

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

July 21, 2004
(Date of earliest event reported)

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, Indiana
(Address of principal executive offices)

47305-2814
(Zip Code)

Registrant's telephone number, including area code: (765) 747-1500

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

(c) Exhibits.

Exhibit 99.1 Press Release, dated July 21, 2004, issued by
First Merchants Corporation

ITEM 9. REGULATION FD DISCLOSURE.

See "ITEM 12. RESULTS OF OPERATIONS AND FINANCIAL CONDITION" below.

ITEM 12. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On July 21, 2004, First Merchants Corporation issued a press release to report its financial results for the second quarter ended June 30, 2004. The press release is attached hereto as Exhibit 99.1, is being furnished by the Registrant pursuant to Regulation FD and is not being filed.

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.

By: /s/ Larry R. Helms

Larry R. Helms, Senior Vice President

Dated: July 21, 2004

EXHIBIT INDEX

Exhibit No.

99.1

Description

Press Release, dated July 21, 2004, issued by
First Merchants Corporation.

First Merchants Corporation

Exhibit No. 99.1

Press Release, dated July 21, 2004

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

July 21, 2004

FOR IMMEDIATE RELEASE

For more information, contact:

Mark K. Hardwick, Senior Vice President/Chief Financial Officer, 765-751-1857

<http://firstmerchants.com>

SOURCE: First Merchants Corporation, Muncie, Indiana

FIRST MERCHANTS CORPORATION ANNOUNCES MID YEAR 2004 RESULTS

First Merchants Corporation (NASDAQ - FRME) has reported June 30, 2004, year-to-date, diluted earnings per share of \$.77, a 3.75 percent decline from \$.80 recorded in 2003. Net income during the period totaled \$14.3 million compared to \$14.4 million in 2003.

Total assets of the Corporation equaled \$3.1 billion as of June 30, 2004, an increase of \$71 million from the prior year. Loans, investments and bank owned life insurance, the Corporation's three primary earning assets totaled \$2.8 billion, an increase of \$100 million over the June 30, 2003 amount of \$2.7 billion. The improvement in earning assets was primarily funded by increases in deposits and capital totaling \$62 million and reductions in cash and cash equivalents.

Year-to-date net interest margin equaled 3.87 percent, a 30 basis point decline from the mid-year point of 2003, causing a reduction in net interest income for the period of \$4.1 million. The decline in net interest income was mitigated by a reduction in the provision for loan losses as credit quality continues to show improvement.

Non-performing loans as a percentage of total loans equaled .93 percent, down from 1.30 percent as of June 30, 2003. The Corporation's provision for loan losses declined by \$3.6 million from the prior year and net charge-off's totaled 26 basis points. The allowance for loan losses totaled 1.08 percent at period end.

The addition of CNBC Bancorporation on March 1, 2003, resulted in an additional two months of 2004 net income totaling \$472,000. The additional two months also accounted for \$2.0 million of additional net interest income, \$133,000 of non-interest income and \$1.4 million of additional non-interest expense.

Michael L. Cox, President and Chief Executive Officer, stated that, "First Merchants Corporation's second quarter 2004 results represent a continuation of positive trends. Despite higher provisioning for loan losses than planned, earnings per share improved by another \$.03 over the prior quarter and non-performing loans declined to the lowest level in two years." Cox also added, "Management was pleased to see the Federal Open Market Committee increase the target Fed Funds rate by 25 basis points. Given our asset sensitive interest rate risk position and the fact that we have a little over \$800 million in loans tied to prime we expect to see some improvement in our net interest margin for the remainder of the year."

CONFERENCE CALL

First Merchants Corporation will conduct a conference call at 2:30 p.m. Eastern Standard Time/3:30 p.m. Eastern Daylight Time on Wednesday, July 21, 2004. To participate dial 888-710-8192 and reference First Merchants Corporation's second quarter earnings release. A digital recording will be available two hours after the completion of the conference from July 21, 2004, to July 23, 2004. To access, US/Canada participants should call 800-642-1687 or for International/Local participants, call 706-645-9291 and enter the Conference I.D. 8733433.

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, NA, Madison Community Bank, First United Bank, Union County National Bank, The Randolph County Bank, First National Bank, Decatur Bank & Trust Company, Frances Slocum Bank, Lafayette Bank & Trust Company, Commerce National Bank and Merchants Trust Company. The Corporation also operates First Merchants Insurance Services, a full-service property casualty, personal lines, and healthcare insurance agency, headquartered in Muncie, Indiana, 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)

June 30,

	2004	2003
Assets		
Cash and due from banks	\$ 72,432	\$ 89,126
Federal funds sold	0	14,150
	-----	-----
Cash and cash equivalents	72,432	103,276
Interest-bearing time deposits	20,424	8,777
Investment securities	411,140	363,103
Mortgage loans held for sale	4,001	15,151
Loans	2,365,380	2,324,576
Less: Allowance for loan losses	(25,510)	(30,639)
	-----	-----
Net Loans	2,339,870	2,293,937
Premises and equipment	38,437	39,313
Federal Reserve and Federal Home Loan Bank stock	22,494	13,933
Interest receivable	14,943	16,592
Core deposit intangibles and goodwill	141,014	144,663
Cash surrender value of life insurance	41,288	34,575
Other assets	22,247	23,641
	-----	-----
Total assets	\$ 3,128,290	\$ 3,056,961
	=====	=====
Liabilities		
Deposits		
Noninterest-bearing	\$ 334,018	\$ 324,735
Interest-bearing	2,038,092	1,988,593
	-----	-----
Total deposits	2,372,110	2,313,328
Borrowings	422,885	417,669
Interest payable	4,216	5,494
Other liabilities	24,811	19,460
	-----	-----
Total liabilities	2,824,022	2,755,951
Stockholders' equity		
Preferred stock, no-par value		
Authorized and unissued -- 500,000 shares		
Common stock, \$.125 stated value		
Authorized -- 50,000,000 shares		
Issued and outstanding - 18,483,936 and 18,408,177	2,310	2,301
Additional paid-in capital	149,194	148,296
Retained earnings	154,876	144,457
Accumulated other comprehensive income (loss)	(2,112)	5,956
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Total stockholders' equity	304,268	301,010
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Total liabilities and stockholders' equity	\$ 3,128,290	\$ 3,056,961
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FINANCIAL HIGHLIGHTS

(In thousands)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2004	2003	2004	2003
NET CHARGE OFF'S	\$ 2,669	\$ 1,217	\$ 3,075	\$ 2,229
AVERAGE BALANCES				
Total Assets	\$3,077,161	\$3,001,760	\$3,059,499	\$2,868,161
Total Loans	2,343,270	2,313,688	2,341,175	2,212,932
Total Deposits	2,320,546	2,278,743	2,316,627	2,179,316
Total Stockholders' Equity	307,750	297,214	307,171	285,143

FINANCIAL RATIOS

Return on Average Assets	.96%	1.17%	.93%	1.00%
Return on Avg. Stockholders' Equity	9.56	11.77	9.30	10.10
Avg. Earning Assets to Avg. Assets	89.64	90.14	89.85	90.15
Allowance for Loan Losses as %				
Of Total Loans	1.08	1.31	1.08	1.31
Net Charge Off's as % Of Avg. Loans				
(Annualized)	.46	.21	.26	.20

Dividend Payout Ratio	57.50	45.83	59.74	55.00
Avg. Stockholders' Equity to Avg. Assets	10.00	9.90	10.04	9.94
Tax Equivalent Yield on Earning Assets	5.65	5.99	5.68	6.23
Cost of Supporting Liabilities	1.78	2.01	1.81	2.06
Net Int. Margin (FTE) on Earning Assets	3.87	3.98	3.87	4.17

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Interest Income				
Loans receivable				
Taxable	\$ 34,021	\$ 35,759	\$ 68,248	\$ 70,932
Tax exempt	137	162	300	327
Investment securities				
Taxable	2,052	1,600	4,001	3,279
Tax exempt	1,420	1,626	2,850	3,257
Federal funds sold	37	177	55	290
Deposits with financial institutions	125	19	234	41
Federal Reserve and Federal Home Loan Bank stock	307	211	635	409
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Total interest income	38,099	39,554	76,323	78,535
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Interest expense				
Deposits	7,879	9,048	16,069	17,932
Securities sold under repurchase agreements	98	454	318	903
Federal Home Loan Bank advances	2,433	2,395	4,875	4,668
Subordinated debentures, revolving credit and term loans	1,635	1,660	3,245	2,999
Other borrowings	207	42	337	68
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Total interest expense	12,252	13,599	24,844	26,570
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Net interest income	25,847	25,955	51,479	51,965
Provision for loan losses	1,720	2,123	3,092	6,724
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Net interest income after provision for loan losses	24,127	23,832	48,387	45,241
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Other income				
Fiduciary activities	2,002	1,889	3,812	3,586
Service charges on deposit accounts	2,996	2,743	5,768	5,527
Other customer fees	966	1,036	2,036	2,124
Net realized gains on sales of available-for-sale securities	363	67	400	438
Commission income	777	707	1,730	1,461
Earnings on cash surrender value of Life insurance	482	204	911	403
Net gains and fees on sales of loans	1,352	3,351	2,153	4,286
Other income	318	1,156	662	1,614
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Total other income	9,256	11,153	17,472	19,439
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Other expenses				
Salaries and employee benefits	13,059	12,902	26,083	24,679
Net occupancy expenses	1,335	1,200	2,589	2,291
Equipment expenses	1,954	2,016	3,933	3,860
Marketing expense	385	411	825	845
Deposit insurance expense				
Outside data processing fees	1,211	1,102	2,434	2,030
Printing and office supplies	388	432	786	839
Goodwill and core deposit amortization	852	991	1,744	1,819
Other expenses	3,438	3,881	6,792	8,013
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Total other expenses	22,622	22,935	45,186	44,376
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Income before income tax	10,761	12,050	20,673	20,304
Income tax expense	3,406	3,305	6,383	5,901
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Net income	\$ 7,355	\$ 8,745	\$ 14,290	\$ 14,403
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Per Share Data(1)

Basic Net Income	.40	.48	.77	.80
Diluted Net Income	.40	.48	.77	.80
Cash Dividends Paid	.23	.22	.46	.44

(1) Restated for a five percent (5%) stock dividend distributed September 2003.

CONSOLIDATED BALANCE SHEETS

(in thousands)

	June 30, 2004	March 31, 2004	December 31, 2003	September 30, 2003	June 30, 2003
Assets					
Cash and due from banks	\$ 72,432	\$ 60,366	\$ 77,112	\$ 87,619	\$ 89,126
Federal funds sold	0	0	32,415	0	14,150
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Cash and cash equivalents	72,432	60,366	109,527	87,619	103,276
Interest-bearing time deposits	20,424	10,674	8,141	3,789	8,777
Investment securities	411,140	376,974	356,797	316,852	363,103
Mortgage loans held for sale	4,001	3,883	3,043	12,042	15,151
Loans	2,365,380	2,320,103	2,353,503	2,351,405	2,324,576
Less: Allowance for loan losses	(25,510)	(26,459)	(25,493)	(29,842)	(30,639)
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Net loans	2,339,870	2,293,644	2,328,010	2,321,563	2,293,937
Premises and equipment	38,437	38,972	39,639	39,475	39,313
Federal Reserve and Federal Home Loan Bank stock	22,494	21,956	15,502	14,057	13,933
Interest receivable	14,943	15,061	16,840	17,139	16,592
Core deposit intangibles and goodwill	141,014	141,867	142,723	143,648	144,663
Cash surrender value of life insurance	41,288	40,843	37,927	37,536	34,575
Other assets	22,247	20,901	18,663	18,000	23,641
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Total assets	\$ 3,128,290	\$ 3,025,041	\$ 3,076,812	\$ 3,011,720	\$ 3,056,961
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Liabilities					
Deposits					
Noninterest-bearing	\$ 334,018	\$ 303,694	\$ 338,201	\$ 316,058	\$ 324,735
Interest-bearing	2,038,092	2,009,726	2,023,900	1,994,146	1,988,593
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Total deposits	2,372,110	2,313,420	2,362,101	2,310,204	2,313,328
Borrowings	422,885	372,356	383,170	374,051	417,669
Interest payable	4,216	4,542	4,680	5,200	5,494
Other liabilities	24,811	25,676	22,896	21,064	19,460
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Total liabilities	2,824,022	2,715,994	2,772,847	2,710,519	2,755,951
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Stockholders' equity					
Preferred stock, no-par value					
Authorized and unissued -- 500,000 shares					
Common stock, \$.125 stated value					
Authorized -- 50,000,000 shares					
Issued and outstanding	2,310	2,317	2,314	2,311	2,301
Additional paid-in capital	149,194	150,679	150,310	149,810	148,296
Retained earnings	154,876	151,771	149,096	147,559	144,457
Accumulated other comprehensive income (loss)	(2,112)	4,380	2,245	1,521	5,956
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Total stockholders' equity	304,268	309,147	303,965	301,201	301,010
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Total liabilities and stockholders' equity	\$ 3,128,290	\$ 3,025,141	\$ 3,076,812	\$ 3,011,720	\$ 3,056,961
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NON-PERFORMING ASSETS

(In thousands)

	June 30, 2004	March 31, 2004	December 31, 2003	September 30, 2003	June 30, 2003
90 days past due	\$ 2,488	\$ 4,770	\$ 6,530	\$ 4,790	\$ 5,295
Non-accrual loans	17,702	19,914	19,453	20,093	22,532
Other real estate	1,653	1,571	1,399	1,547	2,351
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Total non-performing assets	\$ 21,843	\$ 26,255	\$ 27,382	\$ 26,430	\$ 30,178
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Average total loans for the quarter	\$2,343,270	\$2,339,080	\$ 2,349,536	\$ 2,348,817	\$2,313,688
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Total non-performing assets as a percent of average total loans	.93%	1.12%	1.17%	1.13%	1.30%
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Restructured loans	\$ 926	\$ 957	\$ 641	\$ 647	\$ 899

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except share data)	Three Months Ended				
	June 30, 2004	March 31, 2004	December 31, 2003	September 30, 2003	June 30, 2003
Interest Income					
Loans receivable					
Taxable	\$ 34,021	\$ 34,227	\$ 34,697	\$ 35,607	\$ 35,759
Tax exempt	137	163	195	185	162
Investment securities					
Taxable	2,052	1,949	1,484	1,342	1,600
Tax exempt	1,420	1,430	1,451	1,562	1,626
Federal funds sold	37	18	148	49	177
Deposits with financial institutions	125	109	22	13	19
Federal Reserve and Federal Home Loan Bank stock	307	328	39	201	211
	-----	-----	-----	-----	-----
Total interest income	38,099	38,224	38,036	38,959	39,554
	-----	-----	-----	-----	-----
Interest expense					
Deposits	7,879	8,190	8,303	8,623	9,048
Securities sold under repurchase agreements	98	220	248	370	454
Federal Home Loan Bank advances	2,433	2,442	2,362	2,409	2,395
Subordinated debentures, revolving credit and term loans	1,635	1,610	1,587	1,575	1,660
Other borrowings	207	130	233	108	42
	-----	-----	-----	-----	-----
Total interest expense	12,252	12,592	12,733	13,085	13,599
	-----	-----	-----	-----	-----
Net interest income	25,847	25,632	25,303	25,874	25,955
Provision for loan losses	1,720	1,372	1,047	1,706	2,123
	-----	-----	-----	-----	-----
Net interest income after provision for loan losses	24,127	24,260	24,256	24,168	23,832
	-----	-----	-----	-----	-----
Other income					
Fiduciary activities	2,002	1,810	1,603	1,547	1,889
Service charges on deposit accounts	2,996	2,772	2,717	2,861	2,743
Other customer fees	966	1,070	1,039	961	1,036
Net realized gains on sales of available-for-sale securities	363	37	0	512	67
Commission income	777	953	569	638	707
Earnings on cash surrender value of life insurance	482	429	446	498	204
Net gains and fees on sales of loans	1,352	801	770	1,332	3,351
Other income	318	344	443	527	1,156
	-----	-----	-----	-----	-----
Total other income	9,256	8,216	7,587	8,876	11,153
	-----	-----	-----	-----	-----
Other expenses					
Salaries and employee benefits	13,059	13,024	12,599	13,206	12,902
Net occupancy expenses	1,335	1,254	1,414	1,189	1,200
Equipment expenses	1,954	1,979	2,217	1,996	2,016
Marketing expense	385	440	538	414	411
Outside data processing fees	1,211	1,223	1,063	1,025	1,102
Printing and office supplies	388	398	466	401	432
Goodwill and core deposit amortization	852	892	923	958	991
Other expenses	3,438	3,354	4,623	3,771	3,881
	-----	-----	-----	-----	-----
Total other expenses	22,622	22,564	23,843	22,960	22,935
	-----	-----	-----	-----	-----
Income before income tax	10,761	9,912	8,000	10,084	12,050
Income tax expense	3,406	2,977	2,181	2,735	3,305
	-----	-----	-----	-----	-----
Net income	\$ 7,355	\$ 6,935	\$ 5,819	\$ 7,349	\$ 8,745
	=====	=====	=====	=====	=====
Per Share Data(1)					
Basic Net Income	\$.40	\$.37	\$.31	\$.40	\$.48
Diluted Net Income	.40	.37	.31	.39	.48
Cash Dividends Paid	.23	.23	.23	.23	.22
Average Diluted Shares Outstanding (in thousands)	18,633	18,646	18,666	18,622	18,519

FINANCIAL RATIOS

Return on Average Assets	.96%	.91%	.76%	.97%	1.17%
Return on Avg. Stockholders' Equity	9.56	9.05	7.69	9.76	11.77
Avg. Earning Assets to Avg. Assets	89.64	90.05	90.19	89.48	90.14
Allowance for Loan Losses as % Of Total Loans	1.08	1.14	1.08	1.26	1.31
Net Charge Off's as % Of Avg. Loans (Annualized)	.46	.07	.92	.43	.21
Dividend Payout Ratio	57.50	62.16	74.19	58.97	45.83
Avg. Stockholders' Equity to Avg. Assets	10.00	10.08	9.86	9.93	9.90
Tax Equivalent Yield on Earning Assets	5.65	5.71	5.62	5.89	5.99
Cost of Supporting Liabilities	1.78	1.84	1.84	1.93	2.01
Net Int. Margin (FTE) on Earning Assets	3.87	3.87	3.78	3.96	3.98

(1) Restated for a five percent (5%) stock dividend distributed September 2003.