

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): April 28, 2011

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))**
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ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On April 28, 2011, First Merchants Corporation will conduct a first quarter earnings conference call and web cast on Thursday, April 28, 2011 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 April 28, 2011, 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: April 28, 2011

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Slide presentation, utilized April 28, 2011, during conference call and web cast by First Merchants Corporation



1st Quarter 2011 Earnings Call

April 28, 2011

BANKING. INSURANCE. TRUST. | WWW.FIRSTMERCHANTS.COM

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.



1st Quarter 2011 Highlights

- § First quarter earnings of \$4.5M, or \$.17 per common share
- § Core business profitability solidifying through:
 - § Margin expansion
 - § Expense level management
- § Improvement in asset quality continues
 - § Loan loss reserve ample for projected future losses at 2.93% of total loans



Mark K. Hardwick

Executive Vice President
and Chief Financial Officer



TOTAL ASSETS

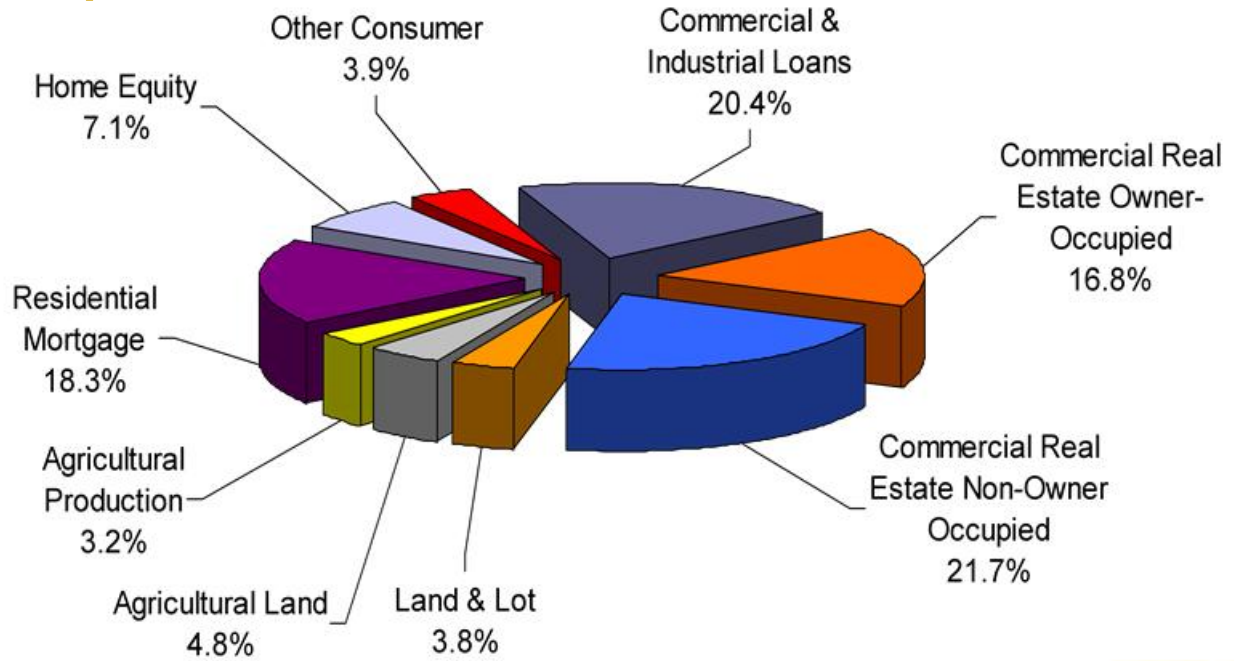
(\$ in Millions)	<u>2009</u>	<u>2010</u>	<u>Q1-'10</u>	<u>Q1-'11</u>
1. Investments	\$ 563	\$ 827	\$ 639	\$ 886
2. Loans	3,278	2,857	3,138	2,766
3. Allowance	(92)	(83)	(89)	(81)
4. CD&I & Goodwill	159	154	158	153
5. BOLI	95	97	95	102
6. Other	<u>478</u>	<u>319</u>	<u>435</u>	<u>291</u>
7. Total Assets	\$4,481	\$4,171	\$4,376	\$4,117



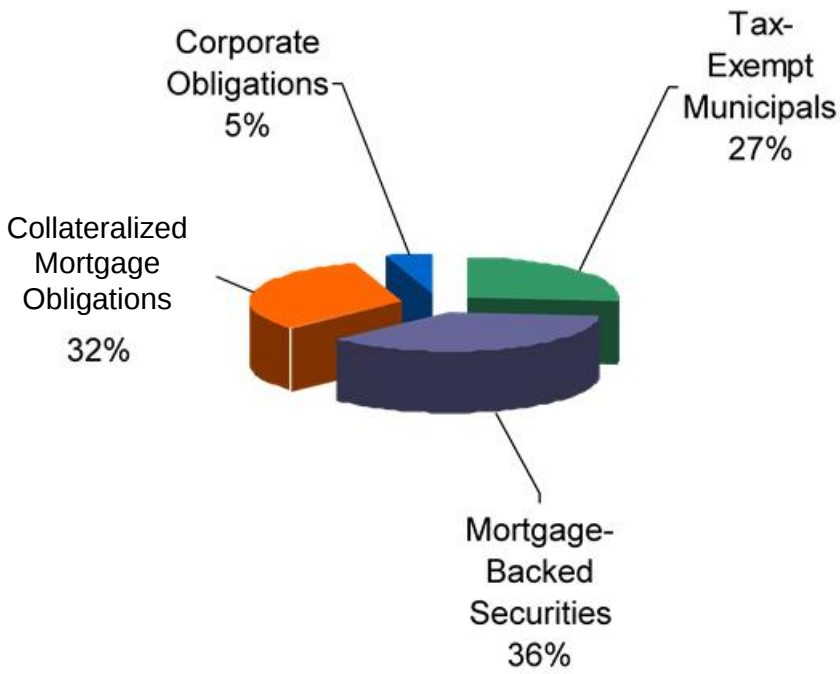
LOAN AND CREDIT DETAIL

Loan Composition (as of 3/31/11)

YTD Yield = 5.56%
Total = \$2.8B



INVESTMENT PORTFOLIO (as of 3/31/11)



- § \$886 Million Balance
- § Average duration - 4.6 years
- § Tax equivalent yield of 4.14%
- § Net unrealized gain of \$8.1 million

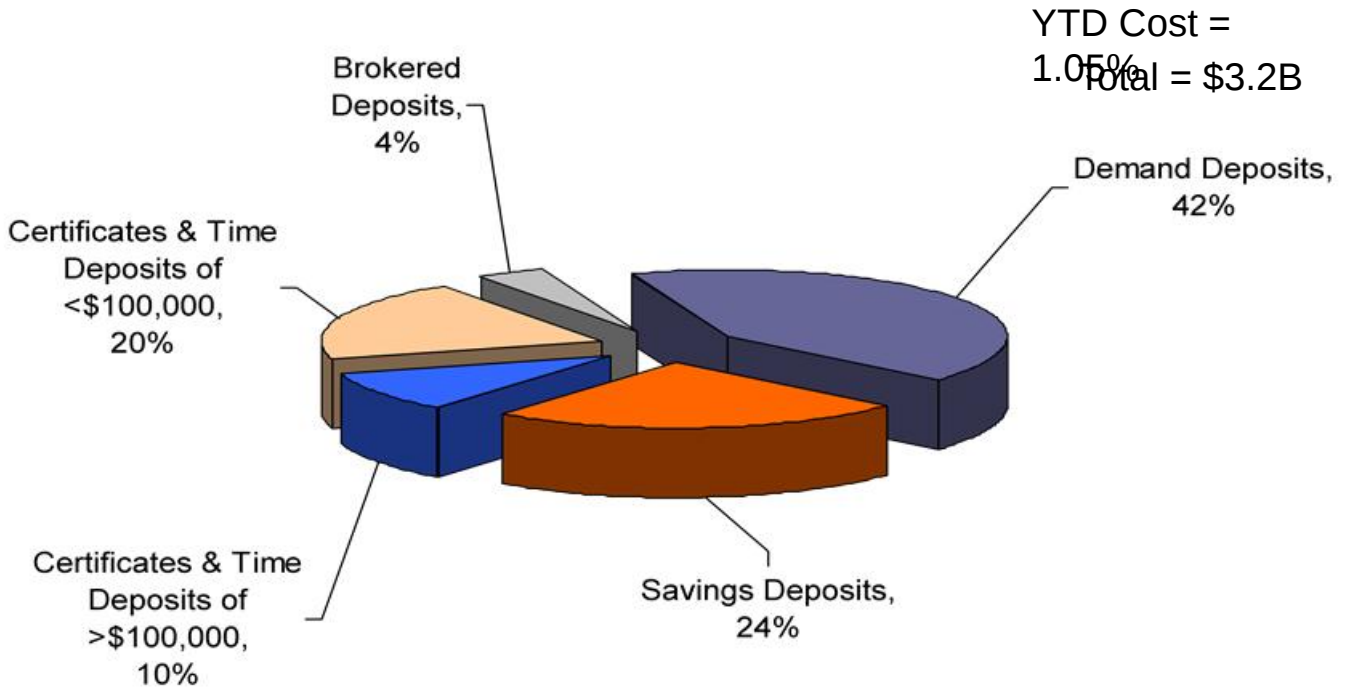


TOTAL LIABILITIES AND CAPITAL

(\$ in Millions)	<u>2009</u>	<u>2010</u>	<u>Q1-'10</u>	<u>Q1-'11</u>
1. Customer Non-Maturity				
Deposits	\$2,042	\$2,127	\$2,000	\$2,083
2. Customer Time Deposits	1,220	996	1,167	943
3. Brokered Deposits	275	146	231	126
4. Borrowings	339	277	320	305
5. Other Liabilities	30	28	58	56
6. Hybrid Capital	111	142	111	142
7. Preferred Stock (CPP)	112	68	113	68
8. Common Equity	<u>352</u>	<u>387</u>	<u>376</u>	<u>394</u>
9. Total Liabilities and Capital	\$4,481	\$4,171	\$4,376	\$4,117



DEPOSITS (as of 3/31/11)



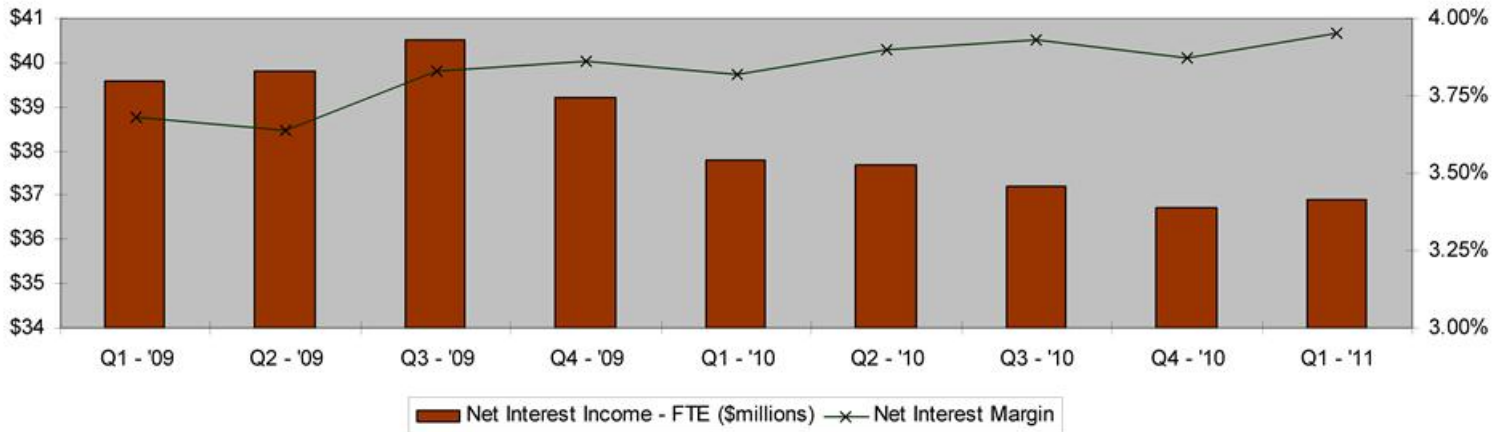
CAPITAL RATIOS

	<u>2009</u>	<u>2010</u>	<u>Q1-'10</u>	<u>Q1-'11</u>
1. Total Risk-Based Capital Ratio	13.04%	15.74%	14.44%	15.66%
2. Tier 1 Risk-Based Capital Ratio	10.32%	12.82%	11.65%	13.05%
3. Leverage Ratio	8.20%	9.50%	9.13%	9.80%
4. Tier 1 Common Risk-Based Capital Ratio	5.40%	7.64%	6.42%	7.75%
5. TCE/TCA	4.54%	5.86%	5.27%	6.16%



NET INTEREST MARGIN

	<u>Q1-'09</u>	<u>Q2-'09</u>	<u>Q3-'09</u>	<u>Q4-'09</u>	<u>Q1-'10</u>	<u>Q2-'10</u>	<u>Q3-'10</u>	<u>Q4-'10</u>	<u>Q1-'11</u>
Net Interest Income-FTE (\$millions)	\$ 39.6	\$ 39.8	\$ 40.5	\$39.2	\$37.8	\$37.7	\$37.2	\$36.7	\$36.9
Tax Equivalent Yield on Earning Assets	5.69%	5.52%	5.56%	5.48%	5.39%	5.38%	5.38%	5.13%	5.11%
Cost of Supporting Liabilities	2.01%	1.88%	1.73%	1.62%	1.57%	1.48%	1.45%	1.30%	1.16%
Net Interest Margin	3.68%	3.64%	3.83%	3.86%	3.82%	3.90%	3.93%	3.83%	3.95%



NON-INTEREST INCOME

(\$ in Millions)		<u>2009</u>	<u>2010</u>	<u>Q1-'10</u>	<u>Q1-'11</u>
1.	Service Charges on Deposit Accounts	\$15.1	\$13.3	\$ 3.3	\$ 2.8
2.	Trust Fees	7.4	7.7	2.1	2.0
3.	Insurance Commission Income	6.4	6.2	2.0	1.9
4.	Electronic Card Fees	4.9	6.1	1.7	1.5
5.	Cash Surrender Value of Life Ins	1.6	2.1	0.5	0.6
6.	Gains on Sales Mortgage Loans	6.8	6.8	1.1	1.9
7.	Securities Gains/Losses	4.4	1.9	1.3	0.1
8.	Other	<u>4.6</u>	<u>4.4</u>	<u>1.0</u>	<u>1.1</u>
9.	Total	\$51.2	\$48.5	\$13.0	\$11.9
10.	Adjusted Non-Interest Income ¹	\$46.5	\$46.6	\$11.7	\$11.8

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



NON-INTEREST EXPENSE

(\$ in Millions)				<u>2009</u>	<u>2010</u>		
Q1-'10	Q1-'11						
1.	Salary & Benefits			\$76.3	\$73.3	\$17.6	\$17.2
2.	Premises & Equipment						
3	Core Deposit Intangible	17.2	4.7	4.5			
4	Professional Services	4.7	1.2	1.1			
5	OREO/Credit-Related Expense ¹	1.2		1.4	0.5	0.6	
6	FDIC Expense	14.6	3.7	3.2			
7	FHLB Prepayment Penalties	8.1	1.7	2.1	1.9	—	—
8.	Outside Data Processing						
9	Marketing	5.1	1.3	1.4			
10	Other	2.0	0.4	0.4			
11	Total	15.9	3.6	34	151.6	\$142.3	\$34.7
12.	Adjusted Non-Interest Expense²			\$134.7	\$127.7	\$31.0	\$30.7

¹Credit-Related Professional Services are Reclassed to OREO/Credit-Related Expenses

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



EARNINGS

(\$ in Millions)	<u>2009</u>	<u>2010</u>	<u>Q1-'10</u>	<u>Q1-'11</u>
1. Net Interest Income-FTE	\$159.1	\$149.4	\$ 37.8	\$36.9
2. Non Interest Income ¹	46.5	46.6	11.7	11.8
3. Non Interest Expense ²	(134.7)	(127.7)	(31.0)	(30.7)
4. Pre-Tax Pre-Provision Earnings	\$ 70.9	\$68.3	\$18.5	\$18.0
5. Provision	(122.2)	(46.5)	(13.9)	(5.6)
6. Adjustments	(12.1)	(12.7)	(2.3)	(3.1)
7. Taxes - FTE	22.7	(2.3)	(0.7)	(3.8)
8. Gain on Exchange of Preferred Stock for Trust Preferred Debt	—	10.1	—	—
9. CPP Dividend	(5.0)	(5.2)	(1.5)	(1.0)
10. Net Income Avail. for Distribution	(\$45.7)	\$11.7	\$0.1	\$4.5
11. EPS	(\$2.17)	\$0.48	\$0.01	\$0.17

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

1st Quarter

§ Highlights

- § Non-performing assets plus 90+ days delinquent declined \$12.3 million to \$107.6 million, decreasing for the third consecutive quarter.
- § New non-accrual loans were \$11.7 million, down from \$27.4 million in the 4th Quarter 2010.
- § 30-89 day delinquent loans declined from \$30.0 million at 12/31/10 to \$21.7 million at 3/31/2011.
- § 90+ day delinquent loans decreased to \$752,000 from \$1.3 million at 12/31/2010.
- § Total criticized assets declined to \$383.7 million, down from \$393.0 million at 12/31/2010; fourth consecutive quarterly decline and down \$126.3 million from the peak at 9/30/2009.



NON-ACCRUAL TREND

	<u>12/31/09</u>	<u>03/31/10</u>	<u>06/30/10</u>	<u>09/30/10</u>	<u>12/31/10</u>	<u>03/31/11</u>	
	%						\$ (in millions)
NON-ACCRUAL LOANS BY CATEGORY							
Commercial & Industrial	5.16%	3.68%	3.55%	3.19%	1.75%	1.55%	\$ 8.8
Land and Lot	12.60%	10.25%	8.91%	6.25%	16.10%	14.76%	15.3
Commercial Mortgage	3.18%	4.65%	4.74%	4.22%	3.69%	3.66%	43.9
Agriculture Production	0.28%	0.86%	1.27%	0.64%	0.57%	1.06%	0.9
Total Commercial	4.31%	4.51%	4.43%	3.84%	3.66%	3.52%	\$68.9
Residential Mortgage	3.01%	3.86%	3.86%	3.26%	2.78%	3.21%	\$16.2
Home Equity	0.76%	0.79%	1.74%	1.39%	1.31%	1.31%	2.6
Other Consumer	0.07%	0.06%	0.00%	0.01%	0.00%	0.03%	0.0
Total Consumer	2.05%	2.59%	2.83%	2.36%	2.05%	2.32%	\$18.8
Total Consumer and Commercial	3.61%	3.92%	3.93%	3.37%	3.17%	3.17%	\$87.7

(% of Period End Total Loans by Category and Loans Held for Sale)



NEW NON-ACCRUAL LOANS OVER \$500,000

(\$ in millions)		Q2-'10		Q3-'10		Q4 '10		Q1-'11	
Q1-'10									
\$	#	\$	#	\$	#	\$	#	\$	#
\$28.4	10	\$20.3	10	\$6.8	6	\$14.5	6	\$6.8	10

Industry:

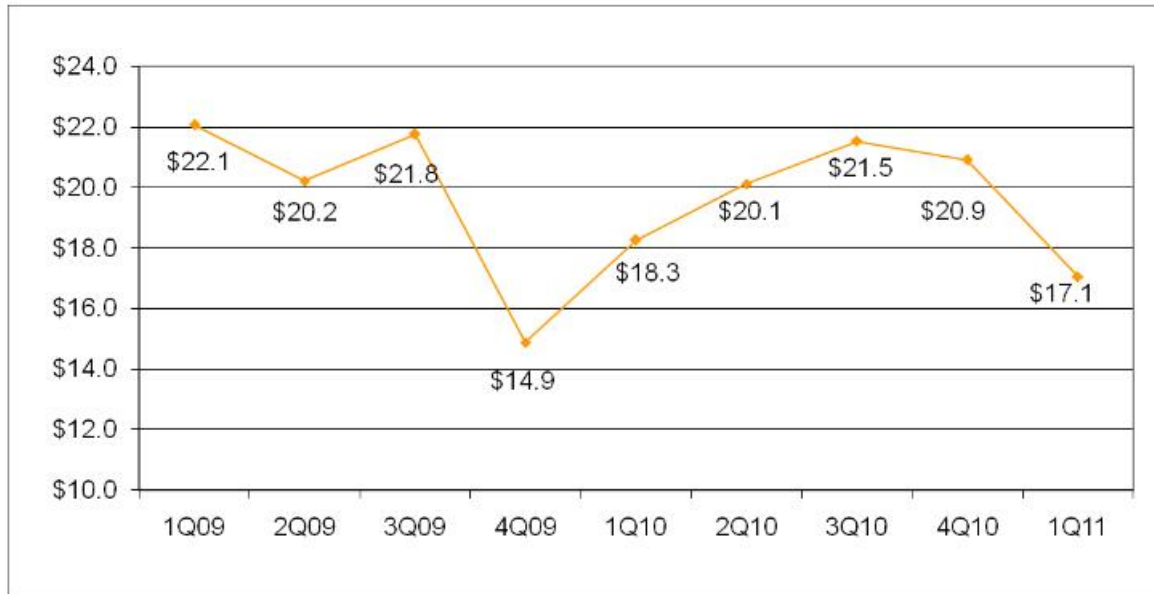
(\$ in millions)

§ Commercial Rental Property	\$ 1.1
§ 1-4 Family Residential Rental Property	0.9
§ 1-4 Family Residential Rental Property	0.7
§ Commercial Real Estate (Retail)	0.7
§ Investments	0.6
§ Commercial Real Estate (Retail Strip Center)	0.6
§ Engineering	0.6
§ Builder	0.6
§ Residential Real Estate	0.5
§ Mini-Storage Facility	<u>0.5</u>
Total	\$ 6.8



OTHER REAL ESTATE OWNED

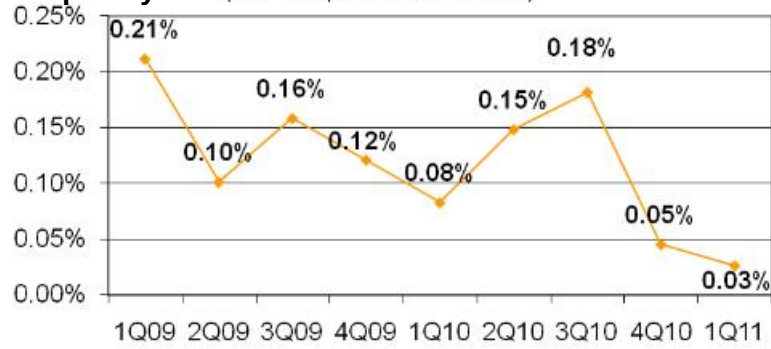
(\$ in millions)	Commercial Real Estate	Land & Construction	1-4 Family	Total
Book Balance	\$5.2	\$7.7	\$4.2	\$17.1
% ORE	30.7%	45.0%	24.3%	100%



LOAN DELINQUENCY TRENDS

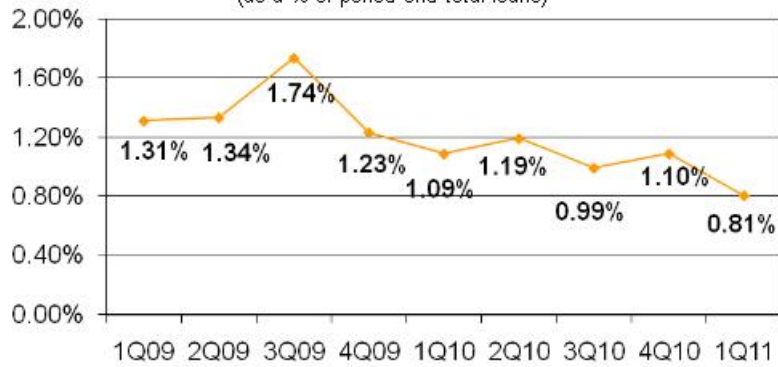
90+ Day Delinquency

(as a % of period end total loans)



30+ Day Delinquency

(as a % of period end total loans)



LOAN CHARGE-OFF TREND

	<u>12/31/09</u>	<u>03/31/10</u>	<u>06/30/10</u>	<u>09/30/10</u>	<u>12/31/10</u>	<u>03/31/11</u>
NET CHARGE-OFFS BY CATEGORY						
Commercial & Industrial	5.12%	7.60%	4.65%	3.22%	2.69%	0.30%
Land and Lot	9.03%	0.19%	5.10%	4.14%	4.27%	9.96%
Commercial Mortgage	1.52%	0.92%	1.98%	2.44%	2.18%	1.15%
Agriculture Production	0.72%	2.86%	1.18%	1.36%	1.04%	0.00%
<i>Total Commercial</i>	3.13%	2.95%	2.88%	2.69%	2.38%	1.32%
Residential Mortgage	0.82%	0.55%	0.79%	1.09%	1.12%	0.27%
Home Equity	1.21%	0.43%	0.71%	1.04%	0.25%	1.11%
Other Consumer	1.72%	1.03%	0.96%	1.15%	1.28%	1.13%
<i>Total Consumer</i>	1.04%	0.59%	0.79%	1.09%	0.94%	0.59%
Total Consumer and Commercial	2.49%	2.22%	2.23%	2.18%	1.95%	1.10%

(Annualized Year-to-Date Net Charge-Offs by Category as a % of Period End Total Loans plus Loans Held for Sale)



NON-PERFORMING ASSET RECONCILIATION

	<u>Q2-'10</u>	<u>Q3-'10</u>	<u>Q4-'10</u>	<u>Q1-'11</u>
Beginning Balance NPAs & 90+ Days Delinquent (\$ in millions)	\$ 144.6	\$ 146.5	\$ 130.8	\$ 120.0
<u>Non-Accrual</u>				
Add: New NPLs	\$ 27.3	\$ 15.5	\$ 27.4	\$ 11.7
Less: To Accrual/Payoff/Restructured	(8.3)	(18.6)	(14.5)	(3.2)
Less: To OREO	(4.0)	(6.7)	(7.0)	(2.0)
Less: Charge-offs (includes write-downs for transfer to OREO)	(17.7)	(11.8)	(13.9)	(9.4)
Increase /(Decrease): Non-Accrual Loans	(\$ 2.7)	(\$ 21.6)	(\$ 8.0)	(\$ 2.9)
<u>Other Real Estate Owned (ORE)</u>				
Add: New ORE Properties	\$ 4.0	\$ 6.6	\$7.2	\$ 2.2
Less: ORE Sold	(0.2)	(3.8)	(4.2)	(3.6)
Less: ORE Losses (write-downs)	(1.9)	(1.4)	(3.6)	(2.5)
Increase /(Decrease): ORE	\$ 1.9	\$ 1.4	(\$.60)	(\$ 3.9)
Increase /(Decrease): 90 Days Delinquent	\$ 1.9	\$ 0.8	(\$ 4.0)	(\$ 0.6)
Increase /(Decrease): Restructured/Renegotiated Loans	\$ 0.8	\$ 3.7	\$ 1.8	(\$ 5.0)
Total NPA Change	\$ 1.9	(\$ 15.7)	(\$ 10.8)	(\$ 12.4)
Ending Balance NPAs & 90+ Days Delinquent	\$ 146.5	\$ 130.8	\$ 120.0	\$ 107.6

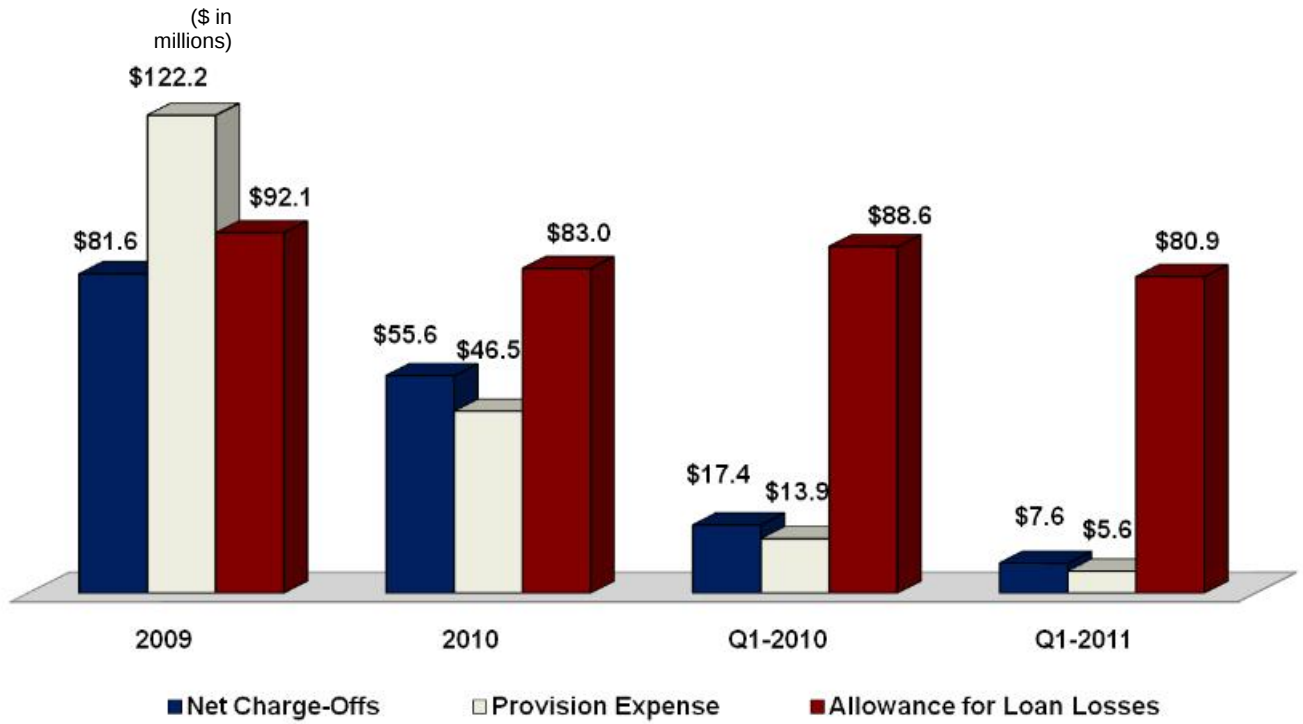


Allowance for Loan and Lease Loss Coverage

(\$ in millions)	<u>Q1-'10</u>	<u>Q2-'10</u>	<u>Q3-'10</u>	<u>Q4-'10</u>	<u>Q1-'11</u>
1. Allowance for Loan and Lease Losses	\$88.6	\$87.0	\$83.7	\$83.0	\$80.9
2. Non-Accrual Loans	\$122.9	\$120.2	\$98.6	\$90.6	\$87.7
3. ALLL % of Non-Accrual Loans	72.1%	72.4%	84.9%	91.6%	92.3%
4. Impaired Loans	\$157.4	\$150.6	\$125.7	\$116.2	\$116.8
5. Specific Reserves	\$21.8	\$18.4	\$14.9	\$13.9	\$15.8
6. Classified Assets	\$328.2	\$341.6	\$334.2	\$313.0	\$293.8
7. Criticized Assets (includes Classified)	\$424.5	\$442.9	\$408.6	\$393.0	\$383.7



CREDIT COSTS OVER TIME



Michael C. Rechin

President
and Chief Executive Officer



Overview of 2011 Strategy and Tactics

“Strengthen and Grow”

- § Implement systems and processes to standardize and accelerate small business opportunities.
 - § Realize investment in online banking
- § Preserve margin while intensifying revenue activity using market coverage tactics.
- § Continue to improve asset quality, reduce credit costs, and maximize resolutions.
- § Streamline and solidify our brand position as a community bank competing and growing in consumer, small business and middle market.



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:

David L. Ortega

Investor Relations

Telephone: 765.378.8937

dortega@firstmerchants.com

