

ANNUAL STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP
 () Check 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
 October 1996
5. If Amendment, Date of Original (Month/Year)
6. Relationship of Reporting Person to Issuer (Check all applicable)
 (X) Director () 10% Owner () Officer (give title below) () Other
 (specify below)

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) Amount	5. Securities Acquired (A) or Disposed of (D) Price	6. Amount of Securities Beneficially Owned at End of Year	7. Director (D) or Indirect (I)	8. Nature of Indirect Beneficial Ownership
Common Stock	10-01-1996	P	100.9082	A 24.775	3173.762	D	
Common Stock					500	D	Self-Directed 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) Amount	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities	8. Price of Derivative Security	9. Number of Derivative Securities Beneficially Owned at End of Year	10. Director (D) or Indirect (I)	11. Nature of Indirect Beneficial Ownership
Non-Employee Director Stock Option (Right to Buy)								1,800	D	

Explanation of Responses:
 Voluntary Contribution--Dividend Reinvestment Plan
 SIGNATURE OF REPORTING PERSON
 David A. Galliher (Confirming Statement on File)
 DATE
 October 8, 1996