

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
 THRASH, JAMES L.
 5509 GREYTHORN
 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
 MAY 1997
5. If Amendment, Date of Original (Month/Year)
6. Relationship of Reporting Person(s) to Issuer (Check all applicable)
 () Director () 10% Owner (X) Officer (give title below) () Other
 (specify below)
 SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER
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	05-22-1997	M	2025	A	18.3333			
COMMON STOCK	05-22-1997	M	2850	A	20.3333			
COMMON STOCK	05-22-1997	F	1290	D	28.75			
COMMON STOCK	05-22-1997	F	1973	D	28.75	7148*	D	

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 (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 Month	10. Direct (D) or Indirect (I)	11. Nature of Indirect Beneficial Ownership
Employee Stock Option (Right to Buy)	18.3333	05-22-97	M	2025	D 01-31-94 07-30-03	Common 2025				
Employee Stock Option (Right to Buy)	20.3333	05-22-97	M	2850	D 01-30-95 07-29-04	Common 2850		4775	D	

Explanation of Responses:
 *Reporting person submitted shares of common stock and cash in the amount of \$1,263.58 to exercise the options as indicated.

SIGNATURE OF REPORTING PERSON
 James L. Thrash
 DATE
 May 23, 1997