

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

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

1. Name and Address of Reporting Person  
 GALLIHER, DAVID A.  
 2500 WEST BERWYN ROAD  
 MUNCIE, IN 47304
2. Issuer Name and Ticker or Trading Symbol  
 FIRST MERCHANTS CORPORATION  
 FRME
3. IRS or Social Security Number of Reporting Person (Voluntary)  
 ###-##-####
4. Statement for Month/Year  
 July 31, 1998
5. If Amendment, Date of Original (Month/Year)
6. Relationship of Reporting Person(s) to Issuer (Check all applicable)  
 (X) Director ( ) 10% Owner ( ) Officer (give title below) ( ) Other  
 (specify below)
7. 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	2. Transaction Date	3. Transaction Code	4. Securities Acquired (A) or Disposed of (D)			5. Amount of Securities Beneficially Owned at End of Month	6. Direct (D) or Indirect (I)	7. Nature of Indirect Beneficial Ownership
			Amount	A/D	Price			
Common Stock	07-01-98	P	36.7790	A	44.8625	4,244.1908 (1)	D	
Common Stock						605	I	Spouse-Agency and IRA

Table II -- Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Derivative Security	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date	4. Transaction Code	5. Number of Derivative Securities Acquired (A) or Disposed of (D)			6. Date Exercisable and Expiration Date		7. Title and Amount of Underlying Securities	8. Price of Derivative Security	9. Number of Derivative Securities Beneficially Owned at End of Month	10. Direct (D) or Indirect (I)	11. Nature of Indirect Beneficial Ownership
				Amount	A/D	Price	Month/Day/Year	Month/Day/Year					
Non-Employee Director Stock Option (Right to Buy)	45.6563	07-01-98	A	600	A		01-01-99	06-30-98	Common	600	3,000	D	

Explanation of Responses:  
 (1) Includes 24.4800 shares acquired in June 1998 under the First Merchants Corporation dividend reinvestment plan.

SIGNATURE OF REPORTING PERSON  
 David A. Galliher (Confirming Statement on File)  
 DATE  
 August 3, 1998