HORIZON BANCORP /IN/
Form 4/A
March 22, 2017

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Burnell Lawrence E

(Last) (First) (Middle)

279 TURNBERRY DRIVE

(Street)

VALPARAISO, IN 46385

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
HORIZON BANCORP /IN/ [HBNC]

3. Date of Earliest Transaction (Month/Day/Year)
02/27/2017

4. If Amendment, Date Original Filed(Month/Day/Year)
02/28/2017

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	02/27/2017		A		751	A	$ 26.61	15,488 (1) (2) (3)	I	By Trust

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Burnell Lawrence E 279 TURNBERRY DRIVE VALPARAISO, IN 46385	X			

Signatures

/s/Mark E. Secor, Attorney-in-Fact for Lawrence E. Burnell	03/22/2017
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Adjusted for a 3:2 stock split effective November 14, 2016.

(2) Adjusted to include shares purchased pursuant to a dividend reinvestment program since the date of the reporting person's last ownership report.

(3) Amended to delete a holdings line duplicating indirect trust holdings prior to the 2/27/2017 transaction.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

	2010	2009
Allowance for loan losses:		
Balances, January 1	$92,131	$49,543
Provision for losses	13,869	12,921

Adjustment related to acquisition		2,040
Recoveries on loans	832	688
Loans charged off	(18,264)	(6,690)
Balances, March 31	$88,568	$58,502

Information on non-performing assets including nonaccruing, contractually past due 90 days or more other than nonaccruing, real estate owned, renegotiated loans and impaired loans is summarized below:

	March 31, 2010	December 31, 2009
Non-Performing Assets:		
Non-accrual loans	$122,891	$118,409
Renegotiated loans	859	8,833
Non-performing loans (NPL)	123,750	127,242
Real estate owned and repossessed assets	18,268	14,879
Non-performing assets (NPA)	142,018	142,121
90+ days delinquent and still accruing	2,600	3,967
NPAS & 90+ days delinquent	$144,618	$146,088
Impaired Loans	$157,391	$178,754

FIRST MERCHANTS CORPORATION
FORM 10Q

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

NOTE 6. Loans and Allowance continued

See the information regarding the analysis of loan loss experience in the Loan Quality/Provision for Loan Losses section of Management's Discussion and Analysis of Financial Condition and Results of Operations included as ITEM 2 of this Form 10-Q.

NOTE 7. Net Income Per Share

Basic net income per share is computed by dividing net income by the weighted-average shares outstanding during the reporting period. Diluted net income per share is computed by dividing net income by the combination of all dilutive common share equivalents, comprised of shares issuable under the Corporation's share-based compensation plans, and the weighted-average shares outstanding during the reporting period.

Dilutive common share equivalents include the dilutive effect of in-the-money share-based awards, which are calculated based on the average share price for each period using the treasury stock method. Under the treasury stock method, the exercise price of share-based awards, the amount of compensation expense, if any, for future service that the Corporation has not yet recognized, and the amount of estimated tax benefits that would be recorded in additional paid-in capital when share-based awards are exercised, are assumed to be used to repurchase common stock in the current period.

	Three Months Ended March 31,					
	2010			2009		
	Net Income	Weighted-Average Shares	Per Share Amount	Net Income	Weighted-Average Shares	Per Share Amount
Basic net income per share:	$1,586			$4,117		
Less: Preferred stock dividends	1,450			628		
Net income available to common stockholders	136	21,373,405	$0.01	3,489	21,022,505	$0.17
Effect of dilutive stock options and warrants		88,770			70,862	
Diluted net income per share:						
Net income available to common stockholders and assumed conversions	$136	21,462,175	$0.01	$3,489	21,093,367	$0.17

Stock options to purchase 1,093,344 and 1,085,848 shares for the three months ended March 31, 2010 and 2009, respectively, were not included in the earnings per share calculation because the exercise price exceeded the average market price.

Note 8. Goodwill

Goodwill is reviewed for impairment at least annually. Due to the declining stock price and the economic environment during 2009, the Corporation engaged a third party to perform the evaluation several times in 2009. The evaluation included a weighted average of three approaches. The asset approach values each asset and liability separately, which are then summed to produce an indication of the equity value of the business. The market approach compares the subject to similar businesses that have been sold. The income approach determines the value of a business using a discounted cash flow based on expectations of future earnings or cash flows. The most recent review was completed in the fourth quarter of 2009 and the results of the evaluation showed that the carrying value of First Merchants Corporation, as of November 30, 2009, did not exceed its fair value, and therefore management concluded that goodwill was not impaired.

Additionally, a sensitivity analysis was performed on the Discounted Earnings methodology by testing a range of the following metrics: 1) implied market cost of equity; and 2) historic (long-term) price-to-earnings multiples for comparable companies. Based on the sensitivity testing, at the low-end of the sensitivity test range (for both metrics), fair value of the Corporation exceeded its carrying value. For reasons that include but are not limited to the aforementioned, management believes the Corporation's recently traded stock price is not indicative of fair value.

FIRST MERCHANTS CORPORATION
FORM 10Q

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

Note 8. Goodwill continued

At March 31, 2010, management reviewed the discounted cash flow approach used by the third party with updated information and reviewed the future earnings assumptions in the most recent third party analysis. Management determined that the carrying value of First Merchants Corporation does not exceed the fair value and therefore, management concluded that goodwill was not impaired.

Note 9. Impact of Accounting Changes

FASB ASC Topic 860-10, Accounting for Transfers of Financial Assets, and No. 167, Amendments to FASB ASC 810-10. In June 2009, the Financial Accounting Standards Board ("FASB") issued FASB ASC Topic 860-10 and FASB ASC 810-10, which change the way entities account for securitizations and special-purpose entities, and will have a material effect on how banking organizations account for off-balance sheet vehicles. The new standards amend Statement of FASB ASC 860-10, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, and FASB ASC 810-10, Consolidation of Variable Interest Entities. Both FASB ASC Topic 860-10 and FASB ASC Topic 810-10 were effective January 1, 2010 and neither have a significant impact on the Corporation's financial statements.

On January 21, 2010, the Board of Governors of the Federal Reserve System issued final risk-based capital rules related to the adoption of these accounting standards by financial institutions. ASC 860-10 and ASC 810-10 make substantive changes to how banking organizations account for many items, including securitized assets, that had been previously excluded from their balance sheets. Banking organizations affected by ASC 860-10 and ASC 810-10 generally will be subject to higher risk-based regulatory capital requirements intended to better align risk-based capital requirements with the actual risks of certain exposures.

The Corporation has adopted these standards, and takes into account in our internal capital planning processes the impact of these standards. Management continues to assess whether additional capital may be necessary to support the risks associated with off-balance-sheet vehicles affected by the new accounting standards.

FASB ASU 2010-09, Subsequent Event – Amendments to Certain Recognition and Disclosure Requirements. On February 24, 2010, FASB issued Accounting Standards Update (ASU) 2010-09, Subsequent Event – Amendments to Certain Recognition and Disclosure Requirements. The ASU establishes separate subsequent event recognition criteria and disclosure requirements for U.S. Securities and Exchange Commission ("SEC") filers. Effective with the release date, the financial statements of SEC filers will no longer disclose either the date through which subsequent events were reviewed or that subsequent events were evaluated through the date financial statements were issued. The requirement to evaluate subsequent events through the date of issuance is still in place. Only the disclosure is affected.

The ASU also removes the requirement to make those disclosures in financial statements revised for either a correction of an error or a retrospective application of an accounting change. SEC filers are defined in the update as entities required to file or to furnish their financial statements with either the SEC or another appropriate agency (such as the Federal Deposit Insurance Corporation or Office of Thrift Supervision) under Section 12(i) of the Securities and Exchange Act of 1934, as amended.

22

FIRST MERCHANTS CORPORATION
FORM 10Q

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING STATEMENTS

From time to time, we include forward-looking statements in our oral and written communication. We 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. We intend 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 we are 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 expressio future or conditional verbs such as "will", "would", "should", "could", "might", "can", "may", or similar expressions. These forward-looking statements include:

- statements of our goals, intentions and expectations;
- statements regarding our business plan and growth strategies;
- statements regarding the asset quality of our loan and investment portfolios; and
- estimates of our 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 our net interest margin, asset valuations and expense expectations;
- adverse changes in the economy, which might affect our business prospects and could cause credit-related losses and expenses;
- adverse developments in our loan and investment portfolios;
- competitive factors in the banking industry, such as the trend towards consolidation in our market;
- changes in the banking legislation or the regulatory requirements of federal and state agencies applicable to bank holding companies and banks like our affiliate banks;
- acquisitions of other businesses by us and integration of such acquired businesses;
- changes in market, economic, operational, liquidity, credit and interest rate risks associated with our 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, our actual future results may be materially different from the results indicated by these forward-looking statements. In addition, our past results of operations do not necessarily indicate our anticipated future results.

FIRST MERCHANTS CORPORATION
FORM 10Q

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CRITICAL ACCOUNTING POLICIES

Generally accepted accounting principles are complex and require us to apply significant judgments to various accounting, reporting and disclosure matters. We must use assumptions and estimates to apply these principles where actual measurement is not possible or practical. For a complete discussion of our significant accounting policies, see "Notes to the Consolidated Financial Statements" in our Annual Report on Form 10-K for the year ended December 31, 2009. 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. We have reviewed the application of these policies with the Audit Committee of our Board of Directors.

We believe there have been no significant changes during the three months ended March 31, 2010 to the items that we disclosed as our critical accounting policies and estimates in Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2009.

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 80 banking center locations in 24 Indiana and 3 Ohio counties. In addition to its branch network, the Corporation's delivery channels include ATMs, check cards, interactive voice response systems, remote deposit 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 included one nationally chartered bank: First Merchants Bank, National Association ("First Merchants"). First Merchants provides commercial and retail banking services. In addition, the Corporation's trust company and multi-line insurance company provide trust asset management services and retail and commercial insurance agency services, respectively.

RESULTS OF OPERATIONS

Executive Summary

First Merchants Corporation reported a first quarter return to profitability with net income available to shareholders of $136,000 or $.01 per common share, for the quarter ended March 31, 2010, compared to net income of $3.5 million, or $.17 per common share, for the quarter ended March 31, 2009.

Net charge-offs were $17.4 million for the quarter, exceeding provision expense of $13.9 million by $3.5 million. Commercial and industrial loans represented the largest portion of net charge-offs at $12.2 million for the quarter. Non-performing assets plus 90 days delinquent loans were $145 million, or 3.3 percent of total assets at March 31, 2010. The Corporation's allowance for loan losses increased to 2.82 percent of total loans, a $3.6 million decrease from December 31, 2009, but a $30 million increase over March 31, 2009.

Assets decreased by $105 million during the quarter. Loans, including loans held for sale, decreased $139.6 million during the first quarter of 2010, or 4.3 percent, due to normal loan run-off coupled with a reduction in both consumer and commercial demand for borrowing. The combined cash and cash equivalents and interest bearing deposits declined by $35.7 million. Cash and cash equivalent balances were moved into interest bearing accounts as available. These declines have generated excess liquidity of $175.3 million, of which $76.0 million has been invested in the investment securities portfolio, and $19.3 million was used to reduce higher cost borrowings and brokered CD balances.

Deposits decreased $138.8 million during the first quarter of 2010, or 3.9 percent. Maturing brokered deposits and CDs over $100,000 accounted for $66.4 million of the decline. Another $30.5 million were maturities of CDs below $100,000. Management continues to focus on maximizing deposit pricing in an effort to retain customer relationships, remain competitive in the local markets and allow higher cost deposits to mature.

The Corporation’s loan to deposit ratio is now 92.25 percent and its loan to asset ratio totals 71.63 percent.

The Corporation was able to maintain all regulatory capital ratios in excess of the regulatory definition of “well capitalized” as discussed in the section entitled “CAPITAL” below.

FIRST MERCHANTS CORPORATION
FORM 10Q

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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. Net interest income and net interest margin are presented in the following table on a fully taxable equivalent basis, which adjusts tax-exempt or nontaxable interest income to an amount that would be comparable to interest subject to income taxes using the federal statutory tax rate of 35% in effect for all periods. Net interest margin increased 14 basis points from 3.68 percent in the first quarter of 2009 to 3.82 percent in the first quarter of 2010 while earning assets decreased by $343 million. 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, 2010 and 2009.

During the three months ended March 31, 2010, asset yields decreased 30 basis points on a fully taxable equivalent basis (FTE) and interest costs decreased 44 basis points, resulting in a 14 basis point (FTE) increase in net interest income as compared to the same period in 2009.

(Dollars in Thousands)	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Annualized net interest income	$144,859	$153,999
Annualized FTE adjustment	$6,295	$4,274
Annualized net interest income on a fully taxable equivalent basis	$151,154	$158,273
Average earning assets	$3,955,515	$4,298,621
Interest income (FTE) as a percent of average earning assets	5.39 %	5.69 %
Interest expense as a percent of average earning assets	1.57 %	2.01 %
Net interest income (FTE) as a percent of average earning assets	3.82 %	3.68 %

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.

Non-Interest Income

Non-interest income decreased by $1,507,000 or 10.4% during the first quarter of 2010, compared to the first quarter of 2009. Other-than-temporary impairment losses on pooled trust preferred investments of $488,000 offset gains recognized on the sale of investment securities, resulting in a net gain of approximately $1,354,000 during the first quarter of 2010, $960,000 lower than the same period in 2009. Gains on interest rate floors were fully realized in 2009, causing the first quarter of 2010 to be lower than the same period in 2009 by $481,000. Additionally, income from the loan level hedge agreements and the related fair value adjustments was $61,000 lower than the first quarter in 2009.

Non-Interest Expense

First quarter non-interest expenses in 2010, compared with the same period in 2009, decreased by $74,000 or 0.21%. Salaries and employee benefit costs fell $2,453,000 or 12.26% due to cost savings realized after the Lincoln Bank acquisition and other staff reductions. Similarly, processing expenses decreased $653,000 due to one-time expenses incurred in the first quarter of 2009 related to the consolidation of core systems after the Lincoln acquisition. However, FDIC expenses were up this quarter compared with the first quarter of 2009 by $1,146,000 due to rate increases throughout 2009. OREO and credit related expenses increased $2,151,000 due to increased write-downs of OREO properties and other impaired loan expenses.

FIRST MERCHANTS CORPORATION
FORM 10Q

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS continued

Income Tax Expense (Benefit)

The income tax benefit for the three months ended March 31, 2010 was $916,000 with an effective tax rate of (136.7) percent. For the same period in 2009, the income tax expense was $1,218,000 with an effective tax rate of 22.8 percent. The main factor for the decrease in the effective tax rate is that tax-exempt interest income comprised a higher percentage of pre-tax earnings in the first quarter of 2010 than in the first quarter of 2009.

CAPITAL

To be categorized as well capitalized, the Bank must maintain a minimum total capital to risk-weighted assets, Tier I capital to risk-weighted assets and Tier I capital to average assets of 10 percent, 6 percent and 5 percent, respectively. The Corporation's regulatory capital exceeded the regulatory "well capitalized" standard at March 31, 2010.

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 or losses. The Corporation's Tier I capital to average assets ratio was 9.13 percent at March 31, 2010 and 8.20 percent at December 31, 2009.

At March 31, 2010, the Corporation had a Tier I risk-based capital ratio of 11.65 percent and total risk-based capital ratio of 14.44 percent, compared to 10.32 percent and 13.04 percent respectively at December 31, 2009. Regulatory capital guidelines require a Tier I risk-based capital ratio of at least 4.0 percent and a total risk-based capital ratio of at least 8.0 percent.

Management is currently evaluating various methods for repayment of the $116.0 million of preferred stock, which was issued to the Treasury Department in connection with the Troubled Assets Relief Program's Capital Purchase Program (CPP) during 2009, the most immediate being earnings growth and capital retention as evidenced by a reduction in the dividend paid to common shareholders. On January 29, 2010 the Corporate Board of Directors declared a reduced dividend of $0.01 per share, payable on March 19, 2010. In addition to other legal and regulatory restrictions on the Corporation's ability to pay dividends, the terms of the CPP also prevent the Corporation from declaring a quarterly dividend on its common stock in excess of $0.23 per share without the prior consent of the Treasury Department.

On March 25, 2010, the Corporation received a response from the Treasury Department expressing its willingness to consent to management's proposed exchange (a) of up to 58,000 shares of the Corporation's Fixed Rate Cumulative Perpetual Preferred Stock, Series A (the "Designated Preferred Stock"), having a liquidation amount of $1,000 per share currently held by the Treasury, for (b) approximately $58.0 million in aggregate principal amount of Trust Preferred Securities. The Treasury Department's willingness to consent to the partial exchange of Designated Preferred Stock for Trust Preferred Securities was subject to, in part, the Corporation's raising capital through a registered direct private placement of between 2.1 million and 4.2 million common shares. Subject to appropriate regulatory approval, completion of the exchange of Designated Preferred Stock for Trust Preferred Securities is expected in the second quarter of 2010.

On March 30, 2010, the Corporation completed the registered direct private placement of common equity totaling 4.2 million shares of its common stock in exchange for gross proceeds of approximately $24.15 million.

26

FIRST MERCHANTS CORPORATION
FORM 10Q

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CAPITAL continued

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, except per share amounts)	March 31, 2010	December 31, 2009
Average goodwill	$141,357	$141,238
Average core deposit intangible (CDI)	16,818	19,878
Average deferred tax on CDI	(3,730)	(2,494)
Intangible adjustment	$154,445	$158,622
Average stockholders' equity (GAAP capital)	$466,994	$477,148
Average cumulative preferred stock issued under the Capital Purchase Program	(112,455)	(96,518)
Intangible adjustment	(154,445)	(158,622)
Average tangible capital	$200,094	$222,008
Average assets	$4,363,768	$4,674,590
Intangible adjustment	(154,445)	(158,622)
Average tangible assets	$4,209,323	$4,515,968
Net income (loss) available to common stockholders	$136	$(45,742)
CDI amortization, net of tax	730	3,097
Tangible net income (loss) available to common stockholders	$866	$(42,645)
Diluted earnings per share	$0.01	$(2.17)
Diluted tangible earnings per share	$0.04	$(2.02)
Return on average GAAP capital	0.12%	-9.59%
Return on average tangible capital	1.73%	-19.21%
Return on average assets	0.01%	-0.98%
Return on average tangible assets	0.08%	-0.94%

LOAN QUALITY/PROVISION FOR LOAN LOSSES

Our primary business focus is middle market commercial and residential real estate, auto and small consumer lending, which results in portfolio diversification. We ensure 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 ongoing 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.

27

FIRST MERCHANTS CORPORATION
FORM 10Q

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LOAN QUALITY/PROVISION FOR LOAN LOSSES continued

Non-performing loans will change as a result of routine problem loan recognition and resolution through collections, sales or charge-offs. The performance of any loan can be affected by external factors such as economic conditions, or factors particular to a borrower, such as actions of a borrower's management.

At March 31, 2010, non-performing assets, which includes non-accrual loans, restructured loans, and other real estate owned, plus loans 90-days delinquent, totaled $144,618,000, a decrease of $1,470,000 from December 31, 2009 as noted in the table below. Other real estate owned increased $3,389,000 from December 31, 2009. Current appraisals are obtained to determine value as management continues to aggressively market these real estate assets. Loans 90-days delinquent decreased $1,367,000 from December 31, 2009.

(Dollars in Thousands)	March 31, 2010	December 31, 2009
Non-Performing Assets:		
Non-accrual loans	$122,891	$118,409
Renegotiated loans	859	8,833
Non-performing loans (NPL)	123,750	127,242
Real estate owned and repossessed assets	18,268	14,879
Non-performing assets (NPA)	142,018	142,121
90+ days delinquent and still accruing	2,600	3,967
NPAS & 90+ days delinquent	$144,618	$146,088
Impaired Loans	$157,391	$178,754

The composition of the non-accrual loans is reflected in the following table.

(Dollars in Thousands)	Commercial & Industrial	Commercial Mortgage	Land and Lot	Agriculture	Total Commercial	Residential Mortgage	Home Equity	Other Consumer	Total Consumer	Total Consumer & Commercial
Loan Balances including Loans Held for Sale	$642.3	$1,132.1	$131.5	$260.0	$2,165.9	$604.6	$220.0	$147.6	$972.3	$3,138.2
% of Total	20.5 %	36.1 %	4.1 %	8.3 %	69.0 %	19.3 %	7.0 %	4.7 %	31.0 %	
Non-Accrual Loans	$23.7	$54.4	$13.5	$6.2	$97.7	$23.4	$1.7	$0.1	$25.2	$122.9
Non-accrual ratio	3.68 %	4.80 %	10.25 %	2.38 %	4.51 %	3.86 %	0.79 %	0.06 %	2.59 %	3.92 %

Prior to December 31, 2009, the Corporation globally included all classified loans, including substandard, doubtful and loss credits in impaired loans. At December 31, 2009, management refined its internal definition of impaired loans to be more specific and include all non-accrual loans, renegotiated loans, as well as substandard, doubtful and loss grade loans that were deemed impaired according to the applicable guidance. A loan is deemed impaired when, based on current information or events, it is probable that all amounts due of principal and interest according to the contractual terms of the loan agreement will not be collected substantially within the contractual terms of the note. At March 31, 2010, impaired loans totaled $157,391,000, a decrease of $21,363,000 from December 31, 2009. At March 31, 2010, an allowance for losses was not deemed necessary for impaired loans totaling $91,507,000, as there was no identified loss on these credits. An allowance of $21,815,000 was recorded for the remaining balance of impaired loans of $65,884,000 and is included in our allowance for loan losses.

At March 31, 2010, the allowance for loan losses was $88,568,000, a decrease of $3,563,000 from year end 2009. As a percent of loans, the allowance was 2.82 percent at March 31, 2010 and 2.81 percent at December 31, 2009. The provision for loan losses for the first three months of 2010 was $13,869,000, an increase of $948,000 from $12,921,000 for the same period in 2009. Specific reserves on impaired loans decreased $4,464,000 from 26,279,000 at December 31, 2009 to $21,815,000 at March 31, 2010

28

FIRST MERCHANTS CORPORATION
FORM 10Q

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LOAN QUALITY/PROVISION FOR LOAN LOSSES continued

Net charge offs for the first quarter of 2010 were $17,432,000. Of this amount, the 5 largest customer charge offs totaled $14,658,000, with $10,928,000 being the largest, followed by $2,383,000 as the next largest charge off. The distribution of the net charge offs for the first three months of 2010 is reflected in the following table.

(Dollars in Thousands)	Commercial & Industrial	Commercial Mortgage	Land and Lot	Agriculture	Total Commercial	Residential Mortgage	Home Equity	Other Consumer	Total Consumer	Total Consumer & Commercial
Loan Balances including Loans Held for Sale	$642.3	$1,132.1	$131.5	$260.0	$2,165.9	$604.6	$220.0	$147.6	$972.3	$3,138.2
% of Total	20.5 %	36.1 %	4.1 %	8.3 %	69.0 %	19.3 %	7.0 %	4.7 %	31.0 %	
YTD Net Charge-offs	$12.2	$2.8	$0.1	$0.9	$16.0	$0.8	$0.2	$0.4	$1.4	$17.4
Net Charge-off ratio*	7.60 %	1.00 %	0.19 %	1.38 %	2.95 %	0.55 %	0.43 %	1.03 %	0.59 %	2.22 %
*Annualized based on ending balances										

The decline in the value of commercial and residential real estate in our market has negatively impacted the underlying collateral value in our commercial, residential, land development and construction loans. This downturn in the real estate market is expected to continue and management is proactive in evaluating loans collateralized by real estate. Management continues to evaluate commercial borrowers by including consideration of specific borrower cash flow analysis and estimated collateral values, types and amounts on non-performing loans, past and anticipated loan loss experience, changes in the composition of the loan portfolio, and the current condition and amount of loans outstanding. The determination of the provision in any period is based on management's continuing review and evaluation of the loan portfolio, and its judgment as to the impact of current economic conditions on the portfolio.

LIQUIDITY

Liquidity management is the process by which we ensure that adequate liquid funds are available for the holding company and its subsidiaries. These funds are necessary in order to meet financial commitments on a timely basis. These commitments include withdrawals by depositors, funding credit obligations to borrowers, paying dividends to stockholders, paying operating expenses, funding capital expenditures, and maintaining deposit reserve requirements. Liquidity is monitored and closely managed by the asset/liability committee.

Our liquidity is dependent upon our receipt of dividends from the Bank, which is subject to certain regulatory limitations and access to other funding sources. Liquidity of the Bank 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 principal source of asset-funded liquidity is investment securities classified as available for sale, the market values of which totaled $475,596,000 at March 31, 2010, an increase of $61,989,000, or 15.0 percent above December 31, 2009. 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 $9,147,000 at March 31, 2010. 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.

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, Federal Home Loan Bank (“FHLB”) advances are utilized as funding sources. At March 31, 2010, total borrowings from the FHLB were $123,261,000. The Bank has pledged certain mortgage loans and investments to the FHLB. The total available remaining borrowing capacity from the FHLB at March 31, 2010 was $137,828,000.

The Bank has $79,000,000 of Senior Notes (the “Notes”) that are guaranteed by the FDIC under its Temporary Liquidity Guarantee Program (TLGP) and are backed by the full faith and credit of the United States. The Notes mature on March 30, 2012. The Notes are issued by the Bank and are not obligations of, or guaranteed by, the Corporation. In connection with the FDIC’s TLGP, the Bank entered into a Master Agreement with the FDIC that contains, among other things, certain terms and conditions that must be included in the governing documents for any senior debt securities issued by the Bank that are guaranteed pursuant to the FDIC’s TLGP.

FIRST MERCHANTS CORPORATION
FORM 10Q

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY continued

The Corporation currently has a $55 million credit facility with Bank of America, N.A., as successor to LaSalle Bank National Association, comprised of (a) a term loan in the principal amount of $5.0 million (the "Term Loan") and (b) a subordinated debenture in the principal amount of $50.0 million (the "Subordinated Debt"). Pursuant to the terms of the underlying Loan Agreement (the "Loan Agreement"), the Term Loan and the Subordinated Debt each mature on February 15, 2015. The Term Loan is secured by a pledge of all of the issued and outstanding shares of the Bank.

The Loan Agreement contains certain customary representations and warranties and financial and negative covenants. A breach of any of these covenants could result in a default under the Loan Agreement. As of March 31, 2010, the Corporation failed to meet the minimum return on average total assets covenant of at least 0.50% and a second financial covenant in the Loan Agreement requiring the Corporation to maintain a certain asset quality ratio less than 25%.

The Loan Agreement provides that upon an event of default as the result of the Corporation's failure to comply with a financial covenant, Bank of America may (a) declare the $5 million outstanding principal amount of the Term Loan immediately due and payable, (b) exercise all of its rights and remedies at law, in equity and/or pursuant to any or all collateral documents, including foreclosing on the collateral if payment of the Term Loan is not made in full, and (c) add a default rate of 3% per annum to the Term Loan. Because the Subordinated Debt is treated as Tier 2 capital for regulatory capital purposes, the Loan Agreement does not provide Bank of America with any right of acceleration or other remedies with regard to the Subordinated Debt upon an event of default caused by the Corporation's breach of a financial covenant. To date, Bank of America has chosen to apply the default rate, but not to accelerate the Term Loan based on the Corporation's failure to meet these financial covenants.

In the normal course of business, the Bank 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 our consolidated financial statements. Such activities include: traditional off-balance sheet credit-related financial instruments, commitments under operating leases and long-term debt.

The Bank provides customers with off-balance sheet credit support through loan commitments and standby letters of credit. Summarized credit-related financial instruments at March 31, 2010 are as follows:

(Dollars in Thousands)	March 31, 2010
Amounts of commitments:	
Loan commitments to extend credit	$ 498,544
Standby letters of credit	42,465
	$ 541,009

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 ongoing activities. The required payments under such commitments and borrowings at March 31, 2010 are as follows:

(Dollars in Thousands)	2010 Remaining	2011	2012	2013	2014	2015 and after	Total
Operating leases	$1,659	$2,038	$1,647	$895	$820	$1,061	$8,120
Securities sold under repurchase agreements	88,576		14,250		10,000		112,826
Federal Home Loan Bank advances	39,492	18,934	50,587	414	1,331	12,503	123,261
Subordinated debentures, revolving credit lines and term loans			78,968			115,826	194,794
Total	$129,727	$20,972	$145,452	$1,309	$12,151	$129,390	$439,001

30

FIRST MERCHANTS CORPORATION
FORM 10Q

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INTEREST SENSITIVITY AND DISCLOSURE ABOUT MARKET RISK

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

It is our objective to monitor and manage risk exposure to net interest income caused by changes in interest rates. It is the goal of our ALM function to provide optimum and stable net interest income. To accomplish this, we use two ALM tools. GAP/Interest Rate Sensitivity Reports and Net Interest Income Simulation Modeling are constructed, presented, and monitored quarterly.

Management believes that our liquidity and interest sensitivity position at March 31, 2010, remained adequate to meet our primary goal of achieving optimum interest margins while avoiding undue interest rate risk.

Net interest income simulation modeling, or earnings-at-risk, measures the sensitivity of net interest income to various interest rate movements. Our 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 on the following page. The interest rate scenarios are used for analytical purposes and do not necessarily represent our view of future market movements. Rather, these are intended to provide a measure of the degree of volatility interest rate movements may introduce into our earnings.

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 our 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 loans and investments, 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 our best estimate of expected future behavior.

The comparative rising and falling scenarios below 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 us in the base simulation are as follows:

	At March 31, 2010	
Driver Rates	RISING (200 Basis Points)	FALLING (100 Basis Points)

Prime	200	0
Federal Funds	200	0
One-Year CMT	200	(7)
Three-Year CMT	200	(72)
Five-Year CMT	200	(100)
CD's	200	(74)
FHLB Advances	200	(31)

Results for the base, rising and falling interest rate scenarios are listed below, based upon our rate sensitive assets and liabilities at March 31, 2010. 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. All results are within the Corporation’s policy limits.

FIRST MERCHANTS CORPORATION
FORM 10Q

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INTEREST SENSITIVITY AND DISCLOSURE ABOUT MARKET RISK continued

	At March 31, 2010		
Driver Rates	Base	RISING (200 Basis Points)	FALLING (100 Basis Points)
Net Interest Income	$ 150,549	$ 154,358	$ 148,517
Variance from Base		$ 3,809	$ (2,032)
Percent of change from base	0.00 %	2.53 %	-1.35 %
Policy Limit		-5.00 %	-2.00 %

The comparative rising and falling scenarios below as of December 31, 2009, 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 us in the base simulation are as follows:

	At December 31, 2009	
Driver Rates	RISING (200 Basis Points)	FALLING (100 Basis Points)
Prime	200	0
Federal Funds	200	0
One-Year CMT	200	(7)
Three-Year CMT	200	(61)
Five-Year CMT	200	(100)
CD's	200	(79)
FHLB Advances	200	(37)

Results for the base, rising and falling interest rate scenarios are listed below, based upon our rate sensitive assets and liabilities at December 31, 2009. 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.

	At December 31, 2009		
Driver Rates	Base	RISING	FALLING

				(200 Basis Points)			(100 Basis Points)	
Net Interest Income	$	148,713	$	158,850		$	146,071	
Variance from Base			$	10,137		$	(2,642	)
Percent of change from base		0.00	%	6.82	%		-1.78	%
Policy Limit				-5.00	%		-2.00	%

32

Explanation of Responses:

FIRST MERCHANTS CORPORATION
FORM 10Q

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

EARNING ASSETS

The following table presents the earning asset mix as of March 31, 2010, and December 31, 2009. Earning assets decreased by $77,121,000 in the three months ended March 31, 2010. Federal funds sold decreased $95,302,000, whereas, interest-bearing time deposits increased by $83,710,000, a majority of which related to the change in investing excess funds at the Federal Reserve Bank. Investments increased by approximately $75,964,000, while loans and loans held for sale decreased by $139,638,000. Excess liquidity created by the decline in the loan portfolio was used to increase the investment securities portfolio. The three largest loan segments that decreased were commercial and industrial, construction real estate, and residential real estate. The only loan segment that increased was commercial and farmland.

(Dollars in Thousands)	March 31, 2010	December 31, 2009
Federal funds sold	$7,044	$102,346
Interest-bearing time deposits	157,735	74,025
Investment securities available for sale	475,596	413,607
Investment securities held to maturity	163,485	149,510
Mortgage loans held for sale	3,646	8,036
Loans	3,134,540	3,269,788
Federal Reserve and Federal Home Loan Bank stock	36,721	38,576
Total	$3,978,767	$4,055,888

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 us, 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, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our 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 our reports filed or submitted under the Securities Exchange Act of 1934 are recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

33

FIRST MERCHANTS CORPORATION
FORM 10Q

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None

ITEM 1.A. RISK FACTORS

There have been no material changes from to the risk factors previously disclosed in the Corporation's December 31, 2009 Annual Report on Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

a. None

b. None

c. None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. [RESERVED]

ITEM 5. OTHER INFORMATION

a. None

b. None

FIRST MERCHANTS CORPORATION
FORM 10Q

ITEM 6. EXHIBITS

Exhibit No.:	Description of Exhibit	Form 10-Q No.:
10.1	First Merchants Corporation Senior Management Incentive Compensation Plan dated February 25, 2010 and amended on March 31, 2010	38
10.2	Form of Securities Purchase Agreement between First Merchants Corporation and six groups of institutional investors, dated March 30, 2010 (incorporated by reference to registrant's Form 8K filed on March 30, 2010	
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes - Oxley Act of 2002	41
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes - Oxley Act of 2002	42
32	Certifications Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes - Oxley Act of 2002	43

FIRST MERCHANTS CORPORATION
FORM 10Q

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: May 10, 2010 by /s/ Michael C. Rechin
Michael C. Rechin
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 10, 2010 by /s/ Mark K. Hardwick
Mark K. Hardwick
Executive Vice President and
Chief Financial Officer
(Principal Financial and Accounting Officer)

FIRST MERCHANTS CORPORATION
FORM 10Q

INDEX TO EXHIBITS

Exhibit No.:	Description of Exhibit	Form 10-Q No.:
10.1	First Merchants Corporation Senior Management Incentive Compensation Plan dated February 25, 2010 and amended on March 31, 2010	38
10.2	Form of Securities Purchase Agreement between First Merchants Corporation and six groups of institutional investors, dated March 30, 2010 (incorporated by reference to registrant's Form 8K filed on March 30, 2010	
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes - Oxley Act of 2002	41
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes - Oxley Act of 2002	42
32	Certifications Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes - Oxley Act of 2002	43

FIRST MERCHANTS CORPORATION
FORM 10Q

EXHIBIT-10.1

First Merchants Corporation
Senior Management Incentive
Compensation Program
Approved February 25, 2010
(as amended on March 31, 2010)

I. Purpose

The Board of Directors of First Merchants Corporation (FMC) has established an executive compensation program, which is designed to closely align the interests of executives with those of our shareholders by rewarding senior managers for achieving short-term and long-term strategic management and earnings goals, with the ultimate objective of obtaining a superior return on the shareholders' investment.

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 Officer Level/Role

A. President and Chief Executive Officer of FMC;
B. Executive Vice Presidents of FMC;
C. Executive Officers, Non-Bank Presidents and Regional Presidents;
D. Selected Senior Leadership
E. Department Heads, Division Heads and Other Management Leadership; and
F. Mortgage Sales Managers.

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.

Participants will be disqualified if their individual overall performance is rated "improvement needed" or "unacceptable." Additional disqualifiers will be added based on the position, role and level of influence on results.

Participant lists will be reviewed annually by the Committee.

Explanation of Responses:

FIRST MERCHANTS CORPORATION
FORM 10Q

EXHIBIT-10.1 Senior Management Incentive Compensation Program continued

IV. Implementation Parameters

A. The FMC CEO and EVP earnings component payouts will be determined by changes in FMC EPS calculated on a diluted GAAP basis.

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. When utilized, balanced scorecards will be tailored to each unit incorporating a specific weighting on various operating initiatives as set by the CEO, EVP’s and SVP of HR.

V. Plan Structure

All payouts will be determined from the schedules of percentage change in EPS (Section VI.B.). Participants will be notified in writing at the beginning of the plan year.

	A	B	C	D	E	F
Target %:	45%	40%	25% - 30%	15% - 20%	10%- 15%	5 bps
Participants:	FMC CEO	FMC EVP	·Executive Officers ·Non-Bank Presidents ·Regional Presidents	Selected Senior Leadership	·Department Heads ·Division Heads ·Other Management Leadership	Mortgage Sales Managers
Incentive Components:	Operating EPS at 100% (calculated on GAAP basis)	Operating EPS at 100% (calculated on GAAP basis)	FMC participants: Change in EPS at 80%; Consolidated Efficiency Ratio at 20% Bank Participants: Balanced Scorecard FMIS & FMTC: Change in Agency/Trust Operating Revenue at 50%; Change in EPS at 30% Change in Consolidated Efficiency Ratio at 20%	FMC participants: Change in EPS at 80%; Consolidated Efficiency Ratio at 20% Bank Participants: Balanced Scorecard FMIS & FMTC: Change in Agency/Trust Operating Revenue at 50%; Change in EPS at 30% Change in Consolidated Efficiency Ratio at 20%	FMC participants: Change in EPS at 80%; Consolidated Efficiency Ratio at 20% Bank Participants: Balanced Scorecard FMIS & FMTC: Change in Agency/Trust Operating Revenue at 50%; Change in EPS at 30% Change in Consolidated Efficiency Ratio at 20%	5 bps of subordinate mortgage volume

VI. Supporting Parameters

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

39

FIRST MERCHANTS CORPORATION
FORM 10Q

EXHIBIT-10.1 Senior Management Incentive Compensation Program continued

B. Schedule Determining EPS on a diluted GAAP basis* payouts

	$ Actual	Payout %
	< $0.05	0%
	0.05	30%
	0.10	40%
	0.15	50%
	0.20	60%
	0.25	70%
	0.30	80%
	0.35	90%
Target	0.40	100%
	0.45	110%
	0.50	120%
	0.55	130%
	0.60	140%
	0.65	150%

* Earnings Per Share adjusted for any unplanned extraordinary income or expenses, all as determined by the Committee.

C. Schedule Determining Operating Earnings Payouts for FMTC and FMIS

	Operating Earnings % Change*	Payout %
	<10%	0%
	10%	40%
	12.5%	50%
	15%	60%
	17.5%	70%
	20%	80%
	22.5%	90%
Target	25%	100%
	27.5%	110%
	30%	120%
	32.5%	130%
	35.0%	140%
	37.5%	150%
	40%	160%
	42.5%	170%
	45%	180%
	47.5%	190%

=>50%	200%

* Operating earnings adds back charges for amortization of goodwill and other non-operating expenses and excludes unplanned extraordinary income or expenses, all as determined by the Committee. Operating earnings will also be normalized for subsidiary acquisitions.

Senior Management Incentive Compensation Program - Revised 03/31/2010

FIRST MERCHANTS CORPORATION
FORM 10Q

EXHIBIT-31.1

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

CERTIFICATION

I, Michael C. Rechin, 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 of 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, 2010

by /s/ Michael C. Rechin

Michael C. Rechin
President and Chief Executive Officer
(Principal Executive Officer)

41

FIRST MERCHANTS CORPORATION
FORM 10Q

EXHIBIT-31.2

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

CERTIFICATION

I, Mark K. Hardwick, Executive 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 of 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, 2010 by: /s/ Mark K. Hardwick

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

42

FIRST MERCHANTS CORPORATION
FORM 10Q

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, 2010 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Michael C. Rechin, 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, 2010 by /s/ Michael C. Rechin
Michael C. Rechin
President and
Chief Executive Officer
(Principal 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, 2010 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Mark K. Hardwick, Executive 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, 2010 by /s/ Mark K. Hardwick
Mark K. Hardwick
Executive Vice President and
Chief Financial Officer
(Principal Financial and 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.

43