



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

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Mark K. Hardwick  
Executive Vice President and  
Chief Financial Officer  
(Principal Financial and  
Principal Accounting Officer)

Dated: October 18, 2007

EXHIBIT INDEX

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Exhibit No.

Description

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99.1

Press Release, dated October 18, 2007, issued by  
First Merchants Corporation.

First Merchants Corporation

Exhibit No. 99.1

Press Release, dated October 18, 2007

N / E / W / S      R / E / L / E / A / S / E

October 18, 2007

FOR IMMEDIATE RELEASE

For more information, contact:

Mark K. Hardwick, Executive Vice President/Chief Financial Officer, 765-751-1857  
<http://www.firstmerchants.com>

SOURCE: First Merchants Corporation, Muncie, Indiana

FIRST MERCHANTS CORPORATION ANNOUNCES THIRD QUARTER EARNINGS PER SHARE

First Merchants Corporation (NASDAQ - FRME) has reported third quarter 2007 earnings per share of \$.46, a 9.5 percent increase over \$.42 earned in the third quarter of 2006. Net income for the quarter totaled \$8,350,000 for the quarter compared to \$7,739,000 in 2006.

Year-to-date earnings per share totaled \$1.22 for the nine months ended September 30, 2007 equaling the same total for 2006. Included in the year-to-date results are two strategic non-recurring expenses as detailed in our second quarter earnings release totaling \$.08 per share.

Third quarter net interest margin totaled 3.52 percent, a decrease of 14 basis points from 2006. Total assets equaled \$3.75 billion at quarter-end, an increase of \$282 million, or 8.1 percent, over September 30, 2006. Loans and investments, the Corporation's primary earning assets, totaled \$3.35 billion, an increase of \$235 million, or 7.5 percent, over the same period last year.

Year-to-date net interest margin totaled 3.51 percent, a 27 basis point decline from the prior year total of 3.78 percent. The decline is significant, however, the Corporation's net interest margin has stabilized in a range of 3.50 percent to 3.54 percent over the last four quarters.

Third quarter non-interest income increased by \$2,013,000, or 22.8 percent throughout a variety of categories. All line items produced increases ranging from a low of 6.1 percent to a high of 51.9 percent. Other income also increased by \$585,000 resulting from the sale of two real estate properties.

Year-to-date non-interest income has improved by \$4,575,000, or 17.7 percent through September as service charges on deposits increased by \$963,000, earnings on cash surrender value of bank-owned life insurance increased by \$891,000, other customer fees increased by \$663,000, insurance commission increased by \$661,000 and fiduciary activities increased by \$515,000.

Operating expenses increased by \$1 million or 4.4 percent during the third quarter while year-to-date operating expense, absent the \$1.8 million in charges related to the Corporation's debt refinance and expenses related to operational conversions of \$771,000, increased by \$2.8 million, or 3.8 percent.

The provision for loan losses, in the third quarter, increased by \$1.3 million to cover net charge off's and to ensure the adequacy of the Corporation's allowance for loan losses. Year-to-date provisions increased by \$1 million based on the Corporation's continued evaluation of the adequacy of the loan losses. Non-performing loans totaled 1.25 percent of average total loans, down from the June 30, 2007 level of 1.39 percent and the allowance for loan losses, as a percent of total loans equaled .96 percent.

Michael C. Rechin, President and Chief Executive Officer, stated that, "The tactical execution of our 2007 plan continues to proceed as expected. Continued growth in loans and fee income combined with the refinance of our trust preferred securities, charter consolidation and tax management strategies have proven to accelerate our performance into the second half of 2007." Rechin also added, "Our management team is encouraged to have produced improved results in a difficult operating environment. We are mindful of the credit climate facing our customers and intend to balance our growth initiatives with asset quality improvement. With several organizational efforts behind us, in terms of charter consolidations and re-branding, our focus is on meeting our customers' needs and providing great service."

CONFERENCE CALL

First Merchants Corporation will conduct a conference call at 2:30 p.m. Eastern Daylight Time on Thursday, October 18, 2007. To participate, dial (Toll Free) 877-407-9210 and reference First Merchants Corporation's third quarter earnings. A replay will be available until October 25, 2007. To access replay, US/Canada participants should dial (Toll Free) 877-660-6853 or for International participants, dial 201-612-7415. The replay will require the Account # 286 and Conference ID # 257964.

During the call, we may make Forward Looking Statements about our relative

business outlook. These Forward Looking Statements and all other statements made during the call 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.

Detailed financial results are reported on the attached pages:

First Merchants Corporation is a financial holding company headquartered in Muncie, Indiana. Subsidiaries of the Corporation include First Merchants Bank, N.A., First Merchants Bank of Central Indiana, N.A., Lafayette Bank & Trust Company, N.A., Commerce National Bank and First Merchants Trust Company, N.A. The Corporation also operates First Merchants Insurance Services, a full-service property casualty, personal lines, and healthcare insurance agency and is a majority member of Indiana Title Insurance Company, LLC, a title insurance agency.

First Merchants Corporation's common stock is traded over-the-counter on the NASDAQ National Market System under the symbol FRME. Quotations are carried in daily newspapers and can be found on the company's Internet web page (<http://www.firstmerchants.com>).

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CONSOLIDATED BALANCE SHEETS

(in thousands)

	September 30,	
	2007	2006
<b>Assets</b>		
Cash and due from banks	\$ 85,645	\$ 65,641
Interest-bearing time deposits	22,295	8,717
Investment securities	474,613	468,074
Mortgage loans held for sale	4,328	3,395
Loans	2,869,001	2,641,644
Less: Allowance for loan losses	(27,635)	(26,975)
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Net loans	2,841,366	2,614,669
Premises and equipment	44,255	40,511
Federal Reserve and Federal Home Loan Bank stock	25,050	23,620
Interest receivable	25,954	23,946
Core deposit intangibles and goodwill	136,266	136,666
Cash surrender value of life insurance	70,082	63,539
Other assets	24,446	23,261
	-----	-----
Total assets	\$ 3,754,300	\$ 3,472,039
	=====	=====
<b>Liabilities</b>		
Deposits		
Noninterest-bearing	\$ 355,339	\$ 324,601
Interest-bearing	2,403,836	2,369,690
	-----	-----
Total deposits	2,759,175	2,694,291
Borrowings	620,469	419,146
Interest payable	9,170	10,236
Other liabilities	32,745	26,075
	-----	-----
Total liabilities	3,421,559	3,149,748
<b>Stockholders' equity</b>		
Preferred stock, no-par value		
Authorized and unissued -- 500,000 shares		
Common stock, \$.125 stated value		
Authorized -- 50,000,000 shares		
Issued and outstanding -- 18,153,828 and 18,334,811 shares		
	2,269	2,292
Additional paid-in capital	140,642	143,688
Retained earnings	197,609	184,555
Accumulated other comprehensive loss	(7,779)	(8,244)
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Total stockholders' equity	332,741	322,291
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Total liabilities and stockholders' equity	\$ 3,754,300	\$ 3,472,039
	=====	=====

FINANCIAL HIGHLIGHTS

(In thousands)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2007	2006	2007	2006
<b>NET CHARGE OFF'S</b>	\$ 2,783	\$ 467	\$ 4,962	\$ 3,226
<b>AVERAGE BALANCES</b>				
Total Assets	\$3,696,382	\$3,424,504	\$3,607,367	\$3,328,120
Total Loans	2,835,639	2,613,805	2,768,146	2,541,589
Total Deposits	2,776,346	2,613,507	2,732,117	2,505,027
Total Stockholders' Equity	329,474	318,327	329,147	317,282
<b>FINANCIAL RATIOS</b>				
Return on Average Assets	.90%	.90%	.83%	.90%
Return on Avg. Stockholders' Equity	10.14	9.72	9.05	9.47
Avg. Earning Assets to Avg. Assets	90.88	91.26	90.98	91.25
Allowance for Loan Losses as % Of Total Loans	.96	1.02	.96	1.02
Net Charge Off's as % Of Avg. Loans (Annualized)	.39	.07	.24	.17
Dividend Payout Ratio	50.00	54.76	56.56	56.56
Avg. Stockholders' Equity to Avg. Assets	8.91	9.30	9.12	9.53
Tax Equivalent Yield on Earning Assets	7.17	7.08	7.09	6.87
Cost of Supporting Liabilities	3.65	3.42	3.58	3.09
Net Int. Margin (FTE) on Earning Assets	3.52	3.66	3.51	3.78

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
<b>Interest income</b>				
Loans receivable				
Taxable	\$ 53,081	\$ 48,738	\$153,930	\$137,475
Tax exempt	368	189	818	588
Investment securities				
Taxable	3,581	3,289	10,257	9,097
Tax exempt	1,613	1,645	4,925	4,905
Federal funds sold	41	13	133	41
Deposits with financial institutions	145	144	388	390
Federal Reserve and Federal Home Loan Bank stock	328	307	955	938
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Total interest income	59,157	54,325	171,406	153,434
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<b>Interest expense</b>				
Deposits	23,327	20,291	67,523	51,624
Federal funds purchased	996	635	2,897	1,749
Securities sold under repurchase agreements	1,195	852	2,674	2,740
Federal Home Loan Bank advances	3,302	2,796	9,247	8,062
Subordinated debentures, revolving credit lines and term loans	1,802	2,067	5,840	6,078
Other borrowings	1,802	60	5,840	202
	-----	-----	-----	-----
Total interest expense	30,622	26,701	88,181	70,455
	-----	-----	-----	-----
Net interest income	28,535	27,624	83,225	82,979
Provision for loan losses	2,810	1,558	6,057	5,013
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Net interest income after provision for loan losses	25,725	26,066	77,168	77,966
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<b>Other income</b>				
Fiduciary activities	1,985	1,863	6,278	5,763
Service charges on deposit accounts	3,241	3,055	9,215	8,252
Other customer fees	1,767	1,386	4,793	4,130
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Commission income	1,175	971	4,082	3,421
Earnings on cash surrender value of life insurance	998	719	2,465	1,574
Net gains and fees on sales of loans	749	493	1,892	1,558
Other income	933	348	1,693	1,145
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Total other income	10,848	8,835	30,418	25,843
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<b>Other expenses</b>				
Salaries and employee benefits	14,583	14,033	44,105	41,968
Net occupancy expenses	1,818	1,477	5,028	4,388
Equipment expenses	1,645	2,035	5,150	5,991
Marketing expense	560	586	1,700	1,424
Outside data processing fees	972	841	2,959	2,645
Printing and office supplies	394	367	1,081	1,095
Core deposit amortization	789	762	2,370	2,285
Write-off of unamortized underwriting expense			1,771	
Other expenses	4,241	3,854	12,771	11,841
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Total other expenses	25,002	23,955	76,935	71,637
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Income before income tax	11,571	10,946	30,651	32,172
Income tax expense	3,221	3,207	8,322	9,633
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Net income	\$ 8,350	\$ 7,739	\$ 22,329	\$ 22,539
	=====	=====	=====	=====
<b>Per Share Data</b>				
Basic Net Income	.46	.42	1.22	1.23
Diluted Net Income	.46	.42	1.22	1.22
Cash Dividends Paid	.23	.23	.69	.69
Average Diluted Shares Outstanding (in thousands)	18,276	18,381	18,375	
18,455				

CONSOLIDATED BALANCE SHEETS

(in thousands)	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006	September 30, 2006
<b>Assets</b>					
Cash and due from banks	\$ 85,645	\$ 80,921	\$ 43,629	\$ 89,957	\$ 65,641
Interest-bearing time deposits	22,295	8,898	6,785	11,284	8,717
Investment securities	474,613	479,281	476,199	465,217	468,074
Mortgage loans held for sale	4,328	2,842	2,732	5,413	3,395
Loans	2,869,001	2,806,068	2,731,140	2,692,601	2,641,644
Less: Allowance for loan losses	(27,635)	(27,608)	(26,819)	(26,540)	(26,975)
Net loans	2,841,366	2,778,460	2,704,321	2,666,061	2,614,669
Premises and equipment	44,255	44,126	43,262	42,393	40,511
Federal Reserve and Federal Home Loan Bank stock	25,050	23,822	23,691	23,691	23,620
Interest receivable	25,954	21,615	21,941	24,345	23,946
Core deposit intangibles and goodwill	136,266	137,056	137,847	138,638	136,666
Cash surrender value of life insurance	70,082	69,111	68,360	64,213	63,539
Other assets	24,446	23,383	26,047	23,658	23,261
<b>Total assets</b>	<b>\$ 3,754,300</b>	<b>\$ 3,669,515</b>	<b>\$ 3,554,814</b>	<b>\$ 3,554,870</b>	<b>\$ 3,472,039</b>
<b>Liabilities</b>					
<b>Deposits</b>					
Noninterest-bearing	\$ 355,339	\$ 362,083	\$ 325,615	\$ 362,058	\$ 324,601
Interest-bearing	2,403,836	2,357,518	2,361,773	2,388,480	2,369,690
<b>Total deposits</b>	<b>2,759,175</b>	<b>2,719,601</b>	<b>2,687,388</b>	<b>2,750,538</b>	<b>2,694,291</b>
Borrowings	620,469	587,574	497,188	440,764	419,146
Interest payable	9,170	10,417	10,834	9,326	10,236
Other liabilities	32,745	24,543	30,756	26,917	26,075
<b>Total liabilities</b>	<b>3,421,559</b>	<b>3,342,135</b>	<b>3,226,166</b>	<b>3,227,545</b>	<b>3,149,748</b>
<b>Stockholders' equity</b>					
Preferred stock, no-par value					
Authorized and unissued -- 500,000 shares					
Common stock, \$.125 stated value					
Authorized -- 50,000,000 shares					
Issued and outstanding	2,269	2,286	2,289	2,305	2,292
Additional paid-in capital	140,642	143,317	143,672	146,460	143,688
Retained earnings	197,609	193,460	191,476	187,965	184,555
Accumulated other comprehensive loss	(7,779)	(11,683)	(8,789)	(9,405)	(8,244)
<b>Total stockholders' equity</b>	<b>332,741</b>	<b>327,380</b>	<b>328,648</b>	<b>327,325</b>	<b>322,291</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 3,754,300</b>	<b>\$ 3,669,515</b>	<b>\$ 3,554,814</b>	<b>\$ 3,554,870</b>	<b>\$ 3,472,039</b>

NON-PERFORMING ASSETS

(in thousands)	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006	September 30, 2006
90 days past due	\$ 3,132	\$ 5,203	\$ 4,554	\$ 2,870	\$ 4,253
Non-accrual loans	30,165	30,820	22,704	17,926	16,524
Other real estate	2,081	2,274	3,102	2,160	2,194
<b>Total non-performing assets</b>	<b>\$ 35,378</b>	<b>\$ 38,297</b>	<b>\$ 30,360</b>	<b>\$ 22,956</b>	<b>\$ 22,971</b>
Average total loans for the quarter	\$2,835,639	\$2,764,209	\$2,703,134	\$2,653,700	\$2,613,805
Total non-performing assets as a percent of average total loans	1.25%	1.39%	1.12%	.87%	.87%
Restructured loans	\$ 58	\$ 58	\$ 59	\$ 84	\$ 93

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except share data)

	Three Months Ended				
	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006	September 30, 2006
<b>Interest Income</b>					
Loans receivable					
Taxable	\$ 53,081	\$ 51,204	\$ 49,645	\$ 49,293	\$ 48,738
Tax exempt	368	249	201	240	189
Investment securities					
Taxable	3,581	3,394	3,282	3,219	3,289
Tax exempt	1,613	1,651	1,661	1,660	1,645
Federal funds sold	41	91	1	332	13
Deposits with financial institutions	145	120	123	110	144
Federal Reserve and Federal Home Loan Bank stock	328	299	328	318	307
<b>Total interest income</b>	<b>59,157</b>	<b>57,008</b>	<b>55,241</b>	<b>55,172</b>	<b>54,325</b>
<b>Interest expense</b>					
Deposits	23,327	22,390	21,806	22,690	20,291
Federal funds purchased	996	1,047	854	93	635
Securities sold under repurchase agreements	1,195	910	569	488	852
Federal Home Loan Bank advances	3,302	3,009	2,936	2,672	2,796
Subordinated debentures, revolving credit lines and term loans	1,802	2,037	2,001	2,046	2,067
Other borrowings				67	60
<b>Total interest expense</b>	<b>30,622</b>	<b>29,393</b>	<b>28,166</b>	<b>28,056</b>	<b>26,701</b>
<b>Net interest income</b>	<b>28,535</b>	<b>27,615</b>	<b>27,075</b>	<b>27,116</b>	<b>27,624</b>
Provision for loan losses	2,810	1,648	1,599	1,245	1,558
<b>Net interest income after provision for loan losses</b>	<b>25,725</b>	<b>25,967</b>	<b>25,476</b>	<b>25,871</b>	<b>26,066</b>
<b>Other income</b>					
Fiduciary activities	1,985	2,257	2,036	1,862	1,863
Service charges on deposit accounts	3,241	3,091	2,883	3,010	3,055
Other customer fees	1,767	1,535	1,491	1,387	1,386
Net realized gains (losses) on sales of available-for-sale securities			(1)	(4)	
Commission income	1,175	1,269	1,638	881	971
Earnings on cash surrender value of life insurance	998	782	685	712	719
Net gains and fees on sales of loans	749	611	532	613	493
Other income	933	221	540	309	348
<b>Total other income</b>	<b>10,848</b>	<b>9,766</b>	<b>9,804</b>	<b>8,770</b>	<b>8,835</b>
<b>Other expenses</b>					
Salaries and employee benefits	14,583	14,796	14,726	14,157	14,033
Net occupancy expenses	1,818	1,612	1,598	1,498	1,477
Equipment expenses	1,645	1,783	1,722	1,956	2,035
Marketing expense	560	653	487	508	586
Outside data processing fees	972	1,036	951	804	841
Printing and office supplies	394	388	299	401	367
Core deposit amortization	789	790	791	781	762
Write-off of unamortized underwriting expense	1,771				
Other expenses	4,241	4,910	3,620	4,315	3,854
<b>Total other expenses</b>	<b>25,002</b>	<b>27,739</b>	<b>24,194</b>	<b>24,420</b>	<b>23,955</b>
<b>Income before income tax</b>	<b>11,571</b>	<b>7,994</b>	<b>11,086</b>	<b>10,221</b>	<b>10,946</b>
Income tax expense	3,221	1,786	3,315	2,562	3,207
<b>Net income</b>	<b>\$ 8,350</b>	<b>\$ 6,208</b>	<b>\$ 7,771</b>	<b>\$ 7,659</b>	<b>\$ 7,739</b>
<b>Per Share Data</b>					
Basic Net Income	\$ .46	\$ .34	\$ .42	\$ .42	\$ .42
Diluted Net Income	.46	.34	.42	.42	.42
Cash Dividends Paid	.23	.23	.23	.23	.23
Average Diluted Shares Outstanding (in thousands)	18,276	18,369	18,497	18,498	18,381
<b>FINANCIAL RATIOS</b>					
Return on Average Assets	.90%	.69%	.88%	.88%	.90%
Return on Avg. Stockholders' Equity	10.14	7.53	9.47	9.39	9.72

Avg. Earning Assets to Avg. Assets	90.88	90.96	91.13	90.87	91.26
Allowance for Loan Losses as % Of Total Loans	.96	.98	.98	.99	1.02
Net Charge Off's as % Of Avg. Loans (Annualized)	.39	.23	.20	.25	.07
Dividend Payout Ratio	50.00	67.65	54.76	56.10	54.76
Avg. Stockholders' Equity to Avg. Assets	8.91	9.15	9.32	9.32	9.30
Tax Equivalent Yield on Earning Assets	7.17	7.09	7.01	7.07	7.08
Cost of Supporting Liabilities	3.65	3.59	3.51	3.53	3.42
Net Int. Margin (FTE) on Earning Assets	3.52	3.50	3.50	3.54	3.66

## LOANS

(in thousands)	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006	September 30, 2006
Commercial and industrial loans	\$ 626,301	\$ 590,345	\$ 557,304	\$ 537,305	\$ 497,280
Agricultural production financing and other loans to farmers	113,132	103,713	97,784	100,098	104,147
Real estate loans:					
Construction	160,624	172,247	151,782	169,491	175,753
Commercial and farmland	912,063	895,301	906,726	861,429	835,403
Residential	769,890	768,392	756,316	749,921	757,116
Individuals' loans for household and other personal expenditures	194,181	206,435	210,578	223,504	215,237
Tax exempt loans	28,726	23,181	15,306	14,423	16,550
Lease financing receivables, net of unearned income	8,932	7,906	7,648	8,010	8,543
Other loans	55,152	38,548	27,696	28,420	31,615
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Allowance for loan losses	2,869,001 (27,635)	2,806,068 (27,608)	2,731,140 (26,819)	2,692,601 (26,540)	2,641,644 (26,975)
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Total loans	\$2,841,366	\$2,778,460	\$2,704,321	\$2,666,061	\$2,614,669
	=====	=====	=====	=====	=====

## DEPOSITS

(in thousands)	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006	September 30, 2006
Demand deposits	\$ 825,185	\$ 855,458	\$ 787,538	\$ 883,294	\$ 743,154
Savings deposits	508,139	494,738	530,692	507,431	512,112
Certificates and other time deposits of \$100,000 or more	472,842	443,355	398,061	408,910	394,724
Other certificates and time deposits	953,009	926,050	971,097	950,903	1,044,301
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Total deposits	\$2,759,175	\$ 2,719,601	\$2,687,388	\$2,750,538	\$2,694,291
	=====	=====	=====	=====	=====