

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): January 27, 2011

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 January 27, 2011, First Merchants Corporation will conduct a fourth quarter earnings conference call and web cast 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 January 27, 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: January 27, 2011

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Slide presentation, utilized January 27, 2011, during conference call and web cast by First Merchants Corporation



First Merchants Corporation

4th Quarter 2010
Earnings Call

January 27, 2011

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.



4th Quarter 2010 Highlights

- § Fourth quarter earnings of \$2.6M, or \$.10 per common share
- § Year-to-date earnings of \$11.7M, or \$.48 per common share
- § Sequential improvement in loan quality continues
- § Loan loss reserve ample for projected future losses at 2.90% of total loans
- § Core business profitability solidifying



Mark K. Hardwick

Executive Vice President
and Chief Financial Officer



TOTAL ASSETS

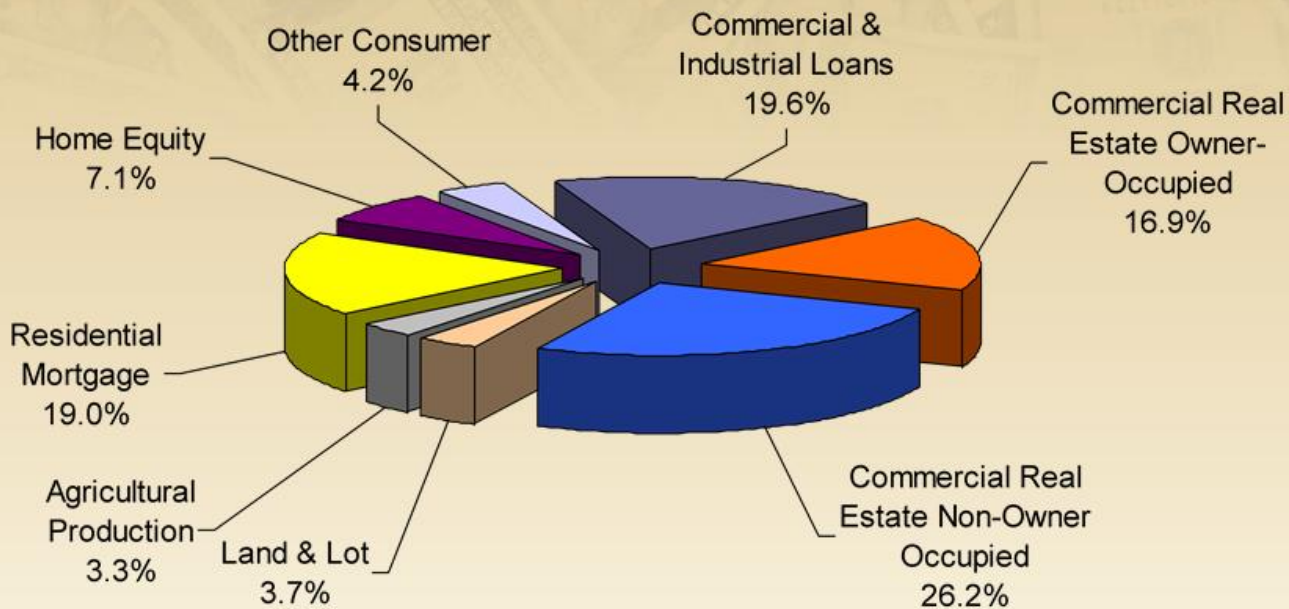
(\$ in Millions)	<u>2008</u>	<u>2009</u>	<u>2010</u>
1. Investments	\$ 482	\$ 563	\$827
2. Loans	3,722	3,278	2,857
3. Allowance	(50)	(92)	(83)
4. CD&I & Goodwill	166	159	154
5. BOLI	93	95	97
6. Other	<u>371</u>	<u>478</u>	<u>318</u>
7. Total Assets	\$4,784	\$4,481	\$4,170



LOAN AND CREDIT DETAIL

Loan Composition (as of 12/31/10)

YTD Yield = 5.66%
Total = \$2.9B





INVESTMENT PORTFOLIO (as of 12/31/10)

- § \$827 Million Balance
- § Average duration of 4.7 years
- § Tax equivalent yield of 4.15%
- § No private label MBS exposure
- § Trust Preferred Pools with book balance of \$5.8 million and a market value of \$200K
- § Net unrealized gain of the entire portfolio totals \$1.6 million

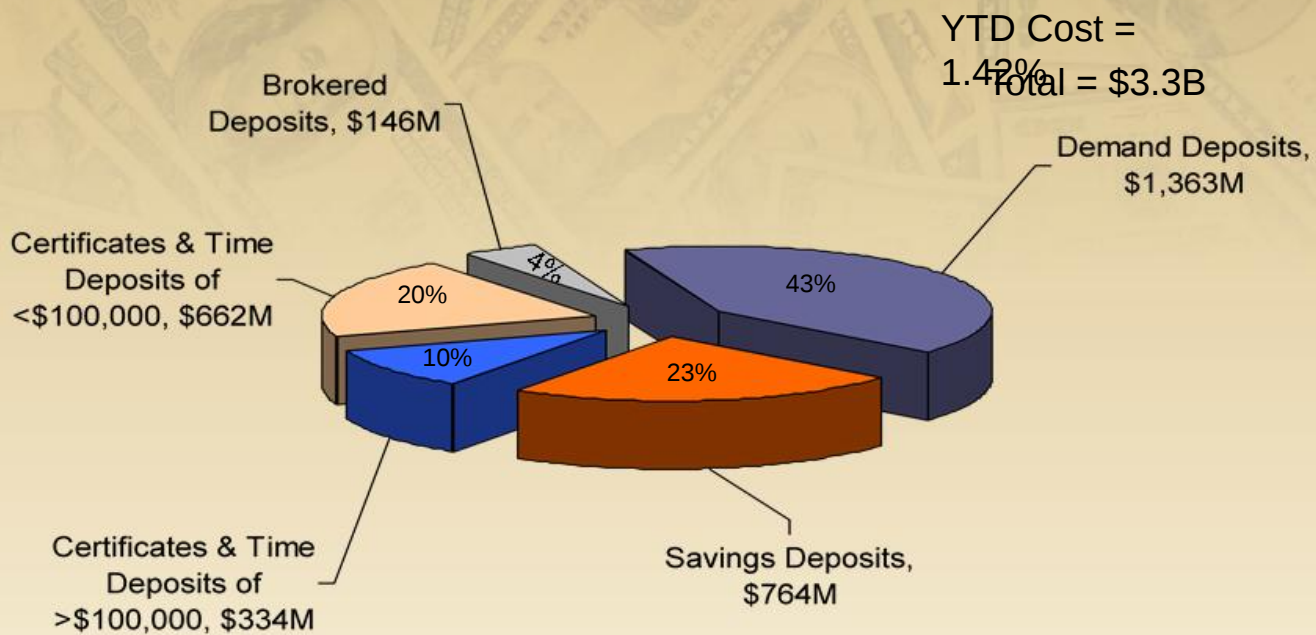


TOTAL LIABILITIES AND CAPITAL

(\$ in Millions)	<u>2008</u>	<u>2009</u>	<u>2010</u>
1. Customer Non-Maturity Deposits	\$1,858	\$2,042	\$2,127
2. Customer Time Deposits	1,384	1,220	996
3. Brokered Deposits	477	275	146
4. Borrowings	507	339	277
5. Other Liabilities	51	30	28
6. Hybrid Capital	111	111	142
7. Preferred Stock (CPP)	-	112	68
8. Common Equity	<u>396</u>	<u>352</u>	<u>386</u>
9. Total Liabilities and Capital	\$4,784	\$4,481	\$4,170



DEPOSITS (as of 12/31/10)



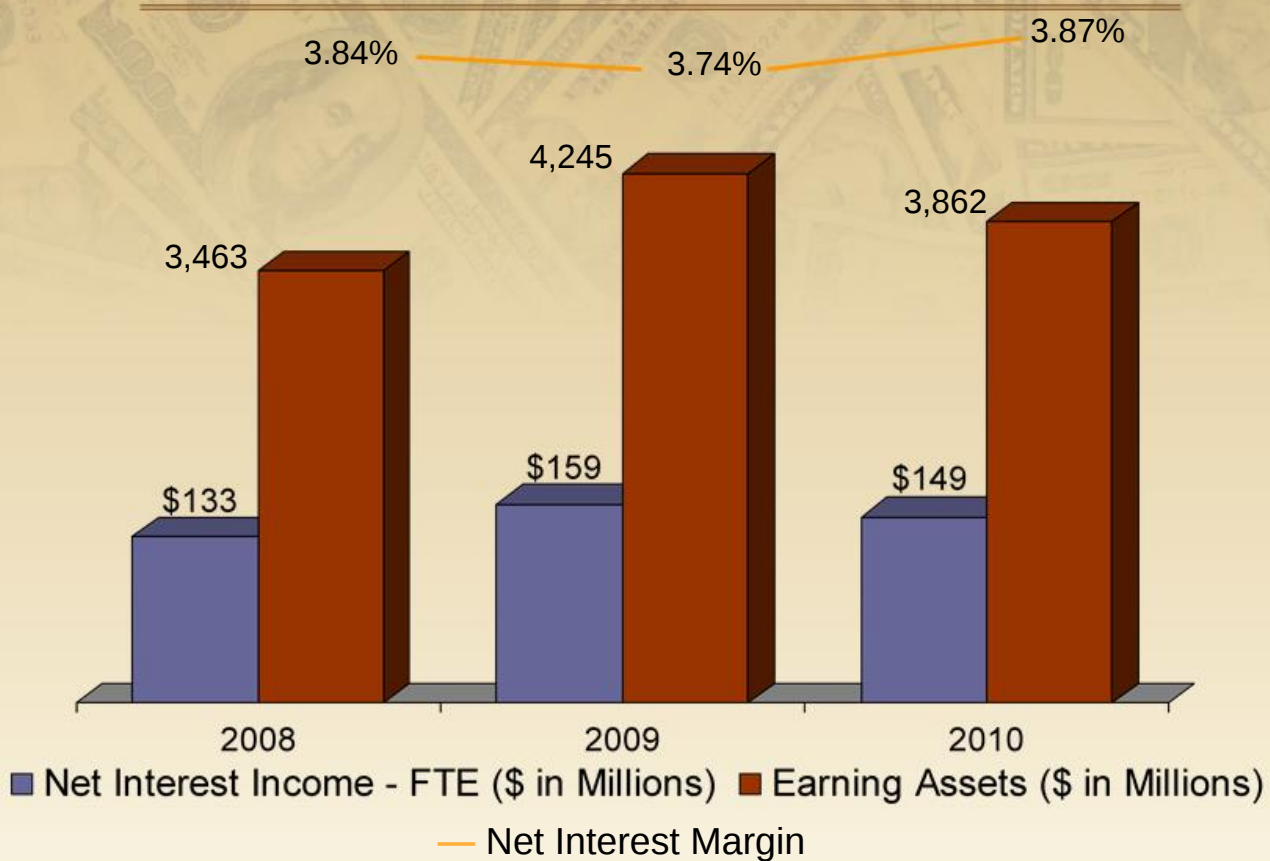


CAPITAL RATIOS

<u>2008</u>	<u>2009</u>	<u>2010</u>	
1. Total Risk-Based Capital Ratio	10.24%	13.04%	15.72%
2. Tier 1 Risk-Based Capital Ratio	7.71%	10.32%	12.80%
3. Leverage Ratio	8.16%	8.20%	9.49%
4. TCE/TCA	5.01%	4.54%	5.84%



NET INTEREST MARGIN





NON-INTEREST INCOME

(\$ in Millions)	<u>2008</u>	<u>2009</u>	<u>2010</u>
1. Service Charges on Deposit Accounts	\$13.0	\$15.1	\$13.3
2. Trust Fees	8.0	7.4	7.7
3. Insurance Commission Income	5.8	6.4	6.2
4. Cash Surrender Value of Life Ins	(0.3)	1.6	2.1
5. Gains on Sales Mortgage Loans	2.5	6.8	6.8
6. Securities Gains/Losses	(2.1)	4.4	1.9
7. Other	<u>9.5</u>	<u>9.5</u>	<u>10.5</u>
8. Total	\$36.4	\$51.2	\$48.5
9. Adjusted Non-Interest Income ¹	\$38.5	\$46.5	\$46.6

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



NON-INTEREST EXPENSE

(\$ in Millions)	<u>2008</u>	<u>2009</u>	<u>2010</u>
1. Salary & Benefits	\$63.0	\$76.3	\$73.3
2. Premises & Equipment	14.4	17.9	17.2
3. Core Deposit Intangible	3.2	5.1	4.7
4. Professional Services	1.7	1.3	1.4
5. OREO/Credit-Related Expense	3.7	12.9	14.6
6. FDIC Expense	1.7	10.4	8.1
7. FHLB Prepayment Penalties	-	1.9	-
8. Outside Data Processing	4.1	6.2	5.1
9. Marketing	2.3	2.1	2.0
10. Other	<u>14.7</u>	<u>17.5</u>	<u>15.9</u>
11. Total	\$108.8	\$151.6	\$142.3
12. Adjusted Non-Interest Expense ¹	\$106.0	\$134.7	\$127.7

¹Adjusted for the FDIC Special Assessment, FHLB Prepayment Penalties & OREO Expense & Credit Related Professional Services



EARNINGS

(\$ in Millions except in per share data)	<u>2008</u>	<u>2009</u>	<u>2010</u>
1. Net Interest Income-FTE	\$133.1	\$159.1	\$149.4
2. Non Interest Income ¹	38.5	46.5	46.6
3. Non Interest Expense ²	(106.0)	(134.7)	(127.7)
4. Pre-Tax Pre-Provision Earnings	\$ 65.6	\$ 70.9	\$68.3
5. Provision	(28.2)	(122.2)	(46.5)
6. Adjustments	(5.0)	(12.1)	(12.7)
7. Taxes - FTE	(11.8)	22.7	(2.9)
8. Gain on Exchange of Preferred Stock for Trust Preferred Debt	-	-	10.1
9. CPP Dividend	-	(5.0)	(4.6)
10. Net Income Avail. for Common Stockholders	\$20.6	(\$45.7)	\$11.7
11. EPS	\$1.14	(\$2.17)	\$0.48

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

4th Quarter

Highlights

- Non-accrual loans declined 8% from \$98.6 at 09/30/10 to \$90.6 million at 12/31/10.
- Allowance for Loan and Lease Losses is 2.90% of total loans at 12/31/10 and up from 2.86% at 09/30/10. Allowance coverage to Non-Accrual Loans increased to 92%.
- 30-89 day delinquent loans is up to \$30 million at 12/31/10 from \$23.8 million at 9/30/10.
- 90+ day delinquent loans decreased to \$1.3 million from \$5.3 million.
- Restructured loans increased from \$5.3 million to \$7.1 million.
- Total non-performing assets plus 90+ day delinquent loans decreased to \$120.0 million from \$130.8 million at 09/30/10, continuing the decline from peak of \$156.1 million at 9/30/09.



NON-ACCRUAL LOANS

(\$ in millions)





NON-ACCRUAL TREND

% of Period End Total Loans Plus Loans Held For Sale

	12/31/09	03/31/10	06/30/10	09/30/10	12/31/10
NON-ACCRUAL LOANS					
Commercial & Industrial	5.16%	3.68%	3.55%	3.19%	1.75%
Land and Lot	12.60%	10.25%	8.91%	6.25%	16.10%
Commercial Mortgage	3.18%	4.65%	4.74%	4.22%	3.69%
Agriculture Production	0.28%	0.86%	1.27%	0.64%	0.57%
Total Commercial	4.31%	4.51%	4.43%	3.84%	3.66%
Residential Mortgage	3.01%	3.86%	3.86%	3.26%	2.78%
Home Equity	0.76%	0.79%	1.74%	1.39%	1.31%
Other Consumer	0.07%	0.06%	0.00%	0.01%	0.00%
Total Consumer	2.05%	2.59%	2.83%	2.36%	2.05%
Total Consumer and Commercial	3.61%	3.92%	3.93%	3.37%	3.17%



LARGEST NEW NON-ACCRUAL LOANS

Industry:	(\$ in millions)
§ Single Family Housing Construction	\$4.195
§ Residential Land Development/Home Construction	3.648
§ Retail Center	2.911
§ Retail Center and Apartment Building	2.313
§ CRE Investments	2.037
§ Personal Residence	<u>1.092</u>
Total New Non-Accrual Greater than \$500,000	\$14.527



OTHER REAL ESTATE OWNED

(\$ in millions)	Commercial Mortgage	Land and Construction	1-4 Family	Total
Book Balance	\$5.3	\$11.4	\$4.2	\$20.9
% of ORE	25.4%	54.5%	20.1%	100%
% of Loan Type	0.4%	10.7%	0.6%	

(\$ in millions)

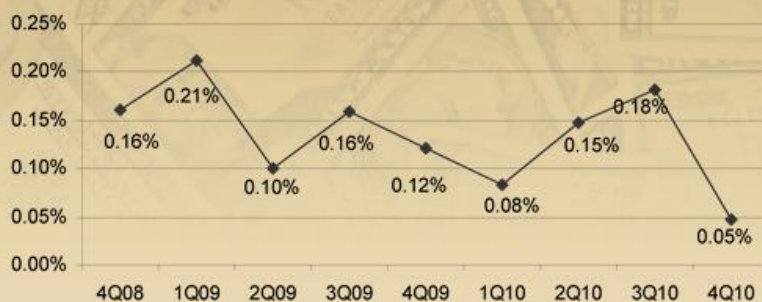




LOAN DELINQUENCY TRENDS

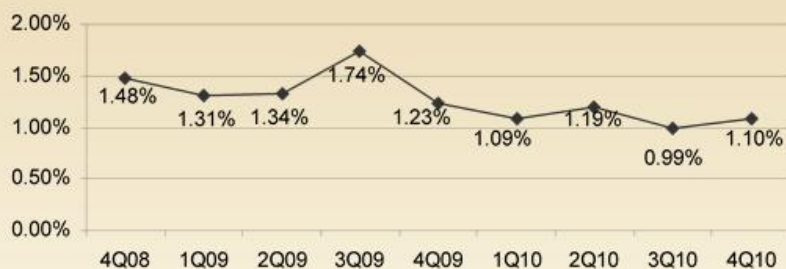
90+ Day Delinquency

(as a % of period end total loans)



30+ Day Delinquency

(as a % of period end total loans)





NON-PERFORMING ASSET RECONCILIATION

(\$ in millions)

6 0 ;	Q2	Q3	Q4				
Beginning Period					3/31/2010	6/30/2010	9/30/2010
Beginning Balance NPAs & 90+ Days Past due					\$144.6	\$146.5	\$130.8
Non-Accrual							
Add: New NPLs					\$ 27.3	\$ 15.5	\$ 27.4
Less: To Accrual/Payoff/Restructured					(8.3)	(18.6)	(14.5)
Less: To OREO					(4.0)	(6.7)	(7.0)
Less: Charge-offs (includes write-downs for transfer to OREO)					(17.7)	(11.8)	(13.9)
Δ Non-Accrual Loans					(\$ 2.7)	(\$ 21.6)	(\$ 8.0)
Other Real Estate Owned (OREO)							
Add: New OREO Properties					\$ 4.0	\$ 6.6	\$ 7.2
Less; OREO Sold					(0.2)	(3.8)	(1.1)
Less: OREO Losses (write-downs)					(1.9)	(1.4)	(6.7)
Δ OREO					\$1.9	\$ 1.4	(\$.60)
Δ 90 Days Past Due					\$ 1.9	\$ 0.8	(\$ 4.0)
ΔRestructured/Renegotiated Loans					\$ 0.8	\$ 3.7	\$ 1.8
Total NPA Change					\$ 1.9	(\$15.7)	(\$ 10.8)
Ending Balance NPAs & 90+ Days Past Due					\$146.5	\$130.8	\$120.0
Ending Period					6/30/2010	9/30/2010	12/31/2010



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	\$560.4	\$1,229.0	\$106.6	\$95.5	\$1,991.5	\$543.5	\$202.0	\$120.2	\$865.7	\$2,857.2
% of total	19.6%	43.0%	3.7%	3.4%	69.7%	19.0%	7.1%	4.2%	30.3%	100.0%

% of Period End Total Loans Plus Loans Held For Sale

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



CREDIT COSTS OVER TIME

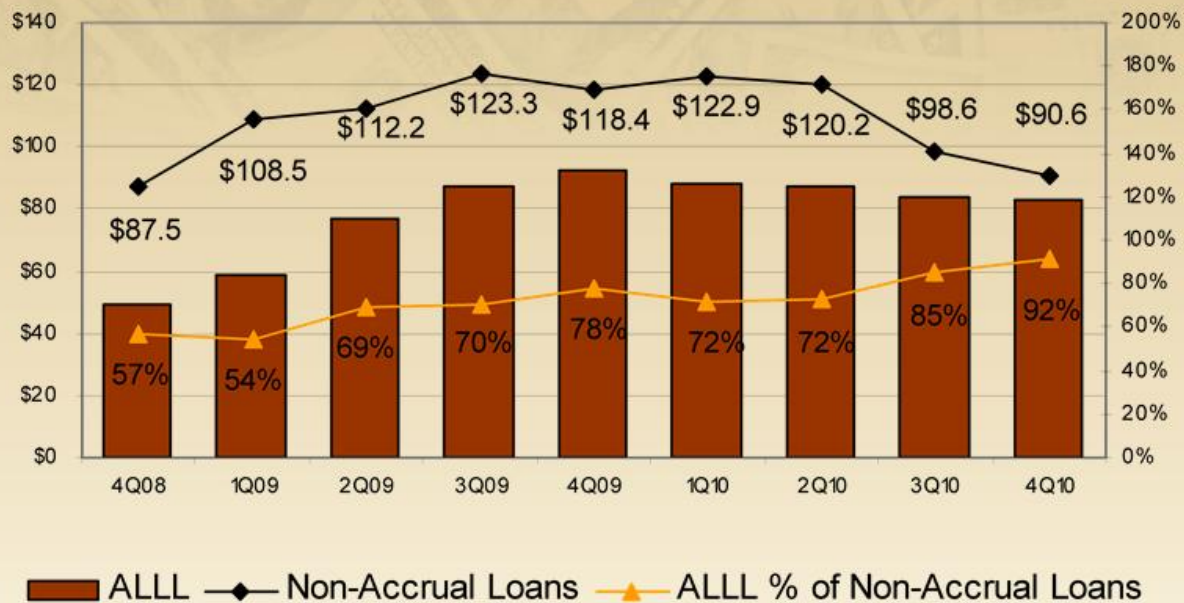


■ Net Charge-offs ■ Provison ■ Allowance for Loan Losses



ALLOWANCE COVERAGE TO NON-ACCRAUAL LOANS

(\$ in millions)





Michael C. Rechin

President
and Chief Executive Officer



Overview of Operating Strategy and Tactics

“Strengthen and Grow”

- § Capitalize on our newly formed Retail Line of Business Structure to streamline and solidify our brand position as a 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

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THE STRENGTH OF BIG.
THE SERVICE OF SMALL.