

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
 MONTGOMERY, TED J
 305 E UNION STREET
 LIBERTY, IN 47353-1212
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
 August 31, 1997
5. If Amendment, Date of Original (Month/Year)
6. Relationship of Reporting Person(s) to Issuer (Check all applicable)
 Director () 10% Owner Officer (give title below) () Other
 (specify below)
 SENIOR VICE PRESIDENT
7. Individual or Joint/Group Filing (Check Applicable Line)
 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) Amount	A/D	Price	5. Amount of Securities Beneficially Owned at End of Month	6. Direct (D) or Indirect (I)	7. Nature of Indirect Beneficial Ownership
Common Stock						14,798	D	
						*13,519	D	IRA Account

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 Date/Date	7. Title and Amount of Underlying Securities Title and Number of Shares	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)								7,100	D	

Explanation of Responses:
 *Common Stock owned by reporting person in the terminated Union County National Bank Employee Stock Ownership Plan (based on June 30, 1997 allocation) which was distributed by a direct rollover to an IRA.

SIGNATURE OF REPORTING PERSON
 Ted J. Montgomery (Confirming Statement on File)
 DATE
 September 2, 1997