

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  
 SMITSON, ROBERT M.  
 5200 WEST PINERIDGE 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 1996
5. If Amendment, Date of Original (Month/Year)
6. Relationship of Reporting Person to Issuer (Check all applicable)  
 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. Amount of Securities Beneficially Owned at End of Year	6. Direct (D) or Indirect (I)	7. Nature of Indirect Beneficial Ownership
COMMON STOCK				3,300	D	
				3,375	I	SPOUSE

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. Direct (D) or Indirect (I)	11. Nature of Indirect Beneficial Ownership
Non-Employee Director Stock Option (Right to Buy)	25.00	07-01-96	A	600	01-01-97 to 06-30-06	Common of Shares		1,200	D	

Explanation of Responses:  
 SIGNATURE OF REPORTING PERSON  
 Robert M. Smitson (confirming Statement on File)  
 DATE  
 July 31, 1996