

INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

1. Name and Address of Reporting Person  
 MONTGOMERY, TED J  
 305 E UNION STREET  
 LIBERTY, IN 47353-1212
2. Date of Event Requiring Statement (Month/Day/Year)  
 AUGUST 13, 1996
3. IRS or Social Security Number of Reporting Person (Voluntary)  
 ###-##-####
4. Issuer Name and Ticker or Trading Symbol  
 FIRST MERCHANTS CORPORATION  
 FRME
5. Relationship of Reporting Person to Issuer (Check all applicable)  
 Director  10% Owner  Officer (give title below)  Other  
 (specify below)  
 SENIOR VICE PRESIDENT
6. If Amendment, Date of Original (Month/Day/Year)

Table I -- Non-Derivative Securities Beneficially Owned

1. Title of Security	2. Amount of Securities Beneficially Owned	3. Ownership Form: Direct(D) or Indirect(I)	4. Nature of Indirect Beneficial Ownership
COMMON STOCK	10,303	D	Individually
	4,276	D	Joint With Spouse
	11,435	I	*Employee Stock Ownership Plan

Table II -- Derivative Securities Beneficially Owned

1. Title of Derivative Security	2. Date Exercisable and Expiration Date (Month/Day/Year)	3. Title and Amount of Underlying Securities	4. Conversion or Exercise Price of Derivative Security	5. Ownership Form of Derivative Security: Direct(D) or Indirect(I)	6. Nature of Indirect Beneficial Ownership
Employee Stock Option (Right to Buy)	02-13-97   08-13-06	Common	**4,500   24.25	D	

Explanation of Responses:  
 \*Shares owned by reporting person in Union County National Bank Employee's Stock Ownership and 401(k) Plan.  
 Union National Bancorp acquired by First Merchants Corporation August 1, 1996.  
 \*\*2,500  
 NQSOs  
 2,000  
 ISOs  
 SIGNATURE OF REPORTING PERSON  
 Ted J. Montgomery (Confirming Statement on File)  
 DATE  
 August 14, 1996