

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): October 28, 2010

Commission File Number 0-17071

FIRST MERCHANTS CORPORATION

(Exact name of registrant as specified in its charter)

INDIANA 35-1544218
(State or other jurisdiction of incorporation) (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))**
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ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On October 28, 2010, First Merchants Corporation will conduct a third quarter earnings conference call and web cast on Thursday, October 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 October 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.

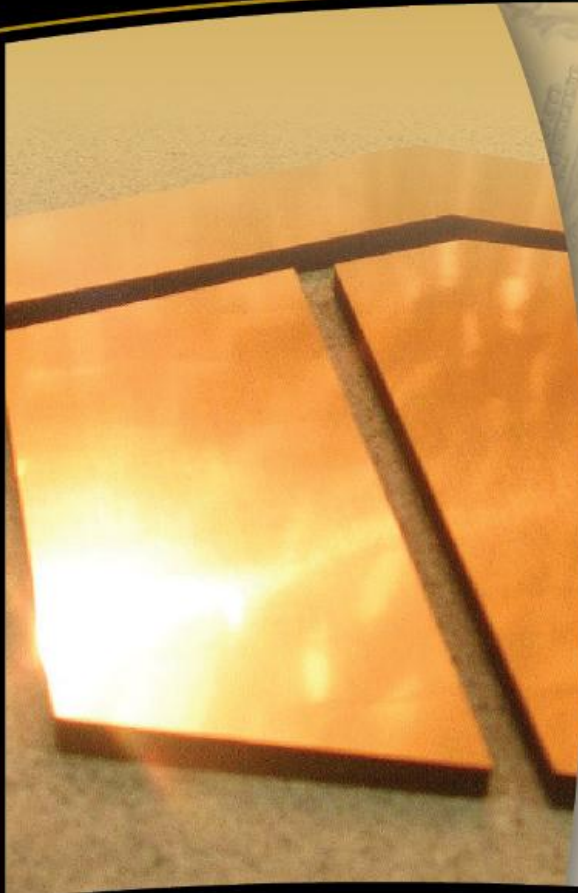
First Merchants Corporation
(Registrant)

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

Dated: October 28, 2010

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Slide presentation, utilized October 28, 2010, during conference call and web cast by First Merchants Corporation



First Merchants Corporation

3rd Quarter 2010
Earnings Call

October 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.



3rd Quarter 2010 Highlights

- § Third quarter earnings of \$765,000, or \$.02 per common share
- § Year-to-date earnings of \$9.2M, or \$.38 per common share
- § Quarterly normalized pre-tax, pre-provision earnings remains strong at \$17.0M
- § Quarterly operating expense levels declined by \$3.9M from last year to \$35.1M
- § Loan loss reserve ample for projected future losses at 2.86% of total loans



Mark K. Hardwick

Executive Vice President
and Chief Financial Officer



TOTAL ASSETS

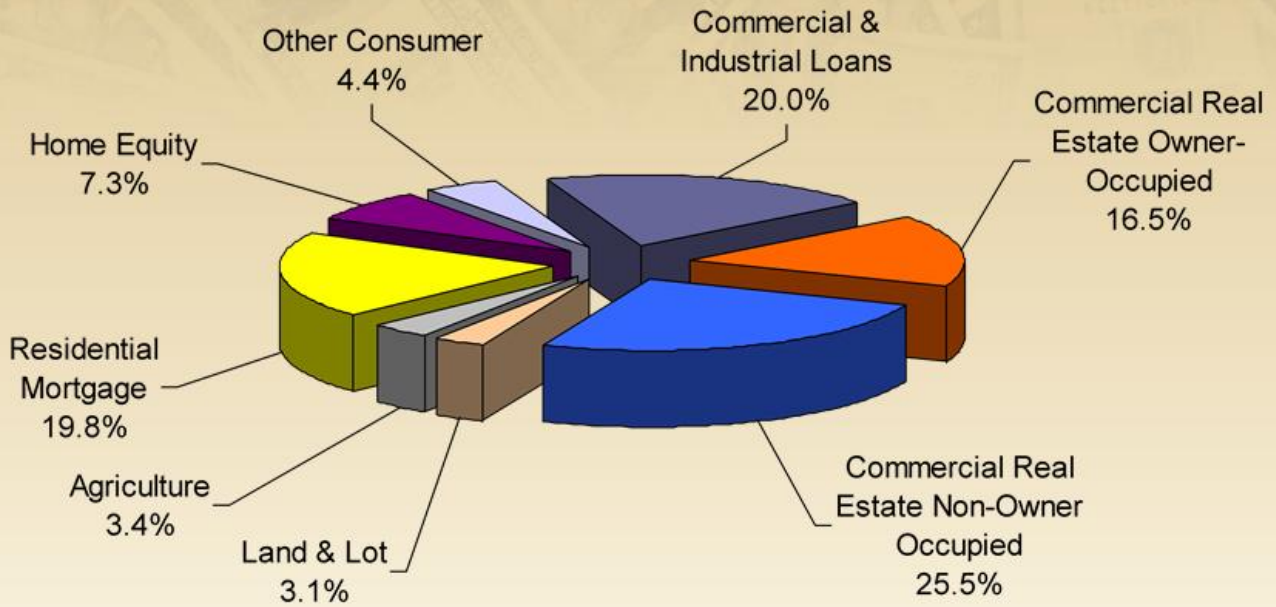
(\$ in Millions)	<u>2008</u>	<u>2009</u>	<u>Q1-'10</u>	<u>Q2-'10</u>	<u>Q3-'10</u>
1. Investments	\$ 482	\$ 563	\$ 639	\$ 646	\$ 702
2. Loans	3,722	3,278	3,138	3,059	2,929
3. Allowance	(50)	(92)	(89)	(87)	(84)
4. CD&I & Goodwill	166	159	158	156	155
5. BOLI	93	95	95	96	96
6. Other	<u>371</u>	<u>478</u>	<u>435</u>	<u>313</u>	<u>382</u>
7. Total Assets	\$4,784	\$4,481	\$4,376	\$4,183	\$4,180



LOAN AND CREDIT DETAIL

Loan Composition (as of 9/30/10)

YTD Yield = 5.69%
Total = \$2.9B





INVESTMENT PORTFOLIO (as of 9/30/10)

- § \$702 Million Balance
- § Average duration of 4.1 years
- § Tax equivalent yield of 4.38%
- § No private label MBS exposure
- § Trust Preferred Pools with book balance of \$5.7 million and a market value of \$1.0 million
- § Net unrealized gain of the entire portfolio totals \$27.3 million

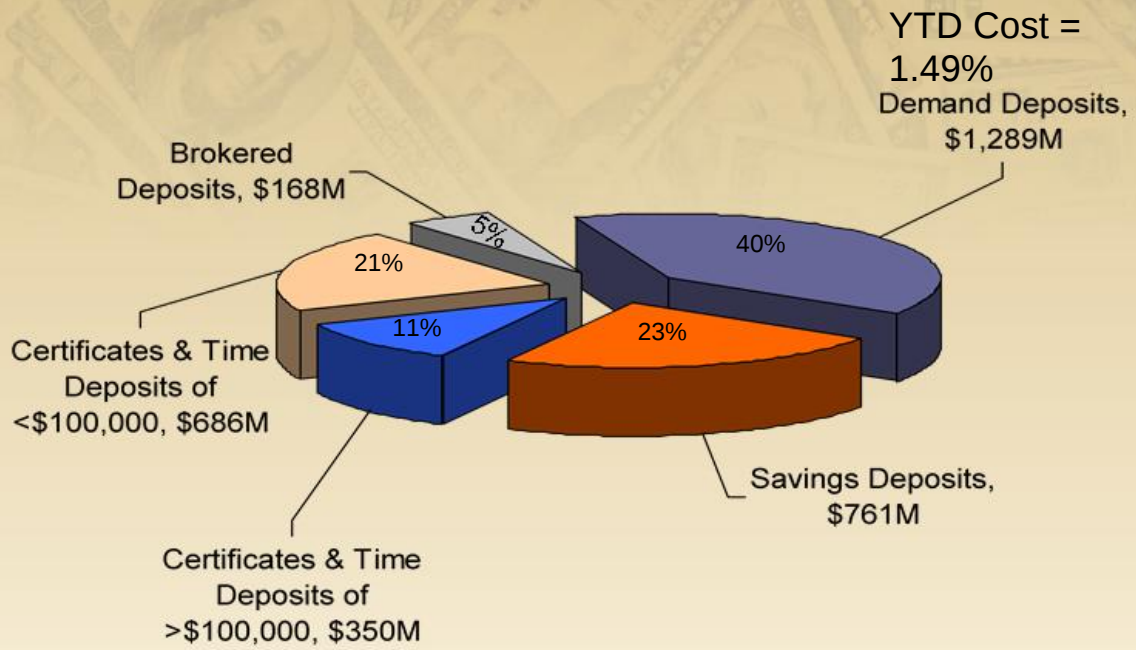


TOTAL LIABILITIES AND CAPITAL

(\$ in Millions)	<u>2008</u>	<u>2009</u>	<u>Q1-'10</u>	<u>Q2-'10</u>	<u>Q3-'10</u>
1. Customer Non-Maturity Deposits	\$1,858	\$2,042	\$2,000	\$1,976	\$2,050
2. Customer Time Deposits	1,384	1,220	1,167	1,090	1,036
3. Brokered Deposits	477	275	231	195	168
4. Borrowings	507	339	320	292	288
5. Other Liabilities	51	30	58	31	34
6. Hybrid Capital	111	111	111	142	142
7. Preferred Stock (CPP)	-	112	113	68	68
8. Common Equity	<u>396</u>	<u>352</u>	<u>376</u>	<u>389</u>	<u>394</u>
9. Total Liabilities and Capital	\$4,784	\$4,481	\$4,376	\$4,183	\$4,180



DEPOSITS (as of 9/30/10)



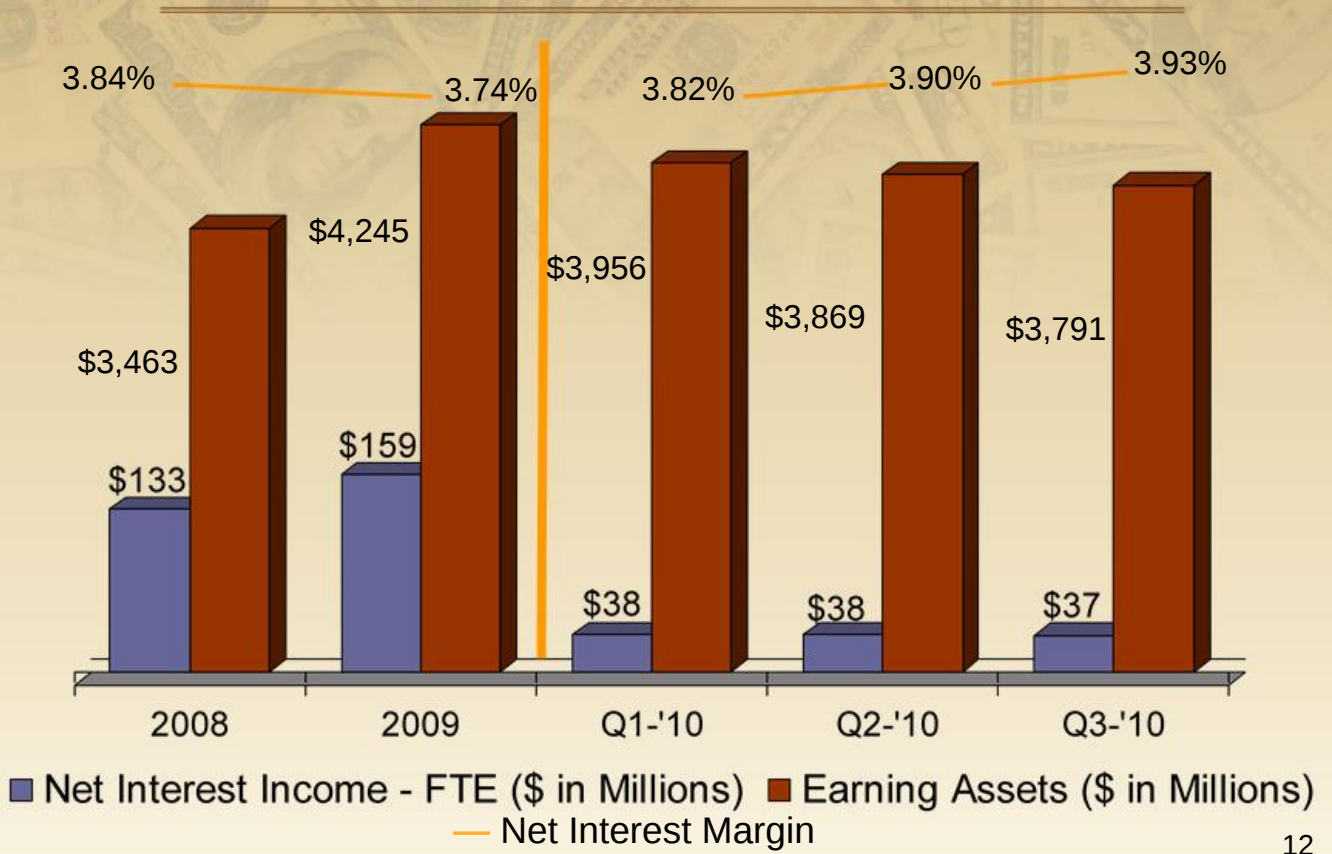


CAPITAL RATIOS

	<u>2008</u>	<u>2009</u>	<u>Q1-'10</u>	<u>Q2-'10</u>	<u>Q3-'10</u>
1. Total Risk-Based Capital Ratio	10.24%	13.04%	14.44%	14.72%	15.52%
2. Tier 1 Risk-Based Capital Ratio	7.71%	10.32%	11.65%	11.88%	12.63%
3. Leverage Ratio	8.16%	8.20%	9.13%	9.21%	9.66%
4. TCE/TCA	5.01%	4.54%	5.27%	5.88%	6.02%



NET INTEREST MARGIN





NON-INTEREST INCOME

(\$ in Millions)	<u>2008</u>	<u>2009</u>	<u>Q1-'10</u>	<u>Q2-'10</u>	<u>Q3-'10</u>
1. Service Charges on Deposit Accounts	\$13.0	\$15.1	\$ 3.3	\$ 3.5	\$ 3.4
2. Trust Fees	8.0	7.4	2.1	2.0	1.8
3. Insurance Commission Income	5.8	6.4	2.0	1.5	1.5
4. Cash Surrender Value of Life Ins	(0.3)	1.6	0.5	0.5	0.5
5. Gains on Sales Mortgage Loans	2.5	6.8	1.1	1.2	2.1
6. Securities Gains/Losses	(2.1)	4.4	1.3	(0.1)	(0.7)
7. Other	<u>9.5</u>	<u>9.5</u>	<u>2.7</u>	<u>2.3</u>	<u>2.4</u>
8. Total	\$36.4	\$51.2	\$13.0	\$10.9	\$11.0
9. Adjusted Non-Interest Income ¹	\$38.5	\$46.5	\$11.7	\$11.0	\$11.7

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>	<u>Q3-'10</u>
1. Salary & Benefits	\$63.0	\$76.3	\$17.6	\$17.9	\$18.1
2. Premises & Equipment	14.4	17.9	4.7	3.9	4.4
3. Core Deposit Intangible	3.2	5.1	1.2	1.2	1.2
4. Professional Services	2.6	4.4	1.5	1.3	0.4 ¹
5. OREO/Credit-Related Expense	2.8	9.8	2.7	1.5	3.0 ¹
6. FDIC Expense	1.7	10.4	1.7	2.3	2.1
7. FHLB Prepayment Penalties	-	1.9	-	-	-
8. Outside Data Processing	4.1	6.2	1.3	1.3	1.3
9. Marketing	2.3	2.1	0.4	0.5	0.5
10. Other	<u>14.7</u>	<u>17.5</u>	<u>3.6</u>	<u>4.4</u>	<u>4.1</u>
11. Total	\$108.8	\$151.6	\$34.7	\$34.3	\$35.1
12. Adjust Non-Interest Expense ²	\$106.0	\$134.7	\$31.0	\$31.9	\$31.9

¹Credit-Related Professional Services are now included in OREO/Credit-Related Expenses

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



	<u>2008</u>	<u>2009</u>	<u>Q1-'10</u>	<u>Q2-'10</u>	<u>Q3-'10</u>
1. Net Interest Income-FTE	\$133.1	\$159.1	\$37.8	\$37.7	\$37.2
2. Non Interest Income ¹	38.5	46.5	11.7	11.0	11.7
3. Non Interest Expense ²	106.0	134.7	31.0	31.9	31.9

EARNINGS

(\$ in Millions except in per share data)

4. Pre-Tax Pre-Provision Earnings	\$ 65.6	\$ 70.9	\$18.5	\$16.8	\$17.7
5. Provision	(28.2)	(122.2)	(13.9)	(15.0)	(10.9)
6. Adjustments	(5.0)	(12.1)	(2.3)	(2.6)	(3.1)
7. Taxes - FTE	(11.8)	22.7	(0.7)	0.4	(0.9)
8. Gain on Exchange of Preferred Stock for Trust Preferred Debt	-	-	-	10.1	15.0

10. Net Income Avail. for Common

Stockholders	\$20.6	(\$45.7)	\$.1	\$ 8.3	\$.8
11. EPS	\$1.14	(\$2.17)	\$0.01	\$.35	\$0.02

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

3rd Quarter

Highlights

- § Non-accrual loans declined 18% from \$120.2 to \$98.6 million at 9/30/10.
- § Allowance for Loan and Lease Losses held at 2.86% of total loans. Allowance coverage to Non-Accrual Loans increased to 85%.
- § 30-89 day delinquent loans down to \$23.8 million from \$32 million at 6/30/10. Continued improvement from high of \$54.1 million at 09/30/09.
- § 90+ day delinquent loans increased to \$5.3 million from \$4.5 million.
- § Restructured loans increased from \$1.7 million to \$5.3 million.
- § Total Non-performing assets plus 90+ day delinquent loans decreased to \$130.8 million from \$146.5 million at 06/30/10. Down from peak of \$156.1 million at 09/30/09.



NON-ACCRUAL LOANS

(\$ in millions)





NON-ACCRUAL TREND

% of Period End Total Loans Plus Loans Held For Sale

NON-ACCRUAL LOANS	09/30/09	12/31/09	03/31/10	06/30/10	09/30/10
Commercial & Industrial	3.37%	5.16%	3.68%	3.55%	3.19%
Land and Lot	16.73%	12.60%	10.25%	8.91%	6.25%
Commercial Mortgage	3.99%	3.18%	4.65%	4.74%	4.22%
Agriculture Production	0.41%	0.28%	0.86%	1.27%	0.64%
Total Commercial	4.38%	4.31%	4.51%	4.43%	3.84%
Residential Mortgage	2.82%	3.01%	3.86%	3.86%	3.26%
Home Equity	0.58%	0.76%	0.79%	1.74%	1.39%
Other Consumer	0.05%	0.07%	0.06%	0.00%	0.01%
Total Consumer	1.88%	2.05%	2.59%	2.83%	2.36%
Total Consumer and Commercial	3.60%	3.61%	3.92%	3.93%	3.37%



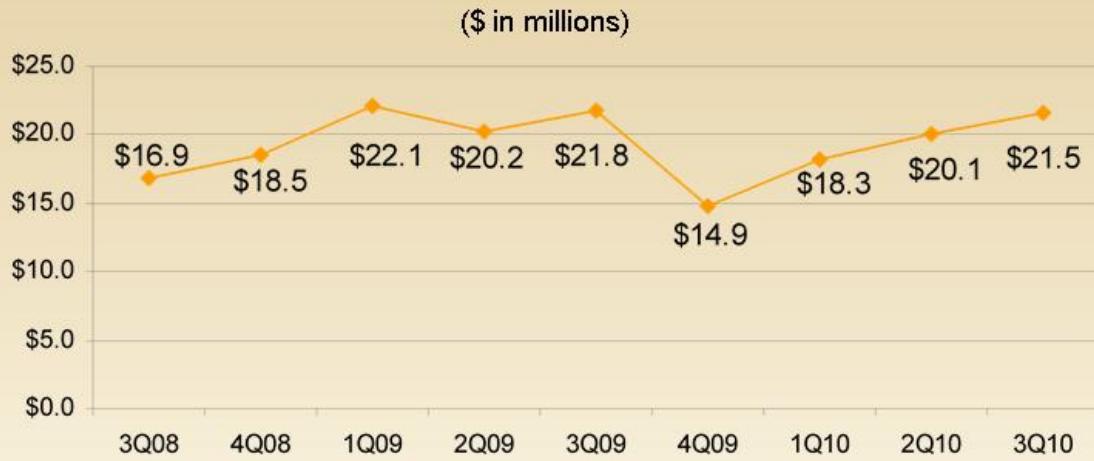
LARGEST NEW NON-ACCRUAL LOANS

Industry:	(\$ in millions)
§ Wholesale Food Processor and Distributor	\$3.774
§ Residential Land Development	.675
§ Commercial Office	.665
§ Self Storage	.647
§ Lessor of Residential Real Estate	.550
§ Rehabilitation and Lessor of Residential Real Estate	<u>.524</u>
Total New Non-Accrual Greater than \$500,000	\$6.835



OTHER REAL ESTATE OWNED

(\$ in millions)	Commercial Mortgage	Land and Construction	1-4 Family	Total
Book Balance	\$3.3	\$14.1	\$4.1	\$21.5
% of ORE	21.0%	66.0%	19.0%	100%
& of Loan Type	0.3%	15.4%	0.5%	





LOAN DELINQUENCY TRENDS

90+ Day Delinquency

(as a % of period end total loans)



30+ Day Delinquency

(as a % of period end total loans)





NON-PERFORMING ASSET RECONCILIATION

	(\$ in millions)	
<u>Beginning Period:</u>	<u>Q2</u>	<u>Q3</u>
	<u>3/31/2010</u>	<u>6/30/2010</u>
Beginning Balance NPAs & 90+Days Past Due	\$ 144.6	\$ 146.5
Non-Accrual		
Add: New NPLs	\$ 27.3	\$ 15.5
Less: To Accrual/Payoff/Restructured	(8.3)	(18.6)
Less: To ORE	(4.0)	(6.7)
Less: Charge-offs (includes write downs fro transfer to ORE)	(17.7)	(11.8)
Non-Accrual Loans	(\$ 2.7)	(\$ 21.6)
Other Real Estate Owned (ORE)		
Add: New ORE Properties	\$ 4.0	\$ 6.6
Less: ORE Sold	(0.2)	(3.8)
Less: ORE Losses (write-downs)	(1.9)	(1.4)
ORE	\$ 1.9	\$ 1.4
90 Days Past Due	\$ 1.9	\$ 1.4
Restructured/Renegotiated Loans	\$ 0.8	\$ 3.7
Total NPA Change	\$ 1.9	(\$ 15.7)
Ending Balance NPAs & 90+ Days Past Due	\$ 146.5	\$ 130.8
Ending Period	6/30/2010	9/30/2010



CHARGE-OFF TREND

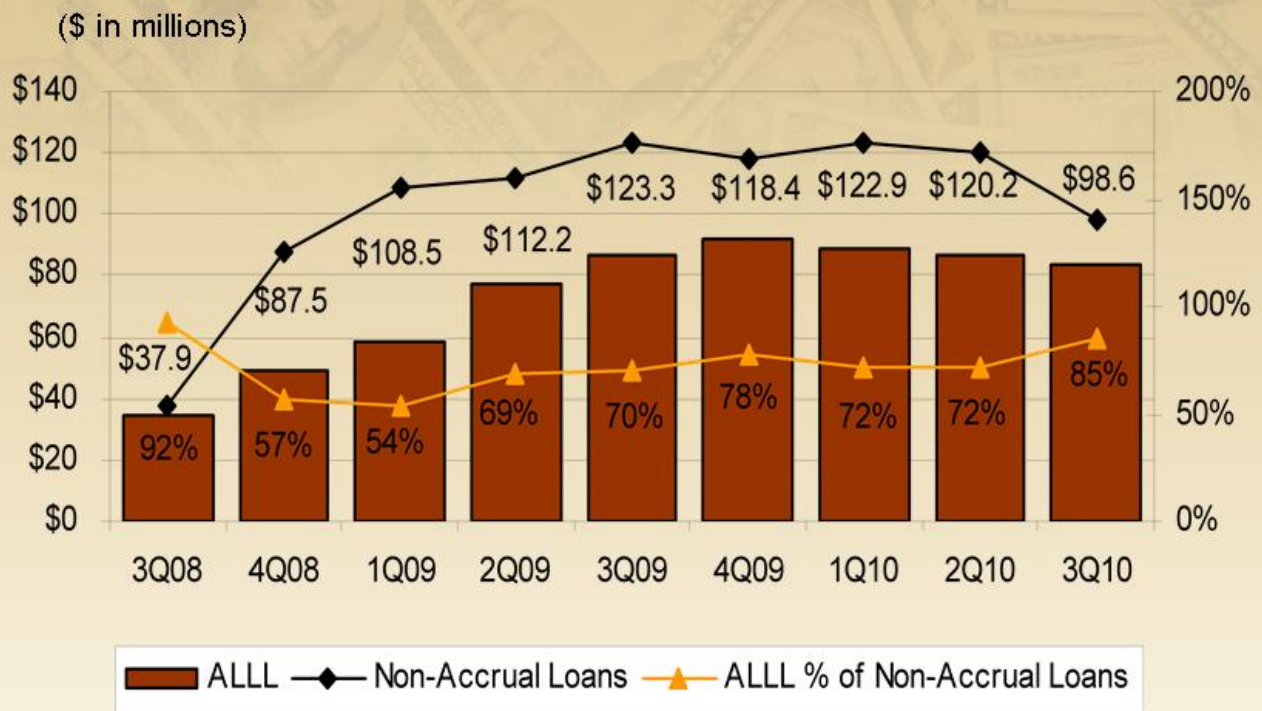
	Commercial & Industrial	Commercial Mortgage	Land and Lot	Agriculture	Total Commercial	Residential Mortgage	Home Equity	Other Consumer	Total Consumer	Total
(\$ in millions) Loan Balances	\$584.9	\$1,229.8	\$91.7	\$99.1	\$2,005.5	\$579.7	\$215.2	\$128.4	\$923.3	\$2,928.8
% of total	20.0%	42.0%	3.1%	3.4%	68.5%	19.8%	7.3%	4.4%	31.5%	100.0%

% of Period End Total Loans Plus Loans Held For Sale

	09/30/09	12/31/09	03/31/10	06/30/10	09/30/10
NET CHARGE-OFFS (annualized)					
Commercial & Industrial	4.91%	5.12%	7.60%	4.65%	3.22%
Land and Lot	8.36%	9.03%	0.19%	5.10%	4.14%
Commercial Mortgage	1.39%	1.52%	0.92%	1.98%	2.44%
Agriculture Production	0.40%	0.72%	2.86%	1.18%	1.36%
Total Commercial	3.02%	3.13%	2.95%	2.88%	2.69%
Residential Mortgage	0.61%	0.82%	0.55%	0.79%	1.09%
Home Equity	1.26%	1.21%	0.43%	0.71%	1.04%
Other Consumer	1.69%	1.72%	1.03%	0.96%	1.15%
Total Consumer and Other	0.93%	1.04%	0.59%	0.79%	1.09%
Total Consumer and Commercial	2.37%	2.49%	2.22%	2.23%	2.18%

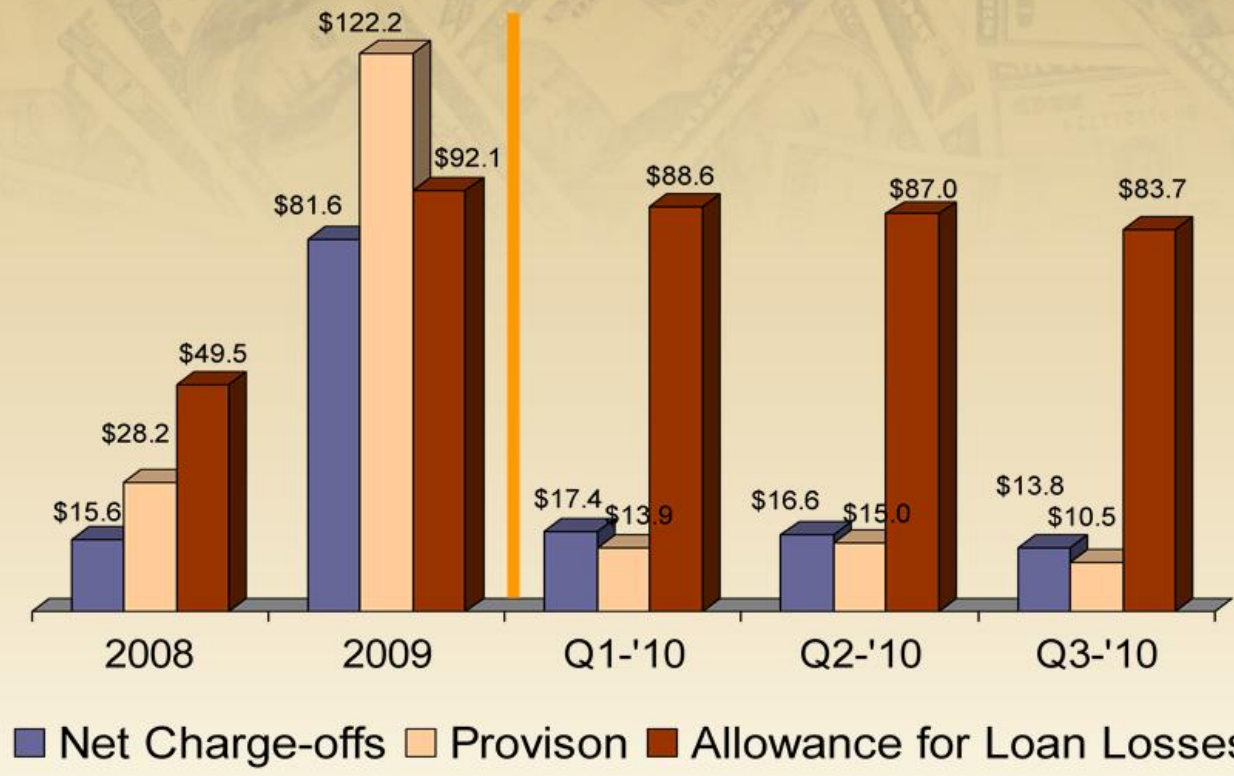


ALLOWANCE COVERAGE TO NON-ACCRUAL LOANS





CREDIT COSTS OVER TIME





Michael C. Rechin

President
and Chief Executive Officer



Overview of Operating Strategy and Tactics

“Strengthen and Grow”

- § Solidify brand position as community bank competing primarily in consumer, small business, and middle market
- § Continue to improve asset quality, reduce credit costs, and maximize resolutions
- § Preserve margin while intensifying revenue activity using market coverage tactics
- § Implement systems to standardize and accelerate small business opportunities



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

Investor inquiries:

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Investor Relations

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THE STRENGTH OF BIG.
THE SERVICE OF SMALL.

