

FIRST FINANCIAL BANCORP /OH/

Form PRE 14A

March 20, 2007

**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

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- 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)

- No fee required.
- 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:

5) Total fee paid:

- Fee paid previously with preliminary materials.
- 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:

2) Form, Schedule or Registration Statement No.:

3) Filing party:

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 (1) 300 High Street Hamilton, Ohio 45012-0476	5,754,207	14.72%
Cincinnati Financial Corporation (2) 6200 South Gilmore Road Cincinnati, Ohio 45214	2,556,230	6.54%
Japan Trust and Banking Company Limited (3) Barclays Global Investors Japan Limited Ebisu Pirme Square Tower 8 <sup>th</sup> Floor 1-1-39 Hirco Shibaya-Ku Tokyo 150-0012 Japan	1,978,832	5.06%

(1) These shares are held by the trust department of First Financial Bank, National Association ( First Financial Bank ) ( the Trustee ) in their 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) Cincinnati  
Financial  
Corporation  
reports that it  
has sole voting  
power for  
2,465,644  
shares, shared  
voting for  
90,586 shares,  
sole investment  
power for  
2,465,644  
shares and

shared  
investment  
power for  
90,586 shares.

- (3) Information  
based upon  
Schedules 13G  
filed on  
January 31,  
2007.

**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.

Name	Position	Amount and Nature of Beneficial Ownership		
		Common Shares	Stock Options	Total Common Shares
		Beneficially Owned	Exercisable within 60 Days of Record Date	Beneficially Owned (1)
		Excluding Options (1)		
J. Wickliffe Ach	Director	100		100
Donald M. Cisle, Sr.	Director	509,552 (2)	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 (3)	17,326	46,440
William J. Kramer	Director	8,187 (3)	8,663	16,850
Bruce E. Leep	Director	285,940	25,989	311,929
Susan L. Knust	Director	5,415 (4)	8,663	14,078
Richard E. Olszewski	Director	6,000	8,663	14,663
Barry S. Porter	Director	39,585 (3)	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
	SVP, CRO & Gen	5,721	2,849	8,570
Gregory A. Gehlmann	Counsel			
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 \_\_\_% of the Corporation's outstanding common shares. Fractional shares are rounded to the nearest whole number.

- (2) 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.
- (3) 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.

- (4) 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, 10 of whom are non-associate 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 successor banks. His position as a Class III Director will be filled by Mr. Ach, if elected at the annual meeting. 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
<b>Nominee Class III Directors    Terms Expiring in 2007:</b>		
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, 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
<b>Class I Directors    Terms Expiring in 2008:</b>		
Claude E. Davis 46	President and Chief Executive Officer of the Corporation since October 1, 2004; Director and Chairman of the Board of First	2004

Financial Bank, N.A., Hamilton, Ohio; former Director of  
Community First Bank & Trust, Celina, Ohio, and

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Name and Age (1)	Position with Corporation and/or Principal Occupation or Employment For the Last Five Years	Director Since
Steven C. Posey 56	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.	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
<b>Nominees Class II Directors Terms Expiring in 2009:</b>		
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.**

## 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.

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.

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 the sole shareholder and an officer of Corinne R. Finnerty, P.C. d/b/a McConnell & Finnerty, 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 subsidiaries paid McConnell & Finnerty \$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 \$74,220. 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 \$\_\_\_ 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, Sr. 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](http://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 Nominating Committee also establishes procedures for the director nomination process and recommends director nominees for Board approval. The Nominating 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 Nominating Committee held four meetings during the 2006 fiscal year.

### **Nominating Procedures**

It is the 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 Nominating Committee, a proposed nominee must, at a minimum, (i) own common shares of the Corporation having a fair market value of not less than \$1,000, 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 the 2007 Annual Meeting of Shareholders, the Nominating Committee will consider director nominees recommended by shareholders provided that notice of a proposed nomination is received by the Corporation no later than January 26, 2007, 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 Nominating 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 Nominating Committee evaluates nominees for director based upon criteria established by the Nominating 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 Nominating Committee include, among other things, the candidate's judgment, integrity, leadership ability, business experience, and ability to contribute to board member diversity. The Nominating 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 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 executive officers in light of the goals and objectives approved by the Compensation Committee and determining those executive officers' compensation based on that evaluation;

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 Compensation Committee also reviews and approves all benefit plans of the Corporation. 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), William J. Kramer, and Susan L. Knust. The Compensation Committee held five meetings during the fiscal year

**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 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](http://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.

#### **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 that 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](http://www.bankatfirst.com) under the Investor Information link, by clicking on Corporate Governance. They also are available in print to any shareholder who requests it.

### BOARD COMPENSATION

Set forth below is a breakdown of fees paid to non-associate 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	59,992	5,731	106,573
Susan L. Knust	42,350		2,749	45,099
William J. Kramer	48,950	59,992	5,896	114,838
Bruce E. Leep	64,250		4,244	68,494
Richard E. Olszewski	43,850		4,280	48,130
Barry S. Porter	50,117	59,992	1,808	110,917
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:

<b>Name</b>	<b>Amount of Fees Used to Purchase Common Shares</b>
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.**
- (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-associate 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-associate 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-associate director received 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 fair market value 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 associate of the Corporation did not receive any additional fees for serving on the Board of Directors and therefore has been omitted from the table. See \_\_\_\_\_

#### 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. This is in addition to the requirement in the First Financial Bank, N.A. Bylaws that a director own \$1,000 of Bancorp stock upon election or appointment to the Board.

### **PROPOSAL TO APPROVE AN AMENDMENT TO THE FIRST FINANCIAL BANCORP REGULATIONS TO ALLOW THE BOARD OF DIRECTORS TO AUTHORIZE THE CORPORATION TO ISSUE SHARE 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 associate 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 our 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 associate 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 associate 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 the our associate benefit plans, such as the our restricted stock programs for directors, executive officers and certain associates. 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 associate 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 own beneficially own \_\_\_\_\_ common shares, or \_\_\_% 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.

## **EXECUTIVE COMPENSATION COMPENSATION DISCUSSION AND ANALYSIS (CD&A)**

### Introduction

Below 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 the 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 to associates that is both market based and based on 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 is not an entitlement based on position or tenure

demonstrate executives' commitment to the company and shareholder value creation through executive stock ownership

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 (except with Compensation Committee/Board approval)

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

Generally, as associates move to higher levels of responsibility with greater ability to influence our results, the percentage of pay at risk may increase

#### Process

Throughout the year, the Compensation Committee meets with the Chief Executive Officer and other executive officers to solicit and obtain recommendations with respect to the Corporation's compensation programs and practices; however, the Committee makes the final determinations with respect to all forms of compensation for executive officers of the Corporation, and no executive officer is part of the final deliberations and decisions impacting any such officers. In reaching its decisions, the Committee engages the services of an independent outside consultant with nationally recognized experience and credentials in public company compensation matters. During 2006, the services of Watson Wyatt were utilized.

#### Components of Compensation

To achieve the above principles, the primary compensation program includes the following elements:

base salary;  
performance-based incentive compensation;  
long-term equity incentive compensation;  
retirement and other benefits;  
and perquisites and other personal benefits.

#### Base Salary

- § provide a level of financial security that is appropriate for the executive's position within our company
- § are a function of the competitive labor market for specific positions in the organization and recognize the relative value an individual's work brings to the Corporation, in addition to how well the executive is executing the position's responsibilities
- § are generally targeted at the 50<sup>th</sup> percentile of the relevant labor market with an appropriate range to recognize experience, performance and contributions, and other relevant circumstances

§ are reviewed at least annually and adjusted, as appropriate, to reflect changes in the labor market in addition to factors such as individual performance, range of responsibilities, value, experience and contribution to the organization

Non-Equity Incentive Awards – Performance Based

- § Annual incentives serve as a key mechanism of adjusting pay levels to reflect company wide short-term performance, thereby ensuring affordability and a competitive return to shareholders
- § Variable incentive pay must be earned annually which downplays entitlement and emphasizes pay for performance
- § Annual incentives will reward executives for annual financial performance and achievement of established corporate objectives
- § Annual non-equity incentives are made by the Committee at a meeting in April of each year
- § In April 2006, the Compensation Committee approved the Short-Term Incentive Plan. All of the Corporation's associates, including the Corporation's Named Executive Officers, participate in the plan. The Short-Term Incentive Plan went in effect beginning with fiscal 2006. Under the plan, a target percentage is established for each participant at the beginning of each fiscal year, based upon median competitive award levels for short-term incentive compensation within the financial services industry. The target percentage, after being adjusted for performance as described below, is applied to actual base salary paid for the fiscal year.

For the 2006 Short-Term Incentive Plan, two performance measures, return on equity ( ROE ) and growth in earnings per share ( EPS ), were used to determine the actual awards under the plan. In April 2006, the Compensation Committee established threshold, target and maximum ROE levels based upon the performance of banks of a comparable asset size. In addition, the Compensation Committee established threshold, target and maximum EPS growth levels based upon reasonable growth expectations for the Corporation. At the end fiscal 2006, the amount of the target percentage was multiplied by a factor ranging from zero times the target percentage (for performance at or below the threshold ROE) up to two times the target percentage (for performance at or above the maximum ROE). After adjusting the target percentage based upon ROE performance (the Adjusted Percentage ), the amount of the Adjusted Percentage was further modified based upon EPS growth. The EPS modifier will range from a 20% reduction to the Adjusted Percentage (for performance at or below the threshold EPS growth rate) to a 20% increase to the Adjusted Percentage (for performance at or above the maximum EPS growth rate). After applying the EPS modifier to the Adjusted Percentage, the resulting percentage was applied to actual base salary paid for the fiscal year to determine the actual award.

The 2006 short-term incentive target percentages for Messrs. Davis, Lefferson, Hall, Immelt, Munafo and Gehlmann were 50%, 40%, 35%, 35%, 35% and 30%, respectively. However, based on the Corporation's performance in 2006, the Chief Executive and the Named Executive Officers did not receive any incentive bonus in 2006.

Long-Term and Stock Based-Incentives

- § serve as a means of attracting, retaining and rewarding executives who are in a position to most directly influence the longer-term success of the Corporation

- § balance short-term decision making with a long-term perspective, thereby encouraging decisions that have a positive impact on long-term shareholder value creation and our company as a whole
- § support our capital structure and strategy taking into consideration both Corporation and executive perspectives, and provide a source of executive capital accumulation commensurate with value created for shareholders
- § are generally targeted to approximate the median competitive market practices, taking into consideration internal equity and the organizational structure
- § as earned are a function of long-term financial and operational results relative to company objectives and industry performance
- § may be in cash, equity or some combination to address Corporation objectives and executive stock ownership
- § All equity awards are made at or above the market price at the time of grant
- § Equity grants typically consist of \_\_\_\_\_% stock options and \_\_\_\_\_% restricted stock grants
- § Annual awards of equity compensation are made at a Committee meeting in April of each year
- § Newly hired executives receive their equity awards on the last business day of the quarter in which they are hired and such awards are priced at market value on that date
- § The 1999 Stock Incentive Plan provides for incentive compensation to our executive officers that is tied to the enhancement of shareholder value. Under the 1999 Stock Incentive Plan, the Compensation Committee determined and approved in April 2006 stock option grants and restricted stock awards for the Named Executive Officers. The option exercise price and the value of restricted shares are determined based on the fair market value of the stock at the close of business on the date of grants. The Compensation Committee determined the amount of the stock option grants and restricted stock awards based on its subjective evaluation of the officers' performance, taking into consideration the Corporation's profitability and overall 2005 financial performance, and on a review of stock option grants and restricted stock awards made in prior years. Restricted shares are subject to performance triggers and beginning in 2006, options vest over a four-year period. These awards are discussed elsewhere in this Proxy Statement in the Summary Compensation Table and under Grants of Plan-Based Awards.

Non Performance Based Benefits

- § The benefits program, in total, will attempt to meet the essential needs of executives in a manner which is market competitive and cost-effective for both the executive and the Corporation
- § The benefits will serve to protect executives and their families against financial risks associated with illness, disability and death and will provide financial security during retirement through a combination of personal savings and Corporation contributions, taking advantage of tax-deferral opportunities where permitted
- § The Named Executive Officers receive certain fringe benefits, such as participation in group medical and life insurance programs and a percentage match by the Corporation under the 401(k) plan, which are generally available to all of our associates on a non-discriminatory basis. In addition, the Named

Executive Officers are reimbursed for business-related expenses they incur (including certain club dues and expenses), receive a monthly car allowance, and are entitled to up to \$2,000 reimbursement for tax/investment advice. Furthermore, relocation benefits are available for qualifying executives. Management believes that the costs of reimbursement of such expenses and providing such automobiles previously constituted ordinary and necessary business expenses that facilitate job performance and minimize work-related expenses incurred by the Named Executive Officers.

§ Also in December 2006, the Compensation Committee reviewed the accrued benefits and potential lump sum payouts to current participants in the supplemental retirement plan. The Named Executive Officers who currently participate in the supplemental retirement plan are Messrs. Davis, Lefferson, Immelt and Munafò.

#### External Benchmarks

In evaluating the levels of compensation, the Compensation Committee also utilizes the services of Watson Wyatt, an independent compensation consulting firm. The committee will also consider:

The primary labor market peer group against which executive compensation and performance is benchmarked will generally be comprised of companies with a financial services/banking industry focus and of a similar size to ensure market competitiveness

Companies representative of the broader general industry population may provide appropriate compensation benchmarks for certain positions that are not specific to the financial services/banking industry

Pay opportunities will be established based on median market practices. Actual compensation earned should reflect overall performance of the Corporation so that in years of strong performance, executives may earn higher levels of compensation as compared to executives in similar positions of responsibility at comparator companies.

Conversely, in years of below average performance, executives may be paid below average compensation

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

Generally, as associates move to higher levels of responsibility with greater ability to influence our results, the percentage of pay at risk may increase

#### **Employment Agreements**

The Corporation has employment agreements with each of the Named Executive Officers currently employed by the Corporation as described below.

#### Employment Agreement with Mr. Davis

In 2004, the Corporation entered into an agreement with Mr. Davis. The agreement was amended and restated on August 24, 2006 (the Agreement ). The initial term of the Agreement was for one year from the commencement of Mr. Davis's employment on October 1, 2004 (the Commencement Date ). The Agreement

automatically renews for successive one-year periods after the initial term, unless and until terminated in accordance with the terms of the Agreement. The Agreement provides that Mr. Davis will receive an annual salary, incentive awards, and associate benefits as determined from time-to-time by the Board.

Termination. Mr. Davis's employment with the Corporation:

Will terminate automatically upon his death;

May be terminated either by the Corporation or Mr. Davis at the end of the agreement's initial term or any renewal term upon 90 days prior written notice from either of them to the other;

May be terminated by Mr. Davis at any time for Good Reason, meaning the occurrence, without Mr. Davis's consent, of a significant reduction in his base salary or his authority or responsibilities as set forth in the Agreement;

May be terminated by the Corporation immediately upon notice to Mr. Davis at any time for Cause, as defined in the Agreement;

May be terminated by the Corporation immediately upon notice to Mr. Davis at any time if he is then under a Long-Term Disability, as defined in the Agreement; or

May be terminated by the Corporation immediately upon notice to Mr. Davis at any time for Cause (as defined in the Agreement).

Severance. If Mr. Davis's employment is terminated as follows:

By the Corporation, without Cause (as defined in the Agreement), by providing 90 days written notice prior to the end of the Agreement's initial term or any renewal term;

By the Corporation, without Cause, immediately upon notice to Mr. Davis at any time, if he is then under a Long-Term Disability, as defined in the Agreement; or

By Mr. Davis at any time for Good Reason, as defined in the Agreement; and

Mr. Davis has provided the Corporation with a separate, written release and covenant not to sue; then Mr. Davis will be entitled to receive both termination compensation equal to:

\* compensation equal to 24 months of his Base Salary;

\* a termination bonus equal to twice the target payment under the Corporation's Short Term Bonus Plan for the calendar year in which the termination occurred;

\* any additional bonuses not yet paid under the Agreement, and

\* if the termination occurs within 12 months of a Change in Control, Mr. Davis will receive a payment equal to the present value of the death benefit he would have received under the Employee Split Dollar Agreement assigned to Mr. Davis determined as if Mr. Davis died at age 75.

The Termination Compensation will be paid over a two-year Severance Period

Following any termination, should Mr. Davis elect COBRA coverage, the Corporation shall pay the premiums for the first 12 months of such coverage. Mr. Davis shall also be entitled to executive outplacement assistance with an agency selected by the Corporation in an amount not to exceed 5% of Mr. Davis's Base Salary.

In the event the receipt of any payment under the Agreement, in combination with any other payments to Mr. Davis from the Corporation, will result in the payment by Mr. Davis of any excise tax under Section 280G and Section 4999 of the Internal Revenue Code, the Corporation will pay to Mr. Davis an additional amount equal to the amount of such excise tax and the additional federal, state and local income taxes for which Mr. Davis will be liable as a result of this additional payment.



Employment Agreements with Named Executive Officers Other than Mr. Davis

The Corporation is party to employment agreements with each of the Named Executive Officers other than Mr. Davis (each referred to as an Officer ). Each agreement is for a term of **three or five** years. Unless and until terminated in accordance with the terms of the agreement, each agreement renews annually from and after the fifth anniversary of its commencement date unless the Corporation or the Officer gives six months prior notice of termination.

The agreements can be terminated upon the Officer s death or disability; at the end of the initial term or any renewal term if not renewed upon six month s prior written notice; for Cause, as defined in the agreements; or for Good Reason, meaning:

a change in the duties of the Officer s position or the transfer to a new position in violation of the terms of the agreement;

a substantial alteration in the nature or status of the Officer s responsibilities in violation of the agreement;

a reduction in the Officer s base salary;

refusal by the Corporation or its successor to renew the term of the agreement for any reason prior to the Officer reaching his or her normal retirement date under the Corporation s retirement plan; or

changes in the Officer s employment benefits in violation of the terms of the agreement.

Except as otherwise provided in the agreements, if the Officer is terminated for any reason other than Cause, and the Officer has provided the Corporation with a separate, written release and covenant not to sue in accordance with the agreement and does not revoke such release and covenant, then the Officer will be entitled to receive the following:

The Officer s base salary will be continued for a period of 24 months from the date of termination of employment (such period being called the Severance Pay Period ).

During the Severance Pay Period, those associate benefit plans, policies, and practices that generally apply to similarly situated members of the executive management group will be continued, except that during the Severance Pay Period the Officer will not accumulate vacation pay, first qualify for long term disability benefits or sickness or accident benefits, be eligible to make or receive contributions under a defined contribution qualified retirement plan, be eligible to accumulate service for pension plan purposes, or retain any personal property such as a motor vehicle or computer provided by the Corporation.

If, prior to the Officer s date of termination, the Officer has participated in the Corporation s PIC Plan for a complete calendar year, the Officer will receive a payment in one lump-sum in an amount equal to two times the percentage of the incentive payment made or required to be made for the calendar year pursuant to the PIC Plan immediately preceding the calendar year in which the Officer s date of termination occurs. In 2005, the Compensation Committee replaced the PIC with the Short-Term Incentive Plan.

Notwithstanding the above, if the employment of an Officer is terminated as follows:

By the Corporation, with Cause, the Officer will receive a payment in one lump-sum in an amount equal to two times the percentage of the incentive payment made or required to be made for the calendar year pursuant to the PIC Plan immediately preceding the calendar year in which the Officer's date of termination occurs.

If the Officer's date of termination of employment is within 12 months after a change in control (as defined in the agreements), the Officer will receive a payment equal to: (A) with respect to shares subject to an option granted as of the time of the change in control under the Corporation's 1991 Stock Incentive Plan that the Officer cannot exercise due to the termination of employment, the difference between the fair market value of such common shares determined as of the date of termination of employment and the option exercise price, and (B) with respect to any restricted stock granted under the Corporation's 1991 Stock Incentive Plan as of the time of the change in control which the Officer forfeits as a result of the termination of employment, the fair market value of such restricted shares determined as of the date of termination of employment and as if all restrictions had been removed.

If the receipt of any payments described above to the Officers (other than Messrs. Munafo and Gehlmann), in combination with any other payments to them, shall, in the opinion of independent tax counsel selected by the Corporation, result in liability for the payment by the Officer of any excise tax pursuant to Sections 280G and 4999 of the Internal Revenue Code (the Code), the Corporation will pay to the Officer within 60 days of the date his or her employment terminates an additional amount equal to the amount of such excise tax and the additional federal, state, and local income taxes for which he or she will be liable as the result of this additional payment.

#### Confidentiality and Non-Competition

The Named Executive Officers, including Mr. Davis, are prohibited, at all times, from disclosing any confidential information, as defined in the agreements, except as required by law, and must return all confidential information to the Corporation upon termination of their employment. During the term of each Named Executive Officer's employment and for a period of six months following termination of the officer's employment for any reason other than by the Corporation for Cause (as defined in the agreements), the Named Executive Officer has agreed not to be employed by, serve as an officer or director of, consultant to, or advisor to any business that engages either directly or indirectly in commercial banking, savings banking, or mortgage lending in the geographic area of Ohio, Indiana, Michigan, or Kentucky, or which is reasonably likely to engage in such businesses in the same geographic area.

#### **Severance Agreements**

The Corporation entered into a Severance Agreement with Mr. Immelt on \_\_\_\_\_, 2006 pursuant to which he will receive certain payments in accordance with his previous employment agreement with the Corporation. Mr. Immelt was an executive officer during part of fiscal 2006.

#### Tax and Accounting Implications

*Deductibility of Executive Compensation.* Section 162(m) of the Internal Revenue Code generally disallows a corporate tax deduction for annual compensation paid to executive officers to the extent that it exceeds \$1,000,000. It is the policy of the Compensation Committee that compensation to executive officers should, in general, be structured to qualify for deductibility under Section 162(m). For those exceptional circumstances where executive compensation may exceed the deductible amount, the Corporation has adopted a deferred compensation plan which provides for the mandatory deferral of such excess compensation.

*Nonqualified Deferred Compensation.* On October 22, 2004, the American Jobs Creation Act of 2004 was signed into law, changing the tax rules applicable to nonqualified deferred compensation arrangements. While the final regulations have not become effective yet, the Corporation believes it is operating in good faith compliance

with the statutory provisions which were effective January 1, 2005. A more detailed discussion of the Corporation's nonqualified deferred compensation arrangements is provided under the heading \_\_\_\_\_.

*Accounting for Stock-Based Compensation.* Beginning on January 1, 2006, the Corporation began accounting for stock-based payments in accordance with the requirements of FASB Statement 123(R).

*Incentive Stock Options.* Federal income tax rules impose limits to the favorable tax treatment for incentive options. The limit is that no employee may hold incentive options that become exercisable in a single calendar year whose total value exceeds \$100,000. If this limit is exceeded, the excess above \$100,000 becomes a non-qualified stock option and does not receive the favorable tax treatment described above. In the event options granted to the Named Executive Officers exceed the \$100,000 limit and to that extent automatically become non-qualified options.

Other Information

The Corporation currently does not have any stock ownership guidelines for executive officers.

Summary

We believe our approach to executive compensation is a critical element to the successful attraction and retention of the right talent to effectively implement our strategic plan. We can apply multiple approaches and tactics but the key principles of market based compensation, adjusted for the value created by the individual and organizational performance should be the cornerstones of our philosophy.

**SUMMARY COMPENSATION TABLE**

The following Summary Compensation Table sets forth the compensation of Corporation's Chief Executive Officer and its four other most highly compensated executive officers. All of the executive officers named in the Summary Compensation Table are referred to hereafter as the Named Executive Officers.

Name and Principal Position	Year	Salary \$(1)	Bonus \$(2)	Stock Awards \$(3)	Option Awards \$(4)	Non-Equity Plan Compensation \$(5)	Change in Pension Value and Nonqualified Deferred	All Other Compensation \$(7)	Total \$(8)
							Compensation Earnings \$(6)		
Claude E. Davis President & CEO	2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
C. Douglas Lefferson EVP and Chief Operating Officer	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
J. Franklin Hall SVP and Chief Financial Officer	2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Mark W. Immelt EVP, Wealth Resource Group	2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Samuel J. Munafo EVP, Banking	2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Gregory A. Gehlmann SVP, Chief Risk Officer and General Counsel	2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

(1) The dollar value of base salary (cash and non-cash) earned during the fiscal year.

(2) The dollar value of bonus (cash and non-cash)

earned during  
the fiscal year.  
See also

\_\_\_\_\_ .

- (3) The aggregate grant date fair value of stock awards computed in accordance with FAS 123(R). In addition to vesting over a four year period, restricted stock awards do not vest unless the Corporation meets certain performance targets. During 2005, the Corporation did not reach such targets and therefore one-fourth of such awards will not vest in 2007. With respect to Mr. Davis, also includes the vesting of 25% of a restricted stock award of 30,000 shares (8,750 shares at \$15.91 per share) in connection with the Corporation hiring Mr. Davis in October 2004. See also

\_\_\_\_\_ .

(4) The aggregate grant date fair value of option awards computed in accordance with FAS 123(R). Options vest over a four-year period. See also \_\_\_\_\_ .

(5) The dollar value of all earnings for services performed during the fiscal year pursuant to awards under non-equity incentive plans and all earnings on any outstanding awards. No payouts were made under the short-term incentive plan. See \_\_\_\_\_ .

(6) The aggregate change in the actuarial present value of accumulated benefits under all defined benefit and actuarial pension plans from the plan measurement date used for financial statement reporting purposes with respect to the prior completed fiscal year to the plan measurement date used for financial statement reporting purposes with respect to the covered fiscal year.

(7) All other compensation for the year that could not

properly be reported in any other column. Other column includes tax/investment advice and spouse travel to director/management retreat and/awards ceremony, of which none exceeded \$10,000. Included with Mr. Immelt is accrued severance pay of \$\_\_\_\_\_ that will be paid to Mr. Immelt pursuant to the terms of his employment agreement.

Name	Automobile Allowance	Company Match Under 401(k) Plan	Split Dollar Insurance Premiums	Country Club Dues	Other	Dividends on
						Unvested Restricted Stock
Mr. Davis	XXX	XXX	XXX	XXX	XXX	\$27,488
Mr. Lefferson	XXX	XXX	XXX	XXX	XXX	8,751
Mr. Hall	XXX	XXX	XXX	XXX	XXX	5,547
Mr. Immelt	XXX	XXX	XXX	XXX	XXX	7,547
Mr. Munafu	XXX	XXX	XXX	XXX	XXX	6,399
Mr. Gehlmann	XXX	XXX	XXX	XXX	XXX	2,368

**GRANTS OF PLAN-BASED AWARDS**

The following table shows all individual grants of stock awards to the Named Executive Officers of the Corporation during the fiscal year ended December 31, 2006. Total value is computed utilizing the grant date market value for restricted stock awards and the grant date fair value in accordance with SFAS No. 123R on stock option awards.

**Estimated Future Payouts  
Under Equity Incentive Plans**

<b>Name</b>	<b>Grant Date</b>	<b>Estimated Future Payouts Under Non-Equity Incentive Plans</b>	<b>Threshold</b>	<b>Target</b>	<b>Maximum</b>	<b>All Other Stock Awards: Number of Shares of Stock or Units (#)</b>	<b>All Other Awards: Number of Securities Underlying Options (#)</b>	<b>Exercise Or Base Price of Option Awards</b>	<b>Grant Date Fair Value of Stock and Option Awards(1)</b>
Claude Davis	4/24/06	NONE				17,300	103,900	\$ 16.02	\$ 277,146 \$ 316,895
C. Douglas Lefferson	4/24/06	NONE				4,200	25,500	\$ 16.02	\$ 46,458 \$ 77,775
J. Franklin Hall	4/24/06	NONE				2,900	17,300	\$ 16.02	\$ 67,284 \$ 52,765
Sam Munafo	4/24/06	NONE				3,000	17,700	\$ 16.02	\$ 48,060 \$ 53,985
Mark Immelt		NONE							
Greg Gehlmann	4/24/06	NONE				2,800	16,500	\$ 16.02	\$ 44,856 \$ 50,325

(1) The grant date fair value of each stock option, calculated using the Black-Scholes option pricing model is \$3.05.

(2) All options are granted at 100% of fair market

value on the date of grant. The options are exercisable during a period commencing one year after the date of grant and ending on the date specified in the option which, in no event, is later than 10 years after the date of grant, provided that the optionee remained in the employment of the Corporation or its affiliates. The option exercise period may be shortened upon an optionee's disability, retirement or death. Shares acquired upon option exercise must be held one year from the date of exercise.

**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END**

The following table represents stock options and restricted stock awards outstanding for each NEO as of December 31, 2006. All stock options and restricted awards have been adjusted for stock dividends and stock splits.

Name	Options Awards					Stock Awards				
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options (#) (1)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercisable Options (#)	Exercise Price (\$)	Option Expiration Date	Market Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
Claude Davis	XXX	XXX	XXX	\$XXX	XXX	XXX	XXX	XXX(2)	XXX(2)	\$XXX(2)
C. Douglas Lefferson	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
J. Franklin Hall	XXX	XXX	XXX	\$XXX	XXX	XXX	\$XXX	XXX	XXX	XXX
Samuel J. Munafo	XXX	XXX	XXX	XXX	XXX	XXX	\$XXX	XXX	XXX	XXX
Mark Immelt	XXX	XXX	XXX	XXX	XXX	XXX	\$XXX	XXX	XXX	XXX
Gregory Gehlmann	XXX	XXX	XXX	XXX	XXX	XXX	\$XXX	XXX	XXX	XXX

(1) All options listed below vest at a rate of 25% per year over the first four years of the ten-year option term.



**OPTION EXERCISES AND STOCK VESTED**

The following table shows the stock options exercised and restricted stock that vested by NEOs in 2006 and the value realized upon exercise.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Claude E. Davis			8,750	139,213
C. Douglas Lefferson	1,537	27,466	6,236	108,766
J. Franklin Hall			3,351	58,399
Mark W. Immelt				
Samuel J. Munafo	3,074	54,133	3,721	65,005
Gregory A. Gehlmann				

- (1) Aggregate market value on the exercise date of shares covered by the option less the aggregate price paid by the Named Executive Officer.
- (2) The value realized on vesting of restricted stock awards represents the aggregate dollar amount realized upon vesting by multiplying the number of shares of stock by the market value of the underlying shares as of the prior day's close.

The Corporation has no long-term incentive plans relating to future compensation of the Named Executive Officers other than the 1991 Stock Incentive Plan and the 1999 Stock Incentive Plan. No additional awards can be granted under the 1991 Stock Incentive Plan.

**PENSION BENEFITS**

The Corporation has a thrift plan, a retirement plan, a supplemental retirement plan and a deferred compensation plan. It also maintains Split Dollar Agreements covering the Named Executive Officers and certain other management associates. The retirement plan and the thrift plan cover the majority of the associates of the Corporation and its subsidiaries, including the officers of the Corporation. All associates who are 21 years of age and have had one year of service are covered by the retirement plan. Effective in September 2005, the one-year service requirement was removed for most associates. **Among the Named Executive Officers, the supplemental retirement plan covers Messrs. Davis, Lefferson, Immelt and Munafo.** The deferred compensation plan is a nonqualified deferred compensation plan in which only executive officers of the Corporation are eligible to participate. Participants may elect to defer up to 50% of their base salary and 100% of their bonus or incentive pay for any year.

**Thrift Plan.** The thrift plan covers associates who have been credited with at least one year of service and reached age 21. Participation is voluntary and participants may contribute up to 50% of their base salary (unless limited by law or regulation) to the plan. The Corporation's subsidiaries' matching contributions are 50% of each participant's contribution, limited to 3% of base salary of each participant, and become fully vested when made. Effective January 1, 2006, Corporation contributions are fully vested after one year for new associates entering the plan after that date.

**Pension Plan and SERP.** The following table shows each pension plan that the NEO participates in, the number of years of credited service and the present value of accumulated benefits.

**PENSION BENEFITS**

Name	Plan Name	Number of Years of Credited Service	Present Value of Accumulated Benefit	Payments During Last Fiscal Year
		(#)(1)	(\$)(2)	(\$)
Claude E. Davis	Employees Pension Plan	2	XXX	\$ 0
	SERP	2	XXX	\$ 0
C. Douglas Lefferson	Employees Pension Plan	21	XXX	\$ 0
	SERP	21	XXX	\$ 0
C. Franklin Hall	Employees Pension Plan	8	XXX	\$ 0
	SERP	8	XXX	\$ 0
Mark W. Immelt	Employees Pension Plan	10	XXX	\$ 0
	SERP	10	XXX	\$ 0
Samuel J. Munafo	Employees Pension Plan	35	XXX	\$ 0
	SERP	35	XXX	\$ 0
Gregory A. Gehlmann	Employees Pension Plan	2	XXX	\$ 0
	SERP	2	XXX	\$ 0

(1) The number of years of service credited to the named executive officers under the plan, computed as of the same pension plan measurement date used for financial statement

reporting  
purposes with  
respect to the  
registrant s  
audited financial  
statements for  
the last  
completed fiscal  
year.

- (2) The actuarial  
present value of  
the named  
executive  
officer s  
accumulated  
benefit under  
the plan,  
computed as of  
the same  
pension plan  
measurement  
date used for  
financial  
statement  
reporting  
purposes with  
respect to the  
registrant s  
audited financial  
statements for  
the last  
completed fiscal  
year.

**Split Dollar Life Insurance.** The Split Dollar Agreement is an endorsement method split dollar arrangement which applies to a life insurance policy owned by the Corporation which, upon a Named Executive Officer s death, first pays the Corporation the premiums which the Corporation paid for the policy, and then pays the Named Executive Officer s beneficiary a death benefit equal to three times the executive s base salary in effect at his or her death. If the Named Executive Officer terminated employment before death and, when employment terminated, he or she was eligible to receive an immediate retirement benefit under the early retirement provisions of the Corporation s retirement plan and had been employed for at least five years, the Corporation keeps the policy in force until the executive s death and the death benefit is equal to three times the executive s base salary at the time of his or her termination of employment. In either case, any amounts payable under the policy after the payment to the Named Executive Officer s beneficiary are paid to the Corporation.

**NONQUALIFIED DEFINED CONTRIBUTION AND OTHER DEFERRED COMPENSATION PLANS**

<b>Name</b>	<b>Executive Contributions in Last FY (\$)</b>	<b>Registrant Contributions in Last FY (\$)</b>	<b>Aggregate Earnings in Last FY (\$)</b>	<b>Aggregate Withdrawals/ Distributions (\$)</b>	<b>Aggregate Balance at Last FYE (\$)</b>
Claude E. Davis	33,000	0	2,728	0	73,599

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**OTHER POTENTIAL POST-EMPLOYEMENT PAYMENTS**

The following table sets forth the severance amounts that each of Messrs. Davis, Lefferson, Hall, Munafo and Gehlmann would be entitled to receive if their employment relationship with the Corporation had been terminated as described above on December 31, 2006. The following table is for illustrative purposes only:

**Severance Benefits Table**

	<b>Job</b>					<b>Vesting of Option and other Equity Awards</b>	<b>Total</b>
<b>Executive</b>	<b>Base Pay</b>	<b>Annual Bonus</b>	<b>Placement Fees</b>	<b>Welfare Benefits</b>	<b>Company Perquisites</b>		
Claude E. Davis	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx
C. Douglas Lefferson	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx
J. Franklin Hall	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx
Samuel J. Munafo	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx
Gregory A. Gehlmann	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx	\$xxx

**REPORT OF THE COMPENSATION COMMITTEE**

The Compensation Committee ( Committee ) of the Corporation has reviewed and discussed with the Company s management the Compensation Discussion and Analysis that is required by Securities and Exchange Commission Rules to be included in this Proxy Statement.

Based on that review and those discussions, the Committee has recommended to the Corporation s Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

Barry S. Porter, Chair

Susan L. Knust

William J. Kramer

**REPORT OF THE AUDIT AND RISK MANAGEMENT COMMITTEE**

In accordance with its written charter, the Audit and Risk Management Committee oversees the Corporation s financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process including the systems of internal controls. The Corporation s independent registered public accounting firm, Ernst & Young LLP ( Ernst & Young ), is responsible for expressing an opinion on the conformity of the Corporation s audited financial statements to generally accepted accounting principles.

In fulfilling its oversight responsibilities, the Committee reviewed the audited financial statements in the Annual Report with management including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements. The Committee discussed with Ernst & Young those matters required to be discussed by SAS 61 (Codification of Statements on Auditing Standards, AU 380). In addition, the Committee received from Ernst & Young the written disclosures and the letter required by Independence Standards Board Standard No. 1 and discussed with them their independence.

The Committee discussed with the Corporation's internal auditors and Ernst & Young the overall scope and plans for their respective audits. The Committee met with the internal auditors and with Ernst & Young, with and without management present, to discuss the results of their examinations, their evaluations of the Corporation's internal controls, and the overall quality of the Corporation's financial reporting.

In reliance on the reviews and discussions referred to above, the Committee recommended to the Board of Directors, and the Board has approved, that the audited financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2006, for filing with the SEC. The Committee has approved the selection of Ernst & Young as the Corporation's independent registered public accounting firm for 2006.

Audit and Risk Management Committee

William J. Kramer, Chair  
Barry S. Porter

Richard E. Olszewski  
Steven C. Posey

**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM, FEES  
AND ENGAGEMENT**

Ernst & Young has been selected as the independent registered public accounting firm to audit the financial statements of the Corporation for the current fiscal year. Management expects that representatives of that firm will be present at the Annual Meeting, will have the opportunity to make a statement, if they desire to do so, and will be available to respond to appropriate questions.

The following table sets forth the aggregate fees billed to the Corporation and related entities for the last two fiscal years by the Corporation's independent registered public accounting firm.

<b>Fees by Category</b>	<b>2006</b>	<b>2005</b>
Audit Fees	\$ 661,000	\$ 683,000
Audit-Related Fees (1)	33,000	27,500
Tax Fees (2)		203,221
All Other Fees (3)	61,550	56,000
Total	\$ 755,550	\$ 969,721

(1) Services covered by these fees consist of associate benefit plan audits.

(2) Services covered by these fees consist of professional tax services, including preparation of the federal income tax returns for the

Corporation and its subsidiaries.

- (3) Services covered by these fees consist of audit and tax compliance work billed to the Legacy Funds Group of mutual funds for which the Corporation's subsidiary, First Financial Capital Advisors LLC, serves as investment advisor.

It is the policy of the Audit and Risk Management Committee that, before the Corporation engages an accounting firm to render audit services as the Corporation's independent registered public accounting firm, the engagement must be approved by the Audit and Risk Management Committee. In addition, before an accounting firm serving as the Corporation's independent registered public accounting firm is engaged by the Corporation to render non-audit services, the engagement must be approved by the Audit and Risk Management Committee.

**COMPENSATION COMMITTEE INTERLOCKS AND  
INSIDER PARTICIPATION**

Except for Mr. Kramer, all members of the Compensation Committee, or their affiliates, have engaged in loan transactions with First Financial Bank. All such loans were made in the ordinary course of business of the bank. No other relationships required to be reported under the rules promulgated by the Securities and Exchange Commission exist with respect to members of the Corporation's Compensation Committee.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934 requires the Corporation's officers, directors and persons who own more than 10 percent of a registered class of the Corporation's equity securities to file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the SEC. Officers, directors and greater than 10 percent shareholders are required by SEC regulation to furnish the Corporation with copies of all Forms 3, 4 and 5 they file.

Based solely on the Corporation's review of the copies of such forms that it has received and written representations from certain reporting persons that they were not required to file a Form 5 for the specified fiscal year, the Corporation believes that all of its officers, directors and greater than 10 percent shareholders complied with all filing requirements applicable to them with respect to transactions during fiscal 2005.

**SHAREHOLDER PROPOSALS**

If an eligible shareholder wishes to present a proposal to be included in the Corporation's Proxy Statement and form of Proxy relating to the 2007 Annual Meeting of Shareholders, it must be presented to management by certified mail, written receipt requested, not later than November 22, 2006. Any such proposal must comply with Rule 14a-8 promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended. Any shareholder who intends to propose any other matter to be acted upon at the 2007 Annual Meeting of Shareholders must inform the Corporation no later than February 8, 2007. If notice is not provided by that date, the person(s) named in the Corporation's Proxy for the 2007 Annual Meeting will be allowed to exercise his or her discretionary authority to vote upon any such proposal without the matter having been discussed in the Proxy Statement for the 2007 Annual Meeting. Proposals 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.

**ANNUAL REPORT**

The Corporation's financial statements are not included in this Proxy Statement as they are not deemed material to the exercise of prudent judgment by the shareholders with respect to any proposal to be submitted at the Annual Meeting. The Corporation's Annual Report for the year ended December 31, 2006, is being mailed to each shareholder with the Proxy and Proxy Statement, but such Annual Report is not incorporated in this Proxy Statement and is not deemed to be a part of the Proxy soliciting material.

**A shareholder of the Corporation may obtain a copy of the Annual Report on Form 10-K, including financial statements and schedules thereto, for the fiscal year ended December 31, 2006, and as filed with the SEC, without charge by submitting a written request to the following address:**

First Financial Bancorp.

Attn: Gregory A. Gehlmann, General Counsel and Secretary

300 High Street

P.O. Box 476

Hamilton, Ohio 45012-0476

The Annual Report on Form 10-K is also available through the Corporation's Web site at [www.bankatfirst.com](http://www.bankatfirst.com) under the Investor Information link, by clicking on SEC Filings.

Management and the Board of Directors of the Corporation know of no business to be brought before the meeting other than as set forth in this Proxy Statement. However, if any matters other than those referred to in this Proxy Statement should properly come before the meeting, it is the intention of the persons named in the enclosed Proxy to vote such Proxy on such matters in accordance with their best judgment.

The expense of proxy solicitation will be borne by the Corporation. Proxies will be solicited by mail and may be solicited for no additional compensation by some of the officers, directors and associates of the Corporation or its subsidiaries by telephone or in person. Brokerage houses and other custodians, nominees and fiduciaries may be requested to forward soliciting material to the beneficial owners of shares of the Corporation and will be reimbursed for their related expenses.

By Order of the Board of Directors,

Gregory A. Gehlmann  
General Counsel and Secretary

March 30, 2007

**PROPOSED AMENDMENT TO ARTICLE V OF REGULATIONS**  
**ARTICLE V**  
**CERTIFICATES**

SECTION 5.1. Except as set forth in Section 5.2 hereof, certificates evidencing the ownership of shares of the Corporation shall be issued to those entitled to them by transfer or otherwise. Each certificate for shares shall bear a distinguishing number, the signature of the President or Chairman of the Board, and of the Secretary of the Corporation, the corporate seal, and such recitals as may be required by law. Such signatures and seal on the certificate may be facsimile signatures.

SECTION 5.2. Uncertificated Shares. The board of directors, subject to the immediately succeeding paragraph, may provide by resolution that some or all of any or all classes and series of shares of the corporation shall be uncertificated shares, provided that the resolution shall not apply to shares represented by a certificate until the certificate is surrendered to the corporation and the resolution shall not apply to a certificated security issued in exchange for an uncertificated security. Within a reasonable time after the issuance or transfer of uncertificated shares, the Corporation shall send to the registered owner of the shares a written notice containing the information required to be set forth or stated on share certificates in accordance with all applicable laws. Except as expressly provided by law, the rights and obligations of the holders of uncertificated shares and the rights and obligations of the holders of certificates representing shares of the same class and series shall be identical.

SECTION 5.3. Subject to any applicable provision of law or the Articles, transfers of shares of the Corporation shall be made only upon its books, upon surrender and cancellation of a certificate or certificates for the shares so transferred. Any certificate so presented for transfer shall be endorsed or shall be accompanied by separate written assignment or a power of attorney, signed by the person appearing by the certificate to be the owner of the shares represented thereby. Any uncertificated shares shall be transferable in person or by attorney upon written request in form and substance acceptable to the corporation or any transfer agent for the applicable class of shares, accompanied by a duly endorsed stock power and/or such other assurances as the corporation or such transfer agent may require as to the genuineness and effectiveness thereof.

SECTION 5.4. Lost, Stolen, Destroyed, or Mutilated Certificates. Subject to Section 5.2 hereof, the Corporation may, in its discretion, upon evidence satisfactory to it of the loss, theft, or destruction of any certificate for shares of the Corporation, authorize the issuance of a new certificate in lieu thereof, and may, in its discretion, require as a condition precedent to such issuance, the giving, by the owner of such alleged lost, stolen, or destroyed certificate, of a bond of indemnity, in form and amount, with surety, satisfactory to the Corporation, against any loss or damage which may result to, or claim which may be made against, the Corporation, or any transfer agent or registrar of its shares, in connection with such alleged lost, stolen, or destroyed, or such new, certificate. If any certificate for shares of the Corporation becomes worn, defaced, or mutilated, the Corporation may, upon production and surrender thereof, order that the same be canceled and that a new certificate be issued in lieu thereof.

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**PLEASE MARK VOTES  
X AS IN THIS EXAMPLE**

**REVOCABLE PROXY  
FIRST FINANCIAL BANCORP.  
ANNUAL MEETING OF SHAREHOLDERS May 1, 2007**

Each undersigned shareholder of First Financial Bancorp. (the Corporation ) hereby constitutes and appoints Jerry Begley and Rae LoBuono or either of them, with full power of substitution in each of them, the proxy or proxies of the undersigned to vote only at the Annual Meeting of Shareholders of the Corporation to 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, and at any adjournment thereof, all of the shares of the Corporation which the undersigned would be entitled to vote if personally present at such meeting or any adjournment thereof:

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE FOLLOWING ITEMS:

1. The election as directors of all nominees listed (except as marked to the contrary below):

FOR  
 WITHHOLD  
 FOR ALL EXCEPT

CLASS II EXPIRING IN 2010: J. Wickliffe Ach, Donald M. Cisle, Sr., Corinne R. Finnerty and Richard Olszewski.

INSTRUCTION: To withhold authority to vote for any individual nominee, mark For All Except and write that nominee s name in the space provided below.

- 
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.

FOR  
 AGAINST  
 ABSTAIN

3. To consider and act upon, in their discretion, such other matters as may properly come before the meeting or any adjournment thereof.
-

THIS PROXY WILL BE VOTED IN ACCORDANCE WITH THE SPECIFIC INDICATIONS ABOVE. IN THE ABSENCE OF SUCH INDICATIONS THIS PROXY WILL BE VOTED (I) FOR THE ELECTION OF EACH OF THE ABOVE NAMED NOMINEES FOR DIRECTOR, AND (II) IN FAVOR OF THE PROPOSAL IN ITEM NUMBER TWO.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS and may be revoked prior to its exercise. Receipt of the accompanying Proxy Statement is hereby acknowledged.

Please be sure to sign and date this Proxy in the box below.

Date \_\_\_\_\_

Shareholder sign above

Co-holder (if any) sign above

Detach above card, sign, date and mail in postage paid envelope provided.

FIRST FINANCIAL BANCORP.

The signature or signatures on this Proxy should be the same as the name or names which appear hereon. Persons signing in a fiduciary capacity should give full title as such.

PLEASE MARK, DATE, SIGN AND RETURN PROMPTLY IN THE ENCLOSED POSTAGE-PAID ENVELOPE.