
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): September 3, 2010

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))**
-

ITEM 7.01 REGULATION FD DISCLOSURE

Michael Rechin, the Corporation's President and Chief Executive Officer, and Mark K. Hardwick, the Corporation's Executive Vice President and Chief Financial Officer, are scheduled to present at the 2010 INVESTIndiana Equity Conference on Thursday, September 9 at 1:55 p.m. Eastern Time in Indianapolis. The presentation slides will be available on the Corporation's website at www.firstmerchants.com/InvestorRelations. Attached as Exhibit 99.1 is the Press Release issued on September 3, 2010 regarding the conference and Exhibit 99.2 is a slide presentation that will be utilized during this presentation.

The presentation may contain forward-looking statements about the Corporation's relative business outlook. These forward-looking statements and all other statements contained in or made during the presentation 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 Corporation's balance sheet or income statement.

The information in this Current Report on Form 8-K, including Exhibit No. 99.2 hereto, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability of that section. The information in this Current Report shall not be incorporated by reference into any filing or other document pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing or document.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

- (a) Not applicable.
- (b) Not applicable.
- (c) Exhibits.

Exhibit 99.1 Press Release, dated September 3, 2010, issued by First Merchants Corporation

Exhibit 99.2 First Merchants Corporation Power Point Presentation, September 3, 2010

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: September 3, 2010

EXHIBIT INDEX

Exhibit No.

Description

99.1 Press Release, dated September 3, 2010, issued by First Merchants Corporation
99.2 First Merchants Corporation Power Point Presentation, September 3, 2010

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

September 3, 2010

FOR IMMEDIATE RELEASE

For more information, contact:
David L. Ortega,
First Vice President/Director of Investor Relations
765-378-8937
<http://www.firstmerchants.com>

SOURCE: First Merchants Corporation, Muncie, Indiana

First Merchants Corporation to Present at the 2010 INVESTIndiana Equity Conference

First Merchants Corporation (NASDAQ – FRME) Michael Rechin, President and Chief Executive Officer and Mark Hardwick, Executive Vice President and Chief Financial Officer will present at the 2010 INVESTIndiana Equity Conference on Thursday, September 9 at 1:55 p.m. Eastern Time in Indianapolis.


On September 9th, interested investors may access the presentation materials by visiting the Investor Relations section at www.firstmerchants.com/InvestorRelations.

About First Merchants Corporation

First Merchants Corporation is a financial holding company headquartered in Muncie, Indiana. The Corporation is comprised of First Merchants Bank, N.A., which also operates as Lafayette Bank & Trust, A Division of First Merchants Bank, N.A., Commerce National Bank, A Division of First Merchants Bank, N.A., as well as First Merchants Trust Company, N.A., and First Merchants Insurance Group, a full-service property casualty, personal lines, and healthcare 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>).

* * * *



First Merchants Corporation

INVESTIndiana
Equity Conference

September 9, 2010

THE STRENGTH OF BIG.
THE SERVICE OF SMALL.



Michael C. Rechin

President
and Chief Executive Officer

Mark K. Hardwick

Executive Vice President
and Chief Financial 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.



FIRST MERCHANTS' STORY

- § First Merchants Corporation (NASDAQ: FRME), celebrating its 117th anniversary, is the largest financial services holding company headquartered in Central Indiana
- § FMC (holding company) organized in 1982
- § Founding bank proudly serving Indiana since 1893
- § Total assets at 6/30/10 of \$4.2 billion
- § First Merchants Corporation operates 80 locations in 24 Indiana counties and 3 Ohio counties



Vision

A financial services company focused on building deep, lifelong client relationships and providing maximum shareholder value. We provide an environment where customers can bank with their neighbors, realizing that our business begins and ends with people.



Mission

To deliver superior personalized solutions to consumer and closely held commercial clients in diverse community markets by providing sound advice and products that exceed customer expectations.



Executive Management Team



MICHAEL C. RECHIN

President and CEO

Prior to joining FMC in 2005, Mike was Executive Vice President of Corporate Banking for National City Bank, managing its Indiana operations. During his tenure with National City, Mike had responsibility for all commercial banking activities.

Mike is a graduate of Miami University of Ohio with a Bachelors degree in English and an MBA in finance.



Executive Management Team



MARK K. HARDWICK
Executive Vice President
and CFO

Prior to joining FMC in 1997, Mark was a senior accountant with BKD, LLP.

Mark is a graduate of Ball State University with a Bachelors degree in Accounting and an MBA and also is a Certified Public Accountant.



Executive Management Team



MICHAEL J. STEWART

Executive Vice President and
Chief Banking Officer

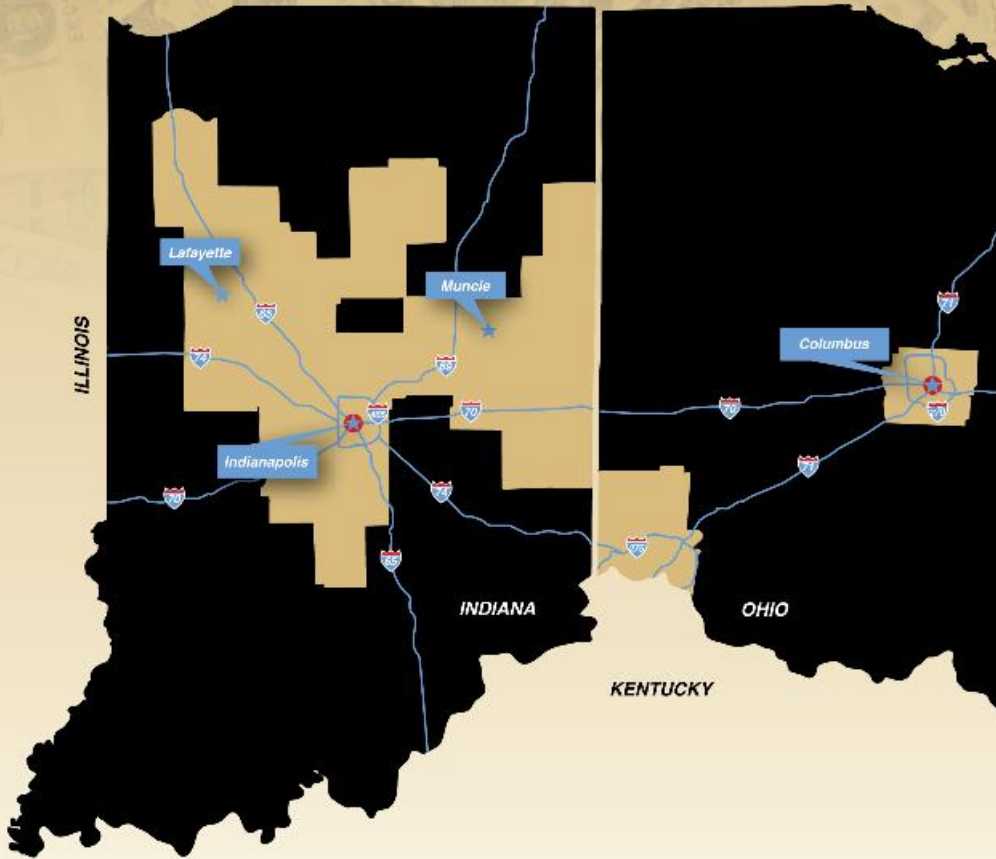
Previous to joining FMC in 2008, Mike spent 18 years with National City Bank, most recently as Executive Vice President of the Corporate Banking and Sales Manager for the Regional Large Corporate Group.

A graduate of Millikin University, with a Bachelors degree in Finance and an MBA.



FIRST MERCHANTS' FRANCHISE

MICHIGAN



Total Loans

- § Muncie - \$1,011M
- § Indianapolis - \$999M
- § Lafayette - \$560M
- § Columbus - \$493M



**First Merchants
Memphis, Tennessee**

**First Merchants
Indianapolis,
Indiana**





FIRST MERCHANTS' STRATEGY

We specialize in our communities.

Deliver superior service with presence close to the customer for. . .

- § Retail Banking
- § Mortgage Banking
- § Small Business Banking
- § Commercial Banking
 - q Middle Market
 - q Agriculture
 - q Healthcare Services
 - q Real Estate
 - q Cash Management Services
- § Trust Services (Fiduciary, Custody)
- § Insurance Products

“Strength of Big, Service of Small”



FIRST MERCHANTS' CURRENT PLAN

§ Protect and Strengthen the Franchise

§ Short-Term - 1 to 2 years:

- q Capital Preservation Plan
- q Cultural and Process Initiatives
- q Low-Capital Intensive Infrastructure Projects

§ Growth and Top-Tier Performance

§ Long-Term - 3 to 5 Years:

- q Internal Growth -
 - Build out the franchise in designated growth markets
 - Build on community-based model in established markets
- q External Growth - Acquisitions



FIRST MERCHANTS' CURRENT PLAN

- § Navigate the current environment
- § Service-driven alternative to super-regional bank competitors
- § Sustain and deploy low-cost deposit shares
- § Build out growth markets of Indianapolis, Indiana, and Columbus, Ohio
- § Gain the efficiencies of a single charter banking company (combinations effective September 2009)



TACTICAL ACTION PLAN AND BUSINESS STRATEGY

§ Credit Cycle Challenge

§ NPA Management

- § Accelerate workout process to maximize resolutions
- § Loan resolution and OREO liquidations managed centrally

§ Capital Mix Challenge

- § Registered direct placement: 4.2MM shares raised \$24.5MM, March 2010
- § CPP Preferred to Trust Preferred Exchange created \$10M gain in 2nd quarter
- § Total risk-based capital 14.72% vs. TCE 5.88%



MARKET SEGMENTATION

| | <u>Established Markets</u> | <u>High-Growth Markets</u> |
|------------------------------------|---|---|
| <i>Client Demographics</i> | <ul style="list-style-type: none">§ Aging§ Middle-income and lower§ Basic product orientation | <ul style="list-style-type: none">§ Middle-income and higher§ Greater propensity towards investment, wealth management, and insurance needs§ Diversified employment base, including strong service sector |
| <i>Client Focus</i> | <ul style="list-style-type: none">§ Long-term consumer clients§ Serves business clients§ Retail convenience | <ul style="list-style-type: none">§ Small business and middle-market client orientation§ Commercial and Industrial services§ Retail banking centers support the development of broad relationships |
| <i>Deposit Market Share</i> | <ul style="list-style-type: none">§ Enjoy top deposit market share in served counties§ Low-cost core deposit providers >25% share | <ul style="list-style-type: none">§ Retail build out in progress§ Usually <10% share |



INDIANAPOLIS / COLUMBUS STRATEGY

- § Organic growth opportunities with improved segment penetration and branding
- § Deployment of rural deposit base into growth markets creates optimal margin structure
- § Creates franchise value
- § Continuously assess operating efficiencies



INDIANAPOLIS

Indy Partnership named one of the top 10 economic development groups in the United States.
— Site Selection Magazine, 2009

2009
IndianapolisRegion
A regional economic profile produced by the Indy Partnership

Nationally Ranked in Five Business Clusters:
Life Sciences, Logistics, Manufacturing, IT & Motorsports

**A COMMUNITY
REINVESTING
IN ITSELF:**
Nearly \$3 Billion
of Infrastructure Improvements



A promotional supplement to Indianapolis Business Journal

indYPARTNERSHIP
www.indypartnership.com

33-COUNTY INDIANAPOLIS REGION:
BOONE ■ HANLTON ■ HANCOCK ■ HENDRICKS ■ JOHNSON
MADISON ■ MARION ■ MONROE ■ MORGAN ■ SHELBY

- § Population 2008: 1,915,664*
- § Population 2013 Projection: 2,023,886*
- § 12th largest city in the U.S.
- § 29th largest metropolitan area in the U.S. Indianapolis
- § Between 1990-2000 Indianapolis-Carmel metro grew at a faster pace (11.1% growth) than Indiana (4.4% growth) and the U.S. (7.2% growth)

*U.S. Census Bureau and Applied Geographic Solutions
**U.S. Depart. of Commerce, Census of Manufacturers, 2006 Ewing Marion Kauffman Foundation, 2007 New Economy
***INcontext May 2008



COLUMBUS

- § Population 2008: 1,773,120
- § Population 2015 Projection: 1,911,154
- § 16th largest city in the U.S.
- § 32nd largest metropolitan area
- § Columbus economy expected to resume economic growth in 2010*



**24-7 PressRelease*



Key FMC Deposit Market Shares

\$000's

FDIC Data June 30, 2009

| County | Region | Market Position | Market % | \$\$ Deposits |
|-----------------------|--------------|-----------------|----------|---------------|
| Delaware County, IN | Muncie | 1 | 46.39% | \$752,341 |
| Jasper County, IN | Lafayette | 1 | 29.11% | 159,603 |
| Jay County, IN | Muncie | 1 | 43.50% | 112,573 |
| Union County, IN | Muncie | 1 | 63.41% | 58,953 |
| White County, IN | Lafayette | 1 | 34.15% | 147,166 |
| Adams County, IN | Muncie | 2 | 23.21% | 212,911 |
| Clinton County, IN | Lafayette | 2 | 18.87% | 80,522 |
| Hendricks County, IN | Indianapolis | 2 | 13.39% | 236,400 |
| Tippecanoe County, IN | Lafayette | 2 | 21.30% | 438,258 |
| Wabash County, IN | Muncie | 2 | 20.93% | 75,875 |
| Brown County, IN | Indianapolis | 3 | 23.62% | 25,752 |
| Madison County, IN | Indianapolis | 3 | 17.12% | 265,592 |
| Randolph County, IN | Muncie | 3 | 19.95% | 85,109 |
| Carroll County, IN | Lafayette | 4 | 14.46% | 37,186 |
| Fayette County, IN | Muncie | 4 | 11.13% | 32,803 |
| Montgomery County, IN | Lafayette | 4 | 10.85% | 63,837 |
| Henry County, IN | Muncie | 5 | 11.04% | 69,603 |
| Johnson County, IN | Indianapolis | 5 | 10.16% | 160,405 |
| Miami County, IN | Muncie | 5 | 7.30% | 29,507 |
| Morgan County, IN | Indianapolis | 5 | 7.40% | 58,073 |
| Sub Total | | | | \$3,102,469 |
| FMC | | | | |



2nd Quarter 2010 Highlights

- § Second quarter earnings of \$.35 per common share
- § Successful exchange of CPP Preferred Stock to Trust Preferred Securities contributing to a Tangible Common Equity Ratio of 5.88%
- § Quarterly normalized pre-tax, pre-provision earnings remains strong at \$16.8M
- § Quarterly operating expense levels declined by \$3.8M from last year to \$34.3M
- § Loan loss reserve ample for projected future losses at 2.84% of total loans



TOTAL ASSETS

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



TOTAL LIABILITIES AND CAPITAL

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



EARNINGS

| | <u>2008</u> | <u>2009</u> | <u>Q1-'10</u> | <u>Q2-'10</u> |
|--|----------------|----------------|---------------|---------------|
| 1. Net Interest Income-FTE | \$133.1 | \$159.1 | \$37.8 | \$37.7 |
| 2. Non Interest Income ¹ | 38.5 | 46.5 | 11.7 | 11.0 |
| 3. Non Interest Expense ² | 106.0 | 134.7 | 31.0 | 31.9 |
| 4. Pre-Tax Pre-Provision Earnings | \$ 65.6 | \$ 70.9 | \$18.5 | \$16.8 |
| 5. Provision | (28.2) | (122.2) | (13.9) | (15.0) |
| 6. Adjustments | (5.0) | (12.1) | (2.3) | (2.6) |
| 7. Taxes - FTE | (11.8) | 22.7 | (0.7) | 0.4 |
| 8. Gain on Exchange of Preferred Stock for Trust Preferred Debt | - | - | - | 10.1 |
| 9. CPP Dividend | - | (5.0) | (1.5) | |
| 10. Net Income Avail. for Common Stockholders | \$20.6 | (\$45.7) | \$.1 | \$ 8.3 |
| 11. EPS | \$1.14 | (\$2.17) | \$.01 | \$.35 |

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



TOTAL ASSETS

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



CREDIT POLICY AND PORTFOLIO METRICS

(\$ in
Millions)

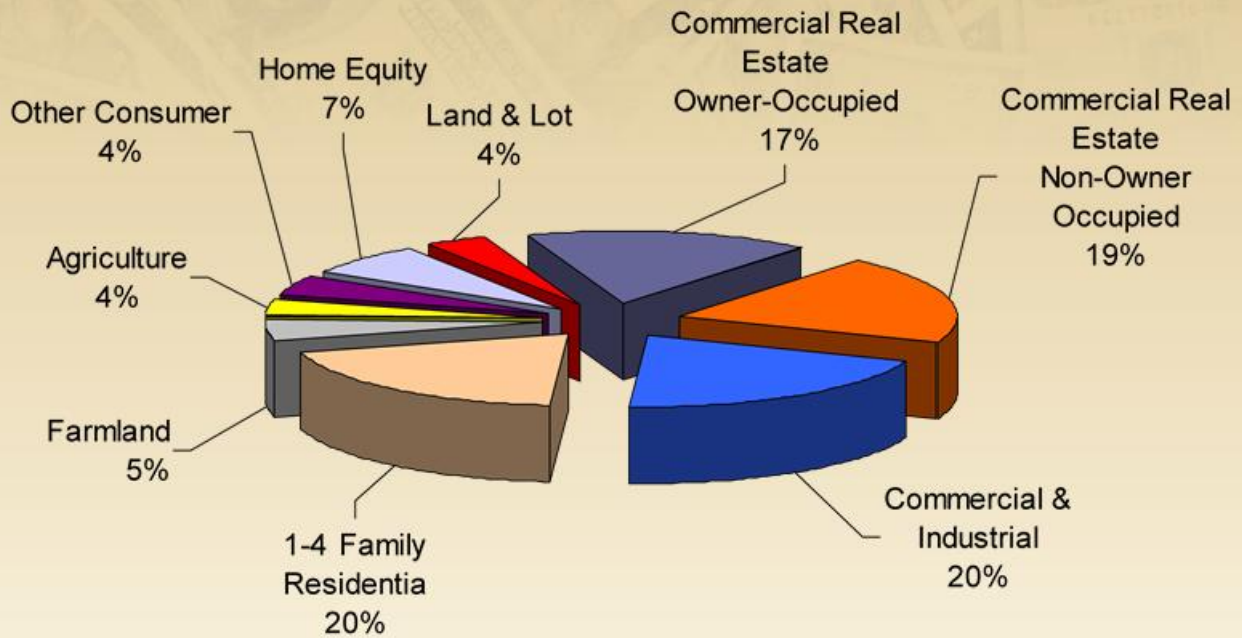
| | | |
|--|---|--------|
| § Legal Lending Limit | = | \$63.8 |
| § House Lending Limit | = | \$20.0 |
| § Largest 25 Relationship Commitments Average | = | \$11.6 |
| § Shared National Credit Commitments | = | \$76.7 |
| § Shared National Credit Outstandings | = | \$50.5 |



LOAN AND CREDIT DETAIL

Loan Composition (as of 6/30/10)

YTD Yield = 5.71%
Total = \$3.1B

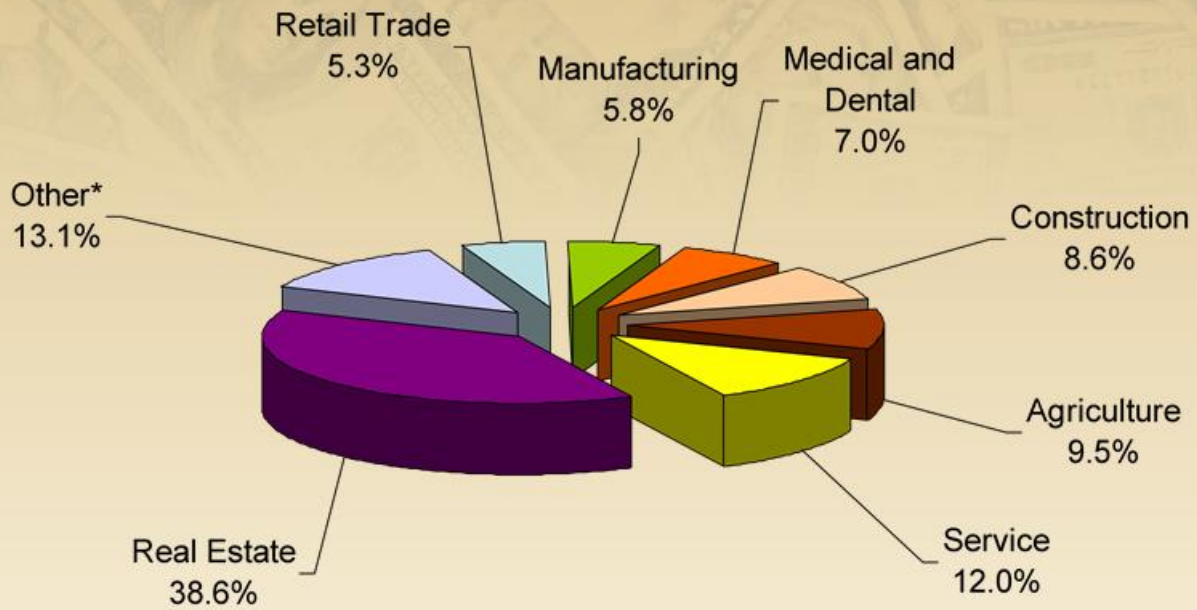




LOAN AND CREDIT DETAIL

Commercial Loan Concentration (as of 6/30/2010)

Total = \$2.1B



*Other=Mining, Public Administration, Information Technology, Transportation and Warehousing, Finance & Insurance, Hotel Services, Wholesale Trade and Other Services

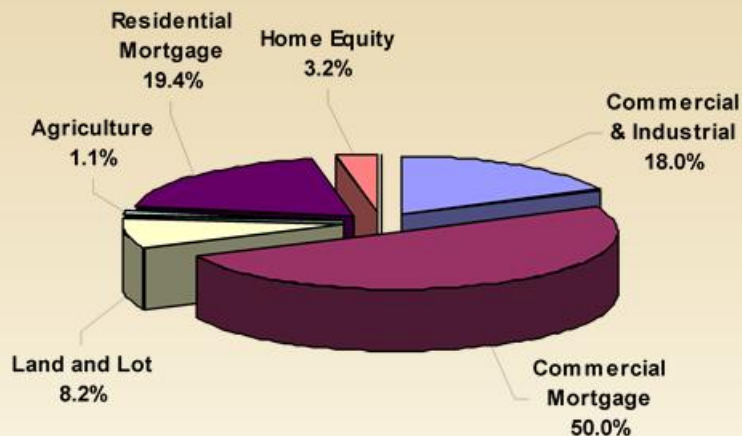


LOAN AND CREDIT DETAIL

Non-Accrual Loans (as of 6/30/10)

| (\$ in millions) | Commercial & Industrial | Commercial Mortgage | Land and Lot | Agriculture | Residential Mortgage | Home Equity | Other Consumer | Total |
|-------------------|-------------------------|---------------------|--------------|-------------|----------------------|-------------|----------------|-----------|
| Loan Balances | \$610.1 | \$1,269.5 | \$111.1 | \$108.4 | \$605.0 | \$219.4 | \$135.4 | \$3,058.9 |
| % of total | 19.9% | 41.5% | 3.6% | 3.5% | 19.8% | 7.2% | 4.5% | 100.0% |
| Non-Accrual Loans | \$21.6 | \$60.1 | \$9.9 | \$1.4 | \$23.3 | \$3.8 | \$0.1 | \$120.2 |
| Non-Accrual Ratio | 3.55% | 4.74% | 8.91% | 1.27% | 3.86% | 1.74% | 0.07% | 3.93% |

Non-Accrual Loans -
(% of Non-Accrual Loans)



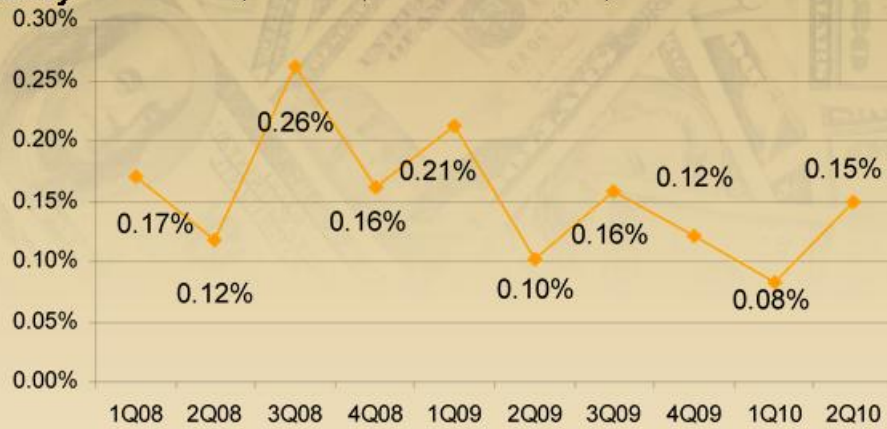


LOAN DELINQUENCY TRENDS

90+ Day Delinquency

(as a % of period end total loans)

(\$ in millions)



30+ Day Delinquency

(as a % of period end total loans)





OTHER REAL ESTATE OWNED

| (\$ in millions) | Commercial Mortgage | Land and Construction | 1-4 Family | Agriculture | Total |
|------------------|---------------------|-----------------------|------------|-------------|--------|
| Book Balance | \$4.1 | \$13.4 | \$2.6 | \$0.0 | \$20.1 |
| % of ORE | 21% | 66% | 13% | 0% | 100% |





TOTAL NON-PERFORMING ASSETS

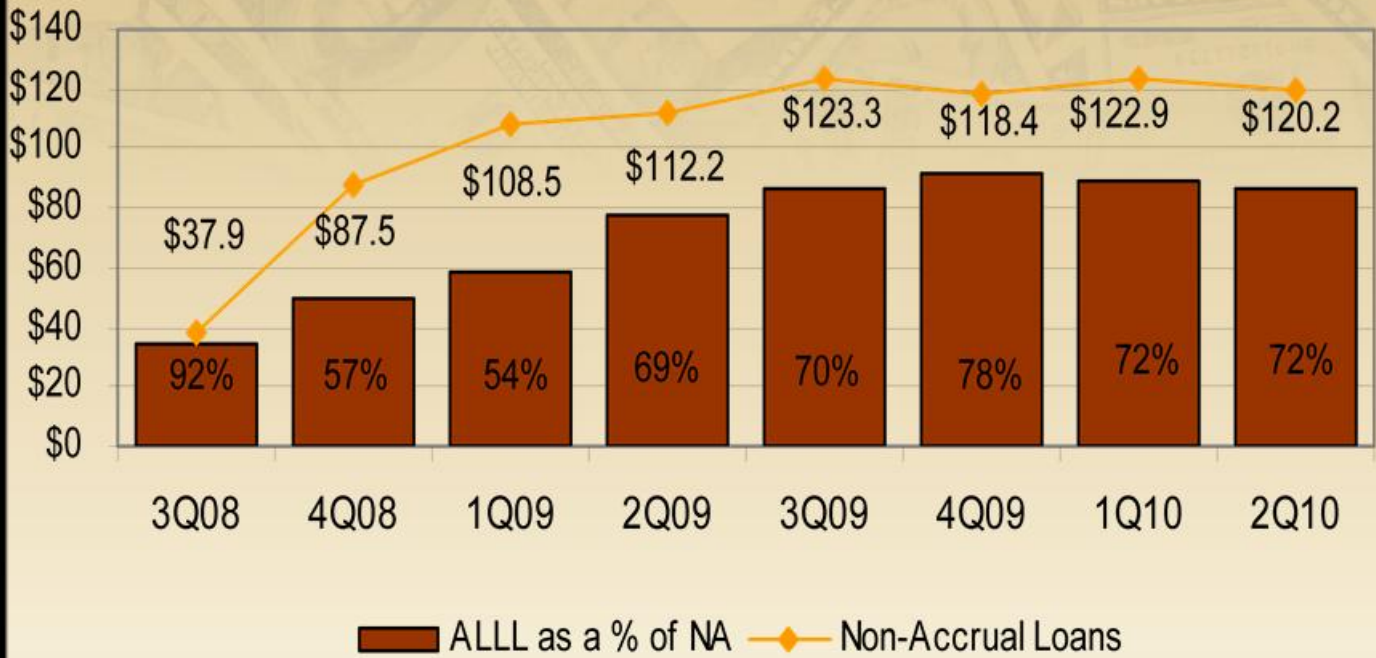
(\$ in millions)





ALLOWANCE COVERAGE TO NON-ACCRUAL LOANS

(\$ in millions)





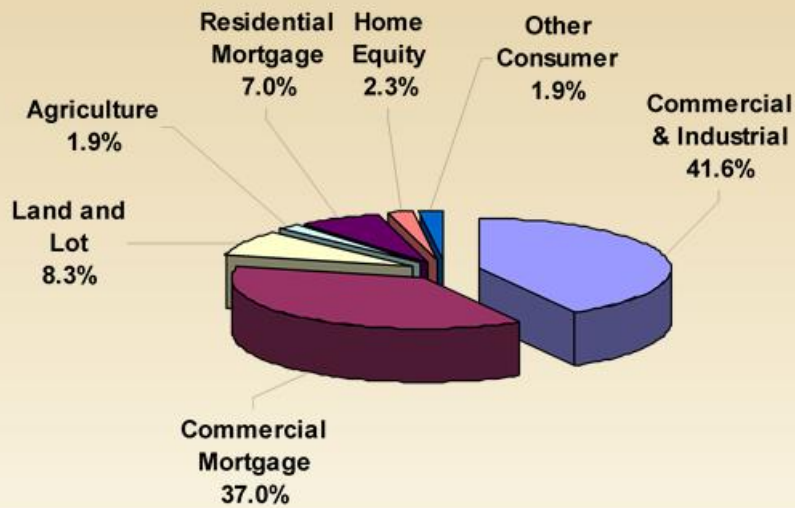
LOAN AND CREDIT DETAIL

YTD Charge-Off Composition (as of 6/30/10)

| (\$ in millions) | Commercial & Industrial | Commercial Mortgage | Land and Lot | Agriculture | Total Commercial | Residential Mortgage | Home Equity | Other Consumer | Total Consumer | Total |
|------------------------------|-------------------------|---------------------|--------------|-------------|------------------|----------------------|-------------|----------------|----------------|-----------|
| Loan Balances | \$610.1 | \$1,269.5 | \$111.1 | \$108.4 | \$2,099.1 | \$605.0 | \$219.4 | \$135.4 | \$959.8 | \$3,058.9 |
| % of total | 19.9% | 41.5% | 3.6% | 3.5% | 68.5% | 19.8% | 7.2% | 4.5% | 31.5% | 100.0% |
| Net Charge-offs YTD | \$14.2 | \$12.6 | \$2.8 | \$0.6 | \$30.2 | \$2.4 | \$0.7 | \$0.7 | \$3.8 | \$34.0 |
| Net Charge-off ratio* | 4.65% | 1.98% | 5.10% | 1.18% | 2.88% | 0.79% | 0.64% | 0.96% | 0.79% | 2.23% |

*Annualized

**YTD Net Charge-Offs by Loan Type
(% of total Net Charge-Offs)**





TOTAL ASSETS

| (\$ in Millions) | <u>2008</u> | <u>2009</u> | <u>Q1-'10</u> | <u>Q2-'10</u> |
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INVESTMENT PORTFOLIO (as of 6/30/10)

- § \$646 Million Balance
- § Average duration - 3.9 years
- § Tax equivalent yield of 4.51%
- § No private label MBS exposure
- § Trust Preferred Pools with book balance of \$6.3 million and a market value of \$1.4 million
- § Net unrealized gain of the entire portfolio totals \$19.4 million



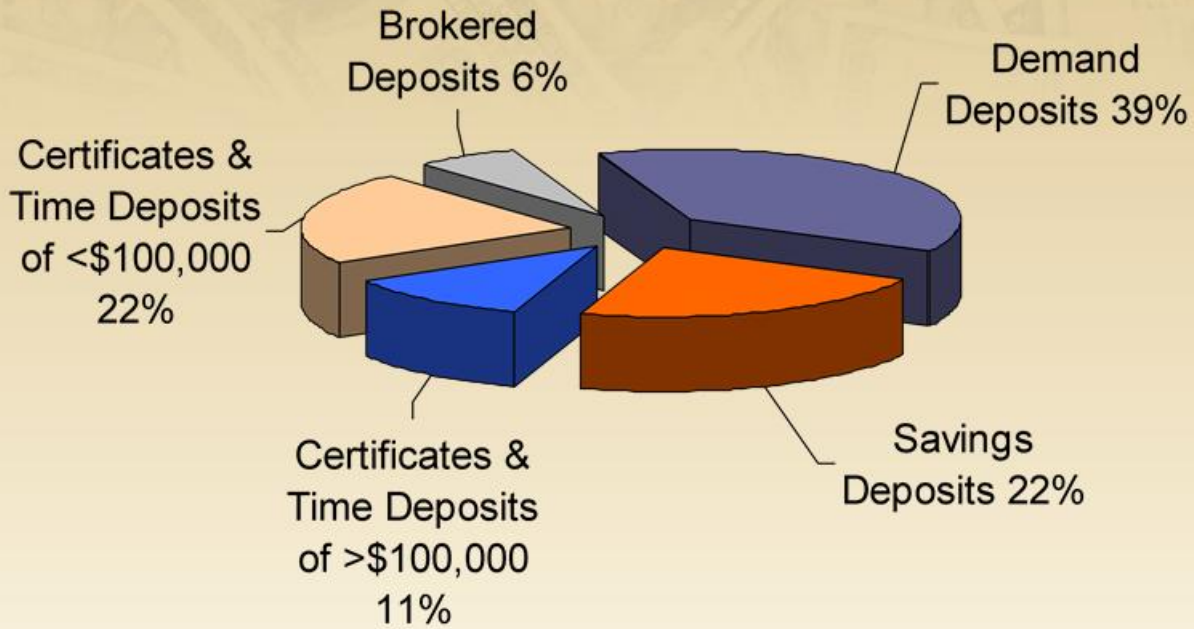
TOTAL LIABILITIES AND CAPITAL

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| 5. Other Liabilities | 51 | 30 | 58 | 31 |
| 6. Hybrid Capital | 111 | 111 | 111 | 142 |
| 7. Preferred Stock (CPP) | - | 112 | 113 | 68 |
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| 9. Total Liabilities and Capital | \$4,784 | \$4,481 | \$4,376 | \$4,183 |



DEPOSITS (as of 6/30/10)

YTD Yield = 1.55%
Total = \$3.3B





TOTAL LIABILITIES AND CAPITAL

| (\$ in Millions) | <u>2008</u> | <u>2009</u> | <u>Q1-'10</u> | <u>Q2-'10</u> |
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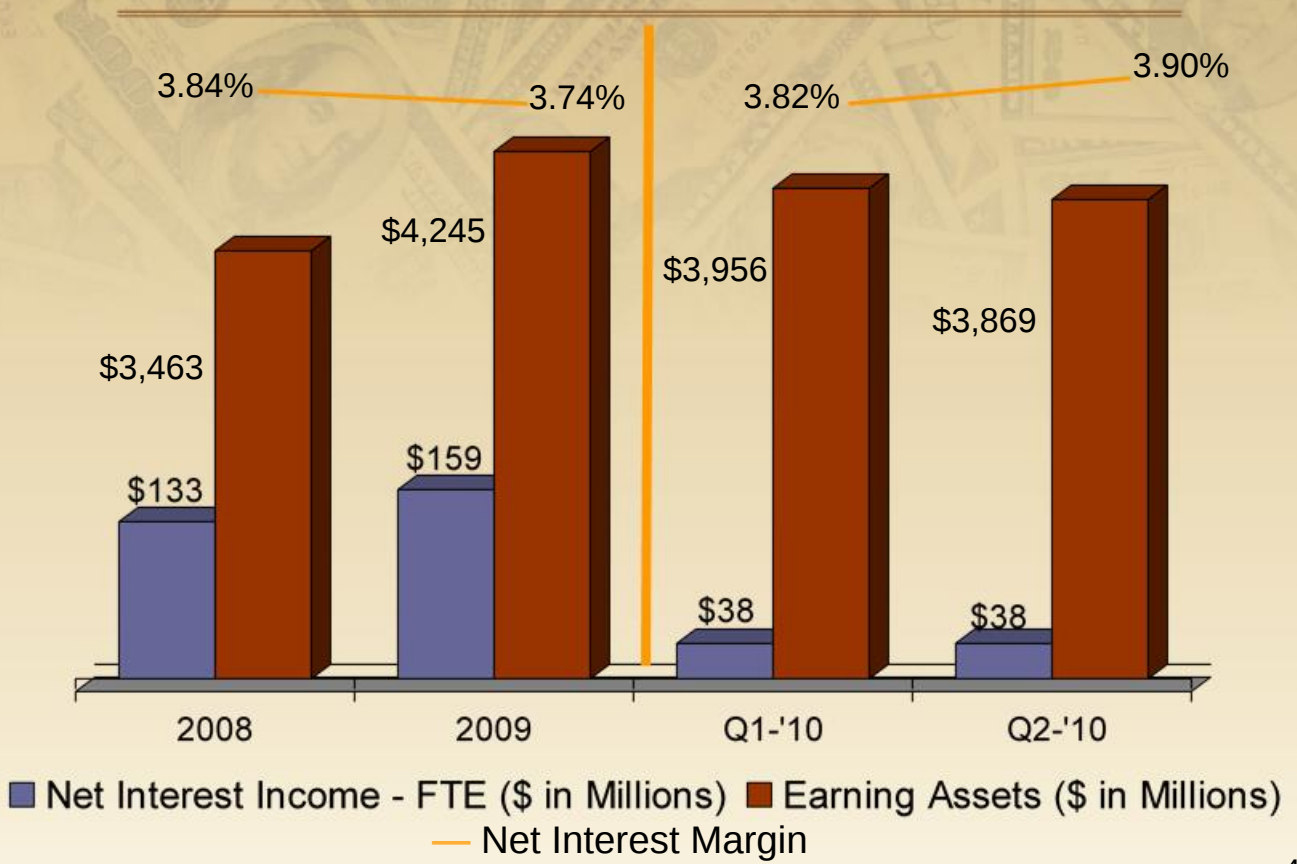


CAPITAL RATIOS

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



NET INTEREST MARGIN





NON-INTEREST INCOME

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

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



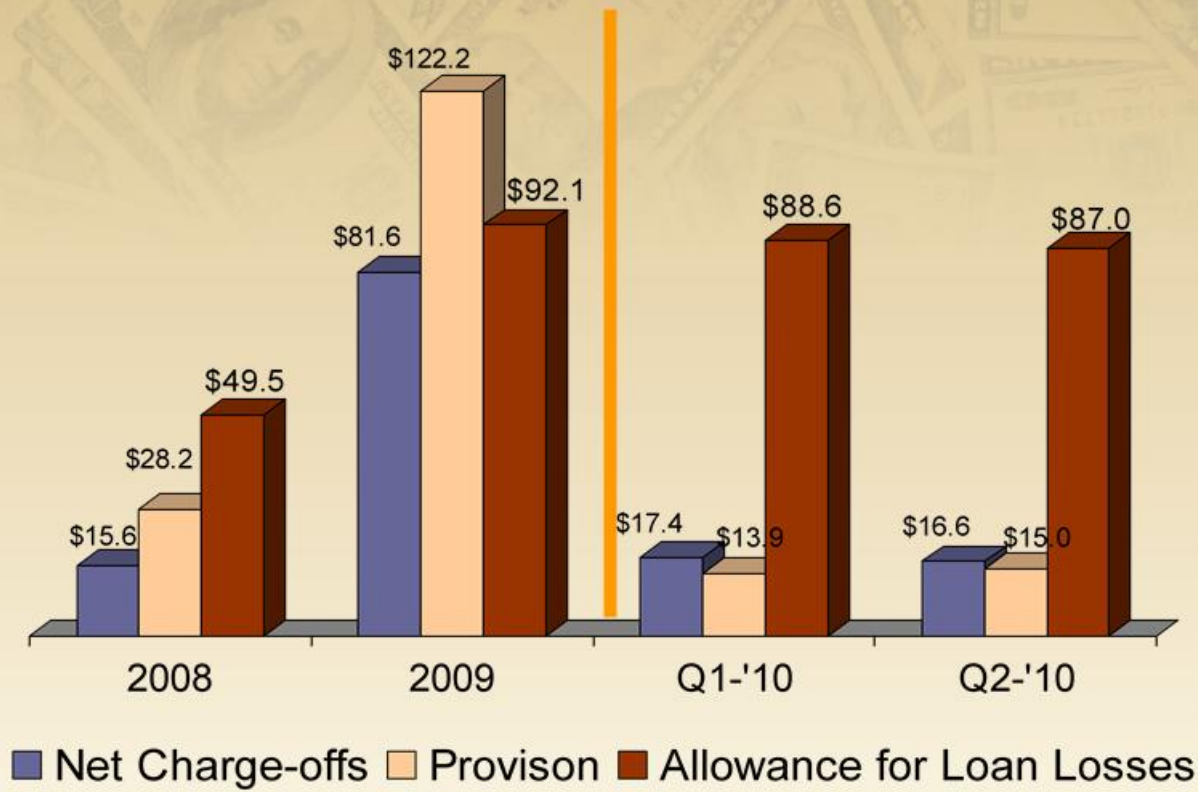
NON-INTEREST EXPENSE

| (\$ in Millions) | <u>2008</u> | <u>2009</u> | <u>Q1-'10</u> | <u>Q2-'10</u> |
|--|-------------|-------------|---------------|---------------|
| 1. Merit & Benefits | \$63.0 | \$76.3 | \$17.6 | \$17.9 |
| 2. Premises & Equipment | 14.4 | 17.9 | 4.7 | 3.9 |
| 3. Core Deposit Intangible | 3.2 | 5.1 | 1.2 | 1.2 |
| 4. Professional Services | 2.6 | 4.4 | 1.5 | 1.3 |
| 5. OREO/Credit-Related Expense | 2.8 | 9.8 | 2.7 | 1.5 |
| 6. FDIC Expense | 1.7 | 10.4 | 1.7 | 2.3 |
| 7. FHLB Prepayment Penalties | - | 1.9 | - | - |
| 8. Outside Data Processing | 4.1 | 6.2 | 1.3 | 1.3 |
| 9. Marketing | 2.3 | 2.1 | 0.4 | 0.5 |
| 10. Other | <u>14.7</u> | <u>17.5</u> | <u>3.6</u> | <u>4.4</u> |
| 11. Total | \$108.8 | \$151.6 | \$34.7 | \$34.3 |
| 12. Adjust Non-Interest Expense ² | \$106.0 | \$134.7 | \$31.0 | \$31.9 |

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



CREDIT COSTS OVER TIME





EARNINGS

| | 2008 | 2009 | Q1-'10 | Q2-'10 |
|--|----------------|----------------|---------------|---------------|
| 1. Net Interest Income-FTE | \$133.1 | \$159.1 | \$37.8 | \$37.7 |
| 2. Non Interest Income ¹ | 38.5 | 46.5 | 11.7 | 11.0 |
| 3. Non Interest Expense ² | 106.0 | 134.7 | 31.0 | 31.9 |
| 4. Pre-Tax Pre-Provision Earnings | \$ 65.6 | \$ 70.9 | \$18.5 | \$16.8 |
| 5. Provision | (28.2) | (122.2) | (13.9) | (15.0) |
| 6. Adjustments | (5.0) | (12.1) | (2.3) | (2.6) |
| 7. Taxes - FTE | (11.8) | 22.7 | (0.7) | 0.4 |
| 8. Gain on Exchange of Preferred Stock for Trust Preferred Debt | - | - | - | 10.1 |
| 9. CPP Dividend | - | (5.0) | (1.5) | - |
| 10. Net Income Avail. for Common Stockholders | \$20.6 | (\$45.7) | \$.1 | \$ 8.3 |
| 11. EPS | \$1.14 | (\$2.17) | \$.01 | \$.35 |

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



VALUATION ATTRIBUTES

- § Well Capitalized, Well Positioned, Well Reserved
- § 3rd largest Indiana bank with energized & experienced management team
- § Attractive long-term deposit market shares
- § Indianapolis momentum
- § State-of-the-industry technology with scalable operations platform
- § \$16.8M Pre-Tax Pre-Provision Quarterly Run Rate
- § Average daily share volume of 95,000
- § Currently trading at 85% of tangible book value



RESEARCH COVERAGE

- § FIG Partners
- § Howe Barnes Hoefler & Arnett
- § Macquarie Capital (USA), Inc.
- § Sandler O'Neill + Partners, L.P.



Contact Information

First Merchants Corporation common stock is traded on the NASDAQ Global Select Market under the symbol FRME.

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THE STRENGTH OF BIG.
THE SERVICE OF SMALL.