

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 8-K  
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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 21, 2004

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 January 21, 2004, issued by  
First Merchants Corporation

ITEM 9. REGULATION FD DISCLOSURE (INFORMATION PROVIDED UNDER ITEM 12 - RESULTS  
OF OPERATIONS AND FINANCIAL CONDITION).

The following information is being provided under Item 12 - Results of  
Operations and Financial Condition. It is being furnished under Item 9  
of this Form 8-K in accordance with interim guidance issued by the SEC  
in Release No. 33-8216. Such information, including the Exhibit  
attached hereto, shall not be deemed "filed" for purposes of Section 18  
of the Securities Exchange Act of 1934.

On January 21, 2004, First Merchants Corporation issued a press release  
to report its financial results for the year ended December 31, 2003.  
The release is furnished as Exhibit 99.1 hereto.

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

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Larry R. Helms, Senior Vice President

Dated: January 21, 2004

EXHIBIT INDEX

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Exhibit No.

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99.1

Description

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

First Merchants Corporation

Exhibit No. 99.1

Press Release, dated January 21, 2004

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

January 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 2003 RESULTS

First Merchants Corporation (NASDAQ - FRME) has reported 2003 diluted earnings per share of \$1.50, down from \$1.69 recorded in 2002. Net income during the period equaled \$27.6 million compared to \$27.8 million in 2002.

Net Interest Margin equaled 4.01 percent for the year, down 38 basis points from 4.39 in 2002. The decline in Net Interest Margin amounted to \$.33 on an earnings per share basis.

Non-performing loans as a percentage of total loans equaled 1.17 percent, up from 1.09 percent in 2002. The Corporation's allowance for loan losses equaled 1.08 percent of total loans as of year-end.

Michael L. Cox, President and Chief Executive Officer, stated that, "First Merchants Corporation's management team is disappointed the legacy of 27 consecutive years of improved earnings per share has come to an end in 2003. Management has always taken pride in its ability to manage through interest rate cycles and various economic environments. However, the fact that our first down year in 28 years occurred during a 40-year low interest rate cycle and a stressed Indiana economy resulting in significant margin compression and higher charge-off's than normal is of some consolation." Cox also stated that, "We maintained a long-term focus throughout a difficult year in 2003 by not sacrificing balance sheet credit quality or asset duration in search of current year earnings. Management believes the balance sheet is positioned for the coming years."

2003 accomplishments included the formation of Merchants Trust Company on January 1st, the acquisition of CNBC Bancorp, Worthington Ohio, on March 1st, the formation of two tax advantaged investment subsidiaries on May 29th and the integration of Lafayette Bank and Trust Company's core processing system on November 7th. Additionally, in order to bring consistency of application and interpretation of all applicable banking regulations, the Corporation successfully converted six state bank charters to national charters effective January 1, 2004. All ten of the Corporation's banks are now nationally chartered bringing enhanced efficiency and consistency to the regulatory process.

CONFERENCE CALL

First Merchants Corporation will conduct a conference call at 2:30 p.m. Eastern Time on Thursday, January 21, 2004. To participate dial 888-710-8192 and reference First Merchants Corporation's fourth quarter earnings release. A digital recording will be available two hours after the completion of the conference from January 21, 2004, to January 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. 4799031.

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 and is rated A+ by Standard & Poor's Corporation. 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)

December 31,

	2003	2002
<b>Assets</b>		
Cash and due from banks	\$ 77,112	\$ 87,638
Federal funds sold	32,415	31,400
	-----	-----
Cash and cash equivalents	109,527	119,038
Interest-bearing time deposits	8,141	3,568
Investment securities	356,797	342,062
Mortgage loans held for sale	3,043	21,545
Loans	2,353,503	2,004,377
Less: Allowance for loan losses	(25,493)	(22,417)
	-----	-----
Net loans	2,328,010	1,981,960
Premises and equipment	39,639	38,645
Federal Reserve and Federal Home Loan Bank stock	15,502	11,409
Interest receivable	16,840	17,346
Core deposit intangibles and goodwill	142,723	107,217
Cash surrender value of life insurance	37,927	14,309
Other assets	18,663	21,588
	-----	-----
Total assets	\$ 3,076,812	\$ 2,678,687
	=====	=====
<b>Liabilities</b>		
Deposits		
Noninterest-bearing	\$ 338,201	\$ 272,128
Interest-bearing	2,023,900	1,764,560
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Total deposits	2,362,101	2,036,688
Borrowings	383,170	356,927
Interest payable	4,680	6,019
Other liabilities	22,896	17,924
	-----	-----
Total liabilities	2,772,847	2,417,558
<b>Stockholders' equity</b>		
Preferred stock, no-par value		
Authorized and unissued -- 500,000 shares		
Common stock, \$.125 stated value		
Authorized -- 50,000,000 shares		
Issued and outstanding -- 18,512,834 and 17,138,885 shares		
	2,314	2,142
Additional paid-in capital	150,310	116,401
Retained earnings	149,096	138,110
Accumulated other comprehensive income	2,245	4,476
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Total stockholders' equity	303,965	261,129
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Total liabilities and stockholders' equity	\$ 3,076,812	\$ 2,678,687
	=====	=====

FINANCIAL HIGHLIGHTS

(In thousands)	Three Months Ended		Year Ended	
	December 31, 2003	December 31, 2002	December 31, 2003	December 31, 2002
NET CHARGE OFF'S	\$ 5,396	\$ 2,607	\$ 10,128	\$ 6,800
<b>AVERAGE BALANCES</b>				
Total Assets	\$3,070,523	\$2,665,016	\$2,960,195	\$2,406,251
Total Loans	2,349,536	2,066,616	2,281,614	1,842,429
Total Deposits	2,361,544	2,023,698	2,257,075	1,857,053
Total Stockholders' Equity	302,803	261,139	293,603	237,575
<b>FINANCIAL RATIOS</b>				
Return on Average Assets	.76%	.99%	.93%	1.16%
Return on Avg. Stockholders' Equity	7.69	10.10	9.39	11.72
Avg. Earning Assets to Avg. Assets	90.19	92.11	89.99	91.38
Allowance for Loan Losses as % Of Total Loans	1.08	1.11	1.08	1.11
Net Charge Off's as % Of Avg. Loans (Annualized)	.92	.50	.44	.37
Dividend Payout Ratio	74.19	57.89	60.00	50.89

Avg. Stockholders' Equity to Avg. Assets	9.86	9.80	9.92	9.87
Tax Equivalent Yield on Earning Assets	5.62	6.57	5.98	6.83
Cost of Supporting Liabilities	1.84	2.30	1.97	2.44
Net Int. Margin (FTE) on Earning Assets	3.78	4.27	4.01	4.39

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except share data)

	Three Months Ended December 31,		Year Ended December 31,	
	2003	2002	2003	2002
Interest income				
Loans receivable				
Taxable	\$ 34,697	\$ 34,775	\$ 141,236	\$ 129,279
Tax exempt	195	235	707	638
Investment securities				
Taxable	1,484	2,100	6,105	9,086
Tax exempt	1,451	1,740	6,270	6,190
Federal funds sold	148	169	487	557
Deposits with financial institutions	22	38	76	197
Federal Reserve and Federal Home Loan Bank stock	39	208	649	735
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Total interest income	38,036	39,265	155,530	146,682
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Interest expense				
Deposits	8,303	9,934	34,858	39,700
Securities sold under repurchase agreements	248	502	1,521	2,060
Federal Home Loan Bank advances	2,362	2,359	9,439	8,166
Trust preferred securities	1,234	1,181	4,931	3,324
Other borrowings	586	154	1,639	509
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Total interest expense	12,733	14,130	52,388	53,759
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Net interest income	25,303	25,135	103,142	92,923
Provision for loan losses	1,047	2,877	9,477	7,174
	-----	-----	-----	-----
Net interest income after provision for loan losses	24,256	22,258	93,665	85,749
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Other income				
Fiduciary activities	1,603	1,487	6,736	6,258
Service charges on deposit accounts	2,717	2,695	11,105	9,330
Other customer fees	1,039	993	4,124	3,918
Net realized gains (losses) on sales of available-for-sale securities	0	169	950	739
Commission income	569	586	2,668	2,203
Earnings on cash surrender value of life insurance	446	200	1,347	689
Net gains and fees on sales of loans	770	722	6,388	1,712
Other income	443	364	2,584	2,228
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Total other income	7,587	7,216	35,902	27,077
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Other expenses				
Salaries and employee benefits	12,599	10,849	50,484	39,150
Net occupancy expenses	1,414	933	4,894	3,632
Equipment expenses	2,217	1,861	8,073	6,709
Marketing expense	538	416	1,797	1,495
Outside data processing fees	1,063	940	4,118	3,664
Printing and office supplies	466	442	1,706	1,597
Goodwill and core deposit amortization	923	750	3,700	2,589
Other expenses	4,623	3,695	16,507	12,173
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Total other expenses	23,843	19,886	91,279	71,009
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Income before income tax	8,000	9,588	38,288	41,817
Income tax expense	2,181	2,998	10,717	13,981
	-----	-----	-----	-----
Net income	\$ 5,819	\$ 6,590	\$ 27,571	\$ 27,836
	=====	=====	=====	=====
Per Share Data (1)				
Basic Net Income	.31	.38	1.51	1.70
Diluted Net Income	.31	.38	1.50	1.69
Cash Dividends Paid	.23	.22	.90	.86

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





CONSOLIDATED BALANCE SHEETS

(in thousands)	December 31, 2003	September 30, 2003	June 30, 2003	March 31, 2003	December 31, 2002
<b>Assets</b>					
Cash and due from banks	\$ 77,112	\$ 87,619	\$ 89,126	\$ 81,789	\$ 87,638
Federal funds sold	32,415	0	14,150	54,925	31,400
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Cash and cash equivalents	109,527	87,619	103,276	136,714	119,038
Interest-bearing time deposits	8,141	3,789	8,777	5,170	3,568
Investment securities	356,797	316,852	363,103	333,692	342,062
Mortgage loans held for sale	3,043	12,042	15,151	13,558	21,545
Loans	2,353,503	2,351,405	2,324,576	2,291,178	2,004,377
Less: Allowance for loan losses	(25,493)	(29,842)	(30,639)	(29,733)	(22,417)
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Net loans	2,328,010	2,321,563	2,293,937	2,261,445	1,981,960
Premises and equipment	39,639	39,475	39,313	38,861	38,645
Federal Reserve and Federal Home Loan Bank stock	15,502	14,057	13,933	13,912	11,409
Interest receivable	16,840	17,139	16,592	16,789	17,346
Core deposit intangibles and goodwill	142,723	143,648	144,663	141,226	107,217
Cash surrender value of life insurance	37,927	37,536	34,575	14,567	14,309
Other assets	18,663	18,000	23,641	23,088	21,588
<hr/>					
Total assets	\$ 3,076,812	\$ 3,011,720	\$ 3,056,961	\$ 2,999,022	\$ 2,678,687
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<b>Liabilities</b>					
<b>Deposits</b>					
Noninterest-bearing	\$ 338,201	\$ 316,058	\$ 324,735	\$ 289,835	\$ 272,128
Interest-bearing	2,023,900	1,994,146	1,988,593	1,996,836	1,764,560
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Total deposits	2,362,101	2,310,204	2,313,328	2,286,671	2,036,688
Borrowings	383,170	374,051	417,669	388,821	356,927
Interest payable	4,680	5,200	5,494	5,694	6,019
Other liabilities	22,896	21,064	19,460	28,212	17,924
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Total liabilities	2,772,847	2,710,519	2,755,951	2,709,398	2,417,558
<hr/>					
<b>Stockholders' equity</b>					
<b>Preferred stock, no-par value</b>					
Authorized and unissued -- 500,000 shares					
<b>Common stock, \$.125 stated value</b>					
Authorized -- 50,000,000 shares					
Issued and outstanding	2,314	2,311	2,301	2,298	2,142
Additional paid-in capital	150,310	149,810	148,296	143,505	116,401
Retained earnings	149,096	147,559	144,457	139,743	138,110
Accumulated other comprehensive income	2,245	1,521	5,956	4,078	4,476
<hr/>					
Total stockholders' equity	303,965	301,201	301,010	289,624	261,129
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Total liabilities and stockholders' equity	\$ 3,076,812	\$ 3,011,720	\$ 3,056,961	\$ 2,999,022	\$ 2,678,687
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NON-PERFORMING ASSETS

(In thousands)	December 31, 2003	September 30, 2003	June 30, 2003	March 31, 2003	December 31, 2002
90 days past due	\$ 6,530	\$ 4,790	\$ 5,295	\$ 3,552	\$ 6,676
Non-accrual loans	19,453	20,093	22,532	19,747	14,134
Other real estate	1,399	1,547	2,351	1,841	1,691
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Total non-performing assets	\$ 27,382	\$ 26,430	\$ 30,178	\$ 25,140	\$ 22,501
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Average total loans for the quarter	\$ 2,349,536	\$ 2,348,817	\$ 2,313,688	\$ 2,111,056	\$ 2,066,616
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Total non-performing assets as a percent of average total loans	1.17%	1.13%	1.30%	1.19%	1.09%
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Restructured loans	\$ 641	\$ 647	\$ 899	\$ 2,194	\$ 2,508

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except share data)	Three Months Ended				
	December 31, 2003	September 30, 2003	June 30, 2003	March 31, 2003	December 31, 2002
<b>Interest Income</b>					
Loans receivable					
Taxable	\$ 34,697	\$ 35,607	\$ 35,759	\$ 35,173	\$ 34,775
Tax exempt	195	185	162	165	235
Investment securities					
Taxable	1,484	1,342	1,600	1,679	2,100
Tax exempt	1,451	1,562	1,626	1,631	1,740
Federal funds sold	148	49	177	113	169
Deposits with financial institutions	22	13	19	22	38
Federal Reserve and Federal Home Loan Bank stock	39	201	211	198	208
	-----	-----	-----	-----	-----
<b>Total interest income</b>	<b>38,036</b>	<b>38,959</b>	<b>39,554</b>	<b>38,981</b>	<b>39,265</b>
	-----	-----	-----	-----	-----
<b>Interest expense</b>					
Deposits	8,303	8,623	9,048	8,884	9,934
Securities sold under repurchase agreements	248	370	454	449	502
Federal Home Loan Bank advances	2,362	2,409	2,395	2,273	2,359
Trust preferred securities	1,234	1,232	1,259	1,206	1,181
Other borrowings	586	451	443	159	154
	-----	-----	-----	-----	-----
<b>Total interest expense</b>	<b>12,733</b>	<b>13,085</b>	<b>13,599</b>	<b>12,971</b>	<b>14,130</b>
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<b>Net interest income</b>	<b>25,303</b>	<b>25,874</b>	<b>25,955</b>	<b>26,010</b>	<b>25,135</b>
Provision for loan losses	1,047	1,706	2,123	4,601	2,877
	-----	-----	-----	-----	-----
<b>Net interest income after provision for loan losses</b>	<b>24,256</b>	<b>24,168</b>	<b>23,832</b>	<b>21,409</b>	<b>22,258</b>
	-----	-----	-----	-----	-----
<b>Other income</b>					
Fiduciary activities	1,603	1,547	1,889	1,697	1,487
Service charges on deposit accounts	2,717	2,861	2,743	2,784	2,695
Other customer fees	1,039	961	1,036	1,088	993
Net realized gains on sales of available-for-sale securities	0	512	67	371	169
Commission income	569	638	707	754	586
Earnings on cash surrender value of life insurance	446	498	204	199	200
Net gains and fees on sales of loans	770	1,332	3,351	935	722
Other income	443	527	1,156	458	364
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<b>Total other income</b>	<b>7,587</b>	<b>8,876</b>	<b>11,153</b>	<b>8,286</b>	<b>7,216</b>
	-----	-----	-----	-----	-----
<b>Other expenses</b>					
Salaries and employee benefits	12,599	13,206	12,902	11,777	10,849
Net occupancy expenses	1,414	1,189	1,200	1,091	933
Equipment expenses	2,217	1,996	2,016	1,844	1,861
Marketing expense	538	414	411	434	416
Outside data processing fees	1,063	1,025	1,102	928	940
Printing and office supplies	466	401	432	407	442
Goodwill and core deposit amortization	923	958	991	828	750
Other expenses	4,623	3,771	3,881	4,232	3,695
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<b>Total other expenses</b>	<b>23,843</b>	<b>22,960</b>	<b>22,935</b>	<b>21,541</b>	<b>19,886</b>
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<b>Income before income tax</b>	<b>8,000</b>	<b>10,084</b>	<b>12,050</b>	<b>8,154</b>	<b>9,588</b>
Income tax expense	2,181	2,735	3,305	2,496	2,998
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<b>Net income</b>	<b>\$ 5,819</b>	<b>\$ 7,349</b>	<b>\$ 8,745</b>	<b>\$ 5,658</b>	<b>\$ 6,590</b>
	=====	=====	=====	=====	=====
<b>Per Share Data(1)</b>					
Basic Net Income	\$ .31	\$ .40	\$ .48	\$ .32	\$ .38
Diluted Net Income	.31	.39	.48	.32	.38
Cash Dividends Paid	.23	.23	.22	.22	.22

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

