

Mail Stop 4561

November 21, 2008

Mr. Michael C. Rechin
President and Chief Executive Officer
First Merchants Corporation
200 East Jackson Street
Muncie, Indiana 47305

By U.S. Mail and facsimile to (317)236-9907

**Re: First Merchants Corporation
Form S-4
Filed September 24, 2008
File No. 333-153656**

**Form 10-K FYE December 31, 2007
File No. 000-17071**

Forms 10-Q FQE 3/31/2008, 6/30/2008 and 9/30/2008

Dear Mr. Rechin:

We have reviewed your filing and have the following comments. Where indicated, we think you should revise your document in response to these comments. If you disagree, we will consider your explanation as to why our comment is inapplicable or a revision is unnecessary. Please be as detailed as necessary in your explanation. In some of our comments, we may ask you to provide us with information so we may better understand your disclosure. After reviewing this information, we may raise additional comments.

The purpose of our review process is to assist you in your compliance with the applicable disclosure requirements and to enhance the overall disclosure in your filing. We look forward to working with you in these respects. We welcome any questions you may have about our comments or any other aspect of our review. Feel free to call us at the telephone numbers listed at the end of this letter.

Form S-4
Recent Developments, page 104

1. Please refer to the response to prior comment 2 of our November 7, 2008 letter and provide us a copy of the impairment analysis you performed under SFAS 142 and SFAS 144 on your intangible assets as referenced in your response.

Lincoln Bancorp and Subsidiary Financial Statements, beginning on page F-1
Note 2. Investment Securities, page F-35

2. We note your response to prior comment 5 of our November 7, 2008 letter. In order to help us understand the basis for your determinations, please provide us a detailed analysis of how you determined your corporate obligations where not other-than-temporarily impaired. In your response, please identify the issuer(s) and describe how you considered the severity and the duration of the unrecognized loss and illiquid markets in your analysis. It may be helpful to provide us the cash flow analysis and trustee reports you relied on in performing your analysis.

Note 4. Disclosures About Fair Values of Assets and Liabilities, page F-37

3. Please refer to the response to prior comment 6 of our November 7, 2008 letter. We note that you use third party vendors to compile prices for your investment securities and that you determine the securities levelization under SFAS 157 based on such pricing information. Paragraph 22 of SFAS 157 indicates that the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety, and thus it is unrelated to whether a third party vendor is used to price the financial instrument. Thus, classification is based upon the assumptions and inputs used to value the instrument and whether they are based on market observable inputs, or unobservable inputs. Please address the following:
 - Please tell us how you concluded that there was not a significant input into the valuation methodology used by third party vendors that was based on unobservable data.
 - Please tell us and revise future filings to disclose the specific procedures management uses to validate the pricing received from third party vendors, including the material assumptions used to arrive at the prices.
 - Please revise your future filings to ensure that your disclosure does not imply that the classification in the fair value hierarchy is based upon whether the value is determined based on a third party vendor. Instead, please provide disclosure

discussing the techniques used, the data used for the inputs/assumptions, and whether the inputs/assumptions are based on unobservable inputs, and how this information drove the classification in the fair value hierarchy.

First Merchants Corporation

Form 10-Q for the Period Ended September 30, 2008

Note 3. Disclosures About Fair Values of Assets and Liabilities, page 11

4. Please refer to the response to prior comment 7 of our November 7, 2008 letter. We note that you use third party vendors to compile prices for your investment securities and that you determine the securities levelization under SFAS 157 based on such pricing information. Paragraph 22 of SFAS 157 indicates that the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety, and thus it is unrelated to whether a third party vendor is used to price the financial instrument. Thus, classification is based upon the assumptions and inputs used to value the instrument and whether they are based on market observable inputs, or unobservable inputs. Please address the following:
- Please tell us how you concluded that there was not a significant input into the valuation methodology used by third party vendors that was based on unobservable data.
 - Please tell us and revise future filings to disclose the specific procedures management uses to validate the pricing received from third party vendors, including the material assumptions used to arrive at the prices.
 - Please revise your future filings to ensure that your disclosure does not imply that the classification in the fair value hierarchy is based upon whether the value is determined based on a third party vendor. Instead, please provide disclosure discussing the techniques used, the data used for the inputs/assumptions, and whether the inputs/assumptions are based on unobservable inputs, and how this information drove the classification in the fair value hierarchy.

Note 4. Investment Securities, page 13

5. We note your response to prior comment 9 of our November 7, 2004. In order to help us understand the basis for your determinations, please provide us a detailed analysis of how you determined your marketable equity securities were not other-than-temporarily impaired. In your response, please identify the investee(s) and describe how you considered the severity and the duration of the unrecognized loss, illiquid markets and future cash flows in your analysis.

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As appropriate, please amend your registration statement in response to these comments. You may wish to provide us with marked copies of the amendment to expedite our review. Please furnish a cover letter with your amendment that keys your responses to our comments and provides any requested information. Detailed cover letters greatly facilitate our review. Please understand that we may have additional comments after reviewing your amendment and responses to our comments.

We urge all persons who are responsible for the accuracy and adequacy of the disclosure in the filing reviewed by the staff to be certain that they have provided all information investors require for an informed decision. Since the company and its management are in possession of all facts relating to a company's disclosure, they are responsible for the accuracy and adequacy of the disclosures they have made.

In connection with responding to our comments, please provide, in writing, a statement from the company and each filing person acknowledging that:

- the company or filing person is responsible for the adequacy and accuracy of the disclosure in the filing;
- staff comments or changes to disclosure in response to staff comments do not foreclose the Commission from taking any action with respect to the filing; and
- the company or filing person may not assert staff comments as a defense in any proceeding initiated by the Commission or any person under the federal securities laws of the United States.

In addition, please be advised that the Division of Enforcement has access to all information you provide to the staff of the Division of Corporation Finance in our review of your filing or in response to our comments on your filing.

You may contact Paul Cline at (202) 551- 3851 or Kevin Vaughn at 202-551-3494 if you have questions regarding comments on the financial statements and related matters. Please contact either Jessica Livingston at (202) 551-3448 or me at (202) 551-3434 with any other questions.

Sincerely,

Michael Clampitt
Senior Counsel

cc: David R. Prechtel
Bingham McHale LLP
2700 Market Tower
10 West Market Street
Indianapolis, Indiana 46204

David A. Butcher
Bose McKinney & Evans LLP
111 Monument Circle
Suite 2700
Indianapolis, Indiana 46204