

**FIRST FINANCIAL CORPORATION
COMPENSATION AND EMPLOYEE BENEFITS
COMMITTEE CHARTER**

AUTHORITY AND MEMBERSHIP

The Compensation and Employee Benefits Committee (“Committee”) is appointed annually by the Board of Directors of First Financial Corporation (the “Board”) on the recommendation of the Nominating and Governance Committee. The members of the Committee shall serve until their successors are duly elected and qualified by the Board.

The Committee shall consist of no fewer than three (3) members, all of whom must qualify as Independent Directors (“Independent Directors”) under the standards for NASDAQ issuers or such other exchange or system upon which the Corporation’s securities are listed, quoted or traded and any standards of independence as may be prescribed for purposes of any federal securities, tax, banking or other laws relating to the Committee’s duties and responsibilities.

Committee members may be replaced by the Board of Directors on the recommendation of the Nominating and Governance Committee.

The purpose of the Committee is to discharge the Board’s responsibilities relating to the Company’s officers and employees. The Committee has overall responsibility for approving and evaluating compensation plans, policies and programs of the Company.

Each member of the Committee shall be a “disinterested person” within the meaning of Rule 16b-3 under the Securities and Exchange Act of 1934, and an “outside director” under Section 162(m) of the Internal Revenue Code of 1986, as amended.

The Committee is also responsible for producing an annual report on executive compensation for inclusion in the Company’s proxy statement.

RESPONSIBILITY

The Board delegates to the Committee strategic and administrative responsibility on a broad range of issues, including, but not limited to, ensuring the Chief Executive Officer (CEO), other executive officers, and key management of the Company are compensated effectively in a manner consistent with the stated compensation strategy of the Company, internal equity considerations, competitive practice and the requirements of the appropriate regulatory body; to establish guidelines and oversee the administration of executive compensation plans and arrangements, as well as certain employee benefit plans.

SPECIFIC DUTIES

The Compensation Committee shall have the power and authority of the Board to perform the following duties and to fulfill the following responsibilities:

1. Review and approve the Company's compensation strategy to ensure that there is a strong link between the economic interest of management and shareholders, that management is awarded appropriately for their contributions to Company growth and profitability and that executive compensation strategies support organization objectives and shareholder interests.
2. Review and approve the individual elements of total compensation for the CEO including, but not limited to, base salary, incentives, stock awards, benefits and other perquisites. The Committee shall review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and set the CEO's compensation level, based on that evaluation.
3. Retain and terminate any compensation consultant to be used to assist in the evaluation of Director, CEO or Senior Executive Compensation and shall have authority to approve the consultant's fees and other retention terms. The Committee shall also have the authority to obtain advice and assistance from internal or external legal, accounting or other advisers.
4. Review and approve the individual elements of total compensation for First Financial Corporation, subsidiary or affiliated executives holding the title of Vice Chairman or higher. Review and approve general elements of total compensation for key management and other officers.
5. Review and approve the design, performance measures and award opportunities for the Company's executive compensation plans.
6. Oversee the administration and operation of the Long-Term Incentive Plan, Supplemental Retirement Plan and other executive compensation plans and arrangements.
7. Communicate to shareholders the Company's compensation philosophy, policies and practices, as required by the Securities and Exchange Commission.
8. Oversee the administration and operation of the Retirement Plan, ESOP Plan, the 401(k) plan and other designated employee benefit plans.
9. Annually review the compensation systems that are in place for the employees of the Company in order to ensure that there is internal and external equity in the compensation of all employees, including incentive-compensation plans and equity-based plans.
10. Annually review, approve and recommend to the Board for its approval, for the Chairman, CEO and the next four highest paid Officers of the Company (a) the annual base salary level, (b) the annual incentive opportunity level, (c) the long-term incentive opportunity level, (d) employment agreements, severance arrangements, and change in control agreements/ provisions, each case as, when and if appropriate, and (e) any special or supplemental benefits, compensation or perquisites.

11. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Corporate Governance and Nominating Committee for its approval.
12. Annually review its own performance and present the evaluation findings to the Board.

STAFF AND OTHER SUPPORT

Primary staff support for the Committee shall be provided by the Human Resources Director, Chairman and CEO of the Corporation. The Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisers.

MEETINGS

The Committee shall meet no less than two times annually, and at other times as the Chairman of the Committee shall designate. As necessary or desirable, the Chairman of the Committee may request that certain members of management be present at meetings of the Committee.

REPORTS AND MINUTES

The Committee shall report to the Board periodically, or as required by the nature of its duties on its activities and shall make recommendations to the Board as the Committee decides are appropriate. The Committee shall publish minutes for each meeting, which shall be maintained in the Main Office of the Corporation. The Committee Chairman shall designate a Secretary to the Committee, who need not be a member of the Committee. The Committee Chairman shall review and approve the Committee minutes.