
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): July 28, 2011

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))
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ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On July 28, 2011, First Merchants Corporation will conduct a second quarter earnings conference call and web cast on Thursday, July 28, 2011 at 2:30 p.m. (EDT). 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 July 28, 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: July 28, 2011

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Slide presentation, utilized July 28, 2011, during conference call and web cast by First Merchants Corporation



2nd Quarter 2011 Earnings Call

July 28, 2011

BANKING. INSURANCE. TRUST. | WWW.FIRSTMERCHANTS.COM

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.



2nd Quarter 2011 Highlights

- § Second quarter earnings of \$4.5M, or \$.18 per common share
- § Core business profitability solidifying through:
 - § Margin and net interest income expansion
 - § Increasing commercial loan demand
 - § Additional revenue-generating staff
- § Improvement in asset quality continues
 - § Loan loss reserve ample for projected future losses at 2.83% of total loans



Mark K. Hardwick

Executive Vice President
and Chief Financial Officer



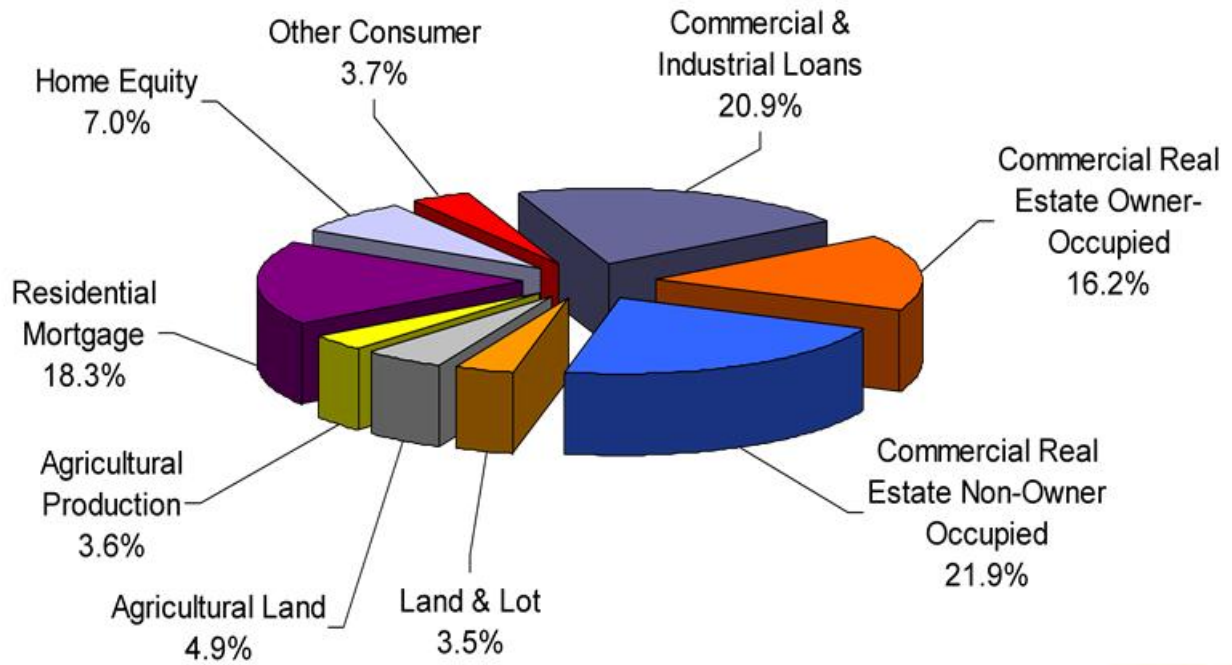
TOTAL ASSETS

(\$ in Millions)	<u>2009</u>	<u>2010</u>	<u>Q1-'11</u>	<u>Q2-'11</u>
1. Investments	\$ 563	\$ 827	\$ 886	\$ 938
2. Loans	3,278	2,857	2,766	2,729
3. Allowance	(92)	(83)	(81)	(77)
4. CD&I & Goodwill	159	154	153	152
5. BOLI	95	97	102	103
6. Other	<u>478</u>	<u>319</u>	<u>291</u>	<u>249</u>
7. Total Assets	\$4,481	\$4,171	\$4,117	\$4,094

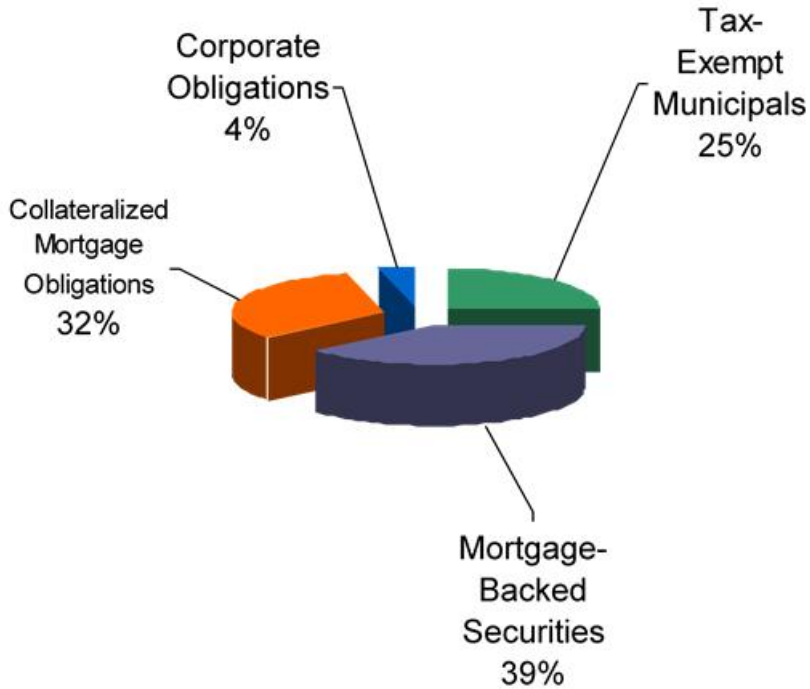


LOAN PORTFOLIO (as of 6/30/2011)

YTD Yield = 5.51%
Total = \$2.7B



INVESTMENT PORTFOLIO (as of 6/30/2011)



- § \$938 Million Balance
- § Average duration - 4.5 years
- § Tax equivalent yield of 4.08%
- § Net unrealized gain of \$14.6 million

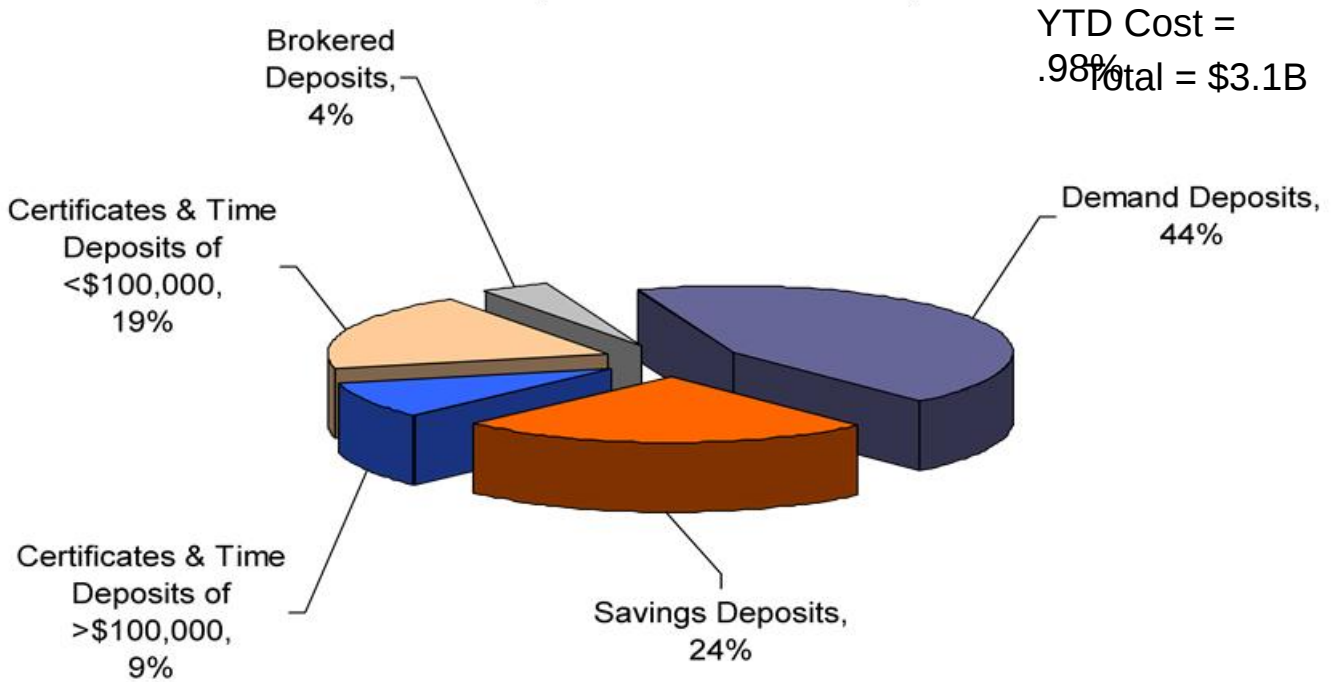


TOTAL LIABILITIES AND CAPITAL

(\$ in Millions)	<u>2009</u>	<u>2010</u>	<u>Q1-'11</u>	<u>Q2-'11</u>
1. Customer Non-Maturity Deposits	\$2,042	\$2,127	\$2,083	\$2,114
2. Customer Time Deposits	1,220	996	943	890
3. Brokered Deposits	275	146	126	139
4. Borrowings	339	277	305	306
5. Other Liabilities	30	28	56	35
6. Hybrid Capital	111	142	142	142
7. Preferred Stock (CPP)	112	68	68	68
8. Common Equity	<u>352</u>	<u>387</u>	<u>394</u>	<u>400</u>
9. Total Liabilities and Capital	\$4,481	\$4,171	\$4,117	\$4,094



DEPOSITS (as of 6/30/2011)



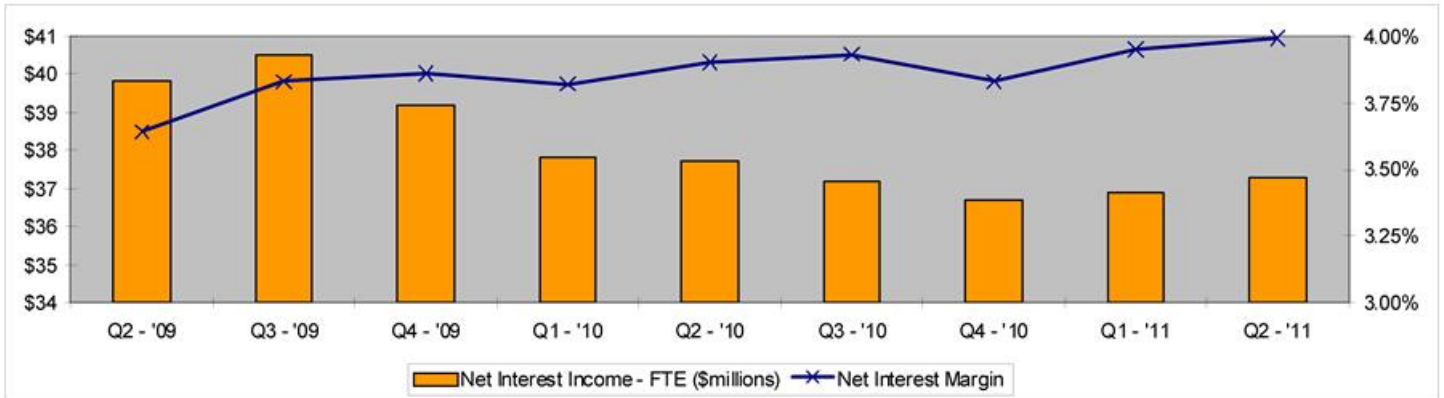
CAPITAL RATIOS

	<u>2009</u>	<u>2010</u>	<u>Q1-'11</u>	<u>Q2-'11</u>
1. Total Risk-Based Capital Ratio	13.04%	15.74%	15.66%	16.05%
2. Tier 1 Risk-Based Capital Ratio	10.32%	12.82%	13.05%	13.42%
3. Leverage Ratio	8.20%	9.50%	9.80%	9.94%
4. Tier 1 Common Risk-Based Capital Ratio	5.40%	7.64%	7.75%	8.07%
5. TCE/TCA	4.54%	5.86%	6.16%	6.36%



NET INTEREST MARGIN

	Q2 - '09	Q3 - '09	Q4 - '09	Q1 - '10	Q2 - '10	Q3 - '10	Q4 - '10	Q1 - '11	Q2 - '11
Net Interest Income - FTE (\$million \$	39.8	40.5	39.2	37.8	37.7	37.2	36.7	36.9	37.3
Tax Equivalent Yield on Earning As	5.52%	5.56%	5.48%	5.39%	5.38%	5.38%	5.13%	5.11%	5.04%
Cost of Supporting Liabilities	1.88%	1.73%	1.62%	1.57%	1.48%	1.45%	1.30%	1.16%	1.05%
Net Interest Margin	3.64%	3.83%	3.86%	3.82%	3.90%	3.93%	3.83%	3.95%	3.99%



NON-INTEREST INCOME

(\$ in Millions)		<u>2009</u>	<u>2010</u>	<u>Q1-'11</u>	<u>Q2-'11</u>
1.	Service Charges on Deposit Accounts	\$15.1	\$13.3	\$ 2.8	\$ 3.0
2.	Trust Fees	7.4	7.7	2.0	1.9
3.	Insurance Commission Income	6.4	6.2	1.9	1.0
4.	Electronic Card Fees	4.9	6.1	1.5	1.7
5.	Cash Surrender Value of Life Ins	1.6	2.1	0.6	0.6
6.	Gains on Sales Mortgage Loans	6.8	6.8	1.9	1.0
7.	Securities Gains/Losses	4.4	1.9	0.1	0.8
8.	Other	<u>4.6</u>	<u>4.4</u>	<u>1.1</u>	<u>1.1</u>
9.	Total	\$51.2	\$48.5	\$11.9	\$11.1
10.	Adjusted Non-Interest Income ¹	\$46.5	\$46.6	\$11.8	\$10.3

¹Adjusted for gains and losses in bond portfolio and one-time mortgage sale



NON-INTEREST EXPENSE

(\$ in Millions)				<u>2009</u>	<u>2010</u>		
Q1-'11	Q2-'11						
1.	Salary & Benefits			\$76.3	\$73.3	\$17.2	\$18.6
2.	Premises & Equipment						
3.	Core Deposit	4.5	4.1				
4.	Intangible Professional Services ¹	5.1	4.7	1.1	1.1		
5.	OREO/Credit-Related Expenses	0.6	0.5				
6.	FDIC Expense	12.9	14.6	3.2	2.8		
7.	FHLB Prepayment Penalties			1.5	1.9	—	—
8.	Outside Data Processing						
9.	Marketing	5.1	1.4	1.5			
10.	Other	2.0	0.4	0.4	<u>17.5</u>	<u>15.9</u>	<u>3.4</u>
11.	Total			\$151.6	\$142.3	\$33.9	\$34.4
12.	Adjusted Non-Interest Expense ²			\$134.7	\$127.7	\$30.7	\$31.6

¹Credit-related professional services are reclassified to OREO/credit-related expenses

²Adjusted for the FDIC special assessment, FHLB prepayment penalties & OREO expense & credit-related professional services



EARNINGS

(\$ in Millions)	<u>2009</u>	<u>2010</u>	<u>Q1-'11</u>	<u>Q2-'11</u>
1. Net Interest Income-FTE	\$159.1	\$149.4	\$ 36.9	\$ 37.3
2. Non Interest Income ¹	46.5	46.6	11.8	10.3
3. Non Interest Expense ²	(134.7)	(127.7)	(30.7)	(31.6)
4. Pre-Tax Pre-Provision Earnings	\$ 70.9	\$ 68.3	\$ 18.0	\$ 16.0
5. Provision	(122.2)	(46.5)	(5.6)	(5.6)
6. Adjustments	(12.1)	(12.7)	(3.1)	(2.0)
7. Taxes - FTE	22.7	(2.3)	(3.8)	(2.9)
8. Gain on Exchange of Preferred Stock for Trust Preferred Debt	—	10.1	—	—
9. CPP Dividend	(5.0)	(5.2)	(1.0)	(1.0)
10. Net Income Avail. for Distribution	(\$45.7)	\$11.7	\$ 4.5	\$ 4.5
11. EPS	(\$2.17)	\$0.48	\$.17	\$.18

¹Adjusted for gains and losses in bond portfolio 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

2nd Quarter Highlights

- § Continued reduction in Criticized and Classified Assets coupled with reduction in impaired loans
- § Stabilized Non-Accrual and Non-Performing Assets
- § Improving 90+ day delinquency. Increase in 30-89 day delinquent loans related to two matured relationships totaling \$9.4 million. One resolved and the other in the process of resolution
- § Allowance declined from \$80.9 million to \$77.1 million in line with improvement in portfolio and \$2.1 million reduction in specific reserves.



NON-ACCRUAL TREND

	<u>Q2-'10</u>	<u>Q3-'10</u>	<u>Q4-'10</u>	<u>Q1-'11</u>	<u>Q2-'11</u>	<u>Q2-'11</u> (in millions)
NON-ACCRUAL LOANS BY CATEGORY						
Commercial & Industrial	3.55%	3.19%	1.75%	1.55%	3.69%	\$21.1
Construction & Land Development	8.91%	6.25%	16.10%	14.76%	14.66%	14.1
Commercial Mortgage	4.74%	4.22%	3.69%	3.66%	2.88%	33.8
Agricultural Production and Other Commercial	1.27%	0.64%	0.57%	1.06%	0.91%	0.9
<i>Total Commercial</i>	4.43%	3.84%	3.66%	3.52%	3.61%	\$69.9
Residential Mortgage	3.86%	3.26%	2.78%	3.21%	2.99%	\$14.9
Home Equity	1.74%	1.39%	1.31%	1.31%	1.42%	2.8
Other Consumer	0.00%	0.01%	0.00%	0.03%	0.00%	0.0
<i>Total Consumer and Residential Mortgage</i>	2.83%	2.36%	2.05%	2.32%	2.24%	\$17.7
Total Consumer and Commercial	3.93%	3.37%	3.17%	3.17%	3.21%	\$87.6

(% of period end total loans by category and loans held for sale)

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THE STRENGTH OF BIG.
THE SERVICE OF SMALL.



OTHER REAL ESTATE OWNED

(\$ in millions)

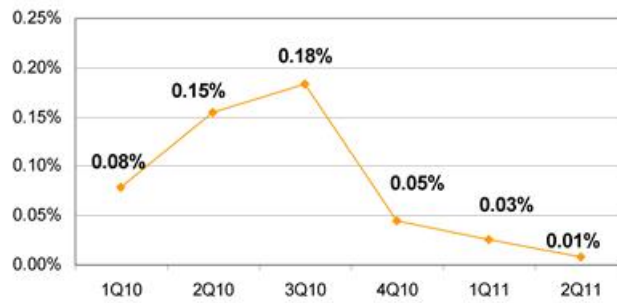
	<u>Commercial Real Estate</u>	<u>Land & Construction</u>	<u>1-4 Family</u>	<u>Total</u>
Book Balance	\$ 4.8	\$ 7.4	\$ 3.2	\$15.4
% ORE	31.0%	48.1%	20.9%	100.0%



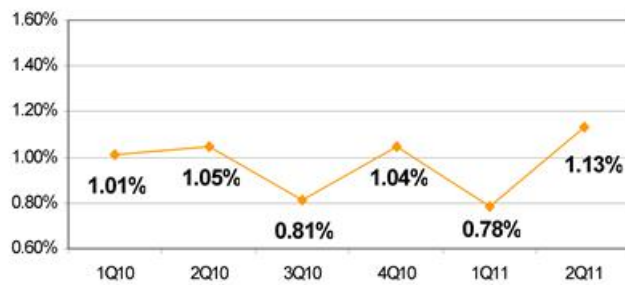
LOAN DELINQUENCY TRENDS

90+ Day Delinquency

(As a Percent of Period End Loans and Loans Held For Sale)



30-89 Day Delinquency



LOAN CHARGE-OFF TREND

	<u>Q2-'10</u>	<u>Q3-'10</u>	<u>Q4-'10</u>	<u>Q1-'11</u>	<u>Q2-'11</u>
NET CHARGE-OFFS BY CATEGORY					
Commercial & Industrial	4.65%	3.22%	2.69%	0.30%	(1.72%)
Construction/Land Development	5.10%	4.14%	4.27%	9.96%	10.78%
Commercial Mortgage	1.98%	2.44%	2.18%	1.15%	2.33%
Agricultural Production and Other Commercial	1.18%	1.36%	1.04%	0.00%	(0.33%)
<i>Total Commercial</i>	2.88%	2.69%	2.39%	1.32%	1.42%
Residential Mortgage	0.79%	1.09%	1.12%	0.27%	0.72%
Home Equity	0.71%	1.04%	0.25%	1.11%	1.24%
Other Consumer	0.96%	1.15%	1.28%	1.13%	0.60%
<i>Total Consumer and Residential Mortgage</i>	0.79%	1.09%	0.94%	0.59%	0.83%

(Annualized year-to-date net charge-offs by category as a % of period end total loans plus loans held for sale)



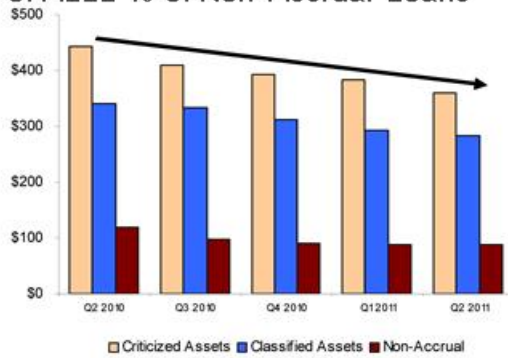
NON-PERFORMING ASSET RECONCILIATION

	<u>Q3-'10</u>	<u>Q4-'10</u>	<u>Q1-'11</u>	<u>Q2-'11</u>
Beginning Balance NPAs & 90+ Days Delinquent (\$ in millions)	\$ 146.5	\$ 130.8	\$ 120.0	\$107.6
<u>Non-Accrual</u>				
Add: New Non-Accruals	\$ 15.5	\$ 27.4	\$ 11.7	\$ 26.7
Less: To Accrual/Payoff/Restructured	(18.6)	(14.5)	(3.2)	(8.3)
Less: To OREO	(6.7)	(7.0)	(2.0)	(1.6)
Less: Charge-offs (includes write-downs for transfer to OREO)	(11.8)	(13.9)	(9.4)	(16.9)
Increase /(Decrease): Non-Accrual Loans	(\$ 21.6)	(\$ 8.0)	(\$ 2.9)	(\$.1)
<u>Other Real Estate Owned (ORE)</u>				
Add: New ORE Properties	\$ 6.6	\$ 7.2	\$ 2.2	\$ 1.6
Less: ORE Sold	(3.8)	(4.2)	(3.6)	(1.6)
Less: ORE Losses (write-downs)	(1.4)	(3.6)	(2.5)	(1.6)
Increase /(Decrease): ORE	\$ 1.4	(\$.60)	(\$ 3.9)	(\$ 1.6)
Increase /(Decrease): 90 Days Delinquent	\$ 0.8	(\$ 4.0)	(\$ 0.6)	(\$ 0.5)
Increase /(Decrease): Restructured/Renegotiated Loans	\$ 3.7	\$ 1.8	(\$ 5.0)	\$ 4.1
Total NPA Change	\$(15.7)	(\$ 10.8)	(\$ 12.4)	\$ 1.9
Ending Balance NPAs & 90+ Days Delinquent	\$ 130.8	\$ 120.0	\$ 107.6	\$ 109.5




IMPROVEMENT AND STABILIZATION IN CREDIT METRICS

(\$ in millions)	Q2-'10	Q3-'10	Q4-'10	Q1-'11	Q2-'11
1. Classified Assets	\$341.6	\$334.2	\$313.0	\$293.8	\$282.2
2. Criticized Assets (includes Classified)	442.9	408.6	393.0	383.7	360.5
3. 90 day Delinquent Loans	4.5	5.3	1.3	.8	.2
4. Non-Accrual Loans	120.2	98.6	90.6	87.7	87.6
5. Impaired Loans	150.6	125.7	116.2	116.8	108.3
6. Specific Reserves	18.4	14.9	13.9	15.8	13.7
7. Allowance for Loan and Lease Losses	87.0	83.7	83.0	80.9	77.1
8. ALLL % of Non-Accrual Loans	72.4%	84.9%	91.6%	92.3%	88.1%

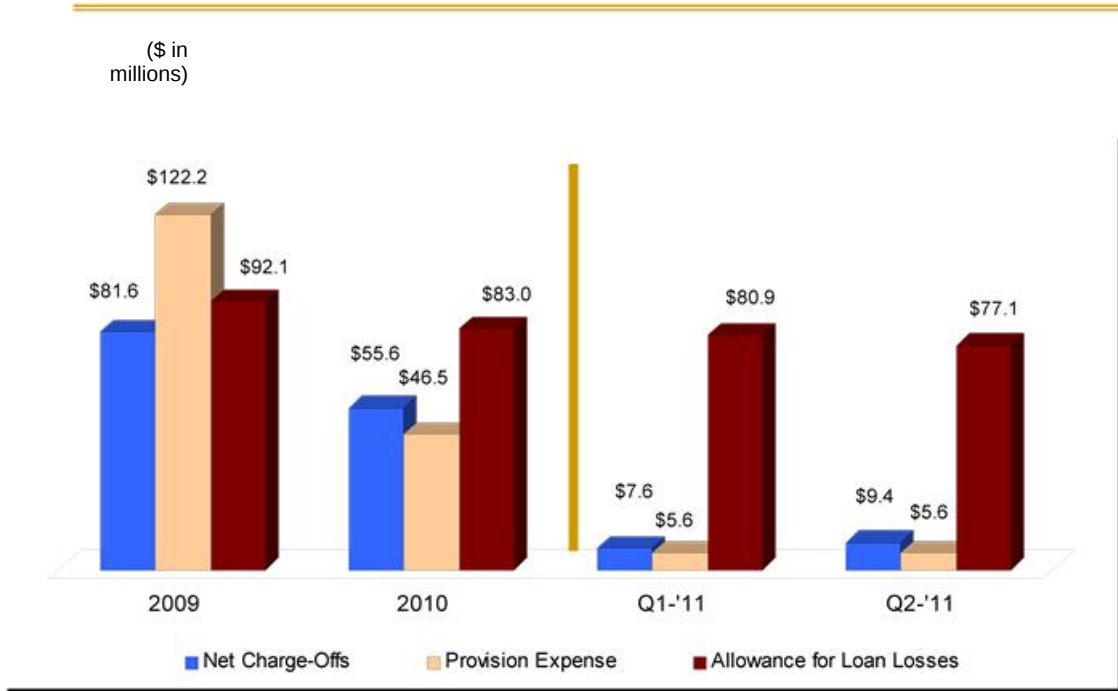


Criticized Assets Down 18.6%
Classified Assets Down 17.4%
Non-Accrual Loans Down 27.1%


 Allowance for Loan and Lease Losses down 11.3%



NET CHARGE-OFFS, PROVISION AND ALLOWANCE



Michael C. Rechin

President
and Chief Executive Officer



Overview of 2011 Strategy and Tactics

“Strengthen and Grow”

- § Implement systems to standardize and accelerate small business opportunities.
- § Preserve margin while intensifying revenue activity using market coverage tactics and the addition of revenue-generating staff in key markets.
- § Realize investment in online and mobile banking.
- § Continue to improve asset quality, reduce credit costs, and maximize resolutions.



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:

David L. Ortega

Investor Relations

Telephone: 765.378.8937

dortega@firstmerchants.com



