

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

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

DATE OF REPORT (Date of earliest event reported): July 28, 2010

Commission File Number 0-17071

FIRST MERCHANTS CORPORATION

(Exact name of registrant as specified in its charter)

INDIANA
(State or other jurisdiction of incorporation)

35-1544218
(IRS Employer Identification No.)

**200 East Jackson Street
P.O. Box 792
Muncie, IN 47305-2814**
(Address of principal executive offices, including zip code)

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

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

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

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

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On July 28, 2010, First Merchants Corporation will conduct a second quarter earnings conference call and web cast on Wednesday, July 28, 2010 at 2:30 p.m. (ET). A copy of the slide presentation utilized on the conference call is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(a) Not applicable.

(b) Not applicable.

(c) Exhibits.

Exhibit 99.1 Slide presentation, utilized July 28, 2010, during conference call and web cast by First Merchants Corporation

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

First Merchants Corporation
(Registrant)

By: /s/ Mark K. Hardwick
Mark K. Hardwick
Executive Vice President and Chief Financial Officer
(Principal Financial and Principal Accounting Officer)

Dated: July 28, 2010

EXHIBIT INDEX

Exhibit No.

Description

99.1

Slide presentation, utilized July 28, 2010, during conference call and web cast by First Merchants Corporation



First Merchants Corporation

2nd Quarter 2010
Earnings Call

July 28, 2010

THE STRENGTH OF BIG.
THE SERVICE OF SMALL.



Michael C. Rechin

President
and Chief Executive Officer



Forward-Looking Statement

The Corporation may make forward-looking statements about its relative business outlook. These forward-looking statements and all other statements made during this meeting that do not concern historical facts are subject to risks and uncertainties that may materially affect actual results.

Specific forward-looking statements include, but are not limited to, any indications regarding the financial services industry, the economy and future growth of the balance sheet or income statement.

Please refer to our press releases, Form 10-Qs and 10-Ks concerning factors that could cause actual results to differ materially from any forward-looking statements.



2nd Quarter 2010 Highlights

- § Second quarter earnings of \$.35 per common share
- § Successful exchange of CPP Preferred Stock to Trust Preferred Securities contributing to a Tangible Common Equity Ratio of 5.88%
- § Quarterly normalized pre-tax, pre-provision earnings remains strong at \$16.8M
- § Quarterly operating expense levels declined by \$3.8M from last year to \$34.3M
- § Loan loss reserve ample for projected future losses at 2.84% of total loans



Mark K. Hardwick

Executive Vice President
and Chief Financial Officer



TOTAL ASSETS

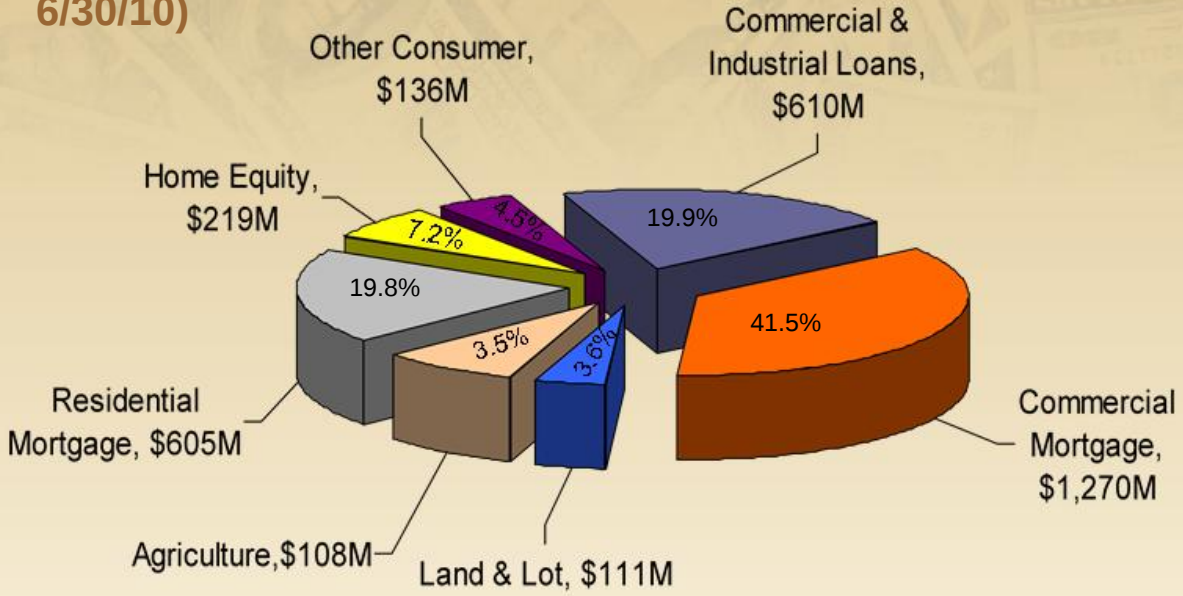
(\$ in Millions)	<u>2008</u>	<u>2009</u>	<u>Q1-'10</u>	<u>Q2-'10</u>
1. Investments	\$ 482	\$ 563	\$ 639	\$ 646
2. Loans	3,722	3,278	3,138	3,059
3. Allowance	(50)	(92)	(89)	(87)
4. CD&I & Goodwill	166	159	158	156
5. BOLI	93	95	95	96
6. Other	<u>371</u>	<u>478</u>	<u>435</u>	<u>313</u>
7. Total Assets	\$4,784	\$4,481	\$4,376	\$4,183



LOAN AND CREDIT DETAIL

Loan Composition (as of 6/30/10)

YTD Yield = 5.71%





INVESTMENT PORTFOLIO (as of 6/30/10)

- § \$646 Million Balance
- § Average duration - 3.9 years
- § Tax equivalent yield of 4.51%
- § No private label MBS exposure
- § Trust Preferred Pools with book balance of \$6.3 million and a market value of \$1.4 million
- § Net unrealized gain of the entire portfolio totals \$19.4 million



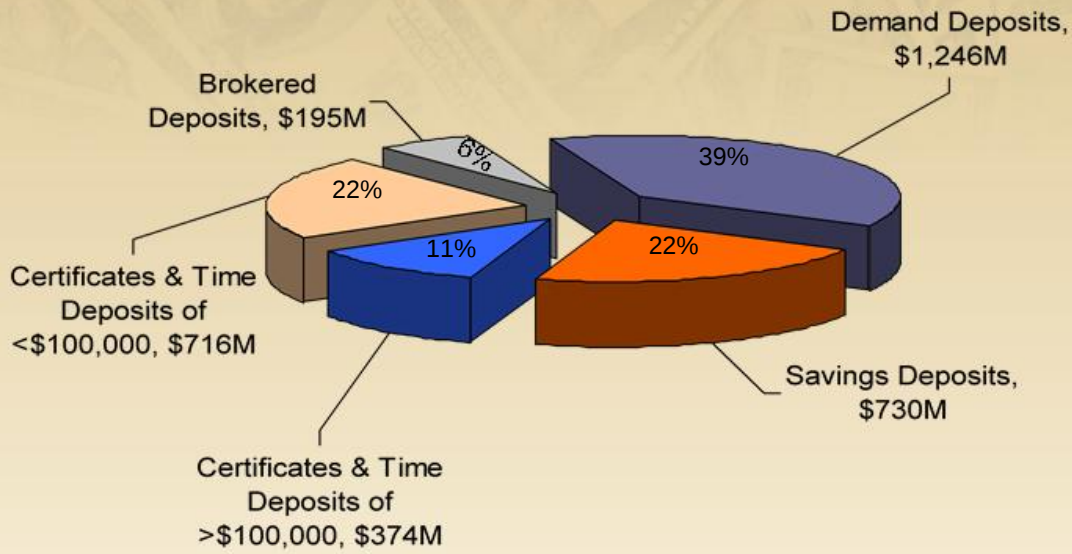
TOTAL LIABILITIES AND CAPITAL

(\$ in Millions)	<u>2008</u>	<u>2009</u>	<u>Q1-'10</u>	<u>Q2-'10</u>
1. Customer Non-Maturity Deposits	\$1,858	\$2,042	\$2,000	\$1,976
2. Customer Time Deposits	1,384	1,220	1,167	1,090
3. Brokered Deposits	477	275	231	195
4. Borrowings	507	339	320	292
5. Other Liabilities	51	30	58	31
6. Hybrid Capital	111	111	111	142
7. Preferred Stock (CPP)	-	112	113	68
8. Common Equity	<u>396</u>	<u>352</u>	<u>376</u>	<u>389</u>
9. Total Liabilities and Capital	\$4,784	\$4,481	\$4,376	\$4,183



DEPOSITS (as of 6/30/10)

YTD Yield = 1.55%



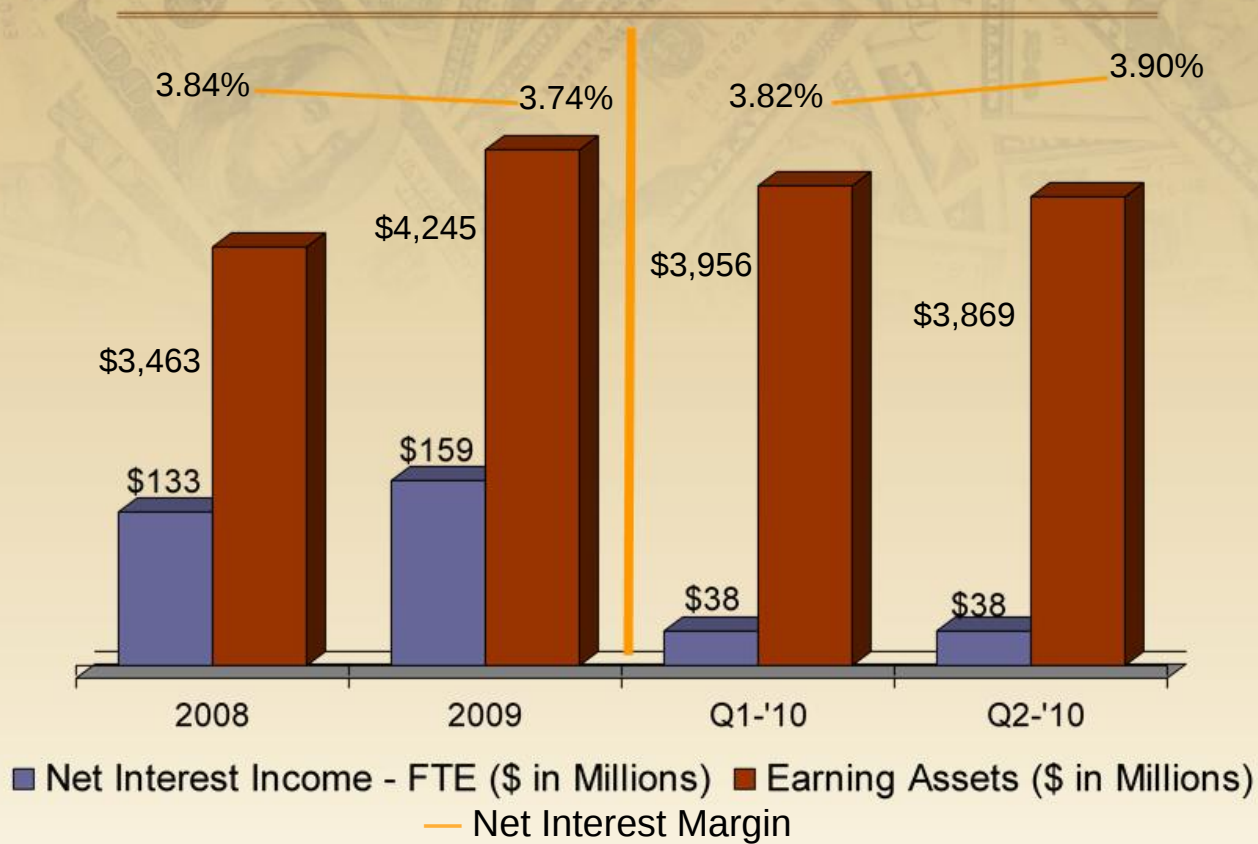


CAPITAL RATIOS

	<u>2008</u>	<u>2009</u>	<u>Q1-'10</u>	<u>Q2-'10</u>
1. Total Risk-Based Capital Ratio	10.24%	13.04%	14.44%	14.72%
2. Tier 1 Risk-Based Capital Ratio	7.71%	10.32%	11.65%	11.88%
3. Leverage Ratio	8.16%	8.20%	9.13%	9.21%
4. TCE/TCA	5.01%	4.54%	5.27%	5.88%



NET INTEREST MARGIN





NON-INTEREST INCOME

(\$ in Millions)	<u>2008</u>	<u>2009</u>	<u>Q1-'10</u>	<u>Q2-'10</u>
1. Service Charges on Deposit Accounts	\$13.0	\$15.1	\$ 3.3	\$ 3.5
2. Trust Fees	8.0	7.4	2.1	2.0
3. Insurance Commission Income	5.8	6.4	2.0	1.5
4. Cash Surrender Value of Life Ins	(0.3)	1.6	0.5	0.5
5. Gains on Sales Mortgage Loans	2.5	6.8	1.1	1.2
6. Securities Gains/Losses	(2.1)	4.4	1.3	(0.1)
7. Other	<u>9.5</u>	<u>9.52.7</u>	<u>2.3</u>	
8. Total	\$36.4	\$51.2	\$13.0	\$10.9
9. Adjusted Non-Interest Income ¹	\$38.5	\$46.5	\$11.7	\$11.0

¹Adjusted for Bond Gains & Losses and one-time mortgage sale



NON-INTEREST EXPENSE

(\$ in Millions)	<u>2008</u>	<u>2009</u>	<u>Q1-'10</u>	<u>Q2-'10</u>
1. Salaries & Benefits	\$63.0	\$76.3	\$17.6	\$17.9
2. Premises & Equipment	14.4	17.9	4.7	3.9
3. Core Deposit Intangible	3.2	5.1	1.2	1.2
4. Professional Services	2.6	4.4	1.5	1.3
5. OREO/Credit-Related Expense	2.8	9.8	2.7	1.5
6. FDIC Expense	1.7	10.4	1.7	2.3
7. FHLB Prepayment Penalties	-	1.9	-	-
8. Outside Data Processing	4.1	6.2	1.3	1.3
9. Marketing	2.3	2.1	0.4	0.5
10. Other	<u>14.7</u>	<u>17.5</u>	<u>3.6</u>	<u>4.4</u>
11. Total	\$108.8	\$151.6	\$34.7	\$34.3
12. Adjust Non-Interest Expense ²	\$106.0	\$134.7	\$31.0	\$31.9

²Adjusted for the FDIC Special Assessment, FHLB Prepayment Penalties & OREO Expense & Credit-Related Professional Services



EARNINGS

	2008	2009	Q1-'10	Q2-'10
1. Net Interest Income-FTE	\$133.1	\$159.1	\$37.8	\$37.7
2. Non Interest Income ¹	38.5	46.5	11.7	11.0
3. Non Interest Expense ²	106.0	134.7	31.0	31.9
4. Pre-Tax Pre-Provision Earnings	\$ 65.6	\$ 70.9	\$18.5	\$16.8
5. Provision	(28.2)	(122.2)	(13.9)	(15.0)
6. Adjustments	(5.0)	(12.1)	(2.3)	(2.6)
7. Taxes - FTE	(11.8)	22.7	(0.7)	0.4
8. Gain on Exchange of Preferred Stock for Trust Preferred Debt	-	-	-	10.1
9. CPP Dividend	-	(5.0)	(1.5)	-
10. Net Income Avail. for Common Stockholders	\$20.6	(\$45.7)	\$.1	\$ 8.3
11. EPS	\$1.14	(\$2.17)	\$.01	\$.35

¹Adjusted for Bond Gains & Losses and one-time mortgage sale

²Adjusted for the FDIC Special Assessment, FHLB Prepayment Penalties & OREO Expense & Credit-Related Professional Services



John J. Martin

Senior Vice President
and Chief Credit Officer



PORTFOLIO OVERVIEW

2nd Quarter

Highlights

- § Non-accrual loans declined to \$120 million from \$122.9 million at 3/31/2010, third consecutive quarterly decline in Non-Performing Loans
- § Allowance for Loan and Lease Losses increased to 2.84% of total assets with Allowance coverage to Non-Accrual Loans unchanged at 72%
- § 30-89 day delinquent loans were \$32 million in line with \$31.6 million at 3/31/2010, down from high of \$54.1 million at 09/30/2009
- § 90+ day delinquent loans increased to \$4.5 million from \$2.6 million, working with customers as loans mature to address changes in market conditions
- § Non-performing assets plus 90+ day delinquency increased to \$146.5 million from 3/31/2010 of \$144.6 million, in line with first quarter and down from peak of \$156.1 million at 09/30/2009



NON-ACCRUAL LOANS

(\$ in millions)





NON-ACCRUAL TREND

% of Period End Loans Plus Loans Held For Sale

NON-ACCRUAL LOANS	09/30/09	12/31/09	03/31/10	06/30/10
Commercial & Industrial	3.37%	5.16%	3.68%	3.55%
Land and Lot	16.73%	12.60%	10.25%	8.91%
Commercial Mortgage	3.99%	3.18%	4.65%	4.74%
Agriculture	0.41%	0.28%	0.86%	1.27%
Total Commercial	4.38%	4.31%	4.51%	4.43%
Residential Mortgage	2.82%	3.01%	3.86%	3.86%
Home Equity	0.58%	0.76%	0.79%	1.74%
Other Consumer	0.05%	0.07%	0.06%	0.00%
Total Consumer	1.88%	2.05%	2.59%	2.83%
Total Consumer and Commercial	3.60%	3.61%	3.92%	3.93%



LARGEST NEW NON-ACCRUAL LOANS

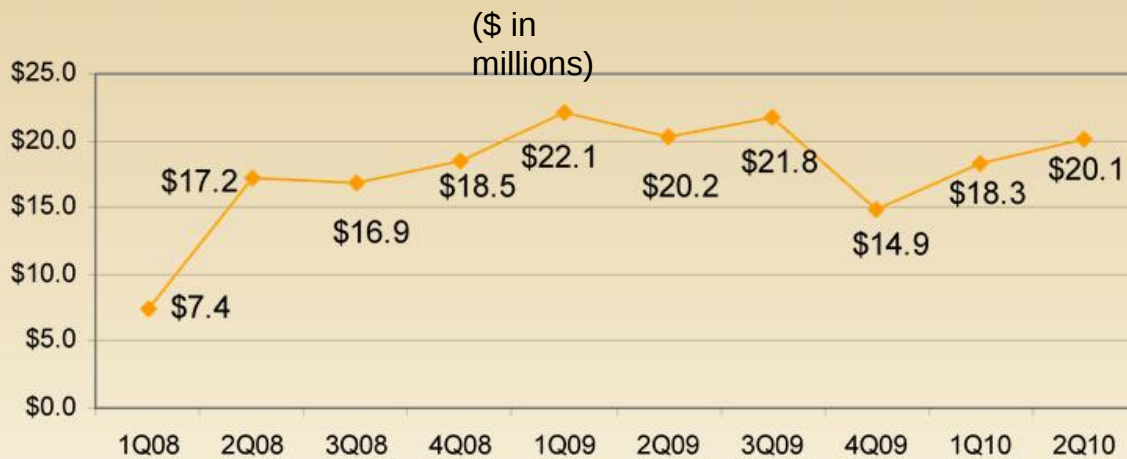
(\$ in
millions)

<u>Balance</u>	<u>Type</u>	<u>Description</u>
\$4.2	CL	Commercial Investment Real Estate
3.1	CL	Utility Company
3.1	CL	Multi-Family Housing Tax Credit
2.8	CL	Commercial Real Estate Development
2.2	CL	Commercial Investment Real Estate
1.2	CL	Commercial Business Park
1.2	CL	Commercial Construction Contractor
1.2	CL	Home Builder
0.8	CL	Dairy Farm
<u>0.5</u>	CL	Real Estate Developer
\$20.3		



OTHER REAL ESTATE OWNED

(\$ in millions)	Commercial Mortgage	Land and Construction	1-4 Family	Agriculture	Total
Book Balance	\$4.1	\$13.4	\$2.6	\$0.0	\$20.1
% of ORE	21%	66%	13%	0%	100%



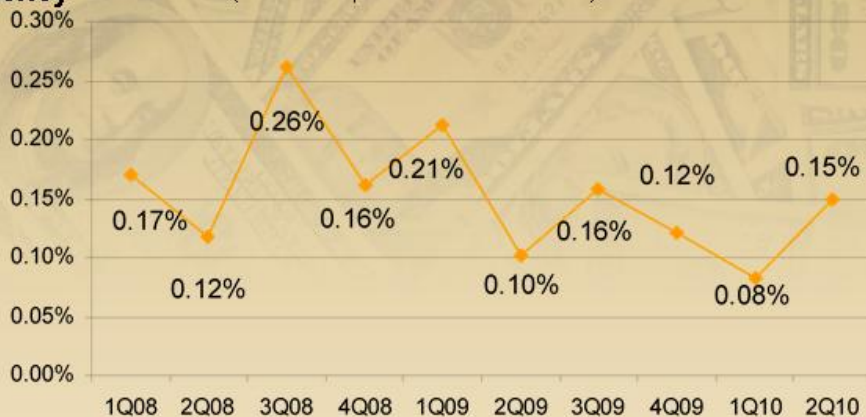


LOAN DELINQUENCY TRENDS

90+ Day Delinquency

(as a % of period end total loans)

(\$ in millions)



30+ Day Delinquency

(as a % of period end total loans)





NON-PERFORMING ASSET RECONCILIATION

(\$ in millions)

<u>Beginning NPAs & 90+ Days Past Due (3/31/2010)</u>	\$144.6
Non-Accrual	
Add: New NPLs	\$ 27.3
Less: To Accrual/Payoff/Restructured	(8.3)
Less: To OREO and Charge-off	(5.4)
Less: Charge-offs (includes write-downs for transfer to OREO)	(<u>16.3</u>)
^ in Non-Accrual Loans	(\$ 2.7)
Other Real Estate Owned (ORE)	
Add: New ORE Properties	\$ 4.0
Less: ORE Sold	(0.2)
Less: ORE Losses (write-downs)	(<u>1.9</u>)
^ in ORE	\$ 1.9
^ 90 Days Past Due	\$ 1.9
^ Restructured/Renegotiated Loans	\$ <u>0.8</u>
Total NPA Change	\$ 1.9
Ending NPAs & 90+ Days Past Due (06/30/2010)	\$146.5



CHARGE-OFF TREND

(\$ in millions)	Commercial & Industrial	Commercial Mortgage	Land and Lot	Agriculture	Total Commercial	Residential Mortgage	Home Equity	Other Consumer	Total Consumer	Total
Loan Balances	\$610.1	\$1,269.5	\$111.1	\$108.4	\$2,099.1	\$605.0	\$219.4	\$135.4	\$959.8	\$3,058.9
% of total	20.0%	41.5%	3.6%	3.5%	68.6%	19.8%	7.2%	4.4%	31.4%	

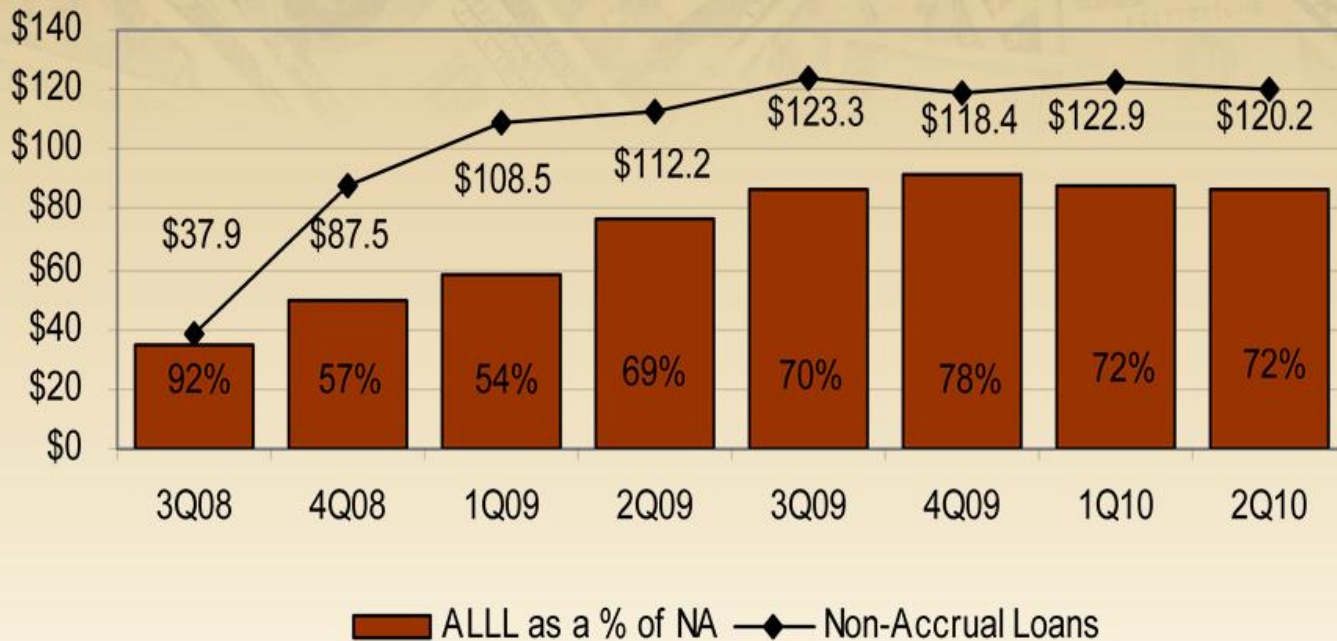
% of Period End Loans Plus Loans Held For Sale

	09/30/09	12/31/09	03/31/10	06/30/10
NET CHARGE-OFFS (annualized)				
Commercial & Industrial	4.91%	5.12%	7.60%	4.65%
Land and Lot	8.36%	9.03%	0.19%	5.10%
Commercial Mortgage	1.39%	1.52%	0.92%	1.98%
Agriculture	0.40%	0.72%	2.86%	1.18%
Total Commercial	3.02%	3.13%	2.95%	2.88%
Residential Mortgage	0.61%	0.82%	0.55%	0.79%
Home Equity	1.26%	1.21%	0.43%	0.71%
Other Consumer	1.69%	1.72%	1.03%	0.96%
Total Consumer and Other	0.93%	1.04%	0.59%	0.79%
Total Consumer and Commercial	2.37%	2.49%	2.22%	2.23%



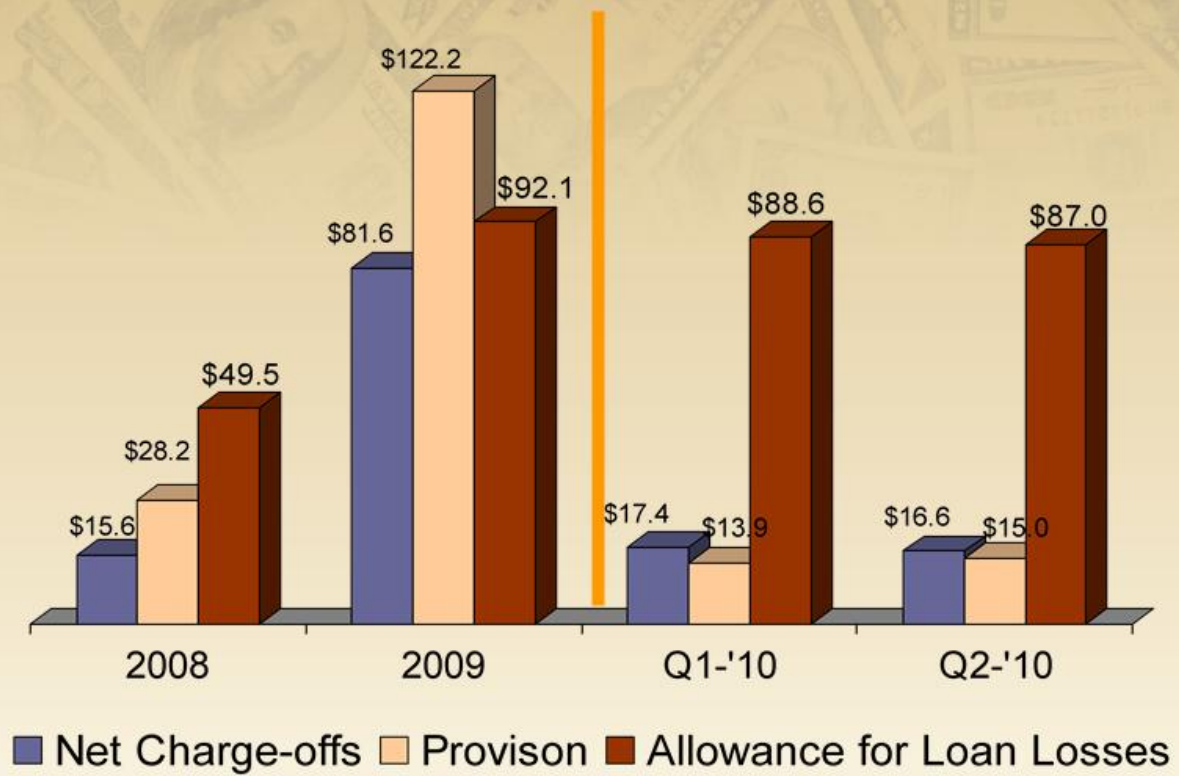
ALLOWANCE COVERAGE TO NON-ACCRUAL LOANS

(\$ in millions)





CREDIT COSTS OVER TIME





Michael C. Rechin

President
and Chief Executive Officer



Financial Reform

- § 90% Reg E opt-in rate for heavy users of our overdraft protection services; don't expect much downward pressure on overdraft protection fees
- § Trust Preferred Securities grandfathered as Tier 1 Capital; protects existing sources of hybrid capital
- § Expect increased compliance burden in our product areas, primarily mortgage
- § Expected passage of the Small Business Lending Fund Act seen as beneficial to the delivery of small business banking services in our primary markets



Overview of 2010 Strategy and Tactics “Protect and Strengthen”

- § Manage asset yields and deposit costs to preserve margin, while intensifying revenue activity using market coverage tactics
- § Continue to improve asset quality and reduce all-in credit costs
- § Solidify brand position as community bank competing primarily in consumer, small business, and middle market
- § Complete implementation of opt-in Reg E strategy around education and choice
- § Continue to harvest expense savings from conversion to single platform and database



Contact Information

First Merchants Corporation common stock is traded on the NASDAQ Global Select Market under the symbol FRME.

Additional information can be found at

www.firstmerchants.com

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THE STRENGTH OF BIG.
THE SERVICE OF SMALL.