

FIRST FINANCIAL BANCORP /OH/

Form DEF 14A

March 22, 2006

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934

Filed by the Registrant

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 April 25, 2006**

Hamilton, Ohio  
March 21, 2006

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 April 25, 2006, at 10:00 A.M., local time, for the following purposes:

1. To elect the following three nominees as directors with terms expiring in 2009 (Class II): Murph Knapke, William J. Kramer, Barry S. Porter.
2. To approve the Amended and Restated 1999 Non-Employee Director Stock Plan.
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 1, 2006, 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,

/s/ Gregory A. Gehlmann

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) 867-5447  
PROXY STATEMENT  
ANNUAL MEETING OF SHAREHOLDERS  
Approximate Date to Mail March 21, 2006**

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 April 25, 2006, 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 1, 2006, the record date fixed for the determination of shareholders entitled to vote at the Annual Meeting, there were 39,567,428 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 three 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 present in person or represented by proxy at the Annual Meeting and entitled to vote on the matter is required for the approval of the Amended and Restated 1999 Non-Employee Director Stock Plan.

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.

**Table of Contents****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.

<b>Name and Address of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Ownership of Common Shares</b>	<b>Percentage of Class</b>
First Financial Bank, National Association (1) 300 High Street Hamilton, Ohio 45012-0476	6,067,939	15.33%
Cincinnati Financial Corporation (2) 6200 South Gilmore Road Cincinnati, Ohio 45214	2,556,230	6.45%
Janus Capital Management (3) 151 Detroit Street Denver, Colorado 80206	2,520,500	6.37%
Mac-Per Wolf Company (3) 311 South Wacker Drive, Suite 600 Chicago, Illinois 60606		

(1) These shares are held by First Financial Bank, National Association ( First Financial Bank ) and other subsidiary banks (collectively, the Trustees ) in their fiduciary capacity under various agreements. The Trustees have advised the Corporation that they have sole voting power for 5,960,754 shares, shared voting power for 58,317 shares, sole investment

power for  
1,809,768  
shares and  
shared  
investment  
power for  
3,505,723  
shares. Included  
in the foregoing  
shares are  
518,349  
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



February 14,  
2005, by Janis  
Capital and  
Mac-Per-Wolf.  
Janus Capital  
has an indirect  
77.5%  
ownership stake  
in Enhanced  
Investment  
Technologies  
LLC ( INTECH )  
and an indirect  
30% ownership  
stake in Perkins,  
Wolf,  
McDonnell and  
Company, LLC  
( Perkins Wolf ).  
Due to the  
above  
ownership  
structure,  
holdings for  
Janus Capital,  
Perkins Wolf  
and INTECH  
were aggregated  
for purposes of  
the Janus  
Capital  
Schedule 13G.  
Janus Capital,  
Perkins Wolf  
and INTECH  
are registered  
investment  
advisers, each  
furnishing  
investment  
advice to  
various  
investment  
companies  
registered under  
the Investment  
Company Act of  
1940 and to  
individual and  
institutional  
clients

(collectively referred to herein as Managed Portfolios ).

As a result of its role as an investment adviser or sub-adviser to the Managed Portfolios, Perkins Wolf may be deemed to be the beneficial owner of 2,520,500 common shares held by such Managed Portfolios. However, Perkins Wolf does not have the right to receive any dividends from, or the proceeds from the sale of, the securities held in the Managed Portfolios and disclaims any ownership associated with such rights. These holdings were also aggregated within the Schedule 13G filing by Mac-Per-Wolf Company, the majority owner of Perkins Wolf.

**Table of Contents****SHAREHOLDINGS OF DIRECTORS, EXECUTIVE OFFICERS  
AND NOMINEES FOR DIRECTOR**

As of March 1, 2006, the directors of the Corporation, including the three 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
		Excluding Options(1)		Owned(1)
Donald M. Cisle	Director	508,586(2)	23,521	532,107
Claude E. Davis	Director and CEO	56,884	71,024	127,908
Corinne R. Finnerty	Director	4,655	23,521	48,287
James C. Garland	Director	10,850	17,326	28,176
Murph Knapke	Director	14,395	17,326	31,721
William J. Kramer	Director	2,037	0	2,037
Bruce E. Leep	Director	314,072	25,989	340,061
Susan L. Knust	Director	2,751(3)	8,663	11,414
Richard E. Olszewski	Director	5,200	0	5,200
Barry S. Porter	Director	20,472	23,521	43,993
Steven C. Posey	Director	52,546	32,184	84,730
J. Franklin Hall	SVP and CFO	12,562	33,096	45,658
Mark W. Immelt	EVP, Wealth Resource Group	45,944	103,930	149,874
C. Douglas Lefferson	EVP and COO	40,029	58,422	98,451
Samuel J. Munafa	EVP, Banking	38,419	58,973	97,392
All executive officers, directors and nominees as a group (21 persons)		1,183,961	560,205	1,744,166

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

At March 1, 2006, the only director who owned at least 1% of the Corporation's common shares was Donald Cisle who beneficially owned 532,107 shares or 1.34%. However, all of the directors and executive officers as a group (21 persons) beneficially owned approximately 4.41% 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 has sole voting and investment power for 214,008 shares and shared voting power for 271,842 shares.
- (3) 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.

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**ELECTION OF DIRECTORS**  
**(Item 1 on Proxy Card)**

Our Board of Directors consists of 11 members, 10 of whom are non-employee directors. The Corporation's 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. Dr. James C. Garland, a director whose term expires at this year's Annual Meeting, has retired from his position as President of Miami University and will be moving his permanent residence outside the Corporation's primary market area. As a result, he is not being nominated for an additional term. Dr. Garland has generously given valuable years of service to the Corporation. His position as a Class II Director will remain vacant as the Corporation conducts a search to fill his vacancy. 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.

The Board of Directors has approved the nomination of three persons as candidates for Class II Directors, each for a three-year term. The terms of the remaining directors in Classes I and III will continue as indicated below. It is intended that the accompanying Proxy will be voted for the election of Murph Knapke, William J. Kramer and Barry S. Porter, all incumbent directors. The Corporate Governance and Nominating Committee recommended all three nominees to the Board of Directors, which approved the three 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 three nominees for Class II Directors receiving the most votes at the Annual Meeting will be elected as Class II Directors.

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

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>Nominees Class II Directors Terms Expiring in 2006:</b>		
Murph Knapke 58	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 45	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 68	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

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<b>Name and Age (1)</b>	<b>Position with Corporation and/or Principal Occupation or Employment For the Last Five Years</b>	<b>Director Since</b>
<b>Class III Directors Terms Expiring in 2007:</b>		
Donald M. Cisle 51	President of Don S. Cisle Contractor, Inc. (construction contractor); Director of First Financial Bank, N.A., Hamilton, Ohio.	1996
Corinne R. Finnerty 49	Partner in law firm of McConnell & Finnerty, North Vernon, Indiana (trial attorney); Director of First Financial Bank, N.A., Hamilton, Ohio; Director and Chair of CPX, Inc., North Vernon, Indiana; former Director of Heritage Community Bank, Columbus, Indiana.	1998
Richard E. Olszewski 56	Operator of two 7-Eleven Food Stores, Griffith, Indiana. Director of First Financial Bank, N.A., Hamilton, Ohio.	2005
Bruce E. Leep 69	Chairman of the Board of the Corporation; former Chairman of Sand Ridge Bank, Schererville, Indiana; retired Chief Executive Officer of Sand Ridge Bank; Interim President and Chief Executive Officer of the Corporation, from October 2003 until September 2004; Assistant Professor of English, Trinity Christian College, Palos Heights, Illinois. Director of First Financial Bank, N.A., Hamilton, Ohio.	1999
<b>Class I Directors Terms Expiring in 2008:</b>		
Claude E. Davis 45	President and Chief Executive Officer of the Corporation since October 1, 2004; Director and Chairman of the Board of First Financial Bank, N.A., Hamilton, Ohio; former Director of Community First Bank & Trust, Celina, Ohio, and Sand Ridge Bank, Schererville, Indiana; Senior Vice President, Irwin Financial Corporation and Chairman of Irwin Union Bank and Trust, Columbus, Indiana, from May 2003 until September 2004; President, Irwin Union Bank and Trust, from 1996 until May 2003.	2004
Steven C. Posey 55	President of Posey Management Corp. DBA McDonald's; President of Posey Property Company; Director of First Financial Bank, N.A., Hamilton, Ohio.	1997
Susan L. Knust 52	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

(1) Ages are listed as of December 31, 2005.

**Table of Contents****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. All of the Corporation's nine directors then in office attended the 2005 Annual Meeting.

**Board Compensation**

Set forth below is a breakdown of fees paid to non-employee directors:

	Fiscal 2005	Effective January 1, 2006
<b>Retainers:</b>		
Non-Employee Directors*	\$ 15,000	\$ 10,000
FFBC Chair	\$ 30,000	\$ 30,000
Committee Chairs:		
Compensation/Corp Gov. & Nominating	\$ 1,000	\$ 2,000
Audit and Risk Management	\$ 1,000	\$ 4,000
<b>Equity Awards:</b>		
Non-Employee Directors (@ election & re-election)	8,663 options (expected value of \$16,952 per year or \$50,859 for 3-year period)	\$60,000 in value of restricted stock with 1/3 vesting at grant and 1/3 vesting per year for 2 additional years**
<b>Board Attendance Fees:</b>		
Non-Employee Directors	\$ 750	\$ 750
<b>Committee Attendance Fees:</b>		
Non-Employee Directors	\$ 500	\$ 600
<b>Travel Expense Reimbursement:</b>		



Directors are entitled to reimbursement of their reasonable travel expenses for attending Board of Director and Committee meetings.

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\* Directors who are also employees of the Corporation do not receive fees for serving on the Board of Directors. The Corporation pays taxes imposed on directors fees by the City of Hamilton, Ohio.

\*\* Subject to shareholder approval. See Proposal to Approve the First Financial Bancorp. Amended and Restated 1999 Non-Employee Director Stock Plan.

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.

**Independent Directors**

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 Donald M. Cisle, Corinne R. Finnerty, James C. Garland, William J. Kramer, Murph Knapke, Susan L. Knust, Richard E. Olszewski, Barry S. Porter, and Steven C. Posey. The independent directors meet in regularly scheduled meetings at which only the independent directors are present. During 2005, the independent directors held two such meetings.

**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 operates pursuant to a written charter, a current copy of which is available through the Corporation's Web site at [www.ffbc-oh.com](http://www.ffbc-oh.com) under the "Investor Information" link, by clicking on "Corporate Governance." 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 NASD: Corinne R. Finnerty (Chair), Donald M. Cisle, Murph Knapke and Richard E. Olszewski. The Nominating Committee held four meetings during the 2005 fiscal year.

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

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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 determines and approves the compensation of the Chief Executive Officer and approves the compensation of each executive officer of the Corporation as determined pursuant to Rule 16a-1(f) under the Securities Exchange Act of 1934. The Compensation Committee also reviews and approves all benefit plans of the Corporation. A current copy of the Compensation Committee's charter is available through the Corporation's Web site at [www.ffbc-oh.com](http://www.ffbc-oh.com) under the Investor Information link, by clicking on Corporate Governance. 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 NASD and SEC rules: James C. Garland (Chair), William J. Kramer, Barry S. Porter 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 Audit and Risk Management Committee operates pursuant to a written charter that was adopted by the Board of Directors. A copy of the charter is attached to this proxy statement as *Appendix B* and is available through the Corporation's Web site at [www.ffbc-oh.com](http://www.ffbc-oh.com) under the Investor Information link, by clicking on Corporate Governance. 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 NASD and the SEC: Donald M. Cisle, William J. Kramer, 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.

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**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.ffbc-oh.com](http://www.ffbc-oh.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) 867-4709.

**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.

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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, 2005, 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

Barry S. Porter, Chair  
 Donald M. Cisle  
 William J. Kramer

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>2005</b>	<b>2004</b>
Audit Fees	\$ 683,000	\$ 91,100
Audit-Related Fees (1)	27,500	25,000
Tax Fees (2)	203,221	161,940
All Other Fees (3)	56,000	54,000
Total	\$ 969,721	\$ 832,040

(1) Services covered by these fees consist of employee 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.

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**PROPOSAL TO APPROVE THE FIRST FINANCIAL BANCORP.  
AMENDED AND RESTATED 1999 NON-EMPLOYEE DIRECTOR STOCK PLAN  
(Item 2 on Proxy Card)**

The Corporation's shareholders have previously approved the 1999 Stock Option Plan for Non-Employee Directors and authorized awards pursuant to the plan to be made to non-employee directors. The plan was subsequently amended at the annual meeting of shareholders in April 2005. At this meeting, the shareholders are being asked to approve additional amendments to the plan for the following reasons.

In November 2005, the Compensation Committee met with an independent consultant to review Board compensation, which review included consideration of compensation awarded pursuant to the plan. The Compensation Committee determined that, in order to provide it with the flexibility to structure Board compensation in line with current market practices, it needed the ability under the plan to grant restricted stock in lieu of, or in combination with, its ability to grant stock options. Subsequently, in February 2006, the Board approved amendments to the plan that would provide the Committee with the choice of granting new or re-elected directors stock options, restricted stock or a combination thereof.

The amendments to the plan are subject to shareholder approval. If the proposed amendments are adopted, it is the Committee's intention to grant each new or re-elected director restricted shares having an aggregate fair market value of \$60,000 (determined without regard to restrictions). The \$60,000 figure is based on the analysis of Compensation Committee and its independent consultant of the approximate equivalent value of the previous stock option awards. The number of restricted shares to be granted would be determined by dividing \$60,000 by the fair market value (as defined in the plan) of the Corporation's common shares on the date of grant. If the proposed amendments are not adopted, new and re-elected non-employee directors will be granted stock options to purchase 8,663 common shares with an exercise price equal to the fair market value of such shares on the date of grant, which is the same award as the 2005 grant.

The principal provisions of the 1999 Stock Option Plan for Non-Employee Directors, including the proposed amendments thereto, are summarized below. In addition to the proposed changes, the plan will be renamed the

Amended and Restated 1999 Non-Employee Director Stock Plan (as amended and restated, the Directors Stock Plan). This summary is qualified in its entirety by reference to the provisions of the Directors Stock Plan, a copy of which is attached as *Appendix A*. Terms not defined herein shall have the same meanings as set forth in the Directors Stock Plan.

**Shares Available for Issuance**

The Directors Stock Plan provides that 577,500 (originally 500,000 in 1999 but adjusted subsequently for stock dividends and splits) shares of Common Stock will be available for the granting of awards. There are 395,577 shares available for future issuance under the Directors Stock Plan. The Common Stock subject to the Directors Stock Plan will be authorized but unissued shares or previously acquired shares. The proposed amendment to the Directors Stock Plan will not increase the number of shares of Common Stock available for grant under the Directors Stock Plan.

Pursuant to the Directors Stock Plan, the number and kind of shares which are subject to awards will be appropriately adjusted in the event of certain changes in capitalization of the Corporation, including stock dividends and splits, reclassifications, recapitalizations, reorganizations, mergers, consolidations, spin-offs, split-ups, combinations or exchanges of shares, and certain distributions and repurchases of shares.



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In the past, each non-employee director received in the year in which he or she was elected initially or re-elected to the Board of Directors an option to purchase 8,663 common shares (originally 7,500 in 1999 but adjusted subsequently for stock dividends and splits). The exercise price of each option is the fair market value of the Common Stock subject to the option on the date of grant. Upon exercise, the exercise price may be paid in cash or, in lieu of all or part of the cash, shares of the Common Stock. However, see **Proposed Amendments to the Directors Stock Plan Non-Discretionary Restricted Stock Grants** for a discussion of proposed new awards of restricted stock.

Under the Directors Stock Plan, all options are exercisable following the first anniversary of the date of grant of the option. Upon a Change in Control (as defined in the Directors Stock Plan), the optionee will have the right to exercise the option in full as to all shares subject to the option within the lesser of six months plus one day after the Change in Control or the expiration of the option. The exercise period for any stock option will be ten years from the date of grant unless sooner terminated. Each option will provide that the optionee agrees not to sell, assign or transfer any shares acquired as a result of exercising the option until such shares have been held for at least one year after the date of the exercise of the option which resulted in their acquisition, except after a Change in Control or the optionee's death, disability or retirement, or in connection with tax withholding or option exercise.

If the optionee ceases to be a director of the Corporation for any reason other than death, disability, retirement, or removal for cause, the option will terminate on the earlier of three months after the optionee ceases to be a director or on the option's expiration date. During the three month period, such option will be exercisable only with respect to the number of shares which the optionee was entitled to purchase on the day preceding the day on which the optionee ceased to be a director. If the optionee ceases to be a director because of removal for cause, the option will terminate on the date of the optionee's removal. In the event of the optionee's death, disability, or retirement while a director or the optionee's death within three months after the optionee ceases to be a director (other than by reason of removal for cause), the option will terminate upon the earlier of (i) 12 months after the date of the optionee's death, disability, or retirement, or (ii) the option's expiration date. During such period, the option will be exercisable for the number of shares as to which the option would have been exercisable on the date preceding the optionee's death, disability or retirement.

Generally, options granted under the Directors Stock Plan are not transferable by an optionee except by bequest or the laws of descent and distribution, and during the optionee's lifetime, the option may be exercised only by the optionee.

**Proposed Amendments to the Directors Stock Plan Non-Discretionary Restricted Stock Grants**

*Awards.* The Directors propose to add a restricted stock feature to the Directors Stock Plan whereby the Compensation Committee will direct whether the non-discretionary awards under the Plan are made as options, restricted stock grants, or a combination thereof. Shares of Common Stock awarded as restricted stock will reduce the shares for which options are awarded. If made as restricted stock, the awards will be granted as follows:

Non-Discretionary Initial Grant. Each individual who first becomes a non-employee director on or after the effective amendment date of the Directors Stock Plan shall automatically be granted on the first day of such individual's first term of office as a non-employee director restricted shares having a fair market value of \$60,000 (determined without regard to restrictions).

Non-Discretionary Grant Upon Re-election. On the date of each annual meeting of the shareholders of the Corporation on or subsequent to the effective amendment date of the Plan, each non-employee director who first became a non-employee director prior to such annual meeting and who has been elected at such annual meeting to continue to serve as a non-employee director after

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such annual meeting shall automatically be granted restricted shares having a fair market value of \$60,000 (determined without regard to restrictions).

*Vesting of Restricted Stock Grants.* While shares of Common Stock awarded as restricted stock remain restricted, grantees shall have the rights to vote such shares and to receive dividends thereon. Such restricted stock awards shall vest and restrictions shall lapse as follows: one-third of the award shall vest as of the date of grant and one-third each shall vest as of the day prior to the Corporation's Annual Meeting dates of each of the years containing the first and second anniversaries of the date of grant, provided the grantee remains a director of the Corporation as of those dates.

For example, if a director is elected for the first time or re-elected on April 25, 2006 and the Corporation's stock is then trading at \$17.00 per share, he or she would receive 3,529 restricted shares with approximately 1,176 shares vesting on April 25, 2006 and 1,176 shares vesting on the days prior to the Annual Meeting dates in 2007 and 2008, provided the grantee remained a director as of each such date.

Vesting will occur earlier than otherwise provided if the grantee ceases to be a director due to death, disability, retirement from the Board on or after age 70 or with the consent of the Board, or on or within twelve months after a Change in Control. All nonvested restricted stock will be forfeited if the grantee ceases to be a director because of removal for cause.

### **Duration**

The Directors Stock Plan will terminate on the earliest to occur of (i) the date when all of the shares available under Directors Stock Plan have been acquired through the exercise of options and (if amended) all restricted shares under the Directors Stock Plan have vested, (ii) April 26, 2009, or (iii) such other earlier date as the Board may determine.

### **Additional Conforming Changes**

In addition to the proposed changes above, the Director Stock Plan will be amended to make conforming changes to reflect the restricted stock provisions. The Director Stock Plan at *Appendix A* is marked to show all proposed changes and is incorporated herein by reference.

### **Awards to Nominees for Director**

If the amendments to the Directors Stock Plan are adopted and if the three nominees (Messrs. Knapke, Kramer and Porter) are re-elected on April 25, 2006, and assuming the Corporation's stock had a fair market value of \$17.00 per share on that date, each nominee would receive approximately 3,529 restricted shares with approximately 1,176 shares vesting on April 25, 2006, and approximately 1,176 shares vesting each of the next two years thereafter. At March 1, 2006, the closing price of the Corporation's stock was \$17.02 per share.

In the event the amendments to the Directors Stock Plan are not adopted, it is expected that each of the three nominees would receive an option to purchase 8,663 common shares. The exercise price of each option will be the fair market value of the Common Stock subject to the option on the date of grant. Options would vest on the first anniversary of grant.

### **Federal Income Tax Aspects**

The following is a brief summary of the Federal income tax consequences of awards made under the Directors Stock Plan based upon the Federal income tax laws in effect on the date hereof. This summary is not intended to be exhaustive and does not describe state or local tax consequences. The Corporation intends to operate the Directors Stock Plan in good faith compliance with the provisions of Section 409A of the Code and IRS Notice

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2005-1 during calendar years 2005 and 2006 and further intends to amend the Directors Stock Plan and any outstanding awards on or before December 31, 2006, or such later date as may be permitted, to conform to the provisions of Section 409A of the Code with respect to amounts subject to Section 409A of the Code. Accordingly, this summary assumes that the Directors Stock Plan complies with Section 409A of the Code with respect to amounts subject to Section 409A of the Code.

**Non-qualified Stock Options.** No income is realized by a grantee at the time a non-qualified stock option is granted. Generally, upon exercise of a non-qualified stock option, a grantee will realize ordinary income in an amount equal to the difference between the price paid for the shares and the fair market value of the shares on the date of exercise. The Corporation will be entitled to a tax deduction in the same amount. Any appreciation (or depreciation) after date of exercise will be either short-term or long-term gain or loss, depending upon the length of time that the grantee has held the shares. The rate of tax payable on capital gains also varies depending on the length of time the shares are held. Special rules apply in the event all or a portion of the exercise price is paid in already owned shares of Common Stock.

**Restricted Stock.** A grantee receiving restricted stock generally will recognize ordinary income in the amount of the fair market value of the restricted stock at the time the stock is no longer subject to forfeiture, less any consideration paid for the stock. The Corporation will be entitled to a deduction at the same time and in the same amount. The holding period to determine whether the grantee has long-term or short-term capital gain or loss on a subsequent sale of such shares generally begins when the restriction period expires, and the grantee's tax basis for such shares will generally equal the fair market value of such shares on such date.

However, a grantee may elect under Section 83(b) of the Code, within 30 days of the grant of the restricted stock, to recognize taxable ordinary income on the date of grant equal to the excess of the fair market value of the shares of restricted stock (determined without regard to the restrictions) over any consideration paid by the Grantee for the restricted stock, as applicable. By reason of such an election, the Grantee's holding period will commence on the date of grant and the Grantee's tax basis will be equal to the fair market value of the shares on that date (determined without regard to restrictions). Likewise, the Corporation generally will be entitled to a deduction at that time in the amount that is taxable as ordinary income to the Grantee. If shares are forfeited after making such an election, the Grantee will be entitled to a capital loss for tax purposes in an amount equal to the excess of the consideration paid for the forfeited shares over the amount, if any, realized by the Grantee upon the forfeiture of the shares.

### **Approval and Related Matters**

The affirmative vote of a majority of the shares present at the Annual Meeting, in person or by proxy, and entitled to vote on this proposal is required to approve this proposal to amend the Directors Stock Plan. Abstentions will be counted as shares entitled to vote on the proposal and will have the same effect as a vote AGAINST the proposal. A broker non-vote will be treated as a share not entitled to vote on the proposal.

### **The Board of Directors Recommendation**

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

### **Effect of Management Vote on Proposal**

The directors and executive officers of the Corporation own beneficially 1,744,166 common shares, or 4.41% of the outstanding voting power. The directors and executive officers have indicated a present intention to vote the common shares beneficially owned by them in favor of this proposal.

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**Equity Compensation Plan Information**

The following table sets forth information regarding securities authorized for issuance under the Corporation's equity compensation plans as of December 31, 2005.

<b>Plan category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)(1)</b>
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