

FIRST FINANCIAL BANCORP /OH/
Form DEF 14A
November 14, 2008

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 [X]

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))**

[X] 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)

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-

November 14, 2008

Dear Shareholder:

This letter is to inform you of an opportunity for our company that requires us to conduct a special meeting of shareholders.

Voluntary Capital Purchase Program

First Financial Bancorp recently received preliminary approval to participate in the U.S. Department of the Treasury's voluntary Capital Purchase Program (Program), which is a component of the Treasury Department's Troubled Asset Relief Program. This Program, which targets "healthy institutions," was established in response to the current economic conditions and designed to encourage qualifying U.S. financial institutions to increase the flow of lending to businesses and consumers in order to restore liquidity and stability in the U.S. financial system. First Financial has received preliminary approval for the maximum amount of approximately \$80 million.

Under the Program, we would issue to the Treasury:

- § Up to \$80 million Series A non-voting preferred shares that carry a 5% coupon for each of the first five years and 9% per year thereafter
- § Warrants to purchase First Financial common shares amounting to 15% of the senior preferred amount, with the exercise price based on the 20-day average trading price prior to closing
- § Based on an estimated average price of \$12.76, the Treasury would be eligible to exercise warrants to purchase approximately 940,000 shares, or approximately 2.5% of our outstanding shares

It is important to note that participation in the Program is voluntary and should be viewed as an investment by the Treasury in our industry's future, and not as a bailout plan for financial institutions.

Special Meeting of Shareholders, Proxy Statement and Voting Instructions

Your Board of Directors believes that it is in the best interest of First Financial and its shareholders to conduct a Special Meeting of Shareholders for the purpose of considering and voting on the adoption of a proposed amendment to our Articles of Incorporation to authorize us to issue preferred shares, and thereby allow us to participate in the Program.

The Special Meeting of Shareholders will be held on December 11, 2008, for shareholders of record as of the close of business on October 28, 2008.

Enclosed with this letter are the following materials related to the special meeting:

- § Notice of the Special Meeting of Shareholders
- § Proxy Statement
- § Proxy Card
- § Business Reply Postage-Paid Envelope

We encourage you to read these materials because they contain important information about the purpose of the special meeting and the proposed amendment will require the approval of two-thirds of the outstanding common shares to be adopted. **Your failure to vote will have the effect of a vote *Against* this proposal.**

The Board of Directors of First Financial Bancorp urges you to vote ***For*** the amendment to our Articles of Incorporation and ***For*** a proposal to adjourn the meeting to solicit additional votes if necessary.

You may submit your vote by mail, on the internet, by telephone, or in person at the special meeting on December 11, 2008. Detailed voting instructions are included in the enclosed Proxy Statement and Proxy Card.

First Financial Bancorp - Strength and Stability

As you know, the financial services industry has been under significant stress throughout the past year. This was initially due to the sub-prime mortgage and credit crisis, but more recently is the result of overall economic deterioration and the tightening of available credit. We have continued to manage First Financial through these difficult times by:

- § Remaining focused on building stronger client relationships
- § Prudently growing loans and deposits
- § Maintaining credit quality
- § Managing our balance sheet and maintaining strong capital and liquidity positions

At September 30, 2008, our regulatory capital levels exceeded the amounts necessary to be classified as well-capitalized, and our total regulatory capital exceeded the minimum requirement by approximately \$81 million on a consolidated basis.

We believe that First Financial continues to be positioned to avoid many of the troublesome areas that our industry has encountered during these difficult times. Our credit quality metrics have remained relatively stable over the past five quarters, which we believe is a result of:

- § Maintaining strong underwriting policies
- § Proactively managing resolution strategies for problem credits

Our origins date back to 1863 when First Financial Bank first opened for business in Hamilton, Ohio. Today, we operate 80 retail banking centers serving nine regional markets and 53 communities in Ohio, Indiana and Kentucky, and we continue in our efforts to strengthen and grow our business, reach new clients and expand our market share. Recently, we further expanded our presence with a new commercial lending team in Indianapolis, Indiana, and we opened a new business office and retail banking center in Dayton, Ohio. In addition, construction is currently underway on two new retail banking centers - one in Crown Point, Indiana, and the other in Cincinnati, Ohio. These expansions are part of our strategic corporate plan, underscore our commitment to the communities we serve, and will contribute to the long-term growth of the company.

Please Participate by Voting

We are proud to be among the healthy institutions that the U.S. Treasury has invited to participate in this Program that is designed to stabilize the credit markets and restore confidence in the U.S. financial system. We believe that our participation in this Program will be advantageous for the company as it will provide us with a means to:

- § Access low-cost capital that will further improve our already strong capital levels
- § Increase our lending capacity
- § Better position us to take advantage of opportunities to advance our strategic growth plans

For these reasons, whether or not you plan to attend the special meeting, **it is important that your shares be represented and voted.**

- § If you choose to vote online or by telephone, please follow the instructions that are included in the enclosed materials.
- § If you choose to vote by mail, please complete, sign, date and return the enclosed Proxy Card as soon as possible using the postage-paid envelope.

We are focused on the core fundamentals of banking and are committed to executing our strategic plans, which we believe will create superior long-term value for shareholders. We value the investment you have made in First Financial Bancorp.

Sincerely,
Barry S. Porter

Sincerely,
Claude E. Davis

Chairman of the Board

President & Chief Executive Officer

**FIRST FINANCIAL BANCORP.
4000 Smith Road, Suite 400
Cincinnati, Ohio 45209**

**NOTICE OF SPECIAL MEETING
OF
SHAREHOLDERS**

To be held December 11, 2008

November 14, 2008

To our Shareholders:

You are cordially invited to attend a Special Meeting of Shareholders of First Financial Bancorp. ("First Financial"), to be held at 4000 Smith Road, Suite 400, Cincinnati, OH 45209, on Thursday, December 11, 2008, at 3:00 p.m., local time, for the following purposes:

1. To consider and act upon an amendment to Article FOURTH of First Financial's Articles of Incorporation, as amended, to authorize the issuance of up to 80,000 shares of a new class of preferred stock (the "Preferred Stock"), which stock First Financial may use to participate in the TARP Capital Purchase Program instituted under the Emergency Economic Stabilization Act of 2008 ("Proposal No. 1").
2. To approve the adjournment or postponement of the Special Meeting, if necessary, to solicit additional proxies, in the event (a) there are not sufficient votes at the time of the Special Meeting to adopt Proposal No. 1, or (b) a quorum is not present at the time of the Special Meeting ("Proposal No. 2" and together with Proposal No. 1, the "Proposals").
3. To consider and act upon such other matters as may properly come before the Special Meeting or any adjournment thereof.

Important notice regarding the availability of Proxy Materials for the Special Meeting of Shareholders: This Proxy Statement is available on our website at www.bankatfirst.com under the "Investor Relations" link by clicking "SEC Filings" or by going directly to

<http://www.snl.com/irweblinkx/docs.aspx?iid=100255>

Shareholders of record of First Financial at the close of business on October 28, 2008, are entitled to notice of and to vote at the Special 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 Special Meeting.

Your vote is important, regardless of the number of common shares you own. Whether or not you plan to attend the Special Meeting in person, it is important that your common shares be represented. Please sign, date and return your proxy card. A return envelope, which requires no postage if mailed in the United States, has been provided for your use. Alternatively, you may vote electronically via the Internet or by telephone. Please see the accompanying Proxy Statement and proxy card for details about electronic voting. If you later decide to revoke your proxy for any reason, you may do so in the manner described in the accompanying Proxy Statement.

By Order of the Board of Directors,

Gregory A. Gehlmann
General Counsel & Secretary

EVERY SHAREHOLDER'S VOTE IS IMPORTANT. IF YOU ARE UNABLE TO BE PRESENT AT THE SPECIAL 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.
4000 Smith Road, Suite 400
Cincinnati, Ohio 45209
(513) 979-5837

PROXY STATEMENT FOR SPECIAL MEETING OF SHAREHOLDERS
Approximate Date to Mail – November 17, 2008

INTRODUCTION

We are sending this Proxy Statement and the accompanying proxy card to you as a shareholder of First Financial Bancorp., an Ohio corporation (“First Financial”), in connection with the solicitation of proxies for the Special Meeting of Shareholders (the “Special Meeting”) to be held at the offices of First Financial Bancorp, 4000 Smith Road, Suite 400, Cincinnati, Ohio, on Thursday, December 11, 2008, at 3 p.m., local time. First Financial’s Board of Directors is soliciting proxies for use at the Special Meeting, or any adjournment thereof. Only shareholders of record as of the close of business on October 28, 2008, which we refer to as the record date, will be entitled to vote at the Special Meeting. The proxy solicitation materials for the Special Meeting will be distributed to shareholders of record on or about November 17, 2008.

INFORMATION ABOUT THE SPECIAL MEETING

Why is First Financial holding a Special Meeting of Shareholders?

The recent challenges experienced as a result of turbulence in the financial markets make it necessary for financial institutions to not only preserve existing capital, but also to supplement such capital as a protection against further economic difficulties. Recently, certain capital-raising opportunities have been presented by the United States Department of the Treasury (the “Treasury”) that provides us with options to raise capital in a low-cost manner. While our capital position is already sound, management would like to be in a position to take advantage of these opportunities to ensure that during these uncertain times, we are well-positioned to support its existing operations as well as anticipated future growth.

When is the Special Meeting?

Thursday, December 11, 2008 at 3:00 p.m., local time.

Where will the Special Meeting be held?

At the offices of First Financial, 4000 Smith Road, Suite 400, Cincinnati, Ohio 45209.

What matters will be voted upon at the Special Meeting?

You will be voting on the following matters:

1. A proposal to adopt an amendment to Article FOURTH of First Financial’s Articles of Incorporation to authorize First Financial to issue up to 80,000 of preferred shares — Proposal No. 1 on the accompanying proxy card.
2. A proposal to approve the adjournment of the Special Meeting, if necessary, to solicit additional proxies, in the event there are not sufficient votes at the time of the Special Meeting to adopt the proposed amendment to Article FOURTH of First Financial’s Articles of Incorporation — Proposal No. 2 on the

accompanying proxy card.

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Why is the amendment to Article FOURTH of First Financial's Articles of Incorporation necessary?

The Board of Directors currently anticipates that it will apply to participate in the Treasury's recently announced TARP Capital Purchase Program (the "Program") instituted under the Emergency Economic Stabilization Act of 2008 ("EESA"). Under the Program, eligible healthy financial institutions, such as First Financial, will be able to sell senior preferred shares on standardized terms to the Treasury in amounts equal to between 1% and 3% of an institution's risk-weighted assets. The Program is completely voluntary, and although we are currently profitable, have adequate sources of liquidity, and are well-capitalized under regulatory guidelines, the Board of Directors believes it is advisable to take advantage of the voluntary Program to raise additional low cost capital to ensure that during these uncertain times, we are well-positioned to support existing operations as well as anticipated future growth. Because First Financial is not currently authorized to issue preferred shares under its Articles of Incorporation, it is necessary for us to amend the Articles of Incorporation to authorize preferred shares in order to participate in the Program. Even if the proposed amendment to the Articles of Incorporation is adopted, however, there can be no assurance that we will issue any senior preferred shares to the Treasury thereunder. On October 30, 2008, the Treasury notified us that we had received preliminary approval to issue \$80,000,000 of such preferred stock.

Who can vote?

You are entitled to vote if you held First Financial common shares as of the close of business on October 28, 2008, the record date for the Special Meeting.

Each shareholder is entitled to one vote for each common share held on October 28, 2008. At the close of business on October 28, 2008, there were 37,476,607 common shares outstanding and entitled to vote. The common shares are First Financial's only voting securities.

Regardless of the number of shares you own, it is important that you vote on the proposals.

How do I vote?

Your common shares may be voted by one of the following methods:

- § by traditional proxy card;
- § by submitting a proxy via the internet;
- § by submitting a proxy by phone; or
- § in person at the meeting.

Submitting a Proxy by Telephone or via the Internet . If you are a shareholder of record (that is, if your common shares are registered with First Financial in your own name), you may submit a proxy by telephone, or via the Internet, by following the instructions included with your proxy card. To do so, access www.proxyvotenow.com/ffbc and follow the on screen instructions. Have your control number from your proxy card available when you access the web page. Telephone voting is also available, toll free, by calling 1-866-809-5292 from a touch tone phone.

If your common shares are registered in the name of a broker, a financial institution or another nominee (i.e., you hold your common shares in "street name"), your nominee may be participating in a program that allows you to submit a proxy by telephone or via Internet. If so, the voting form your nominee sent you will provide instructions for submitting your proxy by telephone or via the Internet. The last-dated proxy you submit (by any means) will supersede any previously submitted proxy. Also, if you submit a proxy by telephone or via the Internet, and later decide to attend the Special Meeting, you may revoke your previously submitted proxy and vote in person at the Special Meeting.

The deadline for submitting a proxy by telephone or via the Internet as a shareholder of record is 3:00 a.m., Eastern Standard Time, on December 11, 2008. For shareholders whose common shares are registered in the name of a broker, a financial institution or another nominee, please consult the instructions provided by your nominee for information about the deadline for submitting a proxy by telephone or via the Internet.

Voting in Person. If you attend the Special Meeting, you may deliver your completed proxy card in person or you may vote by completing a ballot, which will be available at the Special Meeting.

If you hold your common shares in “street name” through a broker, a financial institution or another nominee, then that nominee is considered the shareholder of record for voting purposes and should give you instructions for voting your common shares. As a beneficial owner, you have the right to direct that nominee how to vote the common shares held in your account. Your nominee may only vote the common shares of First Financial that it holds for you in accordance with your instructions. If you have instructed a broker, a financial institution or another nominee to vote your common shares, the above-described options for revoking your proxy do not apply and instead you must follow the instructions provided by your nominee to change your vote.

If you hold your common shares in “street name” and wish to attend the Special Meeting and vote in person, you must bring an account statement or letter from your broker, financial institution or other nominee authorizing you to vote on behalf of such nominee. The account statement or letter must show that you were the direct or indirect beneficial owner of the common shares on October 28, 2008, the record date for voting at the Special Meeting.

How will my common shares be voted?

Those common shares represented by properly executed proxy cards that are received prior to the Special Meeting or by properly authenticated Internet or telephone votes that are submitted prior to the deadline for doing so, and not subsequently revoked, will be voted in accordance with your instructions by your proxy. If you submit a valid proxy card prior to the Special Meeting, or timely submit your proxy by telephone or via the Internet, but do not complete the voting instructions, your proxy will vote your common shares as recommended by the Board of Directors, except in the case of broker non-votes where applicable, as follows:

- § “**FOR**” the adoption of the amendment to Article FOURTH of First Financial’s Articles of Incorporation to authorize First Financial to issue up to 200,000 preferred shares; and
- § “**FOR**” the approval of the adjournment of the Special Meeting, if necessary, to solicit additional proxies, in the event there are not sufficient votes at the time of the Special Meeting to adopt the proposed amendment to Article FOURTH of First Financial’s Articles of Incorporation.

If you hold your shares in a bank or brokerage account you should be aware that if you fail to instruct your bank or broker how to vote within 10 days of the Special Meeting, the bank or broker is not permitted to vote your shares in its discretion on your behalf on non-routine items. If you want to assure that your shares are voted in accordance with your wishes on the non-routine matters in this proxy statement, you should complete and return your voting instruction form before December 1, 2008.

No appraisal rights exist for any action proposed to be taken at the Special Meeting. If any other matters are properly presented for voting at the Special Meeting, the persons named as proxies will vote on those matters, to the extent permitted by applicable law, in accordance with their best judgment.

What if my common shares are held through the First Financial Bancorp 401(k) Savings Plan?

If you participate in the First Financial Bancorp 401(k) Savings Plan (the “401(k) Plan”) and common shares have been allocated to your account in the 401(k) Plan, you will be entitled to instruct the trustee of the 401(k) Plan, confidentially, as to how to vote those common shares. If you are such a participant, you may receive your voting instructions card separately. If you give no voting instructions to the trustee of the 401(k) Plan, the trustee will vote the common shares allocated to your 401(k) Plan account pro rata in accordance with the instructions received from other participants in the 401(k) Plan who have voted.

Can the proxy materials be accessed electronically?

We are sending the proxy materials for the special meeting to shareholders on or about November xx, 2008. Our proxy statement for the special meeting and a sample of the form of proxy card sent to our shareholders by us are available at: <http://www.sn1.com/irweblinkx/docs.aspx?iid=100255> Alternatively, these documents can be viewed by going to First Financial’s Internet website at www.bankatfirst.com and selecting the “SEC Filings” section of the “Investor Relations” page.

How do I change or revoke my proxy?

Shareholders who submit proxies retain the right to revoke them at any time before they are exercised. Unless revoked, the common shares represented by such proxies will be voted at the Special Meeting and any adjournment thereof. You may revoke your proxy at any time before it is actually exercised at the Special Meeting by giving notice of revocation to First Financial in writing, by accessing the Internet site prior to the deadline for submitting proxies electronically, by using the toll-free telephone number stated on the proxy card prior to the deadline for transmitting proxies electronically or by attending the Special Meeting and giving notice of revocation in person. The last-dated proxy you submit (by any means) will supersede any previously submitted proxy. If you hold your common shares in “street name” and instructed your broker, financial institution or other nominee to vote your common shares and you would like to revoke or change your vote, then you must follow the instructions of your nominee.

If I vote in advance, can I still attend the Special Meeting?

Yes. You are encouraged to vote promptly, by returning your signed proxy card by mail or by submitting your proxy electronically by telephone or via the Internet, so that your common shares will be represented at the Special Meeting. However, voting your common shares does not affect your right to attend the Special Meeting and vote your common shares in person.

What constitutes a quorum and how many votes are required for adoption of the proposals?

Under First Financial’s Regulations, a quorum is a majority of the common shares outstanding. Common shares may be present in person or represented by proxy at the Special Meeting. Both abstentions and broker non-votes are counted as being present for purposes of determining the presence of a quorum. There were 37,476,607 First Financial common shares outstanding and entitled to vote on October 28, 2008, the record date. A majority of the outstanding common shares, or 18,738,302 common shares, present in person or represented by proxy, will constitute a quorum. A quorum must exist to conduct business at the Special Meeting.

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. New York Stock Exchange (“NYSE”) rules determine whether proposals presented at shareholder meetings are routine or not routine. If a proposal is routine, a broker or other entity holding shares for an owner in street name may vote on the proposal without receiving voting

instructions from the owner. If a proposal is not routine, the broker or other entity may vote on the proposal only if the owner has provided voting instructions. A broker non-vote occurs when the broker or other entity is unable to vote on a proposal because the proposal is not routine and the owner does not provide any instructions. We have been advised by the NYSE that the amendment to the Articles of Incorporation and the proposal to adjourn, postpone or continue the Special Meeting are non-routine items.

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Votes Required for the Approval of the Proposals. To approve the two proposals, the following proportion of votes is required:

Item	Vote Required	Impact of Abstentions and Broker Non-Votes, if any
Amendment to Article FOURTH of First Financial’s Articles of Incorporation	Approval of two-thirds of the outstanding common shares	Abstention will not count as a vote cast on the proposal but has the same effect as a vote “ AGAINST ” the proposal Broker non-vote will have the same effect as a vote “ AGAINST ” the proposal
Adjournment of the Special Meeting	Approval of a majority of the common shares present in person or represented by proxy and entitled to vote at the Special Meeting	Abstention will not count as a vote cast on the proposal but has the same effect as a vote “ AGAINST ” the proposal Broker non-vote will not count as a vote on the proposal and will not affect the outcome of the vote

It is our policy to keep confidential proxy cards, ballots and voting tabulations that identify individual shareholders. However, exceptions to this policy may be necessary in some instances to comply with legal requirements and, in the case of any contested proxy solicitation, to verify the validity of proxies presented by any person and the results of the voting. Inspectors of election and any employees associated with processing proxy cards or ballots and tabulating the vote must acknowledge their responsibility to comply with this policy of confidentiality.

What is the recommendation of First Financial’s Board of Directors?

First Financial’s Board of Directors recommends that each shareholder vote “**FOR**” the adoption of the amendment to Article FOURTH of First Financial’s Articles of Incorporation to authorize First Financial to issue up to 80,000 shares of a new class of preferred shares and “**FOR**” the proposal to adjourn the Special Meeting, if necessary, to solicit additional proxies, in the event there are not sufficient votes at the time of the Special Meeting to adopt the proposed amendment to Article FOURTH of First Financial’s Articles of Incorporation.

What will the consequences be if the proposed amendment to Article FOURTH of First Financial's Article of Incorporation is not adopted?

If the proposed amendment to Article FOURTH of First Financial's Articles of Incorporation to authorize First Financial to issue up to 80,000 preferred shares is not adopted, First Financial will not be able to take advantage of the Capital Purchase Program. First Financial may have a distinct disadvantage against competitors in the current environment and may be limited in its future ability to raise additional capital to ensure that during these uncertain times, First Financial is well-positioned to support its existing operations as well as anticipated future growth.

Who pays the cost of proxy solicitation?

We will pay the costs of preparing, assembling, printing and mailing this Proxy Statement, the accompanying proxy card and other related materials and all other costs incurred in connection with the solicitation of proxies on behalf of the Board of Directors, other than the Internet access and telephone usage charges mentioned above.. Although we are soliciting proxies by mailing these proxy materials to our shareholders, our directors, officers and employees also may solicit proxies by further mailing, personal contact, telephone, facsimile or electronic mail without receiving any additional compensation for such solicitations. Arrangements will also be made with brokerage firms, financial institutions and other nominees who are record holders of common shares for the forwarding of solicitation materials to the beneficial owners of such common shares. We will reimburse these brokers, financial institutions and nominees for their reasonable out-of-pocket costs in connection therewith.

We have retained The Altman Group, Lyndhurst, New Jersey, to aid in the solicitation of proxies for the Special Meeting. The Altman Group will receive a base fee of \$7,500, plus reimbursement of out-of-pocket fees and expenses for its proxy solicitation services.

Who should I call if I have questions concerning this proxy solicitation or the proposals to be considered at the Special Meeting?

If you have any questions concerning the proposals to be considered at the Special Meeting or voting your shares, please call The Altman Group at 1-866-828-0221.

Does First Financial send multiple proxy statements to two or more registered shareholders who share an address?

Only one copy of this Proxy Statement and the notice of the Special Meeting for the Special Meeting are being delivered to previously notified registered shareholders who share an address unless First Financial has received contrary instructions from one or more of the shareholders. A separate proxy card is being included for each account at the shared address.

Registered shareholders who share an address and would like to receive a separate Proxy Statement for the Special Meeting, may contact First Financial Bancorp Investor Relations to request a copy. Call 513-979-5837, or send a written request to: Patti Forsythe, Investor Relations, First Financial Bancorp, 4000 Smith Road, Suite 400, Cincinnati, Ohio 45209.

**PROPOSAL NO. 1 - AMENDMENT OF THE ARTICLES OF INCORPORATION
TO AUTHORIZE PREFERRED STOCK
(Item 1 on Proxy Card)**

General

A proposal will be submitted to shareholders at the Special Meeting to approve an amendment (the “Proposed Amendment”) to our Articles of Incorporation (“Articles”) to authorize a new class of capital stock. Article FOURTH of the Articles currently provides that our authorized capital stock consists of 160,000,000 shares of a single class of common stock having no par value. The Proposed Amendment would amend Article FOURTH so that it also authorizes us to issue up to 80,000 shares of no par preferred stock (“Preferred Stock”) as an additional class of capital stock. Subject to the limitations described herein, our Board of Directors would be authorized to issue shares of Preferred Stock to create separate series of shares within the new class, and to determine the number of shares, designations, terms, relative rights, preferences and limitations of the Preferred Stock at the time of issuance, all by its resolution and without further shareholder approval.

A copy of the Proposed Amendment, which includes the text of Article FOURTH as it is proposed to be amended, is attached as Appendix A to this Proxy Statement. If the Proposed Amendment is approved by shareholders, the Proposed Amendment will become effective upon filing with the Ohio Secretary of State, which we intend to do promptly following such approval.

The recent challenges experienced as a result of turbulence in the financial markets make it necessary for financial institutions not only to preserve existing capital, but also to supplement such capital as a protection against further economic difficulties. Recently, certain low cost capital-raising opportunities have been presented by the federal government that provides us with options to generate capital in a low-cost manner. While our capital position is already sound, management would like to consider these opportunities to ensure that, during these uncertain times, we are well-positioned to support our existing operations as well as anticipated future growth. Our participation in the Program more fully discussed below will:

- § increase credit availability to consumers and businesses;
- § make our capital position even stronger;
- § improve our ability to leverage future strategic opportunities to grow and add value for our shareholders and clients; and
- § enhance our competitive position.

While the specifics of the Program continue to evolve, the Board believes sufficient information and knowledge regarding the Program has been gathered and analyzed, and that we believe we should take advantage of this unique opportunity.

Your Board of Directors recommends that you vote “FOR” the Proposed Amendment.

Terms of the Preferred Stock

The full text of the Proposed Amendment is attached to this proxy statement as Appendix “A.” If the amendment is approved, the Board would be authorized to issue Preferred Stock pursuant to the terms of the Program with all designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions upon the Preferred Stock, as may be provided in the resolution or resolutions adopted by the Board. The

authority of the Board would include, but is not limited to, the determination or fixing of the following with respect to shares of any class or series of Preferred Stock:

§ The number of shares constituting that series and the distinctive designation of that series;

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- § The dividend rate on the shares of the series, whether dividends shall be cumulative, and, if so, from which date or dates, and the relative rights of priority, if any, of payments of dividends on shares of that series;
- § Whether that series shall have voting rights, in addition to the voting rights provided by law, and, if so, the terms of such voting rights;
- § Whether that series shall have conversion privileges, and, if so, the terms and conditions of such conversion, including provisions for adjustment of the conversion rate in such events as the Board of Directors shall determine;
- § Whether or not the shares of that series shall be redeemable, and, if so, the terms and conditions of such redemption, including the date or dates upon or after which they shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption rates;
- § Whether that series shall have a sinking fund for the redemption or purchase of shares of that series, and, if so, the terms and amount of such sinking fund;
- § The rights of the shares of that series in the event of voluntary or involuntary liquidation, dissolution or winding-up of First Financial, and the relative rights of priority, if any, of payment of shares of that series; and
- § Any other relative rights, preferences and limitations of that series.

The actual effect of the issuance of any shares of the Preferred Stock upon the rights of holders of common stock cannot be stated until the Board of Directors determines the specific rights of any shares issued pursuant to the Program. However, the effects might include, among other things, restricting dividends on the common stock, diluting the voting power of the common stock, reducing the market price of the common stock or impairing the liquidation rights of the common stock without further action by the shareholders. For a discussion of the current terms of the Program, see “Reasons for the Proposed Amendment,” “Effects of the Proposed Amendment,” and Appendix B elsewhere in this proxy statement. Holders of First Financial common shares will not have preemptive rights with respect to the Preferred Stock.

Reasons for the Proposed Amendment

The purpose of the Proposed Amendment is to authorize us to sell shares of Preferred Stock to the United States Department of the Treasury (the “Treasury”) under the voluntary Capital Purchase Program should the Board deem it to be in the best interest of First Financial and its shareholders. On October 14, the Treasury announced the Program to encourage U.S. financial institutions to build capital to increase the flow of financing to U.S. businesses and consumers and to support the U.S. economy. The Program is designed to attract broad participation by healthy institutions and to do so in a way that attracts private capital to them as well. The purpose is to increase confidence in U.S. banks and increase the confidence of U.S. banks to deploy their capital. Increased confidence is expected to result in increased lending. The Program was instituted by the Treasury pursuant to the Emergency Economic Stabilization Act of 2008 which provides up to \$700 billion to the Treasury to buy mortgages and other assets from financial institutions, to invest and take equity positions in financial institutions, and to establish programs that will allow companies to insure their troubled assets. Under the Program, the Treasury will purchase up to \$250 billion of senior preferred shares (the “Senior Preferred Shares”) from qualifying financial institutions that meet the Program’s eligibility requirements and that elect to participate by November 14, 2008. On October 22, 2008 we filed an application with respect to the Program and on October 30, 2008 we were notified by the Treasury that we had received preliminary approval for the sale and issuance of up to \$80,000,000 of Senior Preferred Shares to the

Treasury.

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At this point, except with respect to the Treasury's notification that we received preliminary approval, there is no binding agreement or commitment with respect to the issuance of Senior Preferred Shares to the Treasury. Our company and the Treasury must still negotiate the terms and conditions of our company's participation in the Program, which means that closing of the transaction is not guaranteed. Although we have no reason to believe that we will not be able to participate in the Program, no assurances can be given:

§ that we will be able to participate in the Program;

§ as to the approximate number of shares of preferred stock that we may issue pursuant to the Program: or

§ as to the approximate amount of consideration we will receive from Treasury for any such shares that may be issued by First Financial under the Program.

A summary of the expected terms of the securities that the Treasury would purchase from qualifying financial institutions is set forth in Appendix B attached hereto.

Currently, we are not authorized to issue preferred stock. If the Proposed Amendment is adopted by our shareholders, shares of Preferred Stock will be available for issuance in connection with the Program. No further vote of our shareholders will be required, unless required under Ohio law. The Board of Directors believes that it is advisable to increase our authorized capital to include the Preferred Stock in order to take advantage of the Program and to help ensure that its wholly owned bank subsidiary, First Financial Bank, National Association (the "Bank"), remains well capitalized.

As an eligible institution, First Financial may sell an amount of Senior Preferred Shares to the Treasury equal to not less than 1% of the Bank's risk-weighted assets and not more than 3% of the Bank's risk-weighted assets. The Senior Preferred Shares will:

§ be issued with a liquidation preference of at least \$1,000 per share;

§ qualify as Tier 1 capital; and

§ rank senior to the common shares.

By the terms of the Program, Senior Preferred Shares will:

§ pay a cumulative dividend at a rate of 5% per annum for the first five years and will reset to a rate of 9% per annum after year five - the dividend will be payable quarterly in arrears;

§ be non-voting, other than class voting rights on certain matters that could adversely affect the Senior Preferred Shares; and

§ be callable by First Financial at par after three years. Prior to the end of three years, the Senior Preferred Shares may be redeemed at par with the proceeds from a qualifying equity offering of any Tier 1 perpetual preferred stock or common shares. The Treasury may also transfer the Senior Preferred Shares to a third party at any time.

In conjunction with the purchase of Senior Preferred shares, the Treasury will receive warrants to purchase common shares with an aggregate market price equal to 15% of the investment in the Senior Preferred Shares. The initial exercise price on the warrants, and the market price for determining the number of shares of common stock subject to the warrants, will be the market price of our common shares at the time of issuance, calculated on a 20-trading-day

trailing average, subject to customary anti-dilution adjustments. The warrants will have a term of 10 years and such additional terms and features as set forth on Appendix B. The Treasury will agree not to exercise voting power with respect to any shares of common stock that it acquires upon exercise of the warrants. We will have to take the steps necessary to register, pursuant to the Securities Act of 1933, Senior Preferred Shares issued by us and the related warrants and underlying common stock purchasable upon exercise.

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To participate in the Program, we are required to meet certain standards, including:

- § ensuring that incentive compensation for senior executives does not encourage unnecessary and excessive risks that threaten the value of the company;
- § requiring a clawback of any bonus or incentive compensation paid to a senior executive based on statements of earnings, gains or other criteria that are later proven to be materially inaccurate;
- § prohibiting certain severance payments to senior executives generally referenced to as “golden parachute” payments above specified limits set forth in the U.S. Internal Revenue Code; and
- § agreeing not to deduct for tax purposes executive compensation in excess of \$500,000 for each senior executive.

The Board believes that it is in the best interests of First Financial and its shareholders to afford us the opportunity to obtain additional low cost capital through the Program. Without the Proposed Amendment, First Financial will not be eligible to participate in the Program. With the Proposed Amendment, First Financial may apply to participate in the Program which will provide us with an additional resource for obtaining capital. The Board currently anticipates that it will issue up to 80,000 shares of Preferred Stock for \$80,000,000 (approximately 3% of the Bank’s risk adjusted assets) under the Program with the terms, rights and preferences set forth on Appendix B and will issue a number of warrants exercisable for shares of First Financial common shares having an aggregate market price equal to 15% of the amount of Senior Preferred Shares issued. More details can also be found at the Treasury’s website: <http://www.ustreas.gov> at Emergency Economic Stabilization Act - Capital Purchase Program.

Effect of the Proposed Amendment

Based on the Program term sheet provided by the Treasury, a copy of which is attached as Appendix B hereto, the following are the general effects on holders of common stock of participating financial institutions from the issuance of Senior Preferred Shares to the Treasury under the Program:

- § **Restrictions on Dividends.** For as long as any Senior Preferred Shares are outstanding, no dividends may be declared or paid on junior preferred shares, preferred shares ranking *pari passu* with the Senior Preferred Shares, or common shares (other than in the case of *pari passu* preferred shares, dividends on a pro rata basis with the Senior Preferred Shares), nor may a participating financial institution repurchase or redeem any junior preferred shares, preferred shares ranking *pari passu* with the Senior Preferred Shares or common shares, unless (i) in the case of cumulative Senior Preferred Shares, all accrued and unpaid dividends for all past dividend periods on the Senior Preferred Shares are fully paid; or (ii) in the case of non-cumulative Senior Preferred Shares, the full dividend for the latest completed dividend period has been declared and paid in full. In addition, the consent of the Treasury will be required for any increase in the per share dividends on common shares until the third anniversary of the date of the Senior Preferred Shares investment unless prior to such third anniversary, the Senior Preferred Shares are redeemed in whole or the Treasury has transferred all of the Senior Preferred Shares to third parties.
- § **Repurchases.** The Treasury’s consent shall be required for any share repurchases (other than (i) repurchases of the Senior Preferred Shares and (ii) repurchases of junior preferred shares or common shares in connection with any benefit plan in the ordinary course of business consistent with past practice) until the third anniversary of the date of the Treasury’s investment unless prior to such third anniversary, the Senior Preferred Shares are redeemed in whole or the Treasury has transferred all of the Senior Preferred Shares to third parties. In addition, there shall be no share repurchases of junior preferred shares, preferred shares ranking *pari passu* with the Senior Preferred Shares, or common shares if prohibited as described under

“Restrictions on Dividends” above.

§ ***Voting rights*** . The Senior Preferred Shares shall be non-voting, other than class voting rights on (i) any authorization or issuance of shares ranking senior to the Senior Preferred Shares, (ii) any amendment to the rights of Senior Preferred Shares, or (iii) any merger, exchange or similar transaction which would adversely affect the rights of the Senior Preferred Shares. If dividends on the Senior Preferred Shares are not paid in full for six dividend periods, whether or not consecutive, the Senior Preferred Shares will have the right to elect two directors. The right to elect directors will end when full dividends have been paid for four consecutive dividend periods.

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If we issue \$80 million of Senior Preferred Shares to the Treasury, we will also be required to issue to the Treasury warrants to purchase common shares equal to 15% of the Senior Preferred Shares, or \$12 million. Based on the 20-day average trading price of our common shares on November 5, 2008 of \$12.76 per share, we would be required to issue the Treasury a warrant to purchase approximately 940,000 First Financial common shares at \$12.76 per share. If all warrants were exercised, it would amount to approximately 2.5% of our currently issued and outstanding shares as of the voting record date, which would dilute the relative equity interests of the current holders of our common shares.

If shareholders approve the Proposed Amendment, then, to establish the Senior Preferred Shares, the Board of Directors would approve and file a further amendment to the Articles (which it could do without further shareholder approval) that would specify the designation of that series of Preferred Stock and the number, terms, relative rights, preferences and limitations of shares as required by the Program. The Board of Directors will not issue shares of Preferred Stock other than pursuant to the Program described in this proxy statement.

Substantially all of the proceeds of any such sale of Senior Preferred Shares likely would be used to infuse additional capital into First financial to support its continued growth in earning assets and deposits. Portions of the net proceeds also might be used by us for other general corporate purposes, including: financing new banking centers and/or lending offices, or other capital improvements; acquiring other financial institutions or their assets and related liabilities, including branch offices; creating or acquiring non-bank providers of financial or other services; and continuing to expand and/or upgrade our products, systems, and operations. It is not possible to determine the types or amounts of investments we would make if we issued to the Treasury the Senior Preferred Shares under the Program.

Since the Senior Preferred Shares will be non-voting in accordance with the Program, the issuance of such Senior Preferred Shares should not dilute the relative voting power of the current holders of common stock, except for certain class of voting rights and the issuance of the warrants as described above. Current shareholders would not have preemptive rights to acquire any additional shares of capital stock issued by First Financial and would have no right to purchase a proportionate share, or any portion, of any shares of Preferred Stock issued.

The affirmative vote of two thirds of our issued and outstanding common shares is required to approve the Proposed Amendment. ***If the Proposed Amendment is not approved, we will not be eligible or have the option to participate in the Program.***

Pro Forma Financial Information

The following unaudited pro forma financial information of First Financial for the fiscal year ended December 31, 2007 and the nine-months ended September 30, 2008 show the effects of a minimum of \$26.7 million and a maximum of \$80.0 million of Senior Preferred Shares issued to the Treasury pursuant to the Capital Purchase Program. The pro forma financial data presented below may change materially under either the "Minimum" or "Maximum" scenario based on the actual proceeds received under the Capital Purchase Program if our application is approved by Treasury, the timing and utilization of the proceeds as well as certain other factors including the strike price of the warrants, any subsequent changes in First Financial's common stock price, and the discount rate used to determine the fair value of the preferred stock. Accordingly, we can provide no assurance that the "Minimum" or "Maximum" pro forma scenarios included in the following unaudited pro forma financial data will ever be achieved. We have included the following unaudited pro forma consolidated financial data solely for the purpose of providing shareholders with information that may be useful for purposes of considering and evaluating the proposals to amend our Articles of Incorporation.

	Historical September 30, 2008	Pro Forma ⁽²⁾ September 30, 2008	
		Minimum	Maximum
Balance sheet data:			
ASSETS			
Cash and due from banks	\$90,341	\$90,341	\$90,341
Securities and other interest earning assets ⁽¹⁾	532,765	560,365	612,765
Loans, net of unearned	2,645,341	2,645,341	2,645,341
Other assets	243,229	243,229	243,229
Total assets	\$3,511,676	\$3,539,276	\$3,591,676
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Deposits	\$2,711,681	\$2,711,681	\$2,711,681
Borrowings	486,683	486,683	486,683
Other liabilities	36,092	36,092	36,092
Total liabilities	3,234,456	3,234,456	3,234,456
Shareholders' equity			
Preferred stock ⁽¹⁾	0	27,600	80,000
Common stock	391,249	391,249	391,249
Warrants	0	1,900	5,600
Discount on preferred ^{(3) (4)}	0	(1,900)	(5,600)
Retained earnings	80,632		