107,810 -----
Balance, December 31, 2006	1,180,998
Changes	(282,118) -----
Balance, December 31, 2007	\$ 898,880 =====

The Corporation provides certain administrative services at no cost to the Plan.

Note 5: Plan Amendments

Effective January 1, 2007, the Plan was amended to change the vesting of the Corporation's retirement security contribution portion of participant's accounts to 100% after three years of credited service from 100% after five years of credited service.

Also effective January 1, 2007, the Plan was amended to accept Roth 401(k) elective deferrals made on behalf of participants.

Supplemental Schedule

First Merchants Corporation  
 Retirement Income and Savings Plan  
 Schedule H, Line 4i - Schedule of Assets Held for Investment Purposes  
 at End of Year  
 December 31, 2007  
 Employer Identification Number: 35-1544218 Plan Number: 002

(a)(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) (e) Description of Investment Including Par or Maturity Value	Current Value
-----		
Common Stock		
*First Merchants Corporation	41,157 shares	\$ 898,880
-----		
Mutual Funds		
AIM Small Cap Equity Fund	86,122 shares	1,009,352
AIM Real Estate Fund	23,011 shares	525,115
American Funds Amcap Fund	183,810 shares	5,662,008
American Funds Europacific Fund	11,641 shares	582,760
American Funds High Income Trust Fund	69,042 shares	818,833
Federated Max-Cap Index Fund	92,997 shares	2,184,490
Fidelity Advisor Diversified International Fund	55,150 shares	1,191,232
Fidelity Advisor Freedom 2010 Fund	30,317 shares	376,236
Fidelity Advisor Freedom 2015 Fund	26,102 shares	328,361
Fidelity Advisor Freedom 2020 Fund	44,152 shares	607,093
Fidelity Advisor Freedom 2025 Fund	23,592 shares	314,957
Fidelity Advisor Freedom 2030 Fund	13,062 shares	190,960
Fidelity Advisor Freedom 2035 Fund	17,077 shares	235,491
Fidelity Advisor Freedom 2040 Fund	7,625 shares	114,680
Fidelity Advisor Freedom 2045 Fund	732 shares	8,454
Fidelity Advisor Freedom 2050 Fund	2,495 shares	28,762
First American Mid Cap Growth Opportunity Fund	37,195 shares	1,486,321
Franklin Limited Maturity U. S. Government Fund	160,680 shares	1,626,082
Goldman Sachs Mid Cap Equity Fund	127,428 shares	4,462,526
ING Index Plus Mid Cap Fund	75,623 shares	1,095,018

MFS Value Fund	204,889	shares	5,427,506
MFS International New Discovery Fund	43,664	shares	1,042,266
Oppenheimer Main Street Fund	75,850	shares	2,741,236
Oppenheimer Small & Mid Cap Value Fund	104,740	shares	3,743,401
PIMCO Foreign Bond Fund	25,535	shares	260,970
PIMCO Total Return Fund	239,944	shares	2,565,006
Putnam Small Cap Growth Fund	54,298	shares	1,055,010
Templeton Foreign Fund	115,013	shares	1,425,010
			-----
			41,109,136
			-----
Collective Investment Fund			
Federated Capital Preservation Fund	190,848	shares	1,917,967
			-----
Money Market Fund			
Federated Government Obligations Fund	2,383,076	shares	2,383,076
			-----
*Participant Loans	5.00% - 6.25%		70,133
			-----
			\$46,379,192
			=====

\*Party-in-interest