

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): August 4, 2009

FIRST MERCHANTS CORPORATION

(Exact Name of Registrant as Specified in its Charter)

INDIANA
(State or other jurisdiction
of incorporation)

0-17071
(Commission File Number)

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)

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 August 4, 2009, First Merchants Corporation will conduct a second quarter earnings conference call and web cast on Tuesday, August 4, 2009 at 2:30 p.m. (ET). A copy of the slide presentation that will be 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 that will be utilized August 4, 2009, during a 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.

DATE: August 4, 2009

FIRST MERCHANTS CORPORATION

By: /s/Mark K. Hardwick

Mark K. Hardwick,
Executive Vice President and
Chief Financial Officer

Exhibit Index

Exhibit No.

Description

Exhibit 99.1	Slide presentation that will be utilized August 4, 2009, during a conference call and web cast by First Merchants Corporation
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PREPARED TO MEET TODAY'S CHALLENGES

First Merchants Corporation
2nd Quarter 2009
Earnings Call

August 4, 2009



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.



Key Points for 2nd Quarter

- Loss of \$1.48 per diluted share for the quarter ended June 30, 2009, reflects the company's focused efforts to build appropriate allowance for loan loss reserve and to address loan portfolio stress.
- Allowance for loan losses increased to 2.16% of loans, "well reserved", with year-to-date \$72 million provision for loan losses, exceeding net charge-offs by ~ \$26MM.
- Year-to-date net loan charge-offs totaled \$46 million, or an annualized 2.53%, of average loans. Resultant non-performing asset levels are essentially flat with 1st quarter.
- Capital levels soundly in excess of "well capitalized" thresholds.



“Well Positioned”

- Solid underlying business performance produces pre-tax pre-provision run rate averaging ~ \$16 million per quarter.
- Bank charter combination planned for 3rd quarter completion maximizes efficiency.
- Achievement update on year one targets for Lincoln Bank acquisition:
 - Branding
 - Core operation conversion
 - Expense savings capture
 - Credit quality



Mark K. Hardwick

Executive Vice President
and Chief Financial Officer



Financial Performance



Total Assets

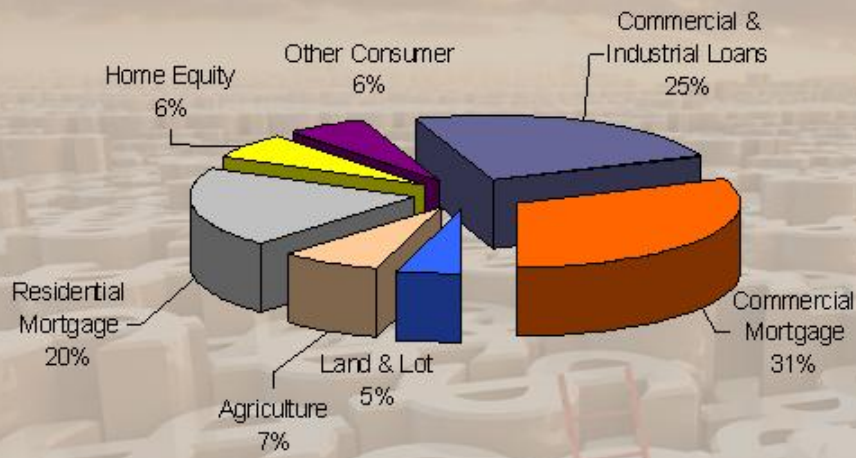
(Millions \$)

	<u>2007</u>	<u>2008</u>	<u>Q1-'09</u>	<u>Q2-'09</u>
1. Investments	\$ 451	\$ 482	\$ 446	\$ 631
2. Loans	2,877	3,722	3,654	3,554
3. Allowance	(28)	(50)	(59)	(77)
4. CD&I & Goodwill	136	166	163	161
5. BOLI	71	93	94	94
6. Other	<u>275</u>	<u>371</u>	<u>589</u>	<u>354</u>
7. Total Assets	\$3,782	\$4,784	\$4,887	\$4,717



Loan Composition as of 6/30/09

Yield = 5.96%





\$631 Million Balance

- Average duration - 4.0 years
- Tax equivalent yield of 4.90%
- No private label MBS exposure
- Trust Preferred Pools with book balance of \$11.1 million and a market value of \$2.0 million
- Net unrealized loss of the entire portfolio totals \$5 million



Total Liabilities and Capital

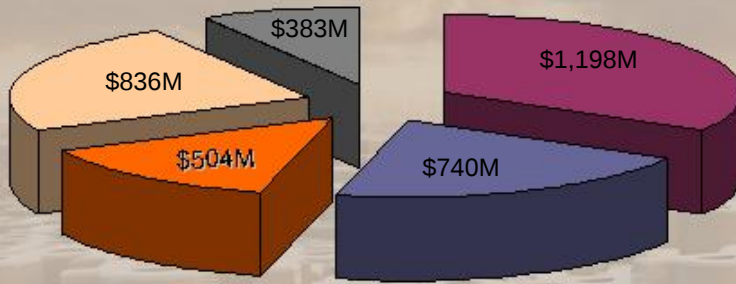
(\$ in Millions)	<u>2007</u>	<u>2008</u>	<u>Q1-'09</u>	<u>Q2-'09</u>
1. Customer Deposits*	\$2,605	\$3,242	\$3,275	\$3,278
2. Brokered Deposits	239	477	410	313
3. Bank-Level Borrowings	483	507	485	483
4. Other Liabilities	29	51	98	59
5. Hybrid Capital	86	111	111	111
5. Preferred Stock (CPP)	0	0	112	112
6. Common Equity	<u>340</u>	<u>396</u>	<u>396</u>	<u>361</u>
7. Total Liabilities and Capital	\$3,782	\$4,784	\$4,887	\$4,717

* Total deposits less brokered deposits



Deposits as of 6/30/09

Cost of Funds = 2.05%



- Demand Deposits - 33%
- Savings Deposits - 21%
- Certificates & Time Deposits of >\$100,000 - 14%
- Certificates & Time Deposits of <\$100,000 - 23%
- Brokered Deposits - 9%



Capital Ratios

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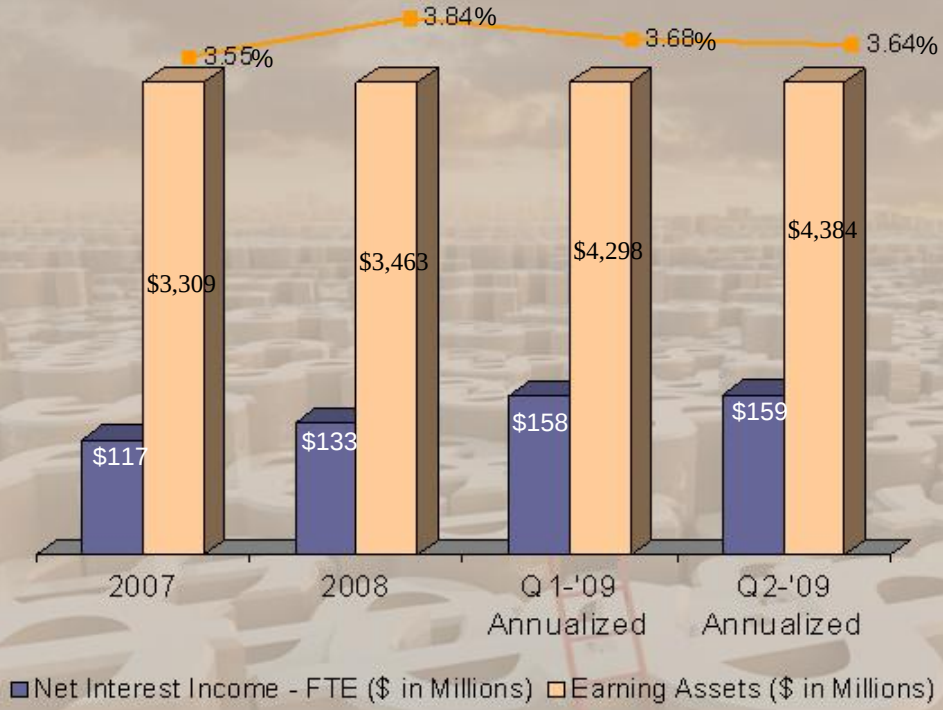
2007

2008 Q1-'09 Q2-'09

1.	Total Risk-Based Capital Ratio	10.55%	10.24%	12.97%	12.56%
2.	Tier 1 Risk-Based Capital Ratio	8.75%	7.71%	10.47%	10.01%
3.	Leverage Ratio	7.19%	8.16%	9.17%	8.31%
4.	TCE/TCA	5.72%	5.01%	4.89%	4.42%

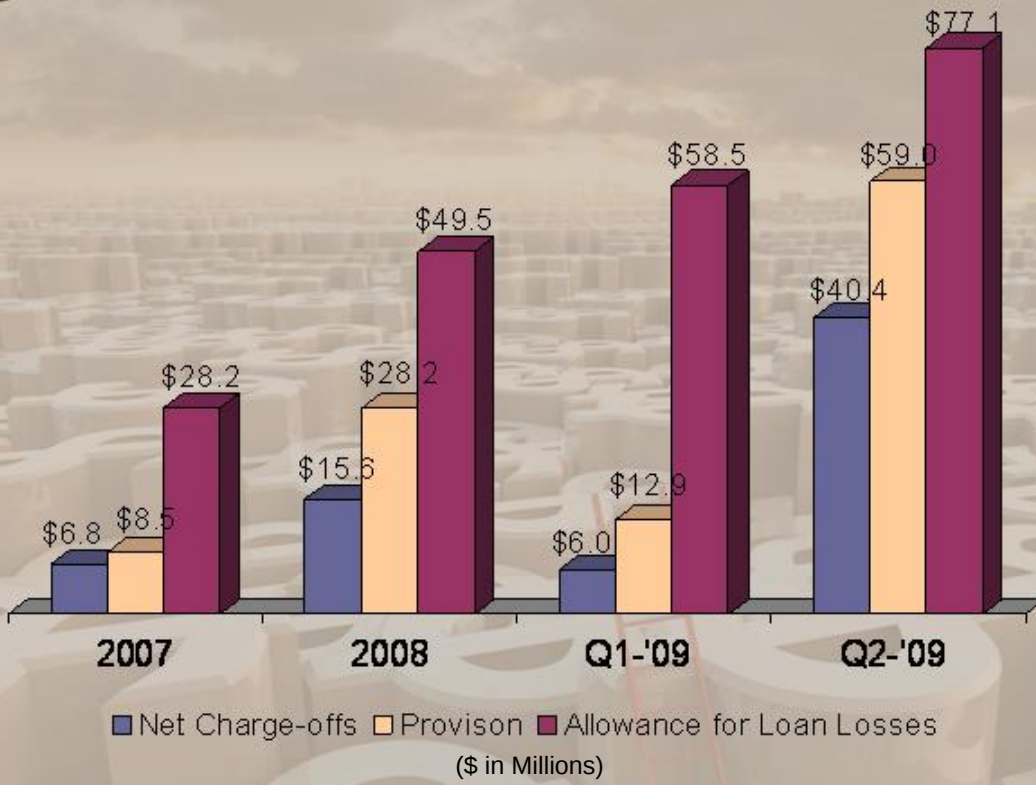


Net Interest Margin





Costs of Credit





Non-Interest Income

(\$ in Millions)

	<u>2007</u>	<u>2008</u>	<u>Q1-'09</u>	<u>Q2-'09</u>
1. Service Charges on Deposit Accounts	\$12.4	\$13.0	\$3.5	\$3.9
2. Trust Fees	8.4	8.0	2.1	1.7
3. Insurance Comm. Income	5.1	5.8	2.1	1.7
4. Cash Surrender Value of Life Ins.	3.7	(0.3)	0.3	0.3
5. Gains on Sales Mortgage Loans	2.4	2.5	1.4	1.7
6. Securities Gains/Losses	0	(2.1)	2.3	(0.9)
7. Other	<u>8.6</u>	<u>9.5</u>	<u>2.8</u>	<u>3.1</u>
8. Total	\$40.6	\$ 36.4	\$ 14.5	\$ 11.5



Non-Interest Expense

(\$ in Millions)	<u>2007</u>	<u>2008</u>	<u>Q1-'09</u>	<u>Q2-'09</u>
1. Salary & Benefits	\$58.8	\$ 63.0	\$ 20.0	\$ 19.7
2. Premises & Equipment	13.4	14.4	4.4	4.4
3. Core Deposit Intangible	3.2	3.2	1.3	1.3
4. Professional Services	2.0	2.6	1.1	0.9
6. OREO Expense	1.0	2.8	0.5	1.6
7. FDIC Expense	1.5	1.7	0.8	3.7
<u>8. Other</u>	<u>22.3</u>	<u>21.1</u>	<u>6.6</u>	<u>6.6</u>
Total	\$102.2	\$ 108.8	\$34.7	\$ 38.2



Earnings

(\$ in Millions)	<small>mp:n bsp:</small>	<u>2007</u>	<u>2008</u>	<u>Q1-'09</u>	<u>Q2-'09</u>
1. Net Interest Income-FTE		\$117.2	\$133.1	\$39.6	\$ 39.8
2. Non Interest Income ¹		40.6	38.5	12.2	12.4
3. Non Interest Expense ²		101.2	108.6	34.2	33.6
4. Pre-Tax Pre-Provision Earnings		\$ 52.5	\$ 61.9	\$16.5	\$17.2
5. Provision		8.5	28.2	12.9	59.0
6. Adjustments		1.1	5.0	(1.7)	5.4
7. Taxes - FTE		15.4	11.8	2.3	(16.1)
<u>8.</u> CPP Dividend		<u>0</u>	<u>0</u>	<u>.6</u>	<u>1.5</u>
9. Net Income Avail. for Distribution		\$31.6	\$20.6	\$3.5	(\$31.2)
10. EPS		\$1.73	\$1.14	\$0.17	(\$1.48)

¹Adjusted for Bond Gains & Losses

²Adjusted for FDIC Assessment & OREO Expense & Credit Related Professional Services



John J. Martin

Senior Vice President
Chief Credit Officer



Quarterly Highlights

- Non-Performing assets totaled \$140 million or 2.90% of assets for the quarter. This compares to \$138 million as of March 31, 2009 and \$112 million as of year-end.
- OREO declined \$1.85 million to \$20.2 million from the prior quarter of \$22.1 million.
- 90 days delinquent loans fell to \$3.6 million from the prior quarter of \$7.7 million.
- Restructured loans totaled \$4.2 million as of quarter-end.
- Total construction and development loans outstanding declined to \$162 million from \$208 million during the quarter.
- Impaired loan portfolio is marked by 36% (specific reserves and charge-offs).



Charge-Off Review

- 2nd Quarter charge-offs totaled \$40 million and provision expense totaled \$59 million.
- 16 loans with charge-offs greater than \$500,000 comprise \$35 million of the \$40 million in 2nd Quarter charge-offs.

(\$000)	C & I	Commercial Mortgage	Land and Lot	Ag	Total Commercial	Residential Mortgage	Home Equity	Other Consumer	Total Consumer	Total Consumer And Commercial
# of Loan	7	2	6	0	15	0	1	0	1	16
(\$000)	\$ 25,846	\$ 1,970	\$ 6,911	\$ -	\$ 34,727	\$ -	\$ 500	\$ -	\$ 500	\$ 35,227

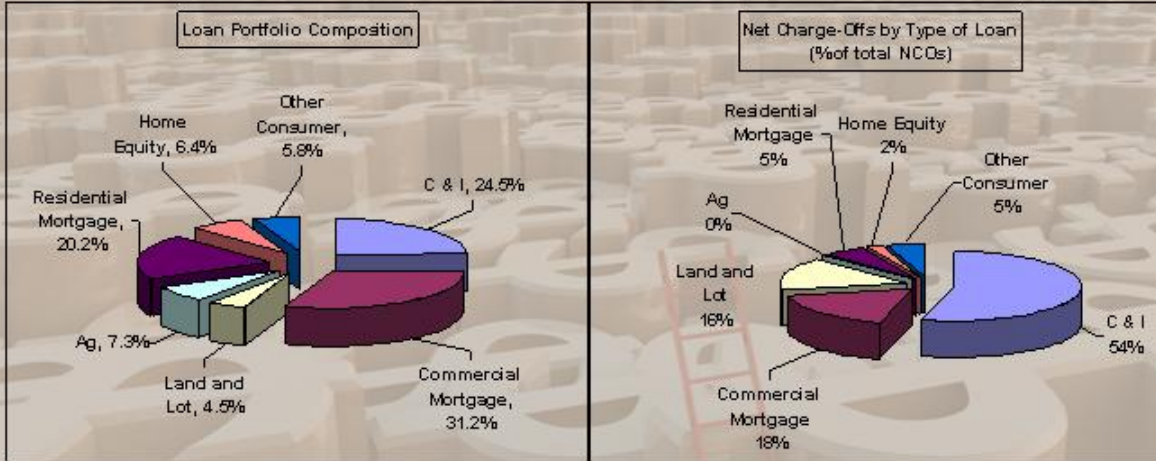
- Charge-off of one commercial loan of \$10.2 million or ~25% of total charge-offs which was taken as a result of fraudulent financial statements provided by a large commercial and industrial borrower.



Charge-Off Composition as of June 30, 2009

(\$000)	C & I	Commercial Mortgage	Land and Lot	Ag	Total Commercial	Residential Mortgage	Home Equity	Other Consumer	Total Consumer	Total Consumer And Commercial
Loan Balances	\$ 874,671	\$ 1,114,484	\$ 162,765	\$ 262,459	\$ 2,414,379	\$ 723,830	\$ 229,954	\$ 209,136	\$ 1,162,920	\$ 3,577,299
% of total	24.5%	31.2%	4.5%	7.3%	67.5%	20.2%	6.4%	5.8%	32.5%	
Net Charge-offs YTD	\$ 25,115	\$ 8,253	\$ 7,264	\$ 101	\$ 40,733	\$ 2,413	\$ 965	\$ 2,269	\$ 5,647	\$ 46,380
Net Charge-off ratio*	5.73%	1.48%	8.93%	0.08%	3.37%	0.67%	0.84%	2.19%	0.97%	2.59%

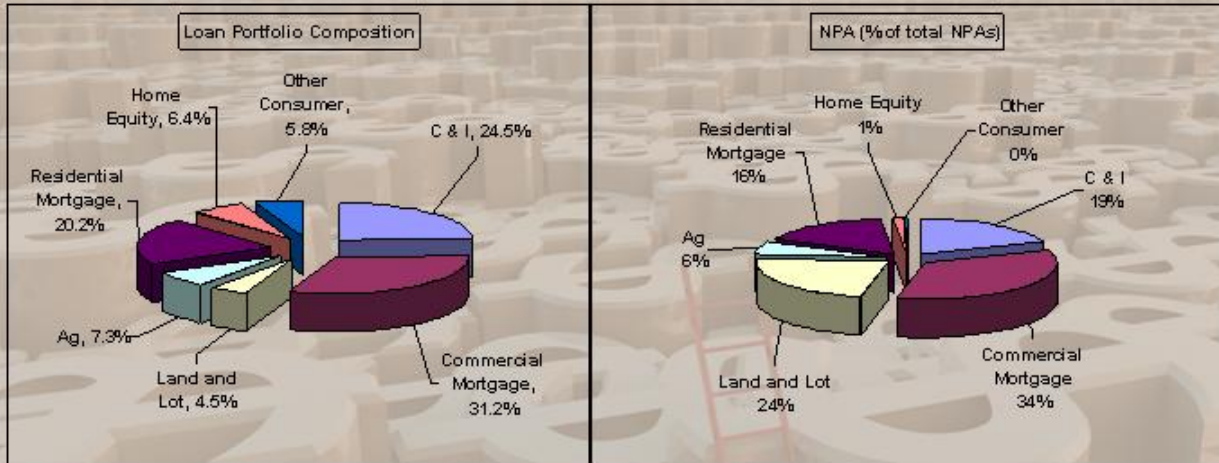
*Annualized based on ending balances





Non-Performing Assets Composition as of June 30, 2009

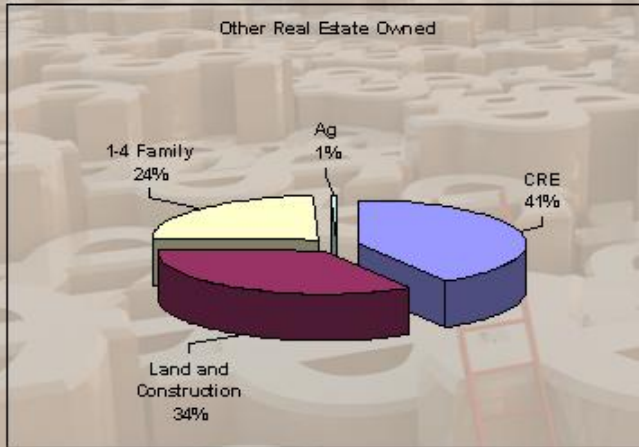
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% of total	24.5%	31.2%	4.5%	7.3%	67.5%	20.2%	6.4%	5.8%	32.5%	
NPAs	\$ 26,838	\$ 47,784	\$ 33,085	\$ 8,105	\$ 115,812	\$ 22,131	\$ 2,012	\$ 305	\$ 24,448	\$ 140,260
NPA Ratio	3.06%	4.29%	20.33%	3.09%	4.79%	3.06%	0.87%	0.15%	2.11%	3.92%





OREO Composition as of June 30, 2009

(\$000)	CRE	Land and Construction	1-4 Family	Ag	Total
Book Balance	\$8,362	\$ 6,927	\$ 4,823	\$ 115	\$20,227
% of ORE	41%	34%	24%	1%	100%





Portfolio Risk Drivers

<u>3rd - 4th Quarters '08</u> Decline in Real Estate Prices/Oil Price Spike	<u>3rd - 2nd Quarters '08-'09</u> Economic Recession	<u>Current Situation</u> Results
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Sectors effected:

- Construction and Land Development
- Agricultural Inputs
- Energy Producers
- Metal dependent mfg.

Sectors effected:

- Consumer Demand
- Housing
- General Manufacturing
- Automobile Suppliers
- Dealer Floor Plan

- Delinquencies
- Problem Assets
- Charge-offs
- Allowance

- Losses and non-performing loans due to:
- Stalled Construction and Land Development
- Increasing residential home foreclosures
- Declining automobile sales and manufacturing
- Insufficient alternative sources of refinancing
- Increase in fraudulent activity



Michael C. Rechin

President
and Chief Executive Officer



Tactical Action Plan and Business Update

- Asset Quality Improvement & Capital Preservation
 - Non-Performing Loan and OREO Disposition
 - Enhanced Corporate Special Asset Team
 - Executive Team working on NPA Sale Alternatives
- Second Quarter Dividend Reduction
- Non-Strategic Asset Reduction
- Charter Consolidation
- “Well Capitalized – Well Reserved – Well Positioned”



Shareholders

Communities

Customers



Employees



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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Executive Vice President-Chief Financial Officer

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