FIRST FINANCIAL BANCORP /OH/
Form DEF 14A
April 02, 2007

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934

Filed by the Registrant þ
Filed by a Party other than the Registrant o
Check the appropriate box:

o Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
þ Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

First Financial Bancorp.
(Name of Registrant as Specified In Its Charter)
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing fee (Check the appropriate box)

þ No fee required.
o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

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o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

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4) Date filed:

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FIRST FINANCIAL BANCORP.
300 High Street
P.O. Box 476
Hamilton, Ohio 45012-0476

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
To Be Held May 1, 2007

Hamilton, Ohio
March 30, 2007

To the Shareholders:

The Annual Meeting of Shareholders of First Financial Bancorp. (the Corporation) will be held at the Fitton Center for Creative Arts, 101 South Monument Avenue, Hamilton, Ohio 45011, on May 1, 2007, at 10:00 A.M., local time, for the following purposes:

1. To elect the following four nominees as directors with terms expiring in 2010 (Class III): J. Wickliffe Ach, Donald M. Cisle, Sr., Corinne R. Finnerty, and Richard E. Olszewski.

2. To approve an amendment to the Corporation s Regulations to allow the Board of Directors to authorize the Corporation to issue shares without issuing physical certificates.

3. To consider and act upon such other matters as may properly come before the Annual Meeting or any adjournment thereof.

Shareholders of record of the Corporation at the close of business on March 2, 2007, are entitled to notice of and to vote at the Annual Meeting and at any adjournment thereof. Each shareholder is entitled to one vote for each common share held regarding each matter properly brought before the Annual Meeting.

By Order of the Board of Directors,
Gregory A. Gehlmann
General Counsel and Secretary

EVERY SHAREHOLDER S VOTE IS IMPORTANT. IF YOU ARE UNABLE TO BE PRESENT AT THE ANNUAL MEETING, YOU ARE REQUESTED TO COMPLETE AND RETURN PROMPTLY THE ENCLOSED PROXY SO THAT YOUR SHARES WILL BE REPRESENTED. A STAMPED, ADDRESSED ENVELOPE IS ENCLOSED FOR YOUR CONVENIENCE .

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FIRST FINANCIAL BANCORP.
300 High Street
P.O. Box 476
Hamilton, Ohio 45012-0476
(513) 979-5770

PROXY STATEMENT
ANNUAL MEETING OF SHAREHOLDERS
Approximate Date to Mail March 30, 2007

On behalf of the Board of Directors of First Financial Bancorp. (the Corporation), a Proxy is solicited from you to be used at the Corporation s Annual Meeting of Shareholders (Annual Meeting) scheduled for May 1, 2007, at 10:00 A.M., local time, to be held at the Fitton Center for Creative Arts, 101 South Monument Avenue, Hamilton, Ohio 45011.

RECORD DATE AND VOTING SECURITIES

As of March 2, 2007, the record date fixed for the determination of shareholders entitled to vote at the Annual Meeting, there were 39,078,006 common shares outstanding, which is the only outstanding class of capital stock of the Corporation. Each such share is entitled to one vote on each matter properly coming before the Annual Meeting.

VOTING OF SHARES

Assuming a quorum is present at the Annual Meeting, either in person or represented by proxy, (i) the four nominees receiving the greatest number of votes cast by the holders of common shares entitled to vote on the matter will be elected as directors; and (ii) the affirmative vote of the holders of a majority of the common shares outstanding and entitled to vote on the matter is required for the approval of the Amendment to the Corporation s Regulations.

Proxies in the form enclosed herewith are being solicited on behalf of the Corporation s Board of Directors. Proxies which are properly executed and returned will be voted at the Annual Meeting as directed. Proxies indicating an abstention from voting on any matter will be tabulated as a vote withheld on such matter and will be included in computing the number of common shares present for purposes of determining the presence of a quorum for the Annual Meeting. Proxies properly executed and returned which indicate no direction will be voted in favor of the proposals set forth in the Notice of Annual Meeting attached hereto and more fully described in this Proxy Statement. If a broker indicates on the form of Proxy that it does not have discretionary authority as to certain common shares to vote on a particular matter, those common shares will be considered as present for the purpose of determining the presence of a quorum but not entitled to vote with respect to that matter. Any shareholder giving the enclosed Proxy has the power to revoke it prior to its exercise by filing with the Secretary of the Corporation a written revocation or a duly executed Proxy bearing a later date or by giving notice of revocation in open meeting.

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PRINCIPAL SHAREHOLDERS

The table below identifies all persons known to the Corporation to own beneficially more than 5% of the Corporation s outstanding common shares.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership of Common Shares	Percentage of Class
First Financial Bank, National Association 300 High Street Hamilton, Ohio 45012-0476	5,754,207(1)	14.72%
Barclays Global Investors, NA Barclays Global Fund Advisors 45 Fremont Street San Francisco, California 9410 Barclays Global Investors, LTD 1 Royal Mintt Court London, EC3N 4HH Barclays Global Investors Japan Trust and Banking Company Limited Barclays Global Investors Japan Limited Ebisu Pirme Square Tower 8th Floor 1-1-39 Hiroo Shibuya-Ku Tokyo 150-0012 Japan	1,978,832(2)	5.06%

(1) These shares are held by the trust department of First Financial Bank, National Association (First Financial Bank) (the Trustee) in its fiduciary capacity under various agreements. The Trustee has advised the Corporation that as of February 28, 2007, it has sole voting power for 5,651,121

shares, shared voting power for 54,218 shares, sole investment power for 1,762,848 shares and shared investment power for 3,199,963 shares. Officers and directors of the Corporation disclaim beneficial ownership of the common shares beneficially owned by the Trustee. Included in the foregoing shares are 21,197 common shares that are beneficially owned by certain directors and executive officers and are reported in the following table showing shareholdings of directors, executive officers, and nominees for director.

(2) Information based upon Schedules 13G filed on January 31, 2007. Includes shares beneficially

owned as follows: Barclays Global Investors (935,963 shares); Barclays Global Fund Advisors (1,022,273 shares); and Barclays Global Investors, LTD (20,596 shares).

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SHAREHOLDINGS OF DIRECTORS, EXECUTIVE OFFICERS AND NOMINEES FOR DIRECTOR

As of March 2, 2007, the directors of the Corporation, including the four nominees for election as directors, the executive officers of the Corporation named in the Summary Compensation Table who are not also directors, and all executive officers and directors of the Corporation as a group beneficially owned common shares of the Corporation as set forth below.

		Amount and Nature of Beneficial Ownership		
Name	Position	Common Shares Beneficially Owned Excluding Options (1)	Stock Options Exercisable within 60 Days of Record Date(2)	Total Common Shares Beneficially Owned (1)
J. Wickliffe Ach	Director	100		100
Donald M. Cisle, Sr.	Director	509,552 (3)	23,521	533,073
Claude E. Davis	Director and CEO	74,510	134,100	208,610
Corinne R. Finnerty	Director	25,732	23,521	49,253
Murph Knapke	Director	29,114 (4)	17,326	46,440
William J. Kramer	Director	8,187 (4)	8,663	16,850
Bruce E. Leep	Director	285,940	25,989	311,929
Susan L. Knust	Director	5,415 (5)	8,663	14,078
Richard E. Olszewski	Director	6,000	8,663	14,663
Barry S. Porter	Director	39,585 (4)	17,326	56,911
Steven C. Posey	Director	59,819	32,184	92,003
J. Franklin Hall	SVP and CFO	14,882	33,096	47,979
C. Douglas Lefferson	EVP and COO	43,975	58,422	102,397
Samuel J. Munafo	EVP, Banking	46,448	54,780	101,228
Gregory A. Gehlmann	SVP, CRO & Gen Counsel	5,721	2,849	8,570
All executive officers, directors and nominees as a group (17 persons)		1,162,777	460,703	1,623,480

(1) Includes shares held in the name of spouses, minor children, trusts and estates as to which beneficial ownership may be disclaimed.

At March 2, 2007, the only director who owned at least 1% of the Corporation s common shares was Donald Cisle, Sr. who beneficially owned 533,073 shares or 1.36%. However, all of the directors and executive officers as a group (17 persons) beneficially owned approximately 4.11% of the Corporation s outstanding common shares. Percent ownership numbers are computed based on the sum of (i) 39,078,006 common shares outstanding on March 2, 2007 and (b) the number of common shares as to which the group has the right to acquire beneficial ownership upon the exercise of options which are currently exercisable or will first become exercisable within 60 days after March 2, 2007. Fractional shares are rounded to the nearest whole number.

(2) Includes options with a strike price above the current market price.

(3) Of these shares, 485,850 are owned by Seward-Murphy Inc. of which Mr. Cisle, Sr. has sole voting and investment power for 214,008 shares and shared voting power for 271,842 shares.

(4) Includes 3,766 restricted shares that vest 1/3 equally over a three-year period beginning April 25, 2007. Director retains voting and dividend rights. See Board Compensation.

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(5) Ms. Knust shares voting and investment power for 1,342 shares which are held by K.P. Properties of Ohio LLC, of which Ms. Knust and her husband are the only two members.

ELECTION OF DIRECTORS
(Item 1 on Proxy Card)

Our Board of Directors consists of 11 members, 9 of whom are non-employee directors. Our Regulations provide that the Board of Directors shall consist of not less than nine nor more than 25 persons, with the exact number to be fixed and determined from time to time by resolution of the Board of Directors or by resolution of the shareholders at any annual or special meeting of shareholders. The Board of Directors has determined that the Board shall consist of 11 members. Bruce E. Leep, a director whose term expires at this year s Annual Meeting, will retire from the board of directors due to Section 2.5 of our Regulations requiring mandatory retirement at age 70. As a result, he is not being nominated for an additional term. Mr. Leep has generously given valuable years of guidance and service to the Corporation and its subsidiary banks. His wisdom and enthusiasm will be missed. His position as a Class III Director will be filled by Mr. Ach, if elected at the annual meeting. Mr. Ach was appointed to the Board in January 2007. Any vacancy may be filled by the Board of Directors in accordance with law and the Corporation s Regulations for the remainder of the full term of the vacant directorship.

Our Board has approved the nomination of four persons as candidates for Class III Directors, each for a three-year term. The terms of the remaining directors in Classes I and II will continue as indicated below. It is intended that the accompanying Proxy will be voted for the election of J. Wickliffe Ach, Donald M. Cisle, Sr., Corinne R. Finnerty, Richard E. Olszewski, all incumbent directors. The Corporate Governance and Nominating Committee recommended all four nominees to the Board of Directors, which approved the four nominees. In the event that any one or more of such nominees becomes unavailable or unable to serve as a candidate, the accompanying Proxy will be voted to elect the remaining nominees and any substitute nominee or nominees designated by the Board. The four nominees for Class III Directors receiving the most votes at the Annual Meeting will be elected as Class III Directors.

Set forth below is certain information concerning the Corporation s nominees and directors. For information regarding ownership of shares of the Corporation by nominees and directors of the Corporation, see Shareholdings of Directors, Executive Officers and Nominees for Director above. There are no arrangements or understandings between any director or any nominee, and any other person pursuant to which such director or nominee is or was nominated to serve as director.

Name and Age (1)	Position with Corporation and/or Principal Occupation or Employment For the Last Five Years	Director Since
Nominee Class III Directors	**Terms Expiring in 2007:**	
J. Wickliffe Ach 58	President and CEO of Hixson Inc, Cincinnati, Ohio, an architectural engineering firm since 1983.	2007
Donald M. Cisle, Sr. 52	President of Don S. Cisle, Sr. Contractor, Inc. (construction contractor); Director of First Financial Bank, N.A., Hamilton, Ohio.	1996

Corinne R. Finnerty 50	Partner in law firm of McConnell Finnerty Waggoner PC, North Vernon, Indiana (trial attorney); Director of First Financial Bank, N.A., Hamilton, Ohio; former Director and Chair of CPX, Inc., North Vernon, Indiana; former Director of Heritage Community Bank, Columbus, Indiana.	1998
Richard E. Olszewski 57	Operator of two 7-Eleven Food Stores, Griffith, Indiana. Director of First Financial Bank, N.A., Hamilton, Ohio.	2005

Name and Age (1)	Position with Corporation and/or Principal Occupation or Employment For the Last Five Years	Director Since
Class I Directors Terms Expiring in 2008:		
Claude E. Davis 46	President and Chief Executive Officer of the Corporation since October 1, 2004; Director and Chairman of the Board of First Financial Bank, N.A., Hamilton, Ohio; former Director of Community First Bank & Trust, Celina, Ohio, and Sand Ridge Bank, Schererville, Indiana; Senior Vice President, Irwin Financial Corporation and Chairman of Irwin Union Bank and Trust, Columbus, Indiana, from May 2003 until September 2004; President, Irwin Union Bank and Trust, from 1996 until May 2003.	2004
Steven C. Posey 56	President of Posey Property Company; Director of First Financial Bank, N.A., Hamilton, Ohio. President of Posey Management Corp. DBA McDonald s until August 2005 when sold.	1997
Susan L. Knust 53	Managing Partner of K.P. Properties of Ohio LLC (industrial real estate); Managing Partner of Omega Warehouse Services LLC (public warehousing); former President of Precision Packaging and Services, Inc; Director of Middletown Regional Health System, Middletown, Ohio; Director of First Financial Bank, N.A., Hamilton, Ohio.	2005
Nominees Class II Directors Terms Expiring in 2009:		
Murph Knapke 59	Partner of Knapke Law Office, Celina, Ohio; Director of First Financial Bank, N.A., Hamilton, Ohio; former Director and Chair of Community First Bank & Trust, Celina, Ohio.	1983
William J. Kramer 46	Vice President and General Manager, Val-Co Pax Inc, Coldwater, Ohio (since 2002); previously president of Pax Steel Products, Inc. from 1984-2002 (predecessor corporation to Val-Co.); employed by Deloitte & Touche, LLP, Dayton, Ohio from 1982-1984. Director of First Financial Bank, N.A., Hamilton, Ohio.	2005
Barry S. Porter 69	Retired Chief Financial Officer/Treasurer of Ohio Casualty Corporation (insurance holding company) and its affiliated companies; Director of First Financial Bank, N.A., Hamilton, Ohio; independent consultant.	1984

(1) Ages are listed as of December 31, 2006.

The Board of Directors unanimously recommends a vote FOR the election of each of the nominees.

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CORPORATE GOVERNANCE

General

The business and affairs of the Corporation are managed under the direction of the Board of Directors. Members of the Board are kept informed through discussions with the President and the Corporation s other officers, by reviewing materials provided to them and by participating in meetings of the Board and its committees. All members of the Board (except for Mr. Ach who did not join the Board until 2007) also served as directors of the Corporation s subsidiary bank, First Financial Bank, N.A. during 2006.

Director Independence

The Board of Directors has determined that nine of its 11 members are independent directors as that term is defined under the rules of the National Association of Securities Dealers (the NASD). The independent directors are J. Wickliffe Ach, Donald M. Cisle, Sr., Corinne R. Finnerty, William J. Kramer, Murph Knapke, Susan L. Knust, Richard E. Olszewski, Barry S. Porter, and Steven C. Posey. Claude E. Davis is not independent because he is the president and chief executive officer of the Corporation. Bruce Leep previously served as Interim President within the last three years and therefore also is not considered independent.

To assist it in making determinations of independence, the Board has concluded that the following relationships are immaterial and that a director whose only relationships with the Corporation and its affiliates fall within these categories is independent:

A loan made by the First Financial Bank to a director, his or her immediate family or an entity affiliated with a director or his or her immediate family, or a loan personally guaranteed by such persons if such loan (i) complies with federal regulations on insider loans, where applicable; and (ii) is not classified by the bank s credit committee or by any bank regulatory agency which supervised the bank as substandard, doubtful or loss;

A deposit, trust, insurance brokerage, investment advisory, securities brokerage or similar client relationship between First Financial Bank or its subsidiaries and a director, his or her immediate family or an affiliate of his or her immediate family if such relationship is on customary and usual market terms and conditions;

The employment by the Corporation or its subsidiaries of any immediate family member of the director if the associate serves below the level of a senior vice president;

Purchases of goods or services by the Corporation or any of its subsidiaries from a business in which a director or his or her spouse or minor children is a partner, shareholder or officer, if the director, his or her spouse and minor children own five (5%) percent or less of the equity interests of that business and do not serve as an executive officer of the business; or

Purchases of goods or services by the Corporation, or any of its subsidiaries, from a director or a business in which the director or his or her spouse or minor children is a partner, shareholder or officer if the annual aggregate purchases of goods or services from the director, his or her spouse or minor children or such business in the last calendar year does not exceed the greater of $200,000 or 5% of the gross revenues of the business.

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Pursuant to its charter, the Audit and Risk Management Committee reviews and ratifies all related transactions. Any loans to a director or a related interest are approved in accordance with banking laws. For a discussion of such relationships, see Other Business Relationships.

Other Business Relationships

Corinne R. Finnerty, a director of the Corporation, is a shareholder and an officer of McConnell Finnerty Waggoner PC, which has been retained by First Financial Bank, N.A. and previous Corporation bank subsidiaries during the prior fiscal year and the current fiscal year. During the prior fiscal year, the Corporation s subsidiaries paid the firm $60,776 in legal fees. The Board of Directors has determined that these payments, which are below the applicable limits established by the rules of the Nasdaq, do not affect Ms. Finnerty s status as an independent director.

Steven C. Posey, a director of the Corporation, has a 19% interest as a limited partner in Midd West Development LTD, from which First Financial Bank, N.A. rented retail office space during 2006 year and proposes to continue to rent such space in the current fiscal year. The total rent paid during the last fiscal year was $74,468. The Board of Directors has determined that these payments, which are below the applicable limits established by the rules of the Nasdaq, do not affect Mr. Posey s status as an independent director.

Richard E. Olszewski, a director of the Corporation, operates a 7-Eleven franchise at which a First Financial Bank ATM is located. The 7-Eleven franchise received $1,710 in fees from the bank in 2006. The Board of Directors has determined that these payments, which are below the applicable limits established by the rules of the Nasdaq, do not affect Mr. Olszewski s status as an independent director.

Murph Knapke, a director of the Corporation, is a partner of Knapke Law Office, Celina, Ohio. Mr. Knapke s law firm provides real estate title searches for First Financial Bank, N.A. clients. The firm received $26,985 in fees from clients of the First Financial Bank, N.A. in 2006. The Board of Directors has determined that these payments, which are below the applicable limits estimated by the rules of the Nasdaq, do not affect Mr. Knapke s status as an independent director.

Donald S. Cisle, Sr. is the sole owner and CEO of Don S. Cisle, Inc. a construction contractor. In 2006, his company completed a site development project for the new Mason-Montgomery Road branch office of First Financial Bank. During 2006, his company received $192,258 for the project (including services and materials). They were subcontractor through a competitive bidding process managed by the Corporation s outsource manager. The Board of Directors has determined that these payments, which are below the applicable limits established by the rules of the Nasdaq, do not affect Mr. Cisle, Sr. s status as an independent director.

Indebtedness of Directors and Management

Some of the officers and directors of the Corporation and the companies with which they are associated were clients of the banking subsidiary of the Corporation. The loans to such officers and directors and the companies with which they are associated (a) were made in the ordinary course of business, (b) were made on substantially the same terms, including interest and nature of collateral, as those prevailing at the time for comparable transactions with other persons, and (c) did not involve more than the normal risk of collectibility or present other unfavorable features.

First Financial Bank has had, and expects to have in the future, banking transactions in the ordinary course of business with directors, officers, principal shareholders and their associates on the same terms, including interest rates and collateral on loans, as those prevailing at the same time for comparable transactions with others.

Executive Sessions on Non-Management Directors

The independent directors meet in regularly scheduled meetings at which only the independent directors are present. During 2006, the independent directors held two such meetings.

Communicating with the Board of Directors

The Board of Directors has established a process by which shareholders may communicate with the Board of Directors. Shareholders may send communications to the Corporation s Board of Directors or to individual directors by writing to:

Attn: Board of Directors (or name of individual director)
First Financial Bancorp.
P.O. Box 1242
Hamilton, OH 45012-1242

Letters mailed to this post office box will be received by the director who serves as chair of the Audit and Risk Management Committee or the director who serves as chair of the Nominating Committee, as alternate. A letter addressed to an individual director will be forwarded unopened to that director by the chair of the Audit and Risk Management Committee.

Information regarding this process is also available through the Corporation s Web site at www.bankatfirst.com under the Investor Information link, by clicking on Corporate Governance. For questions regarding this process, shareholders may call the Corporation s General Counsel and Secretary, Gregory A. Gehlmann, at (513) 979-5772.

Meetings of the Board of Directors and Committees of the Board

Board Meetings

During the last fiscal year, the Board of Directors held 11 regularly scheduled meetings and two special meetings. All of the incumbent directors attended 75% or more of those meetings and the meetings held by all board committees on which they served, during the periods that they served as directors.

The Board of Directors believes that it is important for directors to participate in scheduled board and committee meetings and to attend the Annual Meeting. It is the policy of the Board of Directors that directors who participate in fewer than 75% of scheduled board and committee meetings, or who do not attend the Annual Meeting, unless excused by the Board of Directors, are subject to not being re-nominated to the Board of Directors. During a portion of 2006, Steve Posey was granted a leave of absence for medical reasons. All of the Corporation s ten directors then in office attended the 2006 Annual Meeting.

Board Committees

The Board of Directors has a Corporate Governance and Nominating Committee, a Compensation Committee and an Audit and Risk Management Committee.

Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee (the Nominating Committee) reports to the Board on corporate governance matters, including the evaluation of the Board and its Committees and the recommendation of appropriate Board Committee structures and membership. The committee also establishes procedures for the director nomination process and recommends director nominees for Board approval. The committee is comprised of the following directors, each of whom satisfies the definition of independence for nominating committee members under the rules of the Nasdaq: Corinne

R. Finnerty (Chair), Donald M. Cisle, Sr., Murph Knapke and Richard E. Olszewski. The committee held four meetings during the 2006 fiscal year.

Nominating Procedures

It is the Corporate Governance and Nominating Committee s policy that it will consider director candidates recommended by shareholders in accordance with the procedures outlined in the Corporation s Regulations. Under those procedures, shareholders who wish to nominate individuals for election as directors must provide:

The name and address of the shareholder making the nomination and the name and address of the proposed nominee;

The age and principal occupation or employment of the proposed nominee;

The number of common shares of the Corporation beneficially owned by the proposed nominee;

A representation that the shareholder making the nomination:

- Is a holder of record of shares entitled to vote at the meeting, and

- Intends to appear in person or by proxy at the meeting to make the nomination;

A description of all arrangements or understandings between the shareholder making the nomination and the proposed nominee;

Any additional information regarding the proposed nominee required by the proxy rules of the Securities and Exchange Commission (the SEC) to be included in a proxy statement if the proposed nominee had been nominated by the Corporation s Board of Directors; and

The consent of the proposed nominee to serve as a director if elected.

In order to be recommended for a position on the Corporation s Board of Directors by the committee, a proposed nominee must, at a minimum, (i) be able to comply with the Corporation s director stock ownership guidelines, and (ii) through a combination of experience and education have the skills necessary to make an effective contribution to the Board of Directors. In accordance with the Corporation s Regulations, no one may be elected to the Board of Directors after reaching his or her seventieth birthday.

In connection with next year s Annual Meeting of Shareholders, the committee will consider director nominees recommended by shareholders provided that notice of a proposed nomination is received by the Corporation no later than January 31,2008, as provided in the Corporation s Regulations. Notice of a proposed nomination must include the information outlined above and should be sent to First Financial Bancorp., Attention: Gregory A. Gehlmann, General Counsel and Secretary, 300 High Street, P.O. Box 476, Hamilton, Ohio 45012-0476.

The committee identifies nominees for director through recommendations by shareholders and through its own search efforts, which may include the use of external search firms. The committee evaluates nominees for director based upon criteria established by the committee and applies the same evaluation process to all director nominees regardless of whether the nominee is recommended by a shareholder. The criteria evaluated by the committee include, among other things, the candidate s judgment, integrity, leadership ability, business experience, and ability to contribute to board member diversity. The committee also considers whether the candidate meets independence standards, is financially literate or a financial expert, is available to serve, and is not subject to any disqualifying factor.

Compensation Committee. The Compensation Committee s primary responsibilities include:

determining and approving the compensation of the CEO and each executive officer of the Corporation as determined pursuant to Rule 16a-1(f) under the Securities Exchange Act of 1934;

evaluating the performance of the Corporation s CEO for all elements of compensation and other executive officers with respect to incentive goals and objectives approved by the committee and then approving all executive officers compensation based on those evaluations and other individual performance evaluations provided to the committee;

reviewing and evaluating all benefit plans of the Corporation in accordance with applicable laws, rules and regulations;

overseeing the preparation of the compensation discussion and analysis and recommending to the full Board its inclusion in the annual proxy statement in accordance with applicable laws, rules and regulations; and

recommending to the Board of Directors the compensation for directors.

The committee has the authority to retain compensation consultants to assist in the evaluation of director and executive compensation. During 2006, the committee utilized the services of Watson Wyatt, an independent compensation consultant.

The Compensation Committee is comprised of the following directors, each of whom satisfies the definition of independence for compensation committee members under the rules of the Nasdaq and SEC: Barry S. Porter (Chair), Donald M Cisle, Sr., William J. Kramer, and Susan L. Knust. The Compensation Committee held five meetings during 2006.

Audit and Risk Management Committee. The Audit and Risk Management Committee serves in a dual capacity as the Audit and Risk Management Committee of the Corporation and First Financial Bank, N.A., and is responsible for overseeing the Corporation s accounting and financial reporting processes, the external auditors qualifications and independence, the performance of the Corporation s internal audit function and the external auditors, and the Corporation s compliance with applicable legal and regulatory requirements. The committee also assists the Board in overseeing the Corporation s enterprise-wide risks, including interest rate, credit, reputation, strategic, technology, operational, legal, regulatory and reporting risks. The Audit and Risk Management Committee operates pursuant to a written charter that was adopted by the Board of Directors. The Audit and Risk Management Committee is comprised of the following directors, each of whom satisfies the definition of independence for audit committee members under the rules of the Nasdaq and the SEC: William J. Kramer (Chair), Richard E. Olszewski, Barry S. Porter and Steven C. Posey. The Board of Directors has determined Barry S. Porter and William J. Kramer are audit committee financial experts serving on the Audit and Risk Management Committee. The Audit and Risk Management Committee held seven meetings during the fiscal year.

Availability of Committee Charters. The Corporate Governance and Nominating Committee, Compensation Committee and Audit and Risk Management Committee each operates pursuant to a separate written charter adopted by the Board. Each committee reviews the charter at least annually. Copies of the charters are available through our Web site at www.bankatfirst.com under the Investor Information link, by clicking on Corporate Governance. The information contained on the website is not incorporated by reference or otherwise considered a part of this document.

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Code of Business Conduct and Ethics and Corporate Governance Guidelines

We have adopted a Code of Business Conduct and Ethics which applies to our chief executive officer, principal financial officer, principal accounting officer and to all other First Financial directors, officers and associates. We will disclose any substantive amendments to or waiver from provisions of the code made with respect to the chief executive officer, principal financial officer or principal accounting officer on our website.

We have also adopted Corporate Governance Principles, which are intended to provide guidelines for the governance of First Financial by the Board and its committees.

These documents are available through the Corporation s Web site at www.bankatfirst.com under the Investor Information link, by clicking on Corporate Governance. They also are available in print to any shareholder who requests them.

BOARD COMPENSATION

Set forth below is a breakdown of fees paid to non-employee directors for the year ended December 31, 2006. Each component is discussed in detail below.

Name	Fees Earned or Paid in Cash ($) (1) (2)	Stock Awards ($)(3)	All Other Compensation ($)(4)	Total ($)
J. Wickliffe Ach	$	$	$	$ 0
Donald M. Cisle, Sr.	38,100		4,164	42,264
Corinne R. Finnerty	42,850		1,257	44,107
Murph Knapke	40,850	20,000	5,731	66,581
Susan L. Knust	42,350		2,749	45,099
William J. Kramer	48,950	20,000	5,896	74,846
Bruce E. Leep	64,250		4,244	68,494
Richard E. Olszewski	43,850		4,280	48,130
Barry S. Porter	50,117	20,000	1,808	71,925
Steven C. Posey	31,250			31,250

(1) Includes retainers, board and committee attendance fees, and retainers for committee chairs for both First Financial Bancorp and First Financial Bank.

(2) Pursuant to the Corporation s Director Fee Stock Plan, directors may elect to have all or any part of

the annual retainer fee paid in the Corporation s common shares. See also Director Fee Plan. This column includes shares purchased under such plan as follows:

Name	Amount of Fees Used to Purchase Common Shares
J. Wickliffe Ach	$
Donald M. Cisle, Sr.	12,400
Corinne R. Finnerty	12,400
Murph Knapke	12,400
Susan L. Knust	9,375
William J. Kramer	12,400
Bruce E. Leep	9,250
Richard E. Olszewski	12,400
Barry S. Porter	12,400
Steven C. Posey	14,063

(3) Total value is computed utilizing the grant date market value for restricted stock awards. See Note 17 Stock Options and Awards of the Corporation s Annual Report on Form 10-K for additional information on SFAS No. 123R valuation methodology. Shares vest over a three-year period. See Director Stock Plan.

(4) Includes taxes imposed on directors fees by the City of Hamilton, Ohio (Messrs. Cisle, Finnerty, Knapke, Kramer, Leep and Olszewski), spouse travel for director retreat (excluding Messrs. Porter and Posey), and dividends paid on unvested restricted stock awards (Messrs. Knapke, Kramer and Porter).

Board/Committee Fees

Non-employee directors of the Corporation and First Financial Bank received (a) annual retainers of $10,000 and $10,000, respectively; and (b) $750 and $600 for each board and committee meeting attended, respectively. Committee chairs receive annual retainers of $2,000; however, the chair of the Audit and Risk Management

Committee receives a $4,000 annual retainer. These chair retainers are to recognize the extensive time that is devoted to committee matters including meetings with management, auditors, attorneys and consultants and preparing committee agendas. Director fees are paid on the last day of each quarter.

Director Stock Plan

In 2006, First Financial s shareholders approved the Amended and Restated Director Stock Plan. The plan provides that directors can receive options and/or restricted stock awards. Beginning in 2006, upon election or re-election to a three-year term, each non-employee director receives $60,000 in value of restricted stock which vest 1/3 each year after the first year following election or re-election. Prior to 2006, upon election or re-election to a three-year term, each non-employee director received stock options with an expected value of $60,000 at the time of grant. Grants are made on the date of the annual meeting based on the closing price of the Corporation s common shares that day.

Director Fee Plan

Each year directors are given the opportunity to have all or a portion of their board fees invested in the Corporation s common stock. Elections are made once a year. Shares are purchased by an independent broker dealer after the payment of the quarterly board fees.

Reimbursement

Directors are entitled to reimbursement of their reasonable travel expenses for attending Board of Director and Committee meetings. Claude Davis, who is also an employee of the Corporation did not receive any additional fees for serving on the Board of Directors and therefore has been omitted from the table. For a discussion of Mr. Davis compensation, see Executive Compensation.

Stock Ownership Guidelines

In January 2007, the Compensation Committee adopted stock compensation guidelines whereby directors are required to own Corporation stock equal to at least three times the director s annual retainer within three years of first becoming a director of the Corporation. The requirement in the First Financial Bank, N.A. Bylaws that a director own at least $1,000 of Bancorp stock upon election or appointment to the Board is still in place.

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PROPOSAL TO APPROVE AN AMENDMENT TO THE FIRST FINANCIAL BANCORP REGULATIONS TO ALLOW THE BOARD OF DIRECTORS TO AUTHORIZE THE CORPORATION TO ISSUE SHARES WITHOUT ISSUING PHYSICAL CERTIFICATES

(Item 2 on Proxy Card)

The Board of Directors has approved, subject to the approval of the Corporation s shareholders, an amendment to the Corporation s Regulations (the equivalent of bylaws under Ohio corporate law) that would allow the Board of Directors to authorize the Corporation to issue shares without issuing physical paper certificates to evidence those shares (uncertificated shares). The Board of Directors recommends that shareholders approve the amendment.

The full text of Article V of the Regulations reflecting this amendment is attached to this proxy statement as Exhibit A. The following description of the amendment is qualified in its entirety by reference to Exhibit A.

Current Regulations Requirements

Article V of the Corporation s Regulations currently requires the Corporation to issue physical certificates to each shareholder of record evidencing the shares owned by such shareholder. The current version of Article V was consistent with the requirements of Ohio law when drafted. However, in view of changes in Ohio law and developments in technology and recordkeeping processes, the Board of Directors believes that the current requirements of the Regulations are unduly restrictive and that the Corporation should have the flexibility to issue uncertificated shares.

Reason for and Effects of Proposed Amendment

Ohio law now permits us, subject to certain restrictions, to issue shares without issuing physical certificates to evidence those shares. Accordingly, the proposed amendment to Article V of our Regulations would permit us to issue such uncertificated shares to shareholders of record, while at the same time mandating that we must comply with all applicable legal requirements and the listing standards of the Nasdaq Stock Exchange with respect to issuing shares. In addition, although not required by law, the amendments to Article V further would require that, with the exception of shares held under certain employee benefit plans (as to which we may require that uncertificated shares be issued), no shareholder of record would be required to hold his or her shares in uncertificated form and that, upon request, each shareholder of record would have a right to have physical certificates issued to evidence his or her shares.

The approval of the proposed amendment to Article V of the Regulations will have no effect on the vast majority of our shareholders who hold their shares in the Corporation through a brokerage or other account in street name.

If approved by shareholders and implemented by us, an uncertificated share program would be administered by our transfer agent, currently Registrar & Transfer Company. Such programs are sometimes referred to as direct registration or book entry systems. Under such a program, the transfer agent would maintain an electronic record of the name of the applicable shareholder of record and the number of shares owned. The transfer agent would also maintain systems and controls designed to track accurately the ownership of uncertificated shares by shareholders of record and, when directed by the shareholder or the Corporation (in the case of transactions for the Corporation s own account and certain transaction under employee benefit plans), to provide for the transfer of such shares pursuant to those directions. Except as may otherwise be required by law, and subject to the terms of any applicable employee benefit plan, the rights and obligations of holders of uncertificated shares and holders of physical shares for a particular class and series of shares would be identical.

We currently intend only to use uncertificated shares to evidence the holdings of participants in certain of our employee benefit plans, such as the our restricted stock programs for directors, executive officers and certain employees. The ability to issue these shares in uncertificated form will ease the administrative burden associated with these plans and reduce the expenses that would otherwise be incurred by us as share certificates are issued, cancelled, transferred or replaced. Participants in the plans will have the same rights and obligations as if physical certificates had been issued for the restricted shares, subject to the provisions of the applicable benefit plan. We expect a substantial savings in costs and employee time as a result of this new procedure.

Although we do not currently anticipate issuing uncertificated shares to other shareholders of record, we will consider this issue from time to time. If we determine in the future that the cost savings, ease of administration, technical feasibility and shareholder acceptance of such a program justify the use of uncertificated shares for other shareholders of record, the Board of Directors may choose to implement such a program in the future. However, as noted above, even if an uncertificated share program were to be implemented in the future, the proposed amendment to Article V of the Regulations provides that no shareholder would be required to hold his or her shares in uncertificated form and that, upon request, each shareholder would have a right to have physical certificates issued to evidence his or her shares.

Vote Required For Approval

Under Ohio corporation law and the Corporation s Regulations, the affirmative vote of a majority of the outstanding Common Shares is required for approval of this proposal.

The Board of Directors recommends that shareholders vote FOR this proposal.

Effect of Management Vote on Proposal

The directors and executive officers of the Corporation beneficially own 1,623,480 common shares, or 4.11% of the outstanding voting power. The directors and executive officers have indicated a present intention to vote the common shares beneficially owned by them in favor of this proposal.

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EXECUTIVE COMPENSATION
COMPENSATION DISCUSSION AND ANALYSIS (CD&A)

Introduction

Discussed herein is the executive compensation philosophy that the Compensation Committee believes best supports our strategy. As such, the executive compensation program is intended to support the achievement of our business strategy while aligning executive s financial interests with those of shareholders.

Our core strategy is to:

Follow a People Led strategy. Our primary competitive advantage must be our people. Their knowledge and expertise in providing financial products and commitment to exceptional service quality will be what separates us from competitors.

Our goal is to be an Employer of Choice for high performance associates in our various communities.

Be a top quartile performer in both return and growth compared to our peers.

The following statement of philosophy is intended to serve as the foundation upon which our executive compensation program is structured and administered, and serve as a basis for guiding the continuing development and evolution of the program:

The executive compensation philosophy of First Financial is to provide compensation opportunities to associates that are both market based and reflect the value delivered by the individual to the organization. The objectives of the executive compensation programs are to recruit, retain and incent the best talent in our industry to provide top quartile performance to all of our stakeholders on a consistent basis over the long-term.

Philosophical Principles and Guidelines

Our executive compensation program seeks to:

support the creation of shareholder value along with the achievement of other key corporate goals and objectives

focus attention and appropriately balance both current priorities and our longer-term strategy

attract and retain top organizational contributors to ensure we have the caliber of executives needed to perform at the highest levels of the industry

provide a totally integrated program that is aligned with performance results in a cost effective manner

encourage teamwork and cooperation while recognizing individual contributions by linking variable compensation to Corporation and individual performance, based on position responsibilities and the ability to influence financial and organizational results

be designed and administered in a manner that achieves external competitiveness and internal equity

award compensation based on the performance of the individual and our company, and not as an entitlement based on position or tenure

demonstrate executives commitment to our corporation and shareholder value creation through executive stock ownership

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- be administered in an objective, consistent, fair, and fact-based manner
- avoid payouts if the Corporation or individual fails to meet minimum acceptable performance standards
- provide flexibility and some discretion in applying the compensation principles to appropriately reflect individual circumstances as well as changing business conditions and priorities

The total compensation mix attributable to the relative weighting of each element reflects the competitive market and our priorities

- As such, the mix of pay may be adjusted from time to time to best support our immediate and longer-term objectives
- As associates mov