NEWS RELEASE

First Financial Corporation Reports Earnings Increase

7/27/2006

TERRE HAUTE, IN -- (MARKET WIRE) -- 07/27/06 -- First Financial Corporation (NASDAQ: THFF) today announced a 28.7% increase in net income for the three months ending June 30, 2006 over the same period of 2005. Net income was $6.4 million or $.48 per average share compared to $5.0 million or $.37 per average share for the second quarter of 2005. This performance brings the year-to-date earnings to $11.9 million or $.90 per average share compared to $11.3 million or $.84 per average share reported for the six months ended June 30, 2005.

During the quarter net interest income improved to $18.5 million compared to $18.3 million for the same period a year ago. The Corporation's improved asset quality, evidenced by a 15% reduction in classified assets at June 30, 2006 as compared to June 30, 2005, resulted in a reduction of the provision for loan losses of $3.1 million compared to the prior year quarter. Due to a higher interest rate environment, the Corporation has chosen to retain mortgage loans in the portfolio during 2006. This has resulted in $413 thousand less income from gains on the sale of loans during the second quarter of 2006 compared to the second quarter of 2005. Total non-interest income of $7.2 million for this period was $592 thousand less than 2005. Non-interest expenses for the second quarter increased by $434 thousand or 2.7% over the same period of 2005. A new banking center facility in Vincennes, Indiana which opened early in 2006, accounted for 36% or $156 thousand of this increase.

During the quarter deposits of the Corporation increased $9.9 million from the same period in 2005. While loans have decreased during this period $75 million or 5.1% as a result of reducing classified assets and improving asset quality, loans have increased from the first quarter of this year by $4.1 million and total assets increased by $22.1 million for the same period. For the 18th consecutive year the Corporation increased dividends to the shareholders.

The dividend of $.42 per share was declared during the second quarter and reduced shareholders' equity $5.7 million.

First Financial Corporation is the holding company for First Financial Bank NA in Indiana and Illinois, The Morris Plan Company of Terre Haute and Forrest Sherer Inc.

FIRST FINANCIAL CORPORATION
Financial Ratios for the Quarter and Six Months Ended June 31, 2006
(Dollar amounts in thousands except per share data)

	06/30/06	06/30/05	$ Change	% Change
Year to Date Information:				
Net Income	$ 11,934	$ 11,303	$ 631	5.58%
Earnings Per Average Share	$ 0.90	$ 0.84	$ 0.06	7.14%
Return on Assets	1.11%	1.05%	0.06%	5.71%
Return on Equity	8.75%	8.30%	0.45%	5.42%
Net Interest Margin	3.92%	3.95%	-0.03%	-0.76%
Net Interest Income	$ 36,907	$ 36,621	$ 286	0.78%
Non-Interest Income	$ 14,628	$ 15,539	($911)	-5.86%
Non-Interest Expense	$ 32,427	$ 31,118	$ 1,309	4.21%
Loan Loss Provision	$ 2,848	$ 6,006	($3,158)	-52.58%
Net Charge Offs	$ 2,745	$ 8,360	($5,615)	-67.17%
Efficiency Ratio	60.07%	56.94%	3.13%	5.50%
Quarter to Date Information:				
Net Income	$ 6,425	$ 4,992	$ 1,433	28.71%
Earnings Per Average Share	$ 0.48	$ 0.37	$ 0.11	29.73%
Return on Assets	1.19%	0.93%	0.26%	27.96%
Return on Equity	9.41%	7.34%	2.07%	28.20%
Net Interest Margin	3.90%	3.98%	-0.08%	-2.01%
Net Interest Income	$ 18,511	$ 18,278	$ 233	1.27%
Non-Interest Income	$ 7,215	$ 7,807	($592)	-7.58%
Non Interest Expense	$ 16,211	$ 15,777	$ 434	2.75%
Loan Loss Provision	$ 645	$ 3,783	($3,138)	-82.95%
Net Charge Offs	$ 1,359	$ 6,137	($4,778)	-77.86%
Efficiency Ratio	60.15%	57.99%	2.16%	3.72%

Balance Sheet:

Assets	$ 2,177,763	$ 2,157,759	$ 20,004	0.93%
Deposits	$ 1,499,474	$ 1,489,608	$ 9,866	0.66%
Loans	$ 1,386,137	$ 1,461,131	($74,994)	-5.13%
Shareholders' Equity	$ 267,076	$ 268,545	($1,469)	-0.55%
Book Value Per Share	$ 20.13	$ 20.04	$ 0.09	0.45%
Average Assets	2,148,024	2,150,014	($1,990)	-0.09%

For more information contact:
Michael A. Carty
(812) 238-6264

First Financial Corporation
One First Financial Plaza
Terre Haute
IN 47807