

**CHARTER OF THE
GOVERNANCE AND NOMINATING COMMITTEE
OF THE BOARD OF DIRECTORS OF
FIRST FINANCIAL CORPORATION**

I. AUTHORITY AND MEMBERSHIP

The members of the Governance and Nominating Committee (“Committee”) are appointed annually by the Board of Directors of First Financial Corporation (the “Board”) on the recommendation of the Committee. The members of the Committee shall serve until their successors are duly elected and qualified by the Board. The Committee shall be comprised of three or more 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. No member of the Committee shall be removed except by majority vote of all the Independent Directors in an office. The Committee shall meet a minimum of two (2) times annually. The members of the Committee may attend and participate in Committee meetings in person or by telephonic means.

The Board shall appoint one of the members of the Committee to serve as Committee Chair on the recommendation of the Committee. The Committee may also appoint a Secretary, who need not be a Director.

The Committee has the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting or other advisors. The Committee shall also have the authority, to the extent it deems necessary or appropriate, to ask the Corporation to provide the Committee with the support of one or more Corporation employees to assist it in carrying out its duties. The Corporation shall provide for appropriate funding, as determined by the Committee, for payment of compensation to any advisors employed by the Committee. The Committee may request any officer or employee of the Corporation or the Corporation’s outside counsel, or other advisors, to attend a meeting of the Committee or to meet with any members of, or consultant to, the Committee.

II. PURPOSE OF THE COMMITTEE

The Committee’s primary purpose is to:

- Develop and recommend to the Board corporate governance policies and guidelines for the Corporation; and
- Identify and nominate persons for election to the Board and appointment to Committees of the Board.

III. RESPONSIBILITIES OF THE COMMITTEE

A. Charter Review.

- Review and reassess the adequacy of this Charter annually and recommend to the Board any proposed changes; and
- Publicly disclose the Charter and any such amendments at the times and in the manner required by the Securities and Exchange Commission (SEC) and/or any other regulatory body or stock exchange having authority over the Corporation, and in all events post such Charter and amendments on the Corporation's website.

B. Corporate Governance Policies.

- Recommend to the Board policies to enhance the Board's effectiveness, including, but not limited to, the size and composition of the Board; the frequency and structure of Board meetings, the frequency, structure and guidelines for calling executive sessions of Independent Directors, procedures for Board Meetings, including distribution of meeting materials, and the formation of Board committees;
- Create and review, at least annually, the corporate governance policies of the Corporation, including, but not limited to, the Code of Business Conduct and Ethics and Document Retention and Destruction Policy, to ensure that they are appropriate for the Corporation, to comply with applicable laws, regulations and listing standards and to recommend any desirable changes to the Board;
- Establish and review, at least annually, an enforcement mechanism for the Corporation's Code of Business Conduct and Ethics;
- Consider any other Corporate Governance issues that arise from time to time, including requests for waivers from the Corporation's Code of Business Conduct and Ethics;
- Review and advise the Board, from time to time, with respect to the functions of the Corporation's executive officers and the governance structure of the Corporation.
- Oversee the procedures adopted by the independent directors relating to stockholder communications with the Board, Board committees and individual directors and recommend to the independent directors for approval any changes that the Committee deems necessary or appropriate.
- Review any proposals submitted by stockholders for inclusion in the Corporation's proxy statement and recommend to the Board any action to be taken in response to such proposals.

C. Board Membership.

- Investigate and assess the backgrounds and skills required of Board members and those of potential candidates for Board membership, including nominees proposed or recommended by Shareholders;
- Nominate candidates to be presented to the Shareholders for election or to the Board for appointment to fill vacancies accordingly, considering the independence and other qualifications of each candidate and seeking an appropriately diversified Board;
- Establish training and orientation programs for all new Board members; and
- Recommend to the Board standards for determining director independence and other qualifications consistent with the requirements applicable to NASDAQ and other legal or regulatory requirements and review and assess these standards on a periodic, on-going basis.

D. Committee Memberships.

- Make recommendations to the Board for membership on the various Board committees;
- Recommend to the Board such changes to the Board's committee structure and committee functions as it deems advisable;
- Recommend committee members for chairs of Board committees; and
- Establish training and orientation programs for all new committee members.

E. Evaluation of the Board, Committees and Executive Officers.

- Review on at least an annual basis the Board's performance as a whole, each committees' performance as a whole and each individual Director's performance;
- Establish continuing education programs for all Board and committee members; and
- Review, on an annual basis, the performance of the Corporation's CEO.

F. General.

- Form and delegate authority to subcommittees, when appropriate;

- Retain or terminate any search firm to be used to identify director candidates, including authority to approve the firm's fees and other retention terms, with such fees to be borne by the Corporation;
- Report to the Board on the Committee's activities; and
- Annually review the performance of the Committee.

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