FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

[x] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE

SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2005

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE

SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from _______ to _______

Commission File Number 0-17071

First Merchants Corporation

(Exact name of registrant as specified in its charter)

Indiana	35-1544218
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
200 East Jackson Street Muncie, IN	47305-2814
(Address of principal executive offices)	(Zip code)

(765) 747-1500

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by checkmark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes [x] No [ ]

As of April 30, 2005, there were 18,499,954 outstanding common shares, without par value, of the registrant.

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PART I. FINANCIAL INFORMATION
Item 1. FINANCIAL STATEMENTS
CONSOLIDATED CONDENSED BALANCE SHEETS
(Dollars in thousands, except per share amounts)

	March 31, 2005 (Unaudited)	December 31, 2004
ASSETS:		
Cash and due from banks	$ 67,904	$ 69,960
Federal funds sold	22,075	
Cash and cash equivalents	89,979	69,960
Interest-bearing deposits	10,737	9,343
Investment securities available for sale	405,510	416,177
Investment securities held to maturity	4,310	5,358
Mortgage loans held for sale	3,084	3,367
Loans, net of allowance for loan losses of $24,488 and $22,548	2,389,611	2,405,503
Premises and equipment	37,525	38,254
Federal Reserve and Federal Home Loan Bank stock	22,883	22,858
Interest receivable	16,606	17,318
Goodwill	120,697	120,615
Core deposit intangibles	19,881	20,669
Cash surrender value of life insurance	42,426	42,061
Other assets	24,337	20,185
Total assets	$ 3,187,586	$ 3,191,668
LIABILITIES:		
Deposits:		
Noninterest-bearing	$ 333,614	$ 330,685
Interest-bearing	2,118,605	2,077,465
Total deposits	2,452,219	2,408,150
Borrowings	391,193	440,891
Interest payable	5,296	4,411
Other liabilities	28,280	23,613
Total liabilities	2,876,988	2,877,065
COMMITMENTS AND CONTINGENT LIABILITIES		
STOCKHOLDERS' EQUITY:		
Perferred stock, no-par value:		
Authorized and unissued - 500,000 shares		
Common Stock, $.125 stated value:		
Authorized --- 50,000,000 shares		
Issued and outstanding - 18,497,462 and 18,573,997 shares	2,312	2,322
Additional paid-in capital	148,347	150,862
Retained earnings	163,761	161,459
Accumulated other comprehensive income (loss)	(3,822)	(40)
Total stockholders' equity	310,598	314,603
Total liabilities and stockholders' equity	$ 3,187,586	$ 3,191,668

See notes to consolidated condensed financial statements.

FIRST MERCHANTS CORPORATION

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CONSOLIDATED CONDENSED STATEMENTS OF INCOME
(Dollars in thousands, except per share amounts)
(Unaudited)

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
Interest Income:		
Loans receivable		
Taxable	$ 36,822	$ 34,227
Tax exempt	134	163
Investment securities		
Taxable	2,329	1,949
Tax exempt	1,553	1,430
Federal funds sold	27	18
Deposits with financial institutions	142	109
Federal Reserve and Federal Home Loan Bank stock	308	328
Total interest income	41,315	38,224
Interest expense:		
Deposits	9,806	8,190
Borrowings	4,567	4,402
Total interest expense	14,373	12,592
Net Interest Income	26,942	25,632
Provision for loan losses	2,667	1,372
Net Interest Income After Provision for Loan Losses	24,275	24,260
Other Income:		
Net realized gains on sales of available-for-sale securities.		37
Other income	9,046	8,179
Total other income	9,046	8,216
Total other expenses	24,231	22,564
Income before income tax	9,090	9,912
Income tax expense	2,523	2,977
Net Income	$ 6,567	$ 6,935
Per share:		
Basic	.35	.37
Diluted	.35	.37
Dividends	.23	.23

See notes to consolidated condensed financial statements.

FIRST MERCHANTS CORPORATION

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CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
(Dollars in thousands)
(Unaudited)

	Three Months Ended March 31	
	2005	2004
Net Income	$ 6,567	$ 6,935
Other comprehensive income (loss), net of tax:		
Unrealized gains (losses) on securities available for sale:		
Unrealized holding gains (losses) arising during the period, net of income tax benefit (expense) of $2,522, and $(1,438)	(3,783)	2,157
Less: Reclassification adjustment for gains included in net income, net of income tax expense of $15		22
	(3,783)	2,135
Comprehensive income	$ 2,784	$ 9,070

See notes to consolidated condensed financial statements.

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CONSOLIDATED CONDENSED STATEMENTS OF STOCKHOLDERS' EQUITY

(Dollars in thousands)

(Unaudited)

	2005	2004
Balances, January 1	$ 314,603	$ 303,965
Net income	6,567	6,935
Cash dividends	(4,264)	(4,260)
Other comprehensive income (loss), net of tax..................	(3,783)	2,135
Stock issued under dividend reinvestment and stock purchase plan	335	342
Stock options exercised	757	95
Stock redeemed	(3,617)	(65)
Balances, March 31	$ 310,598	$ 309,147

See notes to consolidated condensed financial statements.

FIRST MERCHANTS CORPORATION

FORM 10-Q
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Dollars in thousands)
(Unaudited)

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
Cash Flows From Operating Activities:		
Net income	$ 6,567	$ 6,935
Adjustments to reconcile net income to net cash provided by operating activities		
Provision for loan losses	2,667	1,372
Depreciation and amortization	2,276	1,288
Mortgage loans originated for sale	(12,840)	(25,054)
Proceeds from sales of mortgage loans	13,123	24,214
Change in interest receivable	712	1,779
Change in interest payable	885	(138)
Other adjustments	2,111	(141)
Net cash provided by operating activities	15,501	10,255
Cash Flows From Investing Activities:		
Net change in interest-bearing deposits	(1,394)	(2,533)
Purchases of		
Securities available for sale	(11,654)	(41,837)
Proceeds from maturities of		
Securities available for sale	16,246	19,314
Securities held to maturity	1,048	
Proceeds from sales of		
Securities available for sale		4,728
Purchase of Federal Reserve and		
Federal Home Loan Bank Stock	(25)	(6,454)
Net change in loans	13,225	32,994
Other adjustments	(510)	(624)
Net cash provided by investing activities	16,936	5,588
Cash Flows From Financing Activities:		
Net change in		
Demand and savings deposits	(95,211)	(37,002)
Certificates of deposit and other time deposits	139,280	(11,680)
Borrowings	(49,698)	(12,434)
Cash dividends	(4,264)	(4,260)
Stock issued under dividend reinvestment and stock purchase plan	335	342
Stock options exercised	757	95
Stock redeemed	(3,617)	(65)
Net cash used by financing activities	(12,418)	(65,004)
Net Change in Cash and Cash Equivalents	20,019	(49,161)
Cash and Cash Equivalents, January 1	69,960	109,527
Cash and Cash Equivalents, March 31	$ 89,979	$ 60,366

See notes to consolidated condensed financial statements.

FORM 10-Q
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Table dollars in thousands)
(Unaudited)

NOTE 1. General

The significant accounting policies followed by First Merchants Corporation ("Corporation") and its wholly owned subsidiaries for interim financial reporting are consistent with the accounting policies followed for annual financial reporting. All adjustments which are of a normal recurring nature and are in the opinion of management necessary for a fair statement of the results for the periods reported have been included in the accompanying consolidated condensed financial statements.

The consolidated condensed balance sheet of the Corporation as of December 31, 2004 has been derived from the audited consolidated balance sheet of the Corporation as of that date. Certain information and note disclosures normally included in the Corporation's annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. These consolidated condensed financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Corporation's Form 10-K annual report filed with the Securities and Exchange Commission.

The results of operations for the three month period ended March 31, 2005 are not necessarily indicative of the results to be expected for the year.

Stock options are granted for a fixed number of shares to employees. The Corporation's stock option plans are accounted for in accordance with Accounting Principles Board Opinion ("APB") No. 25, Accounting for Stock Issued to Employees, and related interpretations. APB No. 25 requires compensation expense for stock options to be recognized only if the market price of the underlying stock exceeds the exercise price on the date of the grant. For all grants, no stock-based employee compensation cost is reflected in net income, as options granted under those plans had an exercise price equal to the market value of the underlying common stock on the grant date.

The following table illustrates the effect on net income and earnings per share if the Corporation has applied the fair value provisions of FASB Statement No. 123, Accounting for Stock-Based Compensation, to stock-based employee compensation.

	Three Months Ended March 31, 2005	2004
Net income, as reported	$ 6,567	$ 6,935
Less: Total stock-based employee compensation cost determined under the fair value based method, net of income taxes	(276)	(230)
Pro forma net income	$ 6,291	$ 6,705
Earnings per share:		
Basic - as reported	$ .35	$ .37
Basic - pro forma	.34	.36
Diluted - as reported	.35	.37
Diluted - pro forma	.34	.36

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NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Table dollars in thousands)
(Unaudited)

NOTE 1. General (continued)

The Corporation makes its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, available on its website at www.firstmerchants.com without charge, as soon as reasonably practicable after such reports are electronically filed with, or furnished to, the Securities and Exchange Commission. Additionally, upon request the Corporation will also provide without charge, a copy of its Form 10-Q to any shareholder by mail. Requests should be sent to Mr. Brian Edwards, Shareholder Relations Officer, First Merchants Corporation, P.O. Box 792, Muncie, IN 47308-0792.

NOTE 2. Impact of Accounting Changes

On April 14, 2005, the SEC issued an amendment to SFAS No. 123(R), which allows companies to implement SFAS 123(R) at the beginning of their next fiscal year, instead of the next reporting period, that begins after June 15, 2005. The new rule does not change the accounting required by SFAS No. 123(R), it only changes the dates for compliance with the standard. Early adoption is permitted in periods in which financial statemetns have not yet been issued. The Corporation expects to adopt SFAS No. 123(R) on January 1, 2006.

NOTE 3. Investment Securities

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale at March 31, 2005				
U.S. Treasury	$ 1,743			$ 1,743
Federal agencies..................	69,975	$ 26	$ (1,391)	68,610
State and municipal	151,087	3,364	(281)	154,170
Mortgage-backed securities	172,698	256	(4,396)	168,558
Other asset-backed securities.....	17			17
Marketable equity securities......	12,402	10		12,412
Total available for sale	407,922	3,656	(6,068)	405,510
Held to maturity at March 31, 2005				
State and municipal...............	4,262	108		4,370
Mortgage-backed securities........	48			48
Total held to maturity	4,310	108		4,418
Total investment securities ..	$412,232	$ 3,764	$ (6,068)	$409,928

FORM 10-Q
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Table dollars in thousands)
(Unaudited)

(Dollars in Thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale at December 31, 2004				
U.S. Treasury	$ 1,745		$ (1)	$ 1,744
Federal agencies	65,325	$ 73	(332)	65,066
State and municipal	150,284	5,243	(82)	155,445
Mortgage-backed securities	183,200	485	(1,980)	181,705
Other asset-backed securities	18			18
Marketable equity securities	12,191	8		12,199
Total available for sale	412,763	5,809	(2,395)	416,177
Held to maturity at December 31, 2004				
State and municipal	5,306	162		5,468
Mortgage-backed securities	52			52
Total held to maturity	5,358	162		5,520
Total investment securities	$418,121	$ 5,971	$ (2,395)	$421,697

(Table dollars in thousands)

NOTE 4. Loans and Allowance

	March 31, 2005	December 31, 2004
Loans:		
Commercial and industrial loans	$ 447,552	$ 462,538
Agricultural production financing and other loans to farmers	83,800	98,902
Real estate loans:		
Construction	170,498	164,738
Commercial and farmland	726,345	709,163
Residential	760,560	761,163
Individuals' loans for household and other personal expenditures	187,552	198,532
Tax-exempt loans	10,592	8,203
Lease financing receivables, net of unearned income	10,704	11,305
Other loans	16,496	13,507
	2,414,099	2,428,051
Allowance for loan losses	(24,488)	(22,548)
Total Loans	$ 2,389,611	$ 2,405,503

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
Allowance for loan losses:		
Balances, January 1	$ 22,548	$ 25,493
Provision for losses	2,667	1,372
Recoveries on loans	222	297
Loans charged off	(949)	(703)
Balances, March 31	$ 24,488	$ 26,459

Information on nonaccruing, contractually past due 90 days or more other than nonaccruing and restructured loans is summarized below:	March 31, 2005	December 31, 2004
Non-accrual loans	$ 13,272	$ 15,355
Loans contractually past due 90 days or more other than nonaccruing	1,948	1,907
Restructured loans	337	2,019
Total	$ 15,557	$ 19,281

(Table dollars in thousands)

NOTE 5. Net Income Per Share

	Three Months Ended March 31, 2005			Three Months Ended March 31, 2004		
	Income	Weighted-Average Shares	Per Share Amount	Income	Weighted-Average Shares	Per Share Amount
Basic net income per share:						
Net income available to common stockholders	$ 6,567	18,559,664	$ .35	$ 6,935	18,518,282	$ .37
Effect of dilutive stock options		136,862			127,289	
Diluted net income per share:						
Net income available to common stockholders and assumed conversions	$ 6,567	18,696,526	$ .35	$ 6,935	18,645,571	$ .37

Options to purchase 152,158 and 234,285 shares for the three months ended March 31, 2005 and 2004 were not included in the earnings per share calculation because the exercise price exceeded the average market price.

(Table dollars in thousands)

Note 6. Defined Benefit Pension Costs

The Corporation has defined benefit pension plans covering substantially all employees. The plans provide benefits that are based on the employees' compensation and years of service. The Corporation uses an actuarial calculation to determine pension plan costs.

In January 2005, the Board of Directors of the Corporation approved the curtailment of the accumulation of defined benefits for future services provided by certain participants in the First Merchants Corporation Retirement Pension Plan (the "Plan"). Employees of the Corporation and certain of its subsidiaries who are participants in the Plan were notified that, on and after March 1, 2005, no additional pension benefits will be earned by employees who have not both attained the age of fifty-five (55) and accrued at least ten (10) years of "Vesting Service". As a result of this action, the Corporation has decided to record a $1,630,000 pension curtailment loss to record previously unrecognized prior service costs in accordance with SFAS No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Plans and for Termination Benefits." This loss was recognized and recorded by the Corporation in the first quarter of 2005.

The following represents the pension cost for the three months ended March 31, 2005.

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
Pension Cost		
Service cost	$ 145	$ 550
Interest cost	658	698
Expected return on plan assets	(768)	(660)
Amortization of the transition asset	(7)	(38)
Amortization of prior service cost	1	34
Amortization of the net loss	24	88
Curtailment loss	1,630	
Total Pension Cost	$ 1,683	$ 672

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

FORWARD-LOOKING STATEMENTS

The Corporation from time to time includes forward-looking statements in its oral and written communication. The Corporation may include forward-looking statements in filings with the Securities and Exchange Commission, such as this Form 10-Q, in other written materials and in oral statements made by senior management to analysts, investors, representatives of the media and others. The Corporation intends these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and the Corporation is including this statement for purposes of these safe harbor provisions. Forward-looking statements can often be identified by the use of words like "believe", "continue", "pattern", "estimate", "project", "intend", "anticipate", "expect" and similar expressions or future or conditional verbs such as "will", "would", "should", "could", "might", "can", "may", or similar expressions. These forward-looking statements include:

* statements of the Corporation's goals, intentions and expectations;

* statements regarding the Corporation's business plan and growth strategies;

* statements regarding the asset quality of the Corporation's loan and investment portfolios; and

* estimates of the Corporation's risks and future costs and benefits.

These forward-looking statements are subject to significant risks, assumptions and uncertainties, including, among other things, the following important factors which could affect the actual outcome of future events:

* fluctuations in market rates of interest and loan and deposit pricing, which could negatively affect the Corporation's net interest margin, asset valuations and expense expectations;

* adverse changes in the economy, which might affect the Corporation's business prospects and could cause credit-related losses and expenses;

* adverse developments in the Corporation's loan and investment portfolios;

* competitive factors in the banking industry, such as the trend towards consolidation in the Corporation's market;

* changes in the banking legislation or the regulatory requirements of federal and state agencies applicable to bank holding companies and banks like the Corporation's affiliate banks;

* acquisitions of other businesses by the Corporation and integration of such acquired businesses;

* changes in market, economic, operational, liquidity, credit and interest rate risks associated with the Corporation's business; and

* the continued availability of earnings and excess capital sufficient for the lawful and prudent declaration and payment of cash dividends.

Because of these and other uncertainties, the Corporation's actual future results may be materially different from the results indicated by these forward-looking statements. In addition, the Corporation's past results of operations do not necessarily indicate its future results.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations continued

CRITICAL ACCOUNTING POLICIES

Generally accepted accounting principles are complex and require management to apply significant judgments to various accounting, reporting and disclosure matters. Management of the Corporation must use assumptions and estimates to apply these principles where actual measurement is not possible or practical. For a complete discussion of the Corporation's significant accounting policies, see "Notes to the Consolidated Financial Statements" in the Corporation's 2004 Annual Report. Certain policies are considered critical because they are highly dependent upon subjective or complex judgments, assumptions and estimates. Changes in such estimates may have a significant impact on the financial statements. Management has reviewed the application of these policies with the Audit Committee of the Corporation's Board of Directors. For a discussion of applying critical accounting policies, see "Critical Accounting Policies" within the Corporation's 2004 Annual Report.

BUSINESS SUMMARY

The Corporation is a diversified financial holding company headquartered in Muncie, Indiana. Since its organization in 1982, the Corporation has grown to include 9 affiliate banks with over 70 locations in 17 Indiana and 3 Ohio counties. In addition to its branch network, the Corporation's delivery channels include ATMs, check cards, interactive voice response systems and internet technology.

The Corporation's business activities are currently limited to one significant business segment, which is community banking. The Corporation's financial service affiliates include 9 nationally chartered banks: First Merchants Bank, N.A., The Madison Community Bank, N.A., First United Bank, N.A., United Communities National Bank, First National Bank, Decatur Bank and Trust Company, N.A., Frances Slocum Bank & Trust Company, N.A., Lafayette Bank and Trust Company, N.A. and Commerce National Bank. The banks provide commercial and retail banking services. In addition, the Corporation's trust company, multi-line insurance company and title company provide trust asset management services, retail and commercial insurance agency services and title services, respectively.

Management believes that its mission, guiding principles and strategic initiatives produce profitable growth for stockholders. Our vision is to satisfy all the financial needs of our customers, help them succeed financially and be recognized as the premier financial services company in our markets. Our primary strategy to achieve this vision is to increase product usage and focus on providing each customer with all of the financial products that fulfill their needs. Our cross-sell strategy and diversified business model facilitate growth in strong and weak economic cycles.

Management believes it is important to maintain a well controlled environment as we continue to grow our businesses. Sound credit policies are maintained and have resulted in declining nonperforming loans and net charge-offs as a percentage of loans outstanding from the prior period. Interest rate and market risks inherent in our asset and liability balances are managed within prudent ranges, while ensuring adequate liquidity and funding. Our stockholder value has continued to increase due to customer satisfaction and the balanced way we manage our business risk.

RESULTS OF OPERATIONS

Net income for the three months ended March 31, 2005, equaled $6,567,000, compared to $6,935,000 in the same period of 2004. Diluted earnings per share were $.35, a decrease of 5.4 percent from the $.37 reported for the first quarter 2004.

Annualized returns on average assets and average stockholders' equity for the three months ended March 31, 2005 were .83 percent and 8.33 percent, respectively, compared with .91 percent and 9.05 percent for the same period of 2004.

The decreases in diluted earning per share, return on average stockholders' equity and return on average assets for the three months ended March 31, 2005, are primarily due to increased provision for loan losses and a pension accounting loss resulting from the curtailment of the accumulation of defined benefits in the Corporation's defined benefit pension plan. These losses were somewhat mitigated by an increase in net interest margin of 2 basis points from the same period in 2004. For further analysis, see the respective sections of Management's Discussion and Analysis of Financial Conditions and Results of Operations.

CAPITAL

The Corporation's regulatory capital continues to exceed regulatory "well capitalized" standards. Tier I regulatory capital consists primarily of total stockholders' equity and subordinated debentures issued to business trusts categorized as qualifying borrowings, less non-qualifying intangible assets and unrealized net securities gains. The Corporation's Tier I capital to average assets ratio was 7.6 percent at March 31, 2005 and 7.5 percent at year end 2004. In addition, at March 31, 2005, the Corporation had a Tier I risk-based capital ratio of 9.8 percent and total risk-based capital ratio of 11.9 percent. Regulatory capital guidelines require a Tier I risk-based capital ratio of 4.0 percent and a total risk-based capital ratio of 8.0 percent.

The Corporation's GAAP capital ratio, defined as total stockholders' equity to total assets, equaled 9.7 percent at March 31, 2005 and 9.9 percent at December 31, 2004. When the Corporation acquires other companies for stock, GAAP capital increases by the entire amount of the purchase price.

The Corporation's tangible capital ratio, defined as total stockholders' equity less intangibles net of tax to total assets less intangibles net of tax, equaled 5.8 percent as of March 31, 2005, down from 5.9 percent as of December 31, 2004.

Management believes that all of the above capital ratios are meaningful measurements for evaluating the safety and soundness of the Corporation. Additionally, management believes the following table is also meaningful when considering performance measures of the Corporation. The table details and reconciles tangible earnings per share, return on tangible capital and tangible assets to traditional GAAP measures.

(Dollars in thousands)	March 31, 2005	December 31, 2004
Average Goodwill	$ 112,281	$ 112,281
Average Core Deposit Intangible (CDI)	20,152	22,164
Average Deferred Tax on CDI	(7,376)	(8,105)
Intangible Adjustment	$ 125,057	$ 126,340
Average Stockholders' Equity (GAAP Capital)	$ 315,326	$ 310,004
Intangible Adjustment	(125,057)	(126,340)
Average Tangible Capital	$ 190,269	$ 183,664
Average Assets	$ 3,163,548	$ 3,109,104
Intangible Adjustment	(125,057)	(126,340)
Average Tangible Assets	$ 3,038,491	$ 2,982,764
Net Income	$ 6,567	$ 29,411
CDI Amortization, net of tax	497	2,133
Tangible Net Income	$ 7,064	$ 31,544
Diluted Earnings per Share	$ 0.35	$ 1.58
Diluted Tangible Earnings per Share	$ 0.38	$ 1.69
Return on Average GAAP Capital	8.33%	9.49%
Return on Average Tangible Capital	14.85%	17.49%
Return on Average Assets	0.83%	0.95%
Return on Average Tangible Assets	0.93%	1.06%

ASSET QUALITY/PROVISION FOR LOAN LOSSES

The Corporation's primary business focus is middle market commercial and residential real estate, auto and small consumer lending, which results in portfolio diversification. Management ensures that appropriate methods to understand and underwrite risk are utilized. Commercial loans are individually underwritten and judgmentally risk rated. They are periodically monitored and prompt corrective actions are taken on deteriorating loans. Retail loans are typically underwritten with statistical decision-making tools and are managed throughout their life cycle on a portfolio basis.

The allowance for loan losses is maintained through the provision for loan losses, which is a charge against earnings. The amount provided for loan losses and the determination of the adequacy of the allowance are based on a continuous review of the loan portfolio, including an internally administered loan "watch" list and an independent loan review. The evaluation takes into consideration identified credit problems, as well as the possibility of losses inherent in the loan portfolio that are not specifically identified.

At March 31, 2005, non-performing loans totaled $15,557,000, a decrease of $3,724,000 from December 31, 2004, as noted in Note 4. Loans and Allowance, included within the Notes to Consolidated Condensed Financial Statements of this Form 10-Q.

At March 31, 2005, impaired loans totaled $45,232,000, a decrease of $4,179,000 from December 31, 2004. At March 31, 2005, an allowance for losses was not deemed necessary for impaired loans totaling $35,515,000, but an allowance of $2,535,000 was recorded for the remaining balance of impaired loans of $9,717,000 and is included in the Corporation's allowance for loan losses.

At December 31, 2004, impaired loans totaled $49,411,000. An allowance for losses was not deemed necessary for impaired loans totaling $41,683,000, but an allowance of $1,673,000 was recorded for the remaining balance of impaired loans of $7,728,000 and is included in the Corporation's allowance for loan losses. The average balance of impaired loans for 2004 was $59,568,000.

At March 31, 2005, the allowance for loan losses was $24,488,000, an increase of $1,940,000 from year end 2004. As a percent of loans, the allowance was 1.01 percent at March 31, 2005 and .93 percent at December 31, 2004. The allowance for loan losses increased due to additional provisioning, which is discussed below.

The provision for loan losses for the first three months of 2005 was $2,667,000, an increase of $1,295,000 from $1,372,000 for the same period in 2004. The Corporation's provision for loan losses increased primarily due to a higher historical loan charge-off ratio utilized within the Corporation's allowance for loan losses calculation and due to an increase in the specific reserve for one commercial loan.

LIQUIDITY

Liquidity management is the process by which the Corporation ensures that adequate liquid funds are available for the Corporation and its subsidiaries. These funds are necessary in order for the Corporation and its subsidiaries to meet financial commitments on a timely basis. These commitments include withdrawals by depositors, funding credit obligations to borrowers, paying dividends to shareholders, paying operating expenses, funding capital expenditures, and maintaining deposit reserve requirements. Liquidity is monitored and closely managed by the asset/liability committees at each subsidiary and by the Corporation's asset/liability committee.

The liquidity of the Corporation is dependent upon the receipt of dividends from its bank subsidiaries, which are subject to certain regulatory limitations and access to other funding sources. Liquidity of the Corporation's bank subsidiaries is derived primarily from core deposit growth, principal payments received on loans, the sale and maturity of investment securities, net cash provided by operating activities, and access to other funding sources.

The most stable source of liability-funded liquidity for both the long-term and short-term is deposit growth and retention in the core deposit base. In addition, the Corporation utilizes advances from the Federal Home Loan Bank. ("FHLB") and a revolving line of credit with LaSalle Bank, N.A. as funding sources. At March 31, 2005, total borrowings from the FHLB were $221,791,000. The Corporation's bank subsidiaries have pledged certain mortgage loans and certain investments to the FHLB. The total available remaining borrowing capacity from the FHLB at March 31, 2005, was $132,228,000. At March 31, 2005, the Corporation's revolving line of credit had a balance of $12,588,000 and a remaining borrowing capacity of $7,412,000.

The principal source of asset-funded liquidity is investment securities classified as available-for-sale, the market values of which totaled $405,510,000 at March 31, 2005, a decrease of $10,667,000 or 2.6 percent over December 31, 2004. Securities classified as held-to-maturity that are maturing within a short period of time can also be a source of liquidity. Securities classified as held-to-maturity and that are maturing in one year or less totaled $1,270,000 at March 31, 2005. In addition, other types of assets such as cash and due from banks, federal funds sold and securities purchased under agreements to resell, and loans and interest-bearing deposits with other banks maturing within one year are sources of liquidity.

In the normal course of business, the Corporation is a party to a number of other off-balance sheet activities that contain credit, market and operational risk that are not reflected in whole or in part in the Corporation's consolidated financial statements. Such activities include: traditional off-balance sheet credit-related financial instruments, commitments under operating leases and long-term debt.

The Corporation provides customers with off-balance sheet credit support through loan commitments and standby letters of credit. Summarized credit-related financial instruments at March 31, 2005 are as follows:

(Dollars in thousands)	At March 31, 2005
Amounts of commitments:	
Loan commitments to extend credit	$ 584,255
Standby letters of credit	20,554
	$ 604,809

Since many of the commitments are expected to expire unused or be only partially used, the total amount of unused commitments in the preceding table does not necessarily represent future cash requirements.

In addition to owned banking facilities, the Corporation has entered into a number of long-term leasing arrangements to support the ongoing activities of the Corporation. The required payments under such commitments and long-term debt at March 31, 2005 are as follows:

(Dollars in thousands)	2005 remaining	2006	2007	2008	2009	2010 and after	Total
Operating leases	$ 1,311	$ 1,515	$ 1,144	$ 880	$ 829	$ 2,286	$ 7,965
Long-term debt	95,614	42,417	24,995	21,272	9,423	197,471	391,192
Total	$ 96,925	$ 43,932	$ 26,139	$ 22,152	$ 10,252	$199,757	$399,157

INTEREST SENSITIVITY AND DISCLOSURES ABOUT MARKET RISK

Asset/Liability Management has been an important factor in the Corporation's ability to record consistent earnings growth through periods of interest rate volatility and product deregulation. Management and the Board of Directors monitor the Corporation's liquidity and interest sensitivity positions at regular meetings to review how changes in interest rates may affect earnings. Decisions regarding investment and the pricing of loan and deposit products are made after analysis of reports designed to measure liquidity, rate sensitivity, the Corporation's exposure to changes in net interest income given various rate scenarios and the economic and competitive environments.

It is the objective of the Corporation to monitor and manage risk exposure to net interest income caused by changes in interest rates. It is the goal of the Corporation's Asset Liability function to provide optimum and stable net interest income. To accomplish this, management uses two asset liability tools. GAP/Interest Rate Sensitivity Reports and Net Interest Income Simulation Modeling are both constructed, presented, and monitored quarterly.

Management believes that the Corporation's liquidity and interest sensitivity position at March 31, 2005, remained adequate to meet the Corporation's primary goal of achieving optimum interest margins while avoiding undue interest rate risk.

The Corporation places its greatest credence in net interest income simulation modeling. The GAP/Interest Rate Sensitivity Report is believed by the Corporation's management to have two major shortfalls. The GAP/Interest Rate Sensitivity Report fails to precisely gauge how often an interest rate sensitive product reprices, nor is it able to measure the magnitude of potential future rate movements.

Net interest income simulation modeling, or earnings-at-risk, measures the sensitivity of net interest income to various interest rate movements. The Corporation's asset liability process monitors simulated net interest income under three separate interest rate scenarios; base, rising and falling. Estimated net interest income for each scenario is calculated over a 12-month horizon. The immediate and parallel changes to the base case scenario used in the model are presented below. The interest rate scenarios are used for analytical purposes and do not necessarily represent management's view of future market movements. Rather, these are intended to provide a measure of the degree of volatility interest rate movements may introduce into the earnings of the Corporation.

The base scenario is highly dependent on numerous assumptions embedded in the model, including assumptions related to future interest rates. While the base sensitivity analysis incorporates management's best estimate of interest rate and balance sheet dynamics under various market rate movements, the actual behavior and resulting earnings impact will likely differ from that projected. For mortgage-related assets, the base simulation model captures the expected prepayment behavior under changing interest rate environments. Assumptions and methodologies regarding the interest rate or balance behavior of indeterminate maturity products, e.g., savings, money market, NOW and demand deposits reflect management's best estimate of expected future behavior.

NOW and demand deposits reflect management's best estimate of expected future behavior.

The comparative rising and falling scenarios for the period ended February 28, 2006 assume further interest rate changes in addition to the base simulation discussed above. These changes are immediate and parallel changes to the base case scenario. In addition, total rate movements (beginning point minus ending point) to each of the various driver rates utilized by management in the base simulation for the period ended February 28, 2006 are as follows:

Driver Rates	RISING	FALLING
Prime	200 Basis Points	(200) Basis Points
Federal Funds	200	(200)
One-Year CMT	200	(200)
Two-Year CMT	200	(200)
CD's	200	(91)
FHLB Advances	200	(200)

Results for the base, rising and falling interest rate scenarios are listed below, based upon the Corporation's rate sensitive assets and liabilities at February 28, 2005. The net interest income shown represents cumulative net interest income over a 12-month time horizon. Balance sheet assumptions used for the base scenario are the same for the rising and falling simulations.

	BASE	RISING	FALLING
	(Dollars in thousands)		
Net Interest Income	$114,655	$121,441	$100,057
Variance from base		$ 6,786	$(14,598)
Percent of change from base		5.92%	(12.73)%

The comparative rising and falling scenarios for the period ended December 31, 2005 assume further interest rate changes in addition to the base simulation discussed above. These changes are immediate and parallel changes to the base case scenario. In addition, total rate movements (beginning point minus ending point) to each of the various driver rates utilized by management in the base simulation for the period ended December 31, 2005 are as follows:

Driver Rates	RISING	FALLING
Prime	200 Basis Points	(200) Basis Points
Federal Funds	200	(200)
One-Year CMT	200	(200)
Two-Year CMT	200	(200)
CD's	200	(74)
FHLB Advances	200	(200)

Results for the base, rising and falling interest rate scenarios are listed below. The net interest income shown represents cumulative net interest income over a 12-month time horizon. Balance sheet assumptions used for the base scenario are the same for the rising and falling simulations.

	BASE	RISING	FALLING
	(Dollars in thousands)		
Net Interest Income	$109,311	$117,212	$ 97,757
Variance from base		$ 7,901	$(11,554)
Percent of change from base		7.2%	(10.6)%

EARNING ASSETS

The following table presents the earning asset mix as of March 31, 2005, and December 31, 2004.

Loans decreased approximately $13,952,000 from December 31, 2004 to March 31, 2005, while investment securities decreased by approximately $11,715,000 during the same period. Real estate construction, real estate commercial and farmland and commercial and industrial loans increased approximately $7,956,000 during the first quarter of 2005 as compared to the balances outstanding at December 31, 2004. These increases were mitigated by declines in agricultural loans and loans to individuals of approximately $15,102,000 and $10,980,000 respectively.

EARNING ASSETS (Dollars in thousands)	March 31, 2005	December 31, 2004
Federal funds sold and interest-bearing time deposits	$ 32,812	$ 9,343
Investment securities available for sale	405,510	416,177
Investment securities held to maturity	4,310	5,358
Mortgage loans held for sale	3,084	3,367
Loans	2,414,099	2,428,051
Federal Reserve and Federal Home Loan Bank stock	22,883	22,858
Total	$2,882,698	$2,885,154

DEPOSITS AND BORROWINGS

The table below reflects the level of deposits and borrowed funds (federal funds purchased; repurchase agreements; Federal Home Loan Bank advances and subordinated debentures, revolving credit lines and term loans) based on period ending amounts as of March 31, 2005 and December 31, 2004.

(Dollars in thousands)	March 31, 2005	December 31, 2004
Deposits	$2,452,219	$2,408,150
Federal funds purchased..........................		32,550
Securities sold under repurchase agreements......	67,887	87,472
Federal Home Loan Bank advances	221,791	223,663
Subordinated debentures, revolving credit lines and term loans...............................	101,514	97,206
	$2,843,411	$2,849,041

The Corporation has continued to leverage its capital position with Federal Home Loan Bank advances, as well as repurchase agreements which are pledged against acquired investment securities as collateral for the borrowings. The interest rate risk is included as part of the Corporation's interest simulation discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations under the headings "LIQUIDITY" and "INTEREST SENSITIVITY AND DISCLOSURES ABOUT MARKET RISK".

NET INTEREST INCOME

Net Interest Income is the primary source of the Corporation's earnings. It is a function of net interest margin and the level of average earning assets. The table below presents the Corporation's asset yields, interest expense, and net interest income as a percent of average earning assets for the three months ended March 31, 2005 and 2004.

	Three Months Ended March 31,	
(Dollars in thousands)	2005	2004
Annualized Net Interest Income	$ 107,768	$ 102,528
Annualized FTE Adjustment	$ 3,634	$ 3,433
Annualized Net Interest Income On a Fully Taxable Equivalent Basis	$ 111,402	$ 105,961
Average Earning Assets	$2,866,551	$2,739,297
Interest Income (FTE) as a Percent of Average Earning Assets	5.90%	5.71%
Interest Expense as a Percent of Average Earning Assets	2.01%	1.84%
Net Interest Income (FTE) as a Percent of Average Earning Assets	3.89%	3.87%

Average earning assets include the average balance of securities classified as available for sale, computed based on the average of the historical amortized cost balances without the effects of the fair value adjustment. In addition, annualized amounts are computed utilizing a 30/360 day basis.

OTHER INCOME

Other income in the first quarter of 2005 was $830,000 or 10.1 percent greater than the same quarter of 2004.

Two items primarily account for most of the change:

1. Insurance commissions increased by $551,000, due to the receipt of larger profit sharing payments from insurance underwriters, as compared to the same period in 2004.

2. A cash payment was received of approximately $200,000, related to the Corporation's membership in a credit card network that was merged with another card network.

OTHER EXPENSES

Total other expenses represent non-interest expenses of the Corporation. Total other expenses during the first quarter of 2005 increased from the same quarter of 2004 by $1,667,000 or 7.4 percent.

The primary reason for the increase is due to a pension accounting loss, totaling approximately $1,630,000, recorded during the first quarter of 2005. The loss resulted from the curtailment of the accumulation of defined benefits in the Corporation's defined benefit pension plan.

INCOME TAXES

Income tax expense, for the three months ended March 31, 2005, decreased by $454,000 from the same period in 2004. The effective tax rate was 27.8 and 30.0 percent for the 2005 and 2004 periods.

OTHER

The Securities and Exchange Commission maintains a Web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Commission, including the Corporation, and that address is (http://www.sec.gov).

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The information required under this item is included as part of Management's Discussion and Analysis of Financial Condition and Results of Operations, under the headings "LIQUIDITY" and "INTEREST SENSITIVITY AND DISCLOSURES ABOUT MARKET RISK".

Item 4. Controls and Procedures

At the end of the period covered by this report, the Corporation carried out an evaluation, under the supervision and with the participation of the Corporation's management, including the Corporation's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of it's disclosure controls and procedures. Based upon that evaluation, the Corporation's Chief Executive Officer and Chief Financial Officer concluded that the Corporation's disclosure controls and procedures are effective. Disclosure controls and procedures are controls and procedures that are designed to ensure that information required to be disclosed in Corporation reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

There have been no changes in the Corporation's internal controls over financial reporting identified in connection with the evaluation referenced above that occurred during the Corporation's last fiscal quarter that have materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

a. None

b. None

c. Issuer Purchases of Equity Securities

The following table presents information relating to the Corporation's purchases of its equity securities during the quarter ended March 31, 2005, as follows(1):

PERIOD	TOTAL NUMBER OF SHARES PURCHASED	AVERAGE PRICE PAID PER SHARE	TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS	MAXIMUM NUMBER OF SHARES THAT MAY YET BE PURCHASED UNDER THE PLANS OR PROGRAMS
01/01/05 - 01/31/05	3,489(2)	$28.08	0	0
02/01/05 - 02/28/05	57,000(3)	$26.35	0	0
03/01/05 - 03/31/05	76,841(4)	$26.24	0	0

(1) On February 8, 2005, the Corporation's Board authorized management to repurchase up to 250,000 shares of the Corporation's Common Stock. This authorization expires February 14, 2006.

(2) These shares were purchased in connection with the exercise of certain outstanding options.

(3) These shares were purchased in open-market transactions pursuant to the Board's authorization to repurchase shares.

(4) 74,500 of these shares were purchased in open-market transactions pursuant to the board's authorization to repurchase shares. The remaining 2,341 shares were purchased in connection with the exercise of certain outstanding options.

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

a. None

b. None

FIRST MERCHANTS CORPORATION

FORM 10-Q

PART II. OTHER INFORMATION

Item 6. Exhibits

a. Exhibits

Exhibit No.:	Description of Exhibit:	Form 10-Q Page No.:
10.1	First Merchants Corporation Senior Management Incentive Compensation Program, as amended on February 1, 2005	29
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes - Oxley Act of 2002	35
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes - Oxley Act of 2002	36
32	Certifications Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	37

FIRST MERCHANTS CORPORATION

FORM 10-Q

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 thereunto duly authorized.

First Merchants Corporation
(Registrant)

Date 05/10/05 by /s/ Michael L. Cox

Michael L. Cox
President and Chief Executive Officer

Date 05/10/05 by /s/ Mark K. Hardwick

Mark K. Hardwick
Senior Vice President and
Chief Financial Officer
(Principal Financial and Chief
Accounting Officer)

FIRST MERCHANTS CORPORATION

FORM 10-Q

INDEX TO EXHIBITS

INDEX TO EXHIBITS

(a)3. Exhibits:

Exhibit No.:	Description of Exhibit:	Form 10-Q Page No.:
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EXHIBIT-10.1

First Merchants Corporation
Senior Management Incentive
Compensation Program
Adopted May 22, 2000
Amended February 1, 2005

I. Purpose

The Board of Directors of First Merchants Corporation (FMC) has established an executive compensation program, which is designed to provide incentives to executive officers to achieve short-term and long-term corporate strategic management goals, with the ultimate objective of obtaining a superior return on the shareholders' investment. The purpose of the plan is to: (1) incorporate modern incentive plan techniques; (2) incorporate executive retention features; and (3) to closely align the interests of executives with those of shareholders.

II. Administration

This plan will be administered solely by the Compensation and Human Resources Committee (Committee) of FMC, with supporting documentation and recommendations provided by the Chief Executive Officer (CEO) of FMC. The Committee will annually review the targets for applicability and competitiveness.

The Committee will have the authority to: (a) modify the formal plan document; (b) make the final award determinations; (c) set conditions for eligibility and awards; (d) define extraordinary accounting events in calculating earnings; (e) establish future payout schedules; (f) determine circumstances/causes for which payouts can be withheld; and (g) abolish the plan.

III. Covered Individuals by Title and Position Description

A. President and Chief Executive Officer of FMC;
B. Executive Vice President and Chief Operating Officer of FMC;
C. Senior Executives of FMC as recommended by CEO;
D. Affiliate Bank CEOs; and
E. Non-Bank Affiliate CEOs.

In order to receive an award, a participant must be employed at the time of the award except for conditions of death, disability or retirement.

IV. Implementation Parameters

A. The FMC CEO and COO earnings component payouts will be determined by changes in FMC EPS calculated on both a GAAP and "cash basis". When an FMC earnings component is included in the plans of all other participants, it will be based on cash basis EPS growth.

Payouts to affiliate participants on their respective company earnings component will be determined by changes in "operating earnings" (net income plus or minus non-operating items including goodwill amortization and corporate administrative charges.)

B. To calculate the payouts under the plan, the prior year payouts will weight at 40% and the current year will weight at 60%.

C. Affiliate participants' bonus will be determined by a balanced scorecard tailored to each unit incorporating a specific weighting on various operating initiatives as set by the CEO and COO.

D. Two-thirds (2/3) of the bonus will be paid in cash after approval of the bonus by the Committee following the end of the applicable plan year and one-third (1/3) in deferred stock units payable in January after the end of the second plan year following the plan year for which the deferred stock units were allocated, unless the deferred component is less than $1,000 in which event the entire bonus will be paid in cash. The deferred stock units, when paid, will be paid in cash at a value equal to the fair market value of FMC stock on the December 31 preceding the payment date plus accumulated dividends. Termination for cause or voluntary termination, excluding retirement, death or disability, prior to the payment date will cancel these deferred stock units.

E. Participants may elect to defer all or part of the cash bonus to be paid at a future time determined by the participant. Such deferral elections must be made no later than November 30 of each year and will be credited quarterly at an interest factor equivalent to the current five-year Treasury bond.

V. Plan Structure

All payouts will be determined from the attached schedules of percentage change in EPS (Section VI, B) and ROE attainment (Section VI, C).

A. CEO of FMC
   1. Target bonus of 45% of base compensation
   2. A weighting of % change in:
      a. Operating EPS at 40%;
      b. Diluted GAAP EPS at 30%; and
      c. 30% based on a target ROE of 15%

B. EVP & COO of FMC
   1. Target bonus of 40% of base compensation
   2. A weighting of % change in:
      a. Operating EPS at 40%;
      b. Diluted GAAP EPS at 30%; and
      c. 30% based on a target ROE of 15%

C. SVP of FMC
   1. Target bonus of 30% of base compensation.
   2. A weighting of % change in:
      a. FMC Operating EPS at 70%; and
      b. Personal objectives at 30%.

D. Senior Officers of FMC
   1. Target bonus of 25% of base compensation
   2. A weighting of % change in:
      a. FMC Operating EPS at 70%; and
      b. Personal objectives at 30%

E. Division Heads of FMC
   1. Target bonus of 15% of base compensation
   2. A weighting of % change in:
      a. FMC Operating EPS at 70%; and
      b. Personal objectives at 30%

F. Affiliate Bank CEOs (see attached balanced scorecard schedule)
   1. Target bonus of 25% of base compensation
   2. A % weighting of: (to be determined annually by CEO & COO)
      a. Balanced scorecard objectives;
      b. FMC Operating EPS; and
      c. Personal objectives

G. Non-Bank Affiliate CEOs
   1. Target bonus of 25% of base compensation
   2. A weighting of % change in:
      a. Affiliate revenue growth predetermined by FMC CEO;
      b. Affiliate operating earnings predetermined by CEO; and
      c. Personal objectives

VI. Supporting Parameters

A. Where individual components are applicable, they must be measurable with both beginning points and standard targets cited.

B. Schedule Determining both Operating earnings and EPS and GAAP earnings and EPS Payouts for Year 2005

Operating Earnings % Change*		Payout %
	<3%	0%
	3%	30%
	4%	40%
	5%	50%
	6%	60%
	7%	70%
	8%	80%
	9%	90%
Target	10%	100%
	12%	120%
	14%	140%
	16%	160%
	18%	180%
	20%	200%

*Operating earnings adds back charges for amortization of goodwill and other non-operating expenses as determined by the Committee.

C. Schedule ROE Payouts for Year 2005

	Operating ROE*	Payout %
	<10%	0%
	10%	10%
	11%	20%
	12%	40%
	13%	60%
	14%	80%
Target	15%	100%
	16%	120%
	17%	140%
	18%	160%
	19%	180%
	20%	200%

*Operating earnings adds back charges for amortization of goodwill and other non-operating expenses as determined by the Committee.

D. Schedule Determining Operating Earnings Payouts for Year 2005 for Non-Bank Affiliates

	Operating Earnings % Change*	Payout %
	<15%	0%
	15%	30%
	20%	40%
	25%	50%
	30%	60%
	35%	70%
	40%	80%
	45%	90%
Target >50%	100%	

*Operating earnings adds back charges for amortization of goodwill and other non-operating expenses as determined by the Committee.

E. Schedule of Participants (referenced in Section III)

Section	Group	Name
VII, A	FMC CEO	Michael L. Cox
VII, B	FMC COO	Roger M. Arwood
VII, C	FMC SVP	Bob Connors Kim Ellington Mark Hardwick Larry R. Helms
VII, D	FMC Senior Officers	
VII, E	FMC Division Heads	Jeff Davis Stephan Fluhler Phil Fortner Chris Hoyt Jeff Lorentson Gary Marshall Pam Miller David Ortega Bob Rhoades
VII, F	Affiliate Bank CEOs	Tony Albrecht Mike Baker Bob Bell Dennis Bieberich Jack Demaree John Finnerty Hal Job Jim Meinerding Tom McAuliffe James Thrash
VII, G	Non-Bank Affiliate CEOs	Dan VanTreese

EXHIBIT-31.1

FIRST MERCHANTS CORPORATION

FORM 10-Q
CERTIFICATIONS PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

CERTIFICATION
- -------------

I, Michael L. Cox, President and Chief Executive Officer of First Merchants Corporation, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of First Merchants Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in the Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board or directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2005 /s/Michael L. Cox

Michael L. Cox
President and Chief Executive Officer

EXHIBIT-31.2

FIRST MERCHANTS CORPORATION

FORM 10-Q
CERTIFICATIONS PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

CERTIFICATION
- -------------

I, Mark K. Hardwick, Senior Vice President and Chief Financial Officer of First Merchants Corporation, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of First Merchants Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in the Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board or directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2005 /s/Mark K. Hardwick

Mark K. Hardwick
Senior Vice President and
Chief Financial Officer
(Principal Financial and Chief
Accounting Officer)

EXHIBIT-32

CERTIFICATIONS PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of First Merchants Corporation (the "Corporation") on Form 10-Q for the period ending March 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I Michael L. Cox, President and Chief Executive Officer of the Corporation, do hereby certify, in accordance with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o (d)); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date May 10, 2005 by /s/ Michael L. Cox
Michael L. Cox
President and Chief Executive Officer

A signed copy of this written statement required by Section 906 has been provided to First Merchants Corporation and will be retained by First Merchants Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

In connection with the quarterly report of First Merchants Corporation (the "Corporation") on Form 10-Q for the period ending March 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I Mark K. Hardwick, Senior Vice President and Chief Financial Officer of the Corporation, do hereby certify, in accordance with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o (d)); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date May 10, 2005 by /s/ Mark K. Hardwick
Mark K. Hardwick
Senior Vice President and
Chief Financial Officer
(Principal Financial and Chief
Accounting Officer)

A signed copy of this written statement required by Section 906 has been provided to First Merchants Corporation and will be retained by First Merchants Corporation and furnished to the Securities and Exchange Commission or its staff upon request.