

FIRST FINANCIAL HOLDINGS, INC.

34 Broad Street, Charleston, SC 29401

March 3, 2009

Special Inspector General-TARP
1500 Pennsylvania Avenue, NW
Suite 1064
Washington, D.C. 20220

This letter is in response to your request dated February 6, 2009 for information related to the Troubled Asset Relief Program ("TARP") program. On December 5, 2008, we received \$65 million from the U.S. Treasury Department as a part of the Treasury's Capital Purchase Program. This funding represented the sale to the U.S. Treasury of \$65 million in senior preferred stock, with a related warrant to purchase up to \$9.7 million in common stock. The TARP transaction is part of the Treasury's program to encourage qualified financial institutions to build capital to increase the flow of financing to businesses and consumers and to support the U.S. economy. The following provides our use of the TARP funds and compliance with executive compensation requirements.

LENDING

We have not segregated the funds we received from the TARP transaction, but it was and remains our intent to use the \$65 million to support loan growth and to also provide flexibility for future growth. We continue to provide significant levels of credit to our customers. Since receiving the \$65 million, we have received approximately 1,800 residential loan applications for approximately \$377 million. Of these amounts, we have closed 568 loans of approximately \$115 million. We anticipate another \$284 million in closings for the next seven months. We have also contributed \$11 million to our subsidiary depository institution, First Federal Savings and Loan Association of Charleston ("First Federal"). In addition, the subsidiary depository institution has purchased \$124 million in private label mortgage backed securities which had the benefit of supporting the agency debt markets and promoting liquidity in the housing capital market.

At First Financial Holdings, we are not only continuing to lend, we are also at the forefront in doing everything possible to help families meet their mortgage obligations and keep them in their homes. We have undertaken foreclosure prevention efforts by sponsoring a series of Foreclosure Prevention Clinics for homeowners at risk of losing their homes. Clinics were held on January 10, 2009 in Charleston, SC, February 7, 2009 in Myrtle Beach, SC and on February 21, 2009 in Florence, SC. The clinics have been of benefit to hundreds of homeowners with future clinics planned in communities served by First Federal.

First Federal has established a Mortgage Resolution Support Team that helps clients restructure their mortgage payments to fit their budgets. Each homeowner receives personalized attention leading to solutions that include credit repair, affordable loan

P.O. Box 118068 • Charleston, SC 29423-8068 • (843) 529-5933 • FAX (843) 529-5883

www.firstfinancialholdings.com

payments and other community resources. First Federal is currently working with borrowers who have completed loan modification requests. Thus far, 91% have been approved, helping these borrowers avoid potential foreclosure.

First Federal has initiated a mortgage foreclosure moratorium for owner-occupied residential loans through May 1, 2009. The moratorium is an extension of First Federal's proactive efforts to assist distressed homeowners, and will potentially help at-risk borrowers remain in their homes. Until May 1, 2009, First Federal will not initiate a foreclosure or complete a foreclosure sale on any eligible borrower where First Federal owns the mortgage, the borrower is seeking to remain in a home that serves as his or her principal residence, and is working in good faith with First Federal.

COMPENSATION

Incentive compensation is not a perquisite given exclusively to our senior executive officers ("SEOs"). It is part of our regular compensation given to many of our employees, including retail branch, lending and credit personnel as well as support groups. Each employee is paid based on a combination of individual performance, business unit performance and the performance of the corporation as a whole. We require the Chief Risk Officer to report semi-annually to the Compensation Committee of the Board of Directors the appropriateness of the SEOs compensation including any bonus or any incentive compensation that may encourage the taking of unnecessary and excessive risk (short- or long-term) that threatens the value of First Federal.

* * * * *

We are pleased to have the opportunity to furnish you with this requested information. After reviewing our response, please contact the undersigned if you need any additional information. I certify that I am a duly authorized officer of First Financial and that, to the best of my knowledge, all of the statements, representations and supporting information provided herewith are accurate and truthful.



R. Wayne Hall
Chief Financial Officer

Enclosures

APPLICATIONS
FIRST FEDERAL OF CHARLESTON

3/2/2009
Reporting Period

12/1/2008 To 12/31/2008

<u>Loan ID</u>	<u>Sys Num</u>	<u>Borrower</u>	<u>LD Amt</u>	<u>Application Date</u>	<u>Prod St</u>	<u>Clc</u>	<u>Orig Rec</u>	<u>LOAN PURPOSE</u>
<u>Permanent Loan Number</u>								
<u>19904#date transmitted.mtx</u>								

Total Loans	651	138,057,710.00
	651	138,057,710.00

APPLICATIONS
FIRST FEDERAL OF CHARLESTON

3/2/2009
Reporting Period
2/1/2009 To 2/28/2009

<u>Loan ID</u>	<u>Borrower</u>	<u>Ln Amt</u>	<u>Application Date</u>	<u>Prct</u>	<u>St</u>	<u>Chg</u>	<u>Orig Rec</u>	<u>LOAN PURPOSE</u>
<u>Permanent Loan Number</u>								<u>Application transmitted rny</u>

Total Loans	390	83,120,949.00
	390	83,120,949.00

Date: 3/22/2009

12/1/2008 TO 12/31/2008

LOANS CLOSED BY TYPE FIRST FEDERAL MORTGAGE LENDING DIVISION
--

1000	\$16,280,269.00
1010	\$912,400.00
CMT650	\$1,258,000.00
CMT750	\$96,800.00
EMP14	\$2,619,150.00
FHA/FIX	\$1,251,324.00
JUM/FIX	\$1,500,000.00
LOT2YR	\$178,500.00
LOT3YR	\$62,250.00
LOT5YR	\$200,000.00
VAFIX	\$203,278.00

Commercial Spec and SpecPR

0

GRAND TOTAL

\$24,871,985.00

115

MARK LN TYPE NEW

Date: 3/21/2009

1/1/2009 TO 1/31/2009

LOANS CLOSED BY TYPE FIRST FEDERAL MORTGAGE LENDING DIVISION
--

1000	\$25,727,656.00
1010	\$2,994,200.00
CMTR660	\$1,350,000.00
CHP90	\$733,950.00
EMP44	\$1,301,475.00
FHAFIX	\$1,203,863.00
JULB71	\$708,000.00
LE3648	\$280,000.00
LOT2YR	\$364,500.00

Commercial Spec and SpecFR

0

GRAND TOTAL

\$34,723,644.00

189

MARK LN TYPE NEW

Date: 3/2/2009

2/1/2009 TO 2/28/2009

LOANS CLOSED BY TYPE FIRST FEDERAL MORTGAGE LENDING DIVISION
--

1000	\$41,318,875.00
1070	\$6,289,575.00
10YFIX	\$584,500.00
CMTE60	\$1,550,000.00
ClpP15	\$151,000.00
C/P30	\$670,000.00
EMP1/4	\$3,485,405.00
FHA/FIX	\$1,470,654.00
LB3505	\$330,000.00
LOT2YR	\$20,000.00
VAP/FIX	\$161,294.00

Commercial Spec and SpecPR

0

GRAND TOTAL

\$56,081,303.00

284

MARK LN TYPE NEW

3/2/09

FIRST FEDERAL OF CHARLESTON
PIPELINE REPORT

LOANID	Salable	BORROWER NAME	LOCKDATE	TERM	LOAN AMOUNT	PROCESSOR	CLOSER	RATE	LOAN	LOAN	BRANCH	APPL DATE
									PROGRAM	STATUS		
1080												
02-PUR, OTHER LENDER												
05-REFI, FFCH LOAN OR ADD												
06-REFI, OTHER												
22-NEWLY BUILT,PUR NEW/C												
1000			716					\$ 146,823,284				
1000IF												
06-REFI, FFCH LOAN OR ADD												
1000IF			1					\$ 114,000				
1010												
02-PUR, OTHER LENDER												
05-REFI, FFCH LOAN OR ADD												
06-REFI, OTHER												
1010			219					\$ 33,081,908				
10YFIX												
05-REFI, FFCH LOAN OR ADD												
06-REFI, OTHER												
10YFIX			9					\$ 902,860				
06-REFI, OTHER												
06-REFI, OTHER												
06-REFI, OTHER			1					\$ 72,760				
CMT660												
02-PUR, OTHER LENDER												
05-REFI, FFCH LOAN OR ADD												
06-REFI, OTHER												

3/2/09

FIRST FEDERAL OF CHARLESTON
PIPELINE REPORT

LOAN ID	Schedule	BORROWER NAME	LOCK DATE	TERM	LOAN AMOUNT	PROCESSOR	CLOSER	RATE	LOAN	LOAN	BRANCH	APPL DATE
PROGRAM STATUS												
CMT680			16		\$ 9,177,959							
CMT750												
02-PUR, OTHER LENDER												
05-REFI, FFCH LOAN OR ADD												
06-REFI, OTHER												
CMT750			9		\$ 6,129,800							
CP3/1												
20-CONST												
CP3/1			1		\$ 256,000							
Ctop15												
20-CONST			1		\$ 200,000							
Ctop15												
Ctop30												
20-CONST			7		\$ 2,748,385							
Ctop30												
EMP1/4												
02-PUR, OTHER LENDER			57		\$ 13,781,540							
F 100%												
02-PUR, OTHER LENDER			1		\$ 223,100							
F 100%												
FHAFIX												
02-PUR, OTHER LENDER												
06-REFI, FFCH LOAN OR ADD												
06-REFI, OTHER												

Toolid: all, vntiploc, byproduct

3/2/09

FIRST FEDERAL OF CHARLESTON
PIPELINE REPORT

LOANID	Saleable	BORROWERNAME	LOCK DATE	TERM	LOAN AMOUNT	PROCESSOR	CLOSER	RATE	LOAN	LOAN	BRANCH	APPL DATE
									PROGRAM	STATUS		
<hr/>												
FHA/FIX				22	\$ 3,523,218							
JULB31												
06-REFI, OTHER												
JULB31				1	\$ 1,057,000							
JULB51												
06-REFI, OTHER												
JULB51				2	\$ 1,878,000							
JULB71												
05-REFI, FFCH LOAN OR ADD												
06-REFI, OTHER												
JULB71				2	\$ 1,185,000							
JUMFIX												
02-PUR, OTHER LENDER												
06-REFI, OTHER												
JUMFIX				3	\$ 2,505,375							
LB3505												
05-REFI, FFCH LOAN OR ADD												
06-REFI, OTHER												
LB3505				5	\$ 1,781,300							
LB3514												
02-PUR, OTHER LENDER												
05-REFI, FFCH LOAN OR ADD												
LB3514				5	\$ 811,000							
LB3518												
02-PUR, OTHER LENDER												
05-REFI, FFCH LOAN OR ADD												

3/2/09

FIRST FEDERAL OF CHARLESTON
PIPELINE REPORT

LOAN ID	Salable	BORROWER NAME	LOCK DATE	TERM	LOAN AMOUNT	PROCESSOR	CLOSER	RATE	LOAN	LOAN	BRANCH	APPL DATE
PROGRAM STATUS												
06-REFI, OTHER												
LB3518					\$ 2,348,250							
LIB7-1												
02-PUR, OTHER LENDER												
06-REFI, OTHER												
LIB7-1					\$ 414,000							
LOT5YR												
06-REFI, OTHER					\$ 208,000							
LOT5YR												
06-REFI, OTHER												
20-CONST												
06-REFI, OTHER												
05-REFI, FFCH LOAN OR ADD												
06-REFI, OTHER												
VAFIX					\$ 1,020,875							
VAFIX												
02-PUR, OTHER LENDER												
05-REFI, FFCH LOAN OR ADD												
06-REFI, OTHER												
VAFIX												
7												
Total No. of Loans:					229,973,302.00					1,095		

Todd J. Walker, Director

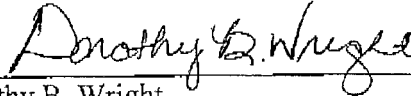
Security Purchases

<u>Description</u>	<u>Original Par Value</u>	<u>Current Par Value</u>	<u>Price</u>	<u>Book Value</u>	<u>Yield</u>	<u>Coupon</u>	<u>Avg. Life</u>	<u>Broker</u>	<u>Trade Date</u>	<u>Settlement Date</u>
	\$68,841,000	\$13,544,013	94.750000	\$12,832,952					10/14/2008	10/17/2008
	\$33,775,000	\$42,271,258	94.500000	\$11,596,339					10/16/2008	10/23/2008
	\$31,410,000	\$12,467,036	92.062500	\$11,477,465					10/15/2008	10/23/2008
	\$47,080,000	\$23,047,100	94.093750	\$21,685,881					10/27/2008	10/30/2008
	\$27,360,000	\$13,353,234	94.837500	\$12,677,226					10/29/2008	11/3/2008
	\$50,000,000	\$20,220,796	93.093750	\$18,824,297					11/3/2008	11/18/2008
	\$19,093,631	\$7,800,214	96.875000	\$7,653,332					12/16/2008	12/19/2008
	\$9,000,000	\$4,859,607	83.031250	\$4,118,024					12/17/2008	12/22/2008
	\$32,200,000	\$18,992,085	96.593750	\$18,345,167					1/2/2009	1/7/2009
	\$31,000,000	\$18,284,306	97.218750	\$17,775,773					1/9/2008	1/14/2009
	\$35,416,000	\$10,480,399	98.250000	\$10,296,992					1/23/2009	1/28/2009
	\$78,500,000	\$17,890,488	98.312500	\$17,588,556					1/26/2009	1/29/2009
	\$16,000,000	\$10,168,255	97.156250	\$9,879,056					1/29/2009	2/3/2009
	\$48,681,000	\$17,904,002	97.958750	\$17,540,327					2/4/2009	2/9/2009
	\$44,300,000	\$17,364,480	98.625000	\$17,125,718					2/20/2009	2/26/2009
	\$43,000,000	\$16,166,942	99.000000	\$16,004,283					3/2/2009	3/5/2009
Sales	\$22,000,000	-\$12,841,802	97.281250	-\$12,492,665					1/15/2009	1/21/2009
		\$127,267,955.92		\$123,834,612.81						

EXCERPTS FROM THE MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF FIRST FINANCIAL HOLDINGS, INC. HELD JANUARY 30, 2009:

"Mr. Hood discussed the foreclosure avoidance clinics. He feels that they are vital to the local community and the state. He would like to provide a \$5,000 contribution to Family Services for each clinic to assist their efforts. We will continue to partner with them to provide the clinics. Regulators from the OTS Atlanta office are going to be invited to attend in order for them to gain an understanding of the service we are providing. Upon motion, properly seconded, the Board approved a \$5,000 contribution to Family Services per clinic to offset expenses incurred."

I hereby certify that the above are true excerpts from the minutes of meeting of the Board of Directors of First Financial Holdings, Inc., held on January 30, 2009, at which a quorum was present.



Dorothy B. Wright
Corporate Secretary

(SEAL)



Tuesday, March 03, 2009

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First Federal offers clinics for homeowners facing foreclosure

Staff Report

Published Feb. 24, 2009

North Charleston-based First Federal bank is offering three foreclosure prevention clinics on March 7 for all area homeowners in danger of losing their homes.

Homeowners who are late on one or more mortgage payments or are already in the foreclosure process are encouraged to attend.

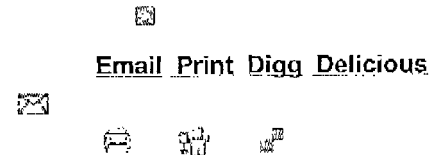
In January, 857 homes in the Charleston-Berkeley-Dorchester region were in foreclosure, according to the latest data from RealtyTrac, a national real estate tracking firm.

Clinic sessions will be at 9 a.m., 11 a.m. and 1 p.m. at the First Federal Corporate Center at 2440 Mall Dr. in North Charleston. All homeowners at risk of foreclosure can attend, regardless of their lender. No appointment is necessary.

Homeowners will be able to talk one-on-one about foreclosure and alternatives with representatives from the U.S. Department of Housing and Urban Development, S.C. Legal Services, Family Services Inc., First Federal and others.

First Federal previously offered a foreclosure prevention clinic in the Charleston area on Jan. 10. About 500 people attended,

<http://www.charlestonbusiness.com/news/26662-first-federal-offers-clinics-for-homeowners-facing-foreclo...> 3/3/2009



bank officials said.

First Federal also has held foreclosure clinics in Myrtle Beach and Florence and is planning a clinic on March 28 in Bluffton.

Attendees are encouraged to bring the following documentation:

- The most recent statement from your lender.
- Legal papers from attorneys related to foreclosure.
- A recent pay stub from all homeowners on the mortgage.
- The most recent bank statement and utility bill.
- Tax returns from 2007.

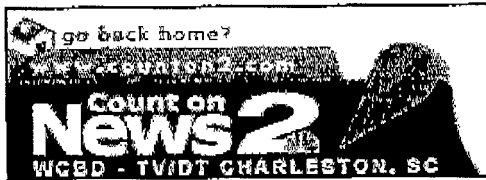
Last week First Federal and several national banks announced temporary moratoriums on foreclosures. First Federal will stop foreclosure proceedings until May 1.

Bank officials said the break would allow time for the Obama Administration's plan to help homeowners avoid foreclosure to take effect. That plan offers incentives to banks to modify loan terms.

Comments:

Leave New Comment

Name	<input type="text"/>
Email	<input type="text"/>
Comments	<input type="text"/>



Tuesday, March 3, 2009 |

First Federal of Charleston announces moratorium on foreclosures



Text size: [small](#) | [medium](#) | [large](#)

By [RAYMOND OWENS](#)

Published: February 18, 2009

First Federal of Charleston has announced that they are having a moratorium on foreclosures until May 1st.

Read more about it in their press release below...

FIRST FEDERAL ANNOUNCES
FORECLOSURE MORATORIUM THROUGH MAY 1
Initiatives help homeowners remain in their homes

CHARLESTON, SC— First Federal today initiated a mortgage foreclosure moratorium for owner-occupied residential loans through May 1, 2009.

The moratorium is an extension of First Federal's proactive efforts to assist distressed homeowners, and will potentially help at-risk borrowers remain in their homes.

From now until May 1, 2009, First Federal will not initiate a foreclosure or complete a foreclosure sale on any eligible borrower where the bank owns the mortgage, the borrower is seeking to remain in the home which is his or her principal residence and is working in good faith with First Federal.

"Losing a home is one of the greatest tragedies that can happen to any family," said A. Thomas Hood, president and CEO of First Federal. "We are committed to taking proactive steps that ensure as many homeowners as possible remain in their homes. The foreclosure moratorium is one of several steps we've taken to help homeowners remain current on their payments and ultimately in their homes."

http://www.counton2.com/cbd/news/local/article/first_federal_of_charleston_announces_moratorium_on_f... 3/3/2009

Foreclosure Clinics

Free Help for All Homeowners
At Risk of Foreclosure

February 7, 2009

First Federal Financial Center
4331 Robert W. Coxsom Parkway, Myrtle Beach
9 a.m., 11 a.m., 1 p.m. and 3 p.m.

February 21, 2009

First Federal, 238 South Cox Street, Florence
9 a.m., 11 a.m., 1 p.m. and 3 p.m.

Free clinics - choose the most convenient
time and location.

**Not for owners of rental or investment property*

 **First Federal**
You're First.



FORECLOSURE CLINICS

If you're falling behind on your mortgage payment or facing the possibility of foreclosure, this free clinic is for you. All owners of primary residences, regardless of the lender, are invited to attend one of our eight clinics: February 7 in Myrtle Beach or February 21 in Florence. Meet with a Housing and Urban Development (HUD)-approved counselor or a lender who may be able to provide options to foreclosure. Discuss your situation with professionals from First Federal South Carolina Legal Services, Mortgage Advocates, Consumer Credit Counseling and Family Services, Inc. No appointment is necessary. For more information, please call the Homeownership Resource Center at 888-320-0350.

We suggest you bring copies of the following documentation:

- Most recent statement from your lender
- Legal papers from attorneys related to foreclosure, if applicable
- A recent pay stub from all homeowners on the mortgage
- Most recent bank statement
- A recent utility bill
- 2007 tax returns

Plan to take advantage of our free clinics and explore your options to foreclosure.

This service is hosted by First Federal in collaboration with Family Services, Inc.



Foreclosure Clinics

Free Help for All Homeowners At Risk of Foreclosure

February 21, 2009

First Federal, 238 South Coit Street, Florence
9 a.m., 11 a.m., 1 p.m. and 3 p.m.

Free clinics – choose the most convenient time.

**Not for owners of rental or investment property*

If you're falling behind on your mortgage payment or facing the possibility of foreclosure, this free clinic is for you. All homeowners in danger of foreclosure are invited to attend one of our clinics. No appointment necessary.

This service is hosted by First Federal in collaboration with Family Services, Inc. For more information please call the Homeownership Resource Center at 388-320-0350.



The Homeownership Resource Center
Division of Family Services, Inc.



First Federal
You're First.



CONTACT: Linda W. Weber
Marketing Department
lweber@firstfederal.com
843-529-5930

FOR IMMEDIATE RELEASE
February 23, 2009

High demand brings free Foreclosure Clinics back to help tri-county homeowners

CHARLESTON --- For the second time this year, First Federal and Family Services, Inc. are reaching out to tri-county homeowners in danger of losing their homes to foreclosure with free Foreclosure Clinics March 7 at 9 a.m., 11 a.m. and 1 p.m. at the First Federal Corporate Center at 2440 Mall Dr. in North Charleston.

More than 500 lowcountry residents attended a Jan. 10 foreclosure prevention clinic hosted by the bank, and significant requests have been made for an encore event.

The clinics are again open to all homeowners facing the possibility of foreclosure, regardless of who their lender may be. All homeowners are invited to attend regardless of their lender, and all will receive personal assistance with a one-on-one Housing and Urban Development (HUD) counselor who may be able to provide options to foreclosure. Homeowners can review their situations with representatives from South Carolina Legal Services, Mortgage Advocates, Debt and Consumer Credit Counseling, Family Services, Inc. and First Federal.

-MORE-

“One of the worst things that can happen to any family losing their home,” said A. Thomas Hood, president and CEO of First Federal. “We knew we could help many homeowners avoid foreclosure by partnering with the Homeownership Resources Center at Family Services, Inc. and we want to provide solutions and hope to as many tri-county homeowners as possible. We’ve really been very overwhelmed and gratified by the response.”

The clinics are free to any homeowner facing the possibility of foreclosure for any reason. Homeowners who are already late on one or more mortgage payments or are already in the foreclosure process are also encouraged to attend. Three clinics are scheduled and no appointment is necessary.

First Federal has recently hosted three previous Foreclosure Clinics, in Myrtle Beach, Florence and in Charleston, and is planning March 28th clinics in Bluffton for homeowners in Beaufort County and surrounding areas.

Attendees are encouraged to chose the most convenient time and bring the following documentation:

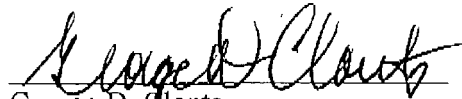
- most recent statement from your lender
- legal papers from attorneys related to foreclosure (Lis Pendens if applicable)
- a recent pay stub from all homeowners on the mortgage
- most recent bank statement, recent utility bill and 2007 tax returns

For more information, please call the Family Services’ Homeownership Resource Center toll free at 888-320-0350.

-END-

RESOLUTION

RESOLVED, that based on my review with the Compensation Committee of the Corporation of the bonus plans or other incentive compensation for the CEOs of the Corporation and its subsidiaries, I believe these bonus plans and other incentive compensation arrangements do not contain incentives that encourage CEOs to take unnecessary and excessive risks that threaten the value of the Corporation or its subsidiary financial institution.



George D. Clonts
Senior Vice President
Chief Risk Officer

Date: December 4, 2008

FIRST FEDERAL SAVINGS AND LOAN OF CHARLESTON			
SUMMARY OF TARP CPP EXECUTIVE COMPENSATION REQUIREMENTS AS APPLICABLE TO EXECUTIVE COMPENSATION			
TYPE OF COMPENSATION	ENCOURAGE UNNECESSARY AND EXCESSIVE RISK? *1	POSSIBLE CLAWBACK? *1	BESA GOLDEN PARACHUTE PAYMENT? *2
RESTRICTED STOCK	Probably not	Probably not	No *2
NONQUALIFIED STOCK OPTIONS	Probably not *7	Possibly *3	No *2
INCENTIVE STOCK OPTIONS	Probably not *7	Possibly *3	No *2
EMPLOYMENT CONTRACTS	Probably not	No	No *2
Salary (Section 2)	n/a	n/a	Yes, when deductible by Bank
Bonus	No	No	Yes, to the extent deductible
Expenses (Section 3)	No	No	Generally not *5
Benefits Plans (Section 3)	No	No	Generally not *5
Fringe Benefits (Section 3)	Possibly	Probably not	Yes, when deductible by Bank
Involuntary Termination Payment (Section 7(b))	Possibly	Probably not	Yes, when deductible by Bank *6
Change in Control Payment (Section 7(g))	No	No	Generally not *5
Death or Disability (Section 7(a), 9)			
PERFORMANCE INCENTIVE COMPENSATION PLAN			
No Minimum ROE for VPs	Possibly *8	Possibly *8	n/a
Performance Criteria	Possibly *9	Probably Not	Yes, when deductible by Bank
NOTES/COMMENTS			
*1 No guidance has yet been issued on this.			
*2 Would have been payable even if no severance had occurred. No accelerated vesting of restricted stock or options on involuntary termination.			
*3 More likely to be considered incentive compensation than restricted stock.			
*4 This amount is not an BESA golden parachute payment if it is subject to the regular change in control rules under Code Section 280G. IRS Notice 2008-94 Q&A 16.			
*5 Some compensation that is currently deductible might be counted, but likely de minimis.			
*6 Due to 295% outback in the Agreement, the entire amount will be deductible and so counted against the limit.			
*7 It is theoretically possible that tying vesting to efficiency might be risky if the efficiency has an adverse effect on performance. However, this is highly unlikely.			
*8 While VPs probably will not be CEOs, they may take more risk absent a minimum ROE constraint. If this risks results in a material misstatement, an CEO may be affected. The risk here is small.			
*9 It is possible that some of the performance criteria may encourage the prohibited risk taking. Carefully review the criteria definitions for areas of potential abuse.			

RESOLUTION

WHEREAS, the board of directors of First Financial Holdings, Inc. ("Corporation") has determined that it is in the best interests of the Corporation and its shareholders to participate in the Treasury TARP CPP program ("CPP"), under which the Corporation will issue preferred stock and a warrant to purchase Corporation common stock to the United States Treasury ("UST") in return for cash; and

WHEREAS, the UST has accepted the Corporation's CPP application and has informed the Corporation that the closing is scheduled for December 5, 2008; and

WHEREAS, in order for the Corporation to participate in the CPP, it must comply with Section 111(b) of the Emergency Economic Stabilization Act of 2008 regarding executive compensation and corporate governance and the related UST interim final regulations published in the Federal Register on October 20, 2008 (the "Compensation Guidelines"); and

WHEREAS, the Corporation is required to deliver a certificate to the UST at the closing of the CPP transaction that it has complied with all the Compensation Guidelines; and

WHEREAS, the Corporation is required to deliver to the UST at the closing of the CPP transaction waivers of its senior executive officers subject to the Compensation Guidelines ("SEOs") with respect to the changes in the Corporation's compensation plans, policies and practices required by the Compensation Guidelines; and

WHEREAS, the board of directors of the Corporation has authorized and directed the Committee to take all the actions required under the Compensation Guidelines.

NOW, THEREFORE, BE IT

RESOLVED that, as long as UST holds securities of the Corporation acquired in the CPP, the Compensation Committee will be responsible for:

- Reviewing the Corporation's compensation plans and policies with our senior risk officers in order to identify and eliminate any bonus plans or other incentive compensation for SEOs that encourage them to take unnecessary and excessive risks that threaten the value of the financial institution; and
- Meeting annually with our senior risk officers to discuss and review the relationship between the Corporation's risk management policies and practices and the SEOs' bonus and incentive compensation arrangements; and
- Certifying that the Committee has completed the annual review of the SEOs' bonus and incentive compensation arrangements in the Compensation Discussion and Analysis section included in the Corporation's annual meeting proxy statement; and
- Adopting appropriate provisions for the recovery by the Corporation or its subsidiaries of any bonus or incentive compensation paid to a SEO based on financial statements or performance metric criteria later determined to be materially inaccurate, including requiring SEOs to sign an agreement in this regard; and

- Prohibiting the Corporation or any subsidiary from making any golden parachute payment (as defined under the Compensation Guidelines) to any SEO, including requiring SEOs to sign an agreement to amend all applicable employment, severance, benefit or related agreements or plans in this regard; and
- Directing that all compensation to SEOs be subject to the special limits on deductibility for tax purposes under the Compensation Guidelines; and

RESOLVED, that based on its review with the senior risk officers of the Corporation of the bonus plans or other incentive compensation for SEOs of the Corporation and its subsidiaries, the Compensation Committee believes these bonus plans and other incentive compensation arrangements do not contain incentives that encourage SEOs to take unnecessary and excessive risks that threaten the value of the Corporation or its subsidiary financial institution; and

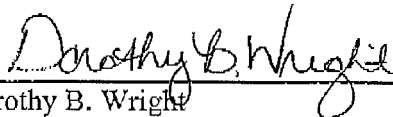
RESOLVED, that the Compensation Committee, acting on behalf of the Corporation, caused an agreement between the Corporation and each of its SEOs to be executed, in the form attached to these resolutions, providing for the recovery by the Corporation or its subsidiaries of any bonus or incentive compensation paid to a SEO based on financial statements or performance metric criteria later determined to be materially inaccurate and amending any compensation agreements or plans in order to prohibit any golden parachute payments (as defined under the Compensation Guidelines) to SEOs not permitted by the Compensation Guidelines as long as UST holds securities of the Corporation acquired in the CPP; and

RESOLVED, that the Compensation Committee, acting on behalf of the Corporation, has requested that each SEO execute the required form of waiver respecting his or her waiver of rights in connection with changes in his or her executive compensation that are required by the Compensation Guidelines, for delivery to the UST at the closing of the CPP; and

RESOLVED, that the Compensation Committee, acting on behalf of the Corporation, directs the officers and tax consultants of the Corporation and its subsidiaries to comply with the special tax rules for the deduction of the SEOs compensation, as long as UST holds an equity or debt position in the Corporation.

I hereby certify that the above resolution was adopted by unanimous vote of the Board of Directors of First Financial Holdings, Inc. at a meeting of said Board held on the 4th day of December, 2008, a quorum being present.





Dorothy B. Wright
Corporate Secretary

FORM OF COMPENSATION MODIFICATION AGREEMENT

THIS AGREEMENT ("Agreement"), made this ____th day of _____, 2008, by and between First Financial Holdings, Inc., First Federal Savings and Loan Association of Charleston, its wholly owned subsidiary, (together, the "Corporation") and _____, a senior executive officer of the Corporation ("Executive").

WHEREAS, the Corporation has determined that it is in the best interests of the Corporation and its stockholders to participate in the Treasury TARP CPP program ("CPP"), under which the Corporation will issue preferred stock and warrants to purchase Corporation common stock to the United States Treasury ("UST") in return for cash; and

WHEREAS, in order for the Corporation to participate in the CPP, the Corporation and its senior executive officers subject to the Compensation Guidelines ("SEOs") must comply with Section 111(b) of the Emergency Economic Stabilization Act of 2008 regarding executive compensation and corporate governance and the related UST interim final regulations (31 CFR Part 30) published in the Federal Register on October 20, 2008 (the "Compensation Guidelines"); and

WHEREAS, the Corporation is required to deliver a certificate to the UST at the closing of the CPP transaction that it has complied with all the Compensation Guidelines; and

WHEREAS, the board of directors of the Corporation has authorized and directed the Compensation Committee to take any and all the actions required under the Compensation Guidelines in order to enable the Corporation to deliver that certificate and authorized each member of the Compensation Committee to execute this Agreement on behalf of the Corporation; and

WHEREAS, in order to comply with the Compensation Guidelines for so long as UST holds securities of the Corporation acquired in the CPP, the Corporation, through the Compensation Committee, is required to review the Corporation's compensation plans and policies with senior risk officers in order to identify and unilaterally eliminate any bonus plans or other incentive compensation arrangements for SEOs that encourage them to take unnecessary and excessive risks that threaten the value of the financial institution; and

WHEREAS, in order to comply with the Compensation Guidelines for so long as UST holds securities of the Corporation acquired in the CPP, the Corporation, through the Compensation Committee, must adopt appropriate provisions for the recovery by the Corporation of any bonus or incentive compensation paid to a senior executive officer (as defined under the Compensation Guidelines) based on financial statements or performance metric criteria later determined to be materially inaccurate; and

WHEREAS, in order to comply with the Compensation Guidelines as long for so UST holds securities of the Corporation acquired in the CPP, the Corporation is prohibited

from making any golden parachute payment (as defined under the Compensation Guidelines) to any SEO; and

WHEREAS, the Corporation is required to deliver to the UST in connection with the consummation of the CPP transaction a waiver from each of its SEOs with respect to the changes in the Corporation's compensation plans, policies and practices as required by the Compensation Guidelines; and

WHEREAS, the Compensation Committee has asked Executive to execute the waiver in the form attached; and

WHEREAS, the Executive believes the requirements imposed under the Compensation Guidelines in order for the Corporation to obtain government funds by participating in the CPP are reasonable and in the best interests of the Corporation and its stockholders and furthers the long term best interests of the Corporation and its SEOs, including the Executive.

NOW, THEREFORE, to allow the Corporation to participate in the CPP for the mutual benefit of the Corporation, its stockholders and Executive, and for other good and valuable consideration, the Corporation and the Executive hereby agree as follows:

1. GENERAL MODIFICATION OF EMPLOYMENT, COMPENSATION AND BENEFIT AGREEMENTS, PLANS AND POLICIES: Until such time as the UST ceases to own any debt or equity securities of the Corporation acquired pursuant to the CPP, the Corporation and Executive agree that, notwithstanding any contract, plan, policy agreement or understanding to the contrary, all employment, compensation and benefit agreements, plans and policies (collectively referred to herein as "Executive Compensation Agreements") with respect to Executive shall be deemed modified to comply in all respects with Section 111(b) of EESA as implemented by any guidance or regulation thereunder that has been issued and is in effect as of the date the Corporation issues preferred stock and warrants to the UST, and such Executive Compensation Agreements shall be administered and interpreted accordingly. The Corporation and Executive further agree that the Corporation shall not adopt any new benefit plan with respect to Executive that does not comply with Section 111(b) of EESA as implemented by any guidance or regulation thereunder that has been issued and is in effect as of the date the Corporation issues preferred stock and warrants to the UST. The Executive agrees that the Corporation, through its Compensation Committee, has the sole discretion: (a) to determine whether and to what extent any bonus or incentive compensation with respect to the Executive encourages the Executive to take unnecessary and excessive risks that threaten the value of the financial institution, and (b) to eliminate any such compensation as long as UST holds securities of the Corporation acquired in the CPP.

2. RECOVERY OF INCENTIVE COMPENSATION: Until such time as the UST ceases to own any debt or equity securities of the Corporation acquired pursuant to the CPP, in the event Executive receives a bonus or any other incentive compensation

from the Corporation based on financial statements or performance metric criteria later determined by the Corporation's Compensation Committee, in its sole discretion, to be materially inaccurate, Executive agrees to repay the Corporation, in cash and within 30 days of a written demand therefore, the amount of the bonus or incentive compensation received by Executive in excess of the amount that would have been paid to Executive had the inaccurate statements or criteria been materially accurate.

3. GOLDEN PARACHUTE PAYMENTS: Until such time as the UST ceases to own any debt or equity securities of the Corporation acquired pursuant to the CPP, Executive agrees that: (a) the Executive shall not be entitled to receive any golden parachute payment (as defined under the Compensation Guidelines) upon Executive's applicable severance from employment (as defined under the Compensation Guidelines) and (b) that all Executive Compensation Agreements between Executive and the Corporation are deemed to be amended in this regard.

4. WAIVER: Executive hereby voluntarily waives any claim against the Corporation and the UST for any changes to my compensation, bonus, incentive and other benefit plans, arrangements, policies and agreements (including golden parachute agreements) that are required to comply with the Compensation Guidelines and that are made pursuant to this Agreement. This waiver includes all claims Executive may have under the laws of the United States or any state related to the requirements imposed by the Compensation Guidelines, including, without limitation, a claim for any compensation or other payments Executive would otherwise receive. Executive agrees to execute the required waiver in the form attached hereto and deliver said warrant to the Corporation no later than the close of business on December __, 2008.

5. COVERED EMPLOYMENT, COMPENSATION AND BENEFIT AGREEMENTS, PLANS AND POLICIES: Executive acknowledges that the Executive Compensation Agreements that are listed in Annex A hereto are all subject to the modifications and amendments provided for in this Agreement, to the extent applicable.

6. MODIFICATION - WAIVERS - APPLICABLE LAW: No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing, signed by the Executive and on behalf of the Corporation by such officer as may be specifically designated by the Board of Directors of the Corporation. No waiver by either party hereto at any time of any breach by the other party hereto of, or in compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. The validity, interpretation, construction and performance of this Agreement shall be governed by federal law, to the extent applicable, and otherwise by the laws of the State of Delaware.

7. INVALIDITY - ENFORCEABILITY: The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect. Any provision in this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating or affecting the remaining provisions of this Agreement, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8. HEADINGS: Descriptive headings contained in this Agreement are for convenience only and shall not control or affect the meaning or construction of any provision in this Agreement.

(Remainder of page intentionally left blank)

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date first above written.

EXECUTIVE

Signature

Print Name

**FIRST FINANCIAL HOLDINGS,
INC.**

By: _____
Signature

Print Name

Member of the Compensation
Committee

**FIRST FEDERAL SAVINGS
AND LOAN ASSOCIATION OF
CHARLESTON**

By: _____
Signature

Print Name

Member of the Compensation
Committee