

CORPORATE GOVERNANCE GUIDELINES

(Current as of December, 2011)

The following Corporate Governance Guidelines (“Guidelines”) have been adopted by the Governance and Nominating Committee (“Committee”) of First Financial Corporation (the “Company”) to assist the Board of Directors (“Board”, “Directors” or “Board of Directors”) in the exercise of its responsibilities. These Guidelines are not intended to change or interpret any Federal or state law or regulation, including the General Corporation Law of the State of Indiana, nor are they intended to modify the Articles of Incorporation or By-Laws of the Company. These Guidelines are subject to modification from time to time. A current version of the Guidelines shall be posted on the Company’s website.

I. DIRECTOR RESPONSIBILITIES

Role of Directors – The primary responsibility of the Board of Directors of the Company is to oversee the overall business and affairs of the Company. In doing this, Directors should exercise their business judgment and act in good faith and in a manner they reasonably believe is in the best interest of the Company and its stockholders. Directors must devote such time and attention as is necessary to discharge their responsibilities to the Company. The day-to-day operation of the Company’s business is conducted under the management and direction of the Executive Officers of the Company and its subsidiaries.

Board Meetings – The Directors will meet as frequently as necessary to discharge their duties, but no less than once per month. Directors are expected to attend all or substantially all Board meetings, as well as meetings of the Board committees on which they serve. No Director shall attend less than 75% of the meetings of the Board or of a Committee on which he or she serves unless he or she is excused for reasons such as illness.

The Chairman of the Board, taking into account suggestions from other Directors and from Executive Officers of the Company, will set the agenda for each Board meeting. The Chairman of the Board will assure the agenda and all information and materials necessary for the Directors to discuss the agenda items are available for Directors in advance of each Board meeting so that Directors will have adequate time to review such information and materials.

The Independent Members of the Board of Directors will meet in executive session without management present on an as-needed basis but, in any event, not less than as is required by the NASDAQ Stock Market. In addition, an Independent Director may request an executive session of the Board be scheduled. The Directors may appoint from among its Independent Directors a Lead Independent Director. Currently the Independent Directors meet quarterly.

Board Committees – The Board of Directors may exercise its authority through Board committees as permitted by applicable law and as required by the NASDAQ Stock Market. The Board of Directors currently has the following three standing committees composed only of Independent Directors: Audit Committee, Compensation Committee and Nominating and Governance Committee. The Board of Directors may add new committees as it deems advisable. Each of these committees will have a charter and will carry out the responsibilities specified in its charter as well as such additional responsibilities as may be assigned by the Board of Directors.

All Committee members of the Audit Committee, Compensation Committee and Nominating and Governance Committee must be Independent Directors under the criteria established by the NASDAQ Stock Market. Committee members will be appointed by the Board of Directors upon the recommendation of the Nominating and Governance Committee. Committee assignments should be based on the Director's expertise, interest and available time.

II. DIRECTOR QUALIFICATIONS.

General Qualifications – The Directors are elected by the stockholders of the Company. The Board of Directors will seek as members individuals of high personal and professional integrity who have the characteristics, skills and experience the Board believes are appropriate to serve as a Director of the Company; who have the ability to understand the Company's business and who can represent the best interest of the Company's stockholders. In making its selection of Director nominees, the Board of Directors shall consider the recommendations of the Nominating and Governance Committee. The Nominating and Governance Committee shall be responsible for assessing the appropriate balance of criteria required of Board members. The Nominating and Governance Committee may apply several criteria in selecting nominees. Among the qualifications considered in the selection of candidates, the Nominating and Governance Committee shall look at the following attributes and criteria of candidates: experience, skills, expertise, diversity, personal and professional integrity, character, business judgment, time availability in light of other commitments, dedication, conflicts of interest and such other relevant factors as the Nominating and Governance Committee considers appropriate in the context of the needs of Board of Directors.

Independence – A majority of the Board of Directors must satisfy the independence requirements established by the NASDAQ Stock Market. In addition to these requirements, the Board of Directors will consider other factors that could affect a Director's independence, such as, for example, whether the Company makes substantial charitable contributions to organizations with which a Director is affiliated or whether the Company has entered into consulting contracts (or provides other forms of compensation to) a Director or a company with which a Director is affiliated. Each Director

must notify the Chair of the Nominating and Governance Committee of any changes in their independence. If such a change is not appropriate for the Chair of Nominating and Governance Committee to consider, then he will notify the Chair of the Audit Committee.

Lead Independent Director – If the Chairman of the Board is not qualified as an Independent Director (“Independent Director”) under the listing standards of the NASDAQ Stock Market, the Governance and Nominating Committee will recommend one of the Independent Directors of the Board of Directors to serve as a Lead Independent Director (the “Lead Independent Director”). If the Chairman of the Board is an Independent Director, then the duties of the Lead Independent Director described herein shall be part of the duties of the Chairman of the Board. The Lead Independent Director’s duties will include coordinating the activities of the Independent Directors, coordinating the agenda for and moderating sessions of the Board’s Independent Directors and facilitating communications between the other members of the Board of Directors.

In performing the duties described above, the Lead Independent Director is expected to consult with the Chairman of the appropriate Board Committees and solicit their participation in order to avoid diluting the authority or responsibility of such Committee Chairman.

Term Limits and Retirement Policy – The Board of Directors does not believe that it should limit the number of the terms for which an individual may serve as a Director, nor does the Board have a retirement policy for Directors. Directors who have served on the Board for an extended period of time are able to provide valuable insight into the Company based upon their experience with and understanding of the Company’s business, history, strategic objectives and industry and are able to provide an increased contribution to the Board as a whole. Instead of implementing mandatory term limits and a retirement policy, the Nominating and Corporate Governance Committee will consider the performance and abilities of each Director when making its recommendations with respect to Director candidates.

Positions on Other Boards – The Board of Directors has not adopted any policy limiting its members from serving on Boards or Committees of other for-profit or non-profit entities, except as required by the NASDAQ Stock Market. The Nominating and Governance Committee will consider the nature and the time commitment of a Director’s service on other Boards or Committees when making its recommendations with respect to Director candidates. Directors shall provide prior written notice to the Chairman of the Nominating and Governance Committee of any service or proposed service on the Board of Directors of a public or private company.

Change in Principal Occupation – Non-Management Directors who have a change in their principal occupation should notify the Chair of the Nominating and Governance Committee promptly of such a change. The Nominating and

Governance Committee will consider this fact when evaluating the composition of the Board of Directors and making its recommendations with respect to Director candidates. If such changes are not appropriate for the Chair of the Nominating and Governance Committee to consider, then he will notify the Chair of the Audit Committee.

III. ACCESS TO MANAGEMENT AND OTHER ADVISORS

The Board of Directors will have complete and unrestricted access to management so that Directors can ask questions and obtain information necessary to discharge the responsibilities to the Company. Such contact with management should be reasonable. The Board of Directors may invite members of management who are not Directors to attend portions of Board and Committee meetings. In addition, the Board of Directors and any Committee of the Board may consult with the Company's independent auditors, legal counsel and other advisors as they deem necessary.

IV. DIRECTOR COMPENSATION

General – The form and amount of compensation for Directors who are not employees of the Company will be determined by the Board of Directors, taking into account the recommendations of the Compensation Committee. In determining Director compensation, the Board of Directors will take into account that, if Director fees and perquisites exceed customary levels for companies of comparable size and complexity, this could affect Director independence.

Management Directors – A Director who is employed by the Company or any of its subsidiaries will not receive additional compensation for his or her service on the Board of Directors of the Company.

V. DIRECTOR ORIENTATION AND CONTINUING EDUCATION

New Directors – The Chief Executive Officer of the Company will be responsible for providing an orientation for new Directors.

The Company shall provide new Directors with a Director orientation program to familiarize such Directors with, among other things, the Company's business, strategic plans, significant financial, accounting and risk management issues, compliance programs, conflicts policies, Code of Business Conduct and Ethics, Corporate Governance Guidelines, principal Officers, internal auditors and independent auditors.

Continuing Education – The Chief Executive Officer of the Company will be responsible for periodically providing, or having advisors to the Company provide, materials or presentations to the Board of Directors on topics that will

assist the Directors in discharging their responsibilities. Directors may request a presentation on any relevant subject be made at a Board meeting.

Each Director is expected to participate in continuing educational programs in order to maintain the necessary level of expertise to perform his or her responsibilities as a Director.

VI. CHIEF EXECUTIVE OFFICER EVALUATION

The Governance and Nominating Committee will conduct an annual evaluation of the Company's Chief Executive Officer. The results of the evaluation will be provided to the Compensation Committee and the Board of Directors of the Company.

VII. MANAGEMENT SUCCESSION

The Chief Executive Officer, in consultation with others as needed, will provide the Governance and Nominating Committee with an appropriate succession plan for Officers of the Company, including a plan regarding succession in the event of an emergency. The Governance and Nominating Committee will review the management succession plan annually.

VIII. BOARD SELF-EVALUATION

The Nominating and Governance Committee will coordinate and oversee an annual self-assessment of the performance of the Board of Directors, the results of which will be discussed with the full Board of Directors. The assessment should include a review of any areas in which the Board of Directors or management believes the Board of Directors can make a better contribution to the Company.

IX. REVIEW OF GUIDELINES

The Governance and Nominating Committee will review and suggest changes to these guidelines to the Board of Directors as it deems appropriate. In addition to these Guidelines, the Board of Directors or any of its Committees may establish other guidelines, policies and procedures relating to their respective functions or the Company's operations. Such other guidelines, policies and procedures will be maintained by the Secretary of the Company.

X. BOARD INTERACTION WITH INSTITUTION INVESTORS, ANALYSTS, PRESS AND CUSTOMERS

The Board of Directors believes management generally should speak for the Company. It is suggested that each Director shall refer all inquiries from institutional investors, analysts, the press or customers to the Chief Executive Officer or his or her designee.