FIRST FINANCIAL FUND INC
Form N-CSR
June 07, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-04605

First Financial Fund, Inc.
(Exact name of registrant as specified in charter)

1680 38th Street, Suite 800

Boulder, Co 80301
(Address of principal executive offices) (Zip code)

Stephen C. Miller, Esq.
1680 38th Street, Suite 800
Boulder, Co 80301
(Name and address of agent for service)

Registrant's telephone number, including area code: 303-444-5483

Date of fiscal year end: March 31, 2004

Date of reporting period: March 31, 2004

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. ss. 3507.

ITEM 1. REPORTS TO STOCKHOLDERS.

The Report to Shareholders is attached herewith.

LETTER FROM THE CHAIRMAN MARCH 31, 2004

FELLOW SHAREHOLDERS:

The Board of Directors is very pleased with the Fund's performance for fiscal year ending March 31, 2004. A 55.00% return is an outstanding performance. The Board is also proud of the Fund's recognition by Lipper as having achieved the highest 10 year return for any closed-end equity fund for the period ending December 31, 2003. Speaking for the entire Board, we wish to recognize and thank the Fund's adviser, Wellington Management Company, LLP, and more specifically Nick Adams, the Fund's portfolio manager. The Fund's fine performance is an illustration of their commitment to us as shareholders. We continue to support Wellington Management and Mr. Adams in ways they feel will benefit the Fund.

To that end, you will receive shortly the Fund's Proxy Statement with regard to the upcoming annual meeting of stockholders. The Proxy Statement will contain a number of proposals, including a proposal to broaden the Fund's concentration policy. Currently, the Fund must invest at least 65% of its assets in securities issued by "savings and banking institutions, mortgage banking institutions" or their holding companies. The proposal would broaden the universe of financial companies in which the Fund might invest and is intended to give the Fund's portfolio manager needed investment flexibility and options. Please refer to Nick's letter for additional information on this issue. The Fund's investment objective and other fundamental policies would remain unchanged.

The Proxy Statement will also recommend a comprehensive set of proposals to implement a number of what might be referred to as "shareholder-friendly" practices in the corporate governance area, including one which seeks to declassify the Board. Generally, these proposals seek to eliminate or modify a number of current charter or bylaw provisions that are often viewed as limiting accountability and insulating management from stockholders. Further details may be found in the upcoming Proxy Statement.

When you receive your Proxy Statement, please respond promptly so that the Fund can save on proxy solicitation expenses.

Thank you for your support of the Fund. We remain committed to providing a quality investment fund to you, our fellow shareholders.

Sincerely,

/S/ SIG
Joel Looney
Chairman of the Board

LETTER FROM THE ADVISER MARCH 31, 2004

DEAR FELLOW SHAREHOLDERS:

Our Fund returned 55.00% for the fiscal year ending March 31, 2004, outperforming comparative benchmarks. These results came notwithstanding an outsized cash position for most of the year. Once again, our cautious outlook proved wrong or at least, premature. On a more positive note, the Fund had the highest returns of any closed-end equity fund, according to Lipper, for the 10 years ending December 31, 2003. The achievements could not have occurred without the support of our shareholders and Board of Directors. Thank you.

TOTAL RETURN
FOR THE PERIODS ENDED 3/31/04

	6 MOS.	1 YEAR	3 YEARS	5 YEARS
FIRST FINANCIAL FUND'S NAV	22.6%	55.0%	33.1%	28.4%
S&P 500	14.1	35.1	0.6	-1.2
NASDAQ Composite*	11.9	49.3	2.9	-4.0
NASDAQ Banks*	13.7	35.3	16.1	11.0
SNL All Daily*	19.1	44.6	21.4	17.5
SNL MBS REITS*	34.5	70.2	47.0	24.0

This past fiscal year was characterized by a grudging but determined rebound in the economy and a very steep yield curve made possible by an exceedingly accommodative Fed. Such an environment was ideal for mortgage bankers, mortgage REIT's and banks indulging in the "carry" trade - borrowing short and lending long. Low rates, lots of liquidity and a punk commercial lending environment all contributed to an acceleration in bank acquisition activity. Finally, an extended hard market in property and casualty insurance fueled a continued rebound in the stocks of this sector. 2003 was a propitious year for almost all of financial services.

After the strong run of the past few years, the Fund reduced its allocation to mortgage REIT's (4%). Finding new names in the insurance area (13%) increased that sector's weighting, while the banks and thrifts (59%) grew mostly through appreciation. Our emphasis on mortgage bankers (11%) proved beneficial in the low rate, steep yield curve environment. This years top contributor was Countrywide Financial Corporation, a mortgage banker that continues to gain share, intelligently diversify and deliver mortgage related products at the lowest prices. Their strength in loan servicing and interest rate risk management should leave them well positioned even as interest rates rise. Hudson City

Bancorp, another top contributor, benefited from the steep yield curve and speculation over its converting from a mutual holding company to full stock. Fueling Resource America's outsized returns were successful liquidations of a number of discount real-estate loans and a well-run subsidiary in the natural gas exploration, production and syndication business.

Looking ahead, we harbor a number of concerns. Interest rates, at long last, are on the rise. Higher rates will slow many areas of mortgage lending as well as challenge those dependent on the "carry trade." We wonder whether higher rates will also hurt real estate values, the primary source of collateral for most thrifts and community banks. Higher rates mean fewer refinancings. Refinancing to lower the debt burden has been an important stimulant to both the consumer and business. It has also kept some loans from going bad ("the rolling loan gathers no loss"). The economy will surely miss refinancings. Another of our worries concerns pricing. Core deposit pricing (including NSF charges), loan pricing and insurance pricing all have remained reasonably disciplined. However, as capital builds in the system with few areas of distress, the urge to offset margin pressures with volume may be the trigger that ignites irrational and ultimately destructive pricing. We will be on the look out for early signs. Finally, financial stocks have done well for a very long time now. As a percent of stock market capitalization, they have once again eclipsed technology and are approaching what energy represented back in the energy crisis of 1980. We are overdue for a correction.

Consolidation and aggregation of financial services has increased markedly since the Fund's inception 18 years ago. Banks, for example, are now in the insurance and investment banking business. Mortgage REIT's do what used to be the mainstay of the thrift industry. Consumer and commercial finance companies make loans that banks used to make and even offer wholesale deposits. As a result, we need your support for increased flexibility in the Fund's concentration limit. A new, more up-to-date definition of financial services companies will be outlined in the Fund's upcoming annual proxy. Be assured that this request does not reflect a change in the Fund's investment philosophy but rather a recognition of the changing structure and nomenclature of financial services in the United States.

We appreciate your continued interest in and support of the Fund.

Sincerely,

/S/ SIG
Nicholas C. Adams

SHARES	DESCRIPTION	VALUE (NOTE 1)
	LONG TERM INVESTMENTS-99.3%	
	COMMON STOCKS-DOMESTIC-94.2%	
	BANKS & THRIFTS-32.6%	
53,500	Bank of America Corporation	$ 4,332,430
32,400	Bank of Oak Ridge*	437,400
538,450	Bay View Capital Corporation	1,200,743
164,000	Boston Private Financial Holdings, Inc.	4,592,000
50,400	Cardinal Financial Corporation*	483,840
112,485	CB Bancshares, Inc.	7,861,577
188,007	CCF Holding Company (e)	5,019,787
142,700	City National Corporation	8,547,730
62,000	Coast Financial Holdings, Inc.*	918,220
60,000	Community Bank San Jose California (a)(b)	2,707,800
195,000	Dime Bancorp, Inc.*	37,050
9,000	Fidelity Southern Corporation	132,840
20,199	First Citizens BancShares, Inc., Class A	2,484,477

SHARES	DESCRIPTION	VALUE (NOTE 1)
16,600	First Indiana Corporation	334,490
50,000	First Regional Bancorp* (a)	1,361,250
230,250	First Republic Bank	8,878,440
242,200	FleetBoston Financial Corporation	10,874,780
71,468	F.N.B Corporation	1,522,983
325,100	Franklin Bank Corporation* (a)(c)	5,439,248
30,000	Hanmi Financial Corporation	797,700
198,316	Hanmi Financial Pipe (a)	4,745,900
280,000	Hibernia Corporation, Class A	6,577,200
71,500	IBERIABANK Corporation	4,207,775
219,600	MetroCorp Bancshares, Inc.	3,228,120
336,000	North Valley Bancorp (e)	5,967,360
292,459	Pacific Union Bank	8,583,672
37,500	Signature Bank*	783,750
271,100	Southwest Bancorp, Inc.	4,690,030
100,000	Sterling Eagle (a)(b) (e)	1,000,000
249,400	Sun Bancorp, Inc.*	6,307,326
335,542	Taylor Capital Group, Inc.	7,734,243
21,100	Team Financial, Inc.	255,521
23,700	Texas United Bancshares, Inc.	449,826
18,400	The Bank Holdings, Inc.*	278,760
218,900	The Bancorp Bank*	3,940,200
130,000	Transatlantic Bank* (a)	1,267,500
35,000	TriCo Bancshares	1,308,300
36,400	Trustmark Corporation	1,059,240
59,500	UMB Financial Corporation	3,016,650
150,400	UnionBanCal Corporation	7,879,456
36,750	Westbank Corporation	841,575
36,700	Yardville National Bancorp	906,490
		142,993,679
SAVINGS & LOANS-25.9%		
12,800	Abington Bancorp, Inc.	578,418
98,600	Bank Mutual Corporation	1,103,334
60,900	BostonFed Bancorp, Inc.	2,088,870
129,280	Broadway Financial Corporation (e)	1,745,280
162,700	CFS Bancorp, Inc.	2,383,555

SHARES	DESCRIPTION	VALUE (NOTE 1)
SAVINGS & LOANS - CONTINUED		
24,400	Charter Financial Corporation	$ 960,628
71,800	Chesterfield Financial Corporation	1,866,800
238,500	Citizens First Bancorp, Inc.	5,762,160
37,600	Commercial Federal Corporation	1,037,760
120,900	Downey Financial Corporation	6,395,610
413,565	Fidelity Federal Bancorp*	822,994
169,600	First Federal Bancshares, Inc. (e)	5,512,000
24,000	First PacTrust Bancorp, Inc.	543,360
163,100	FirstFed America Bancorp, Inc.	4,545,597
252,000	FirstFed Bancorp, Inc. (e)	2,018,520
151,600	FloridaFirst Bancorp, Inc.	4,090,168
114,400	Golden West Financial Corporation	12,807,080
99,300	Greenpoint Financial Corporation	4,340,403
103,100	Hawthorne Financial Corporation*	4,535,369
90,000	HMN Financial, Inc.	2,471,400
170,400	Hudson City Bancorp, Inc.	6,447,936
116,500	Northeast Pennsylvania Financial Corporation	2,143,600

200,400	Ocwen Financial Corporation*	1,937,868
163,300	Pacific Premier Bancorp, Inc.*	2,188,057
94,800	Parkvale Financial Corporation	2,716,968
25,300	People's Bank	1,176,197
165,930	Perpetual Federal Savings Bank (e)	3,982,320
450,000	Provident Bancorp, Inc.	5,332,500
456,525	Provident Financial Holdings, Inc.(e)	11,860,519
36,000	Rainier Pacific Financial Group, Inc.	580,320
40,650	Redwood Financial, Inc.*(e)	733,733
90,000	River Valley Bancorp (e)	2,088,090
32,500	St. Landry Financial Corporation* (d)(e) (12/01/98-cost $471,413)	858,000
172,000	Woronoco Bancorp, Inc.	6,140,400
		113,795,814

MORTGAGE & REITS-15.6%		
68,000	Accredited Home Lenders Holding Company*	2,679,200
89,700	American Home Mortgage Investment Corporation	2,583,360
77,000	Arbor Realty Trust, Inc.*(a)(c)(e); REIT	5,775,000
424,000	Bimini Mortgage Management, Inc.(a)	6,360,000
242,633	Countrywide Financial Corporation	23,268,505
254,900	Freddie Mac	15,054,394
104,300	Luminent Mortgage Capital, Inc.; REIT	1,475,845
272,590	Medical Office Properties, Inc.*(a)(c); REIT	3,219,288
419,500	Medical Properties Trust, Inc. (a)(c); REIT	4,195,000
91,204	Newcastle Investment Corporation; REIT	3,073,575
155,504	Newcastle Investment Holdings Corporation (a)(b); REIT	777,520
		68,461,687

See Notes to Financial Statements.

SHARES	DESCRIPTION	VALUE (NOTE 1)
INSURANCE-13.7%		
310,800	21St Century Insurance Group	$ 4,475,520
124,900	Aspen Insurance Holdings, Ltd.	3,216,175
88,000	Assurant, Inc.*	2,213,200
204,200	Bristol West Holdings, Inc.*	4,165,680
279,100	Mercer Insurance Group, Inc.*	3,564,107
394,500	Ohio Casualty Corporation*	7,886,055

44,900	Old Republic International Corporation	1,102,744
220,100	Penn-America Group, Inc.	3,226,666
128,500	Platinum Underwriters Holdings, Ltd.	4,118,425
163,400	Safety Insurance Group, Inc.	3,104,600
36,600	The CHUBB Corporation	2,545,164
120,300	Travelers Property Casualty Corporation, Class A	2,063,145
263,900	United National Group, Ltd.*	4,475,744
26,100	White Mountains Insurance Group, Ltd.	13,689,450
		59,846,675
DIVERSIFIED FINANCIAL SERVICES-3.3%		
600,000	Centennial Bank Holdings, Inc. (a)	6,000,000
25,000	CMET Finance Holdings, Inc. (a)	2,500,000
250,000	Online Resources Corporation*	1,492,500
456,700	Spirit Finance Corporation	4,567,000
		14,559,500
OTHER-3.1%		
729,186	Resource America, Inc., Class A	13,489,941
	Total common stocks-domestic (cost $278,637,979)	413,147,296
COMMON STOCKS-FOREIGN-3.0%		
BERMUDA-1.9%		
410,000	Alea Group Holdings AG*	1,808,457
103,100	IPC Holdings Ltd., ADR	4,061,109
58,400	Montpelier Re Holdings Ltd.	2,174,816
		8,044,382
CANADA-1.1%		
152,300	Canadian Western Bank	4,930,846
	Total common stocks-foreign (cost $10,591,713)	12,975,228
CONVERTIBLE PREFERRED STOCKS-1.3%		
22,650	Capital One Financial Corporation, Conv. Pfd., 6.25%, 5/17/05	1,234,425
161,940	Taylor Capital Trust 1, Cum. Conv. Pfd., 9.75%, 10/21/32 (e)	4,675,208
	Total Convertible Preferred Stocks (cost $4,791,690)	5,909,633

SHARES	DESCRIPTION	VALUE (NOTE 1)
WARRANTS-0.0%**		
1	Citigroup, Inc., Litigation Tracking	

	Warrant, Expires 12/31/50*	$ 1
3,680	The Bank Holdings, Inc., Warrant, Expires 5/21/06*	18,400
	Total Warrants (cost $0.00)	18,401

PRINCIPAL AMOUNT (000)		
CONVERTIBLE BONDS-0.8%		
$3,200	First Regional Bancorp, 6.00%, 10/30/23 (a)(e) (cost $3,200,000)	3,664,960
	Total long-term investments (cost $297,221,382)	435,715,518
SHORT TERM INVESTMENTS-4.5%		
REPURCHASE AGREEMENT-4.5%		
19,600	Agreement with Gold Tri-Party, 1.08%, dated 3/31/04, to be repurchased at $19,600,588 on 4/1/04, collateralized by $19,992,000 market value of a U.S. Treasury Bond, 5.00%, 3/1/34 (cost $19,600,000)	19,600,000
TOTAL INVESTMENTS-103.8%	(cost $316,821,382***)	455,315,518
	Liabilities in excess of other assets-(3.8%)	(16,742,605)
	Net Assets-100%	$438,572,913

* Non-income producing security.
** Amount represents less than 0.1% of the net assets.
*** Aggregate cost for Federal tax purposes is $318,086,071.
(a) Indicates a fair valued security. Total market value for fair valued securities is $49,013,466, representing 11.18% of the total net assets.
(b) Private Placement restricted as to resale and does not have a readily available market.
(c) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933, as amended.
(d) The security has been determined by the Manager to be an illiquid security because it is restricted or because there is exceptionally low trading volume in the primary trading market for the security at March 31, 2004. Date represents acquisition date.
(e) Affiliated Company. See Note 9 to Financial Statements.
ADR-American Depository Receipt.
REIT-Real Estate Investment Trust.

STATEMENT OF ASSETS AND LIABILITIES FIRST FINANCIAL FUND, INC.

ASSETS	MARCH 31,
Investments, at value (Cost $316,821,382) (Note 1)	
See accompanying schedule	$ 455,315
Cash	92
Receivable for investments sold	3,914
Dividends and interest receivable	598
Prepaid expenses and other assets	216
Total Assets	460,137
LIABILITIES	
Payable for investments purchased	20,685
Investment advisory fee payable (Note 2)	685
Administration and Co-administration fees payable (Note 2)	76
Audit fees and expenses payable	27
Directors' fees and expenses payable (Note 2)	20
Accrued expenses and other payables	68
Total liabilities	21,564
NET ASSETS	$ 438,572
Net assets consist of:	
Undistributed net investment income	$ 1,402
Accumulated net realized gain on investments sold	49,153
Unrealized appreciation of investments	138,494
Par value of Common Stock	22
Paid-in capital in excess of par value of Common Stock	249,500
Total Net Assets	$ 438,572
Net Asset Value, ($438,572,913 / 22,791,382 shares of common stock outstanding) ...	$ 1

See Notes to Financial Statements.

FIRST FINANCIAL FUND, INC.
STATEMENT OF OPERATIONS

NET INVESTMENT INCOME	YEAR ENDED MARCH 31, 2004
Income	
Dividends	$ 5,630,409
Dividends from affiliated companies	1,635,994
Interest	595,323

Total Investment Income	7,861,726
Expenses	
Investment advisory fee (Note 2) ...	2,648,691
Legal fees	573,775
Administration and co-administration fees (Note 2) .	495,326
Insurance expense	203,155
Custodian fees	114,931
Directors' fees and expenses (Note 2)	100,968
Transfer agent's fees and expenses .	36,734
Interest expense	29,515
Audit fee	27,812
Other	185,634
Total expenses	4,416,541
Net Investment Income	3,445,185
REALIZED AND UNREALIZED GAIN ON INVESTMENTS	
Net realized gain/(loss) on:	
Securities	90,705,243
Foreign currencies and net other assets	(7,007)
Net realized gain on investments during the year	90,698,236
Net change in unrealized appreciation of:	
Securities	79,697,913
Foreign currencies and net other assets	133
Net change in unrealized appreciation of investments during the year	79,698,046
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS	170,396,282
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	$ 173,841,467

FIRST FINANCIAL FUND, INC.
STATEMENT OF CHANGES IN NET ASSETS

INCREASE/(DECREASE) IN NET ASSETS	YEAR ENDED MARCH 31, 2004	YEAR ENDED MARCH 31, 2003
Operations		
Net investment income	$ 3,445,185	$ 3,657,629
Net realized gain on investments sold during the year	90,698,236	57,512,075
Net change in unrealized appreciation/(depreciation) of investments during the		

year ...	79,698,046	(16,492,824)
Net increase in net assets resulting from operations ...	173,841,467	44,676,880
Dividends and Distributions (Note 1)		
Dividends paid from net investment income ...	(3,576,093)	(3,937,223)
Distributions paid from net realized capital gain to shareholders ...	(59,098,053)	(65,919,006)
Cost of Fund shares reacquired ...	(11,983,796)	(638,426)
Net increase/(decrease) in net assets for the year ...	99,183,525	(25,817,775)
NET ASSETS		
Beginning of year ...	339,389,388	365,207,163
End of year (including undistributed net investment income of $1,402,664 and $1,578,010 respectively) ...	$438,572,913	$339,389,388

See Notes to Financial Statements. 7

FINANCIAL HIGHLIGHTS FIRST FINANCIAL FUND, INC.

	YEAR ENDE		
	2004	2003	2
PER SHARE OPERATING PERFORMANCE:			
Net asset value, beginning of year ...	$ 14.40	$ 15.46	$
Net investment income ...	0.15	0.16	
Net realized and unrealized gain/(loss) on investments ...	7.36	1.72	
Total from investment operations ...	7.51	1.88	
DISTRIBUTIONS			
Dividends paid from net investment income ...	(0.16)	(0.17)	
Distributions paid from net realized capital gains ...	(2.59)	(2.80)	
Total dividends and distributions ...	(2.75)	(2.97)	
Net Increase resulting from Fund share repurchase ...	0.08	0.03	
Net asset value, end of year (a) ...	$ 19.24	$ 14.40	$
Market price per share, end of year (a) ...	$ 18.30	$ 13.97	$

TOTAL INVESTMENT RETURN BASED ON			
MARKET VALUE(B)	51.96%	8.24%	
RATIOS AND SUPPLEMENTAL DATA:			
Ratio of expenses to average net assets	1.10%	1.29%	
Ratio of net investment income to average net assets	0.86%	0.99%	
SUPPLEMENTAL DATA:			
Portfolio Turnover Rate	87%	74%	
Net assets, end of year (in 000's)	$438,573	$339,389	$36
Number of shares outstanding at the end of year (in 000's)	22,791	23,576	2

Contained above is selected data for a share of common stock outstanding, total investment return, ratios to average net assets and other supplemental data for the year indicated. This information has been determined based upon information provided in the financial statements and market price data for the Fund's shares.

See Notes to Financial Statements. 8

NOTES TO FINANCIAL STATEMENTS FIRST FINANCIAL FUND, INC.

First Financial Fund, Inc. (the "Fund") was incorporated in Maryland on March 3, 1986, as a closed-end, diversified management investment company. The Fund's primary investment objective is to achieve long-term capital appreciation with the secondary objective of current income by investing at least 80% of investable assets in finance and financial service-related companies, including savings and banking institutions and their holding companies.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements.

SECURITIES VALUATION: Securities for which market quotations are readily available-including securities listed on national securities exchanges and those traded over-the-counter-are valued at the last quoted sales price on the valuation date on which the security is traded. If such securities were not traded on the valuation date, but market quotations are readily available, they are valued at the most recently quoted bid price provided by an independent pricing service or by principal market makers. Securities traded via NASDAQ are valued at the NASDAQ Official Close Price ("NOCP"). Securities for which market quotations are not readily available or for which the pricing agent or market maker does not provide a valuation or methodology, or provides a valuation or methodology that, in the judgement of the adviser, does not represent fair value, are valued at fair value by a Pricing Committee appointed by the Board of Directors, in consultation with the adviser.

Short-term securities which mature in more than 60 days are valued at current market quotations. Short-term securities which mature in 60 days or less are valued at amortized cost, which approximates fair value.

REPURCHASE AGREEMENTS: In connection with the repurchase agreement transactions with United States financial institutions, it is the Fund's policy that its custodian take possession of the underlying collateral securities, the value of which exceeds the principal amount of the repurchase transaction, including accrued interest. To the extent that any repurchase transaction exceeds one busi ness day, the value of the collateral is marked-to-market on a daily basis to maintain the adequacy of the collateral. If the seller defaults, and the value of the collateral declines or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Fund may be delayed or limited.

FOREIGN CURRENCY: The books and records of the Fund are maintained in US dollars. Foreign currencies, investments and other assets and liabilities are translated into US dollars at the exchange rate prevailing at the end of the period, and purchases and sales of investment securities, income and expenses are translated on the dates of such transactions. Unrealized gains and losses which result from changes in foreign currency exchange rates have been included in the unrealized appreciation (depreciation) of currencies and net other assets. Net realized foreign currency gains and losses between trade date and settlement date on investments, securities transactions, foreign currency transactions and the difference between the amounts of interest and dividends recorded on the books of the Fund and the amounts actually received. The portion of foreign currency gains and losses related to fluctuation in the exchange rates between the initial purchase trade date and subsequent sale trade date is included in realized gains and losses on investment securities sold.

SECURITIES TRANSACTIONS AND NET INVESTMENT INCOME: Securities transactions are recorded on the trade date. Realized gains or losses on sales of securities are calculated on the identified cost basis. Dividend income is recorded on the ex-dividend date; interest income including amortization of premium and accretion of discount on debt securities, as required is recorded on the accrual basis, which may require the use of certain estimates by management.

FEDERAL INCOME TAX: It is the Fund's policy to continue to meet the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its taxable net income and capital gains, if any, to shareholders. Therefore, no federal income tax provision is required.

DIVIDENDS AND DISTRIBUTIONS: The Fund expects to declare and pay dividends from net investment income and distributions of net realized capital gains, if any, annually.

Dividends and distributions to shareholders, which are determined in accordance with federal income tax regulations and which may differ from generally accepted accounting principles, are recorded on the ex-dividend date. Permanent book/tax differences related to income and gains are reclassified to paid-in capital when they arise.

OTHER: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

NOTE 2. AGREEMENTS

Wellington Management Company, LLP serves as the Investment Adviser (the "Investment Adviser"). The Investment Adviser makes investment decisions on behalf of the Fund. The Fund pays a quarterly fee at the following annualized rates: 0.75% of the Fund's average month-end net assets up to and including $50 million, and 0.625% of such assets in excess of $50 million.

Fund Administrative Services, LLC ("FAS") serves as the Fund's Administrator. Under the Administration Agreement, FAS provides certain administrative and executive management services to the Fund including: providing the Fund's principal offices and executive officers, overseeing and administering all contracted service providers, making recommendations to the Board regarding policies of the Fund, conducting shareholder relations, authorizing expenses and other administrative tasks. Under the Administration Agreement the Fund pays FAS a monthly fee, calculated at an annual rate of 0.15% of the value of the Fund's average monthly net assets. The equity owners of FAS are Evergreen Atlantic, LLC, a Colorado limited liability company ("EALLC") and the Lola Brown Trust No. 1B (the "Lola Trust"). The Lola Trust is a shareholder of the Fund and considered to be an "affiliated person" of the Fund as that term is defined in the 1940 Act.

The Fund pays each Director who is not a director, officer or employee of the Adviser or FAS a fee of $8,000 per annum, plus $4,000 for each in-person meeting of the Board of Directors and $500 for each telephone meeting. In addition, the Chairman of the Board and the Chairman of the Audit Committee receive $1,000 per meeting and each member of the Audit Committee receives $500 per meeting. The Fund will reimburse all Directors for travel and out-of-pocket expenses incurred in connection with such meetings.

PFPC Inc. ("PFPC"), an indirect, majority-owned subsidiary of The PNC Financial Services Group Inc., serves as the Fund's Co-Administrator. As Co-Administrator, PFPC calculates the net asset value of the Fund's shares and generally assists in all aspects of the Fund's administration and operation. The Fund pays PFPC a fee on a monthly basis based on average net assets. PFPC Trust Company, an indirect subsidiary of The PNC Financial Services Group Inc. serves as the Fund's Custodian. As compensation to PFPC Trust Company, the Fund pays PFPC Trust Company a monthly fee based on the Fund's average monthly gross assets.

EquiServe Trust Company, N.A. ("EquiServe") serves as the Fund's Common Stock servicing agent ("Transfer Agent"), dividend paying agent and registrar, and as compensation for EquiServe's services as such, the Fund pays EquiServe a monthly fee plus certain out-of-pocket expenses.

NOTE 3. PURCHASES AND SALES OF SECURITIES

Cost of purchases and proceeds from sales of securities for the year ended March 31, 2004, excluding short-term investments, aggregated $323,187,416 and $365,255,021, respectively.

On March 31, 2004, aggregate gross unrealized appreciation for all securities in which there is an excess of value over tax cost was $143,330,073 and aggregate gross unrealized depreciation for all securities in which there is an excess of tax cost over value was $6,100,626.

NOTE 4. CAPITAL

At March 31, 2004, 50,000,000 of $0.001 par value Common Stock were authorized and 22,791,382 shares were issued and outstanding.

NOTE 5. SHARE REPURCHASE PROGRAM

In accordance with Section 23 (c) of the Investment Company Act of 1940, as amended, the Fund hereby gives notice that it may from time to time repurchase shares of the Fund in the open market at the option of the Board of Directors and upon such terms as the Directors shall determine.

For the years ended March 31, 2004 and March 31, 2003, the Fund repurchased 784,800 and 46,205, of its own shares at a weighted average discount of 15.0% and 15.5% with a value of $11,983,796 and $638,426, respectively.

NOTE 6. SIGNIFICANT SHAREHOLDERS

On March 31, 2004, the Lola Trust and other entities affiliated with Stewart R. Horejsi and the Horejsi family owned 9,343,500 shares of Common Stock of the Fund, representing approximately 41.00% of the total Fund shares.

NOTE 7. BORROWINGS

An agreement (the "Agreement") between the Fund and the Custodial Trust Company of Bear Stearns was reached, in which the Fund may borrow from the Custodial Trust Company an aggregate amount of up to the lesser of $50,000,000 or the maximum the Fund is permitted to borrow under the Investment Company Act of 1940. At March 31, 2004, there were no loans outstanding.

NOTE 8. DISTRIBUTIONS AND TAX INFORMATION

For the year ended March 31, 2004, the tax character of dividends paid was $24,498,582 of ordinary income (including short-term capital gain) and $38,175,564 of long-term capital gains. As of March 31, 2003, the tax character of dividends paid was $35,717,917 of ordinary income and $34,138,312 of long-term capital gains.

As of March 31, 2004, the components of distributable earnings on a tax basis were $1,402,664 of ordinary income (including short-term capital gain), $50,417,848 of accumulated gains and $137,229,447 of unrealized appreciation.

NOTE 9. TRANSACTIONS WITH AFFILIATED COMPANIES

Transactions during the year with companies in which the Fund owned at least 5% of the voting securities were as follows:

NAME OF AFFILIATE	PURCHASE COST	SALES COST	DIVIDEND INCOME	MARKET VALUE
Arbor Realty Trust, Inc.	$5,775,000	$ --	$338,800	$5,775,000

Broadway Financial Corporation	--	--	24,240	1,745,280
CCF Holding Company	--	161,694	60,456	5,019,787
First Federal Bancshares, Inc.	89,926	91,028	89,258	5,512,000
First Regional Bancorp	1,475,000	--	--	3,664,960
FirstFed Bancorp, Inc.	--	--	105,868	2,018,520
North Valley Bancorp	--	--	168,000	5,967,360
Perpetual Federal Savings Bank	--	--	147,678	3,982,320
Provident Financial Holdings, Inc.	--	37,767	92,475	11,860,519
Redwood Financial, Inc.	--	--	--	733,733
River Valley Bancorp	--	--	68,850	2,088,090
St. Landry Financial Corporation	--	--	6,500	858,000
Sterling Eagle	--	--	7,000	1,000,000
Taylor Capital Trust 1, 9.75%	--	2,710,625	526,869	4,675,208

11

INDEPENDENT AUDITORS' REPORT FIRST FINANCIAL FUND, INC.

Board of Directors and Shareholders
First Financial Fund, Inc.

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments of First Financial Fund, Inc., as of March 31, 2004, and the related statement of operations, statement of changes in net assets and financial highlights for the year then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit. The statement of changes in net assets for the year ended March 31, 2003 and financial highlights for each of the years in the four-year period ended March 31, 2003 were audited by other auditors whose report dated May 28, 2003 expressed an unqualified opinion on that statement and those financial highlights.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of March 31, 2004 by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of First Financial Fund, Inc. as of March 31, 2004, and the results of its operations, changes in its net assets, and financial highlights for the year then ended in conformity with accounting principles generally accepted in the United States of America.

[GRAPHIC OMITTED]

KPMG LOGO

Boston, Massachusetts
May 21, 2004

For the fiscal year ended March 31, 2004, the amount of long-term capital gain designated by the Fund was $67,114,745, which is taxable as a 20% rate gain for federal income tax purposes.

Of the ordinary income (including short-term capital gain) distributions made by the Fund during the fiscal year ended March 31, 2004, 22.81% qualify for the dividend received deduction available to shareholders.

For the fiscal year ended March 31, 2004, 14.65% of the taxable investment income qualifies for the 15% dividend tax rate as of January 1, 2003.

OTHER INFORMATION (UNAUDITED) FIRST FINANCIAL FUND, INC.

DIVIDEND REINVESTMENT PLAN. Shareholders may elect to have all distributions of dividends and capital gains automatically reinvested in Fund shares (Shares) pursuant to the Fund's Dividend Reinvestment Plan (the Plan). Shareholders who do not participate in the Plan will normally receive all distributions in cash paid by check in United States dollars mailed directly to the shareholders of record (or if the shares are held in street name or other nominee name, then to the nominee) by the custodian, as dividend disbursing agent, unless the Fund declares a distribution payable in shares, absent a shareholder's specific election to receive cash.

Equiserve Trust Company, N.A. (the Plan Agent) serves as agent for the shareholders in administering the Plan. After the Fund declares a dividend or a capital gains distribution, if (1) the market price is lower than net asset value, the participants in the Plan will receive the equivalent in Shares valued at the market price determined as of the time of purchase (generally, following the payment date of the dividend or distribution); or if (2) the market price of Shares on the payment date of the dividend or distribution is equal to or exceeds their net asset value, participants will be issued Shares at the higher of net asset value or 95% of the market price. If the Fund declares a dividend or other distribution payable only in cash and the net asset value exceeds the market price of Shares on the valuation date, the Plan Agent will, as agent for the participants, receive the cash payment and use it to buy Shares on the open market. If, before the Plan Agent has completed its purchases, the market price exceeds the net asset value per share, the Plan Agent will halt open-market purchases of the Fund's shares for this purpose, and will request that the Fund pay the remainder, if any, in the form of newly-issued shares. The Fund will not issue Shares under the Plan below net asset value.

There is no charge to participants for reinvesting dividends or capital gain distributions, except for certain brokerage commissions, as described below. The Plan Agent's fees for the handling of the reinvestment of dividends and distributions will be paid by the Fund. There will be brokerage commissions charged with respect to shares issued directly by the Fund. However, each participant will pay a pro rata share of brokerage commissions incurred with respect to the Plan Agent's open market purchase in connection with the reinvestment of dividends and distributions. The automatic reinvestment of dividends and distributions will not relieve participants of any federal income tax that may be payable on such dividends or distributions.

The Fund reserves the right to amend or terminate the Plan upon 90 days' written notice to shareholders of the Fund.

Participants in the Plan may withdraw from the Plan upon written notice to the Plan Agent or by telephone in accordance with specific procedures and will receive certificates for whole Shares and cash for fractional Shares.

All correspondence concerning the Plan should be directed to the Plan Agent, Equiserve Trust Company, N.A., P.O. Box 43011, Providence, RI 02940-3011.

CHANGE IN INDEPENDENT AUDITORS. PricewaterhouseCoopers LLP ("PWC") was the Fund's auditor for the fiscal year ending March 31, 2003, and for the 4 years preceding. PWC's audit reports on the Fund's financial statements for the fiscal years ended March 31, 2003 and March 31, 2002 contained no adverse opinion or disclaimer of opinion, nor were their reports qualified or modified as to uncertainty, audit scope, or accounting principles. During the Fund's fiscal years ended March 31, 2003 and March 31, 2002 and the interim period commencing April 1, 2003 and ending January 23, 2004, (i) there were no disagreements between the Fund and PWC on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of PWC, would have caused them to make reference to the subject matter of the disagreements in connection with their reports on the financial statements for such years, and (ii) there were no "reportable events" of the kind described in Item 304(a)(1)(v) of Regulation S-K under the Securities Exchange Act of 1934, as amended.

On January 23, 2004, the Audit Committee and the Board of Directors voted to appoint KPMG LLP as the Fund's independent auditors for the fiscal year ended March 31, 2004. During the Fund's fiscal years ended March 31, 2003 and March 31, 2002 and the interim period commencing April 1, 2003 and ending January 23, 2004, neither the Fund nor anyone on its behalf had consulted KPMG LLP on items which (i) concerned the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Fund's financial statements or (ii) concerned the subject of a disagreement (as defined in paragraph (a)(1)(iv) of Item 304 of Regulation S-K or reportable events (as described in paragraph (a)(1)(v) of said Item 304).

INFORMATION ABOUT DIRECTORS AND OFFICERS

Set forth in the following table is information about the Directors of the Fund, together with their address, age, position with the Fund, term of office, length of time served and principal occupation during the last five years.

NAME, ADDRESS, AGE*	POSITION, LENGTH OF TERM SERVED, AND TERM OF OFFICE	PRINCIPAL OCCUPATION DURING THE
DISINTERESTED DIRECTORS		
RICHARD I. BARR Age: 65	Director of the Fund since August 2001. Current term expires at Annual Meeting for 2004	Retired; from 1963-20 Advantage Sales and M Director and Chairman Boulder Total Return since 1999; Director, Income Fund, Inc., si
DR. DEAN JACOBSON Age: 64	Director of the Fund since August 2003. Current term expires at Annual Meeting for at 2006	Founder and President Engineering, Inc. (ex litigation) since 19 Arizona State Univers
JOEL W. LOONEY Age: 42	Director and Chairman of the Board since August 2003. Current term expires at Annual Meeting 2005	Partner, Financial Ma LLC since July 1999; from 1995-1999; Dire Return Fund, Inc., si Director, Boulder Gro Fund, Inc., since Jan
INTERESTED DIRECTORS**		
SUSAN L. CICIORA Age: 40	Director of the Fund since August 2003. Current term expires at Annual Meeting for 2005	Owner, Superior Inter design for custom hom Corporate Secretary, Builders, LLC since 1 Brown Trust and the E Boulder Total Return November 2001; Direct & Income Fund, Inc. s
STEPHEN C. MILLER Age: 51	Director of the Fund since August 2003. President of the Fund. Current term expires at Annual Meeting for 2005	President and General Boulder Investment Ad Manager, Fund Adminis LLC ("FAS"); Vice Pre Investment Advisers (and President of Boul Fund, Inc., since 199 of the Board, Boulder Inc., since January 2 Counsel, Horejsi, Inc General Counsel, Brow (sold in 1999); Of C LLC since 1991.

The names of the executive officers of the Fund (other than Mr. Miller, who is described above) are listed in the table below. Each officer was elected to office by the Board at a meeting held on August 19, 2003. This table also shows certain additional information. Each officer will hold such office until a successor has been elected by the Board.

NAME, ADDRESS, AGE*	POSITION, LENGTH OF TERM SERVED, AND TERM OF OFFICE	PRINCIPAL OCCUPATION ... DURING THE
CARL D. JOHNS 1680 38th Street, Suite 800 Boulder, CO 80301 Age: 41	Chief Financial Officer, Chief Accounting Officer, Vice President and Treasurer since August 2003. Appointed annually.	Vice President and Tr Manager of FAS, since Chief Financial Offic Boulder Total Return Boulder Growth & Inco 2002.
STEPHANIE J. KELLEY 1680 38th Street, Suite 800 Boulder, CO 80301 Age: 47	Secretary since August 2003. Appointed annually.	Secretary, Boulder To October 27, 2000 and Fund Inc., since Janu Assistant Treasurer o employee of FAS since
NICOLE L. MURPHEY 1680 38th Street, Suite 800 Boulder, CO 80301 Age: 27	Assistant Secretary since August 2003. Appointed annually.	Assistant Secretary, since October 27, 200 Income Fund, Inc., si FAS since July 1999.

This Page Left Blank Intentionally.

This Page Left Blank Intentionally.

This Page Left Blank Intentionally.

DIRECTORS
Richard I. Barr
Susan L. Ciciora
Dean Jacobson
Joel W. Looney
Stephen C. Miller

INVESTMENT ADVISER
Wellington Management Company, LLP
75 State Street
Boston, MA 02109

ADMINISTRATOR
Fund Administrative Services, LLC
1680 38th Street, Suite 800
Boulder, CO 80301

CUSTODIAN
PFPC Trust Company
8800 Tinicum Boulevard
Philadelphia, PA 19153

TRANSFER AGENT
EquiServe Trust Company, N.A.
P.O. Box 43011
Providence, RI 02940-3011

INDEPENDENT ACCOUNTANTS
KPMG LLP
99 HighStreet
Boston, MA 02110-2371

LEGAL COUNSEL
Willkie Farr & Gallagher, LLP
787 Seventh Avenue
New York, NY 10019-6099

The views expressed in this report and the information about the Fund's portfolio holdings are for the period covered by this report and are subject to change thereafter.

This report is for stockholder information. This is not a prospectus intended for use in the purchase or sale of Fund shares.

First Financial Fund, Inc.
1680 38th Street, Suite 800
Boulder, CO 80301

If you have questions regarding shares held in a brokerage account contact your broker, or, if you have physical possession of your shares in certificate form, contact the Fund's Transfer Agent and Shareholder Servicing Agent - EquiServe Trust Company, N.A. at

P.O. Box 43011
Providence, RI 02940-3011
(800) 451-6788

www.firstfinancialfund.com

The Fund's CUSIP number is:

320228109

[GRAPHIC OMITTED]
FIRST FINANCIAL FUND LOGO

THE FUND NOW HAS A WEBSITE.
YOU CAN VISIT IT AT
WWW.FIRSTFINANCIALFUND.COM

ANNUAL REPORT
MARCH 31, 2004

ITEM 2. CODE OF ETHICS.

(a) The registrant, as of the end of the period covered by this report, has adopted a code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party.

(c) There have been no amendments, during the period covered by this report, to a provision of the code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party, and that relates to any element of the code of ethics description.

(d) The registrant has not granted any waivers, including an implicit waiver, from a provision of the code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party, that relates to one or more of the items set forth in paragraph (b) of this item's instructions.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

As of the end of the period covered by the report, the registrant's board of directors has determined that Joel Looney is qualified to serve as an audit committee financial expert serving on its audit committee and that he is "independent," as defined by Item 3 of Form N-CSR.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

AUDIT FEES

(a) The aggregate fees billed for each of the last two fiscal years for professional services rendered by the principal accountant for the audit of the registrant's annual financial statements or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years are $26,000 for year ending March 31, 2003 and $23,600 for year ending March 31, 2004.

AUDIT-RELATED FEES

(b) The aggregate fees billed in each of the last two fiscal years for assurance and related services by the principal accountant that are reasonably related to the performance of the audit of the registrant's financial statements and are not reported under paragraph (a) of this Item are $0 for fiscal year ending March 31, 2003 and $0 for fiscal year ending March 31, 2004.

TAX FEES

(c) The aggregate fees billed in each of the last two fiscal years for professional services rendered by the principal accountant for tax compliance, tax advice, and tax planning are $5,600 for year ending March 31, 2004.

ALL OTHER FEES

(d) The aggregate fees billed in each of the last two fiscal years for products and services provided by the principal accountant, other than the services reported in paragraphs (a) through (c) of this Item are $0.

(e)(1) Disclose the audit committee's pre-approval policies and procedures described in paragraph (c)(7) of Rule 2-01 of Regulation S-X. (e)(1) Disclose the audit committee's pre-approval policies and procedures described in paragraph (c)(7) of Rule 2-01 of Regulation S-X. Following is Sections 4(d) and (e) of the Fund's Audit Committee Charter covering pre-approval:

[The Audit Committee shall have the following duties and powers] . . .

(4)(d) to review and pre-approve all auditing services and permissible non-audit services (e.g., tax services) to be provided to the Fund by the auditor, including the fees therefore. The Committee may delegate to one or more of its members the authority to grant pre-approvals. In connection with such delegation, the Committee shall establish pre-approval policies and procedures, including the requirement that the decisions of any member to whom authority is delegated under this sub-section (d) shall be presented to the full Committee at each of its scheduled meetings.

Pre-approval for a permitted non-audit service shall not be required if: (1) the aggregate amount of all such non-audit services is not more than 5% of the total revenues paid by the Fund to the auditor in the fiscal year in which the non-audit services are provided; (2) such services were not recognized by the Fund at the time of the engagement to be non-audit services; and (3) such services are promptly brought to the attention of the

Committee and approved prior to the completion of the audit by the Committee or by one or more members of the Committee to whom authority to grant such approvals has been delegated by the Committee.

Additionally, the Committee shall pre-approve the auditor's engagements for non-audit services with the Fund's investment advisers (each, an "Adviser") and any service providers controlling, controlled by or under common control with an Adviser ("affiliate") that provides ongoing services to the Fund in accordance with the foregoing paragraph, if the engagement relates directly to the operations and financial reporting of the Fund, unless the aggregate amount of all services provided constitutes no more than 5% of the total amount of

revenues paid to the auditor by the Fund, an Adviser and any affiliate of the Adviser that provides ongoing services to the Fund during the fiscal year in which the services are provided that would have to be pre-approved by the Committee pursuant to this paragraph (without regard to this exception).

Prohibited Services - The auditor may not perform contemporaneously any of the following non-audit services for the Fund: bookkeeping or other services related to the accounting records or financial statements of the Fund; financial information systems design and implementation; appraisal or valuation services, fairness opinions, or contribution-in-kind reports; actuarial services; internal audit outsourcing services; management functions or human resources; broker or dealer, investment adviser, or investment banking services; legal services and expert services unrelated to the audit; and any other service that the Public Company Accounting Oversight Board determines, by regulation, is impermissible.

(4)(e) to consider whether the provision by the Fund's auditor of non-audit services to its investment adviser or adviser affiliate that provides ongoing services to the Fund, which services were not pre-approved by the Audit Committee, is compatible with maintaining the auditor's independence . . .

(e)(2) The percentage of services described in each of paragraphs (b) through (d) of this Item that were approved by the audit committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X are as follows:

(b) N/A

(c) 100%

(d) N/A

(f) The percentage of hours expended on the principal accountant's engagement to audit the registrant's financial statements for the most recent fiscal year that were attributed to work performed by persons other than the principal accountant's full-time, permanent employees was zero percent.

(g) The aggregate non-audit fees billed by the registrant's accountant for services rendered to the registrant, and rendered to the registrant's investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the adviser that provides ongoing services to the registrant for each of the last two fiscal years of the registrant was $0.

(h) The registrant's audit committee of the board of directors HAS considered whether the provision of non-audit services that were rendered to the registrant's investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the registrant that were not pre-approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X is compatible with maintaining the principal accountant's independence.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

Not applicable.

ITEM 6. [RESERVED]

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

The Proxy Voting Policies are attached herewith.

First Financial Fund, Inc.

PROXY VOTING PROCEDURES

The Board of Directors of First Financial Fund, Inc. (the "FUND") hereby adopts the following policies and procedures with respect to voting proxies relating to portfolio securities held by the Fund (collectively, the "VOTING POLICIES").

1. POLICY. It is the policy of the Board of Directors of the Fund (the "BOARD") to delegate certain responsibilities for voting proxies relating to portfolio securities held by the Funds to an authorized officer of the Fund, subject to the Board's continuing oversight.1 Proxy voting policies and procedures are required by Rule 206 (4)-6 of the Investment Advisers Act of 1940.

2. FIDUCIARY DUTY. The right to vote a proxy with respect to portfolio securities held by the Funds is a significant asset of the Fund. The Board and other authorized persons exercising this voting responsibility do so as a fiduciary, and must vote proxies in a manner consistent with the best interest of the Fund and its shareholders, and with the goal of maximizing the value of the Fund and the shareholders' investments. Although typically an investment company's adviser votes proxies, for reasons disclosed to and discussed by the Board (e.g., the possibility of aggregating securities of issuers regulated by the Office of Thrift Supervision with like securities of other clients of Wellington Management), the Board has instead delegated its proxy voting responsibility to a Proxy Committee (defined below) made up of Board members and has authorized officers of the Fund to vote proxies that are considered routine

(e.g., approval of auditors and uncontested director elections).

3. PROCEDURES. The following are the procedures adopted by the Board for the administration of this policy:

a. Review of Proxy Voting Procedures. Management, with advice and counsel from the Board, shall present to the Board its policies, procedures and other guideline for voting proxies at least annually (the "VOTING GUIDELINES"), and must notify the Board promptly of any material changes. In accordance with the foregoing, Management has developed the Voting Guidelines which are attached hereto as EXHIBIT A.

b. Voting of Routine Proxies. An authorized Officer of the Fund will vote all routine proxy items for the Fund in accordance with the Voting Guidelines.

c. Voting of Non-Routine Proxies. With respect to non-routine proxy issues ("NON-ROUTINE PROXIES"), Stephen C. Miller or his successor (i.e., President of the Fund and member of the Board) and at least one independent director (the "PROXY COMMITTEE"), after conducting such necessary due diligence as the Proxy Committee deems appropriate, will make a determination of how to vote, and direct an authorized Officer of the Fund to cause such vote to be cast.

d. Seeking Advice from the Fund's Adviser. To the extent permitted by law, and to the extent assistance will not adversely affect the ability of Wellington Management ("Wellington") to invest in financial services company securities for other clients, the Proxy Committee may seek, and Wellington has agreed to provide the Proxy Committee with, notice of any special issues that might not be covered by the Voting Guidelines and use its best efforts to keep the Board and Management informed when Non- Routine matters arise or are anticipated. In addition, Wellington has agreed to assist in any discussions to review relevant issues related to the voting of a particular proxy, but shall not recommend how the Fund should vote.

e. Voting Record Reporting. To the extent any Non-Routine Proxies are voted, the Proxy Committee will present a summary of such actions for the Board at the next regular quarterly meeting.

----

1 This policy is adopted for the purpose of the disclosure requirements adopted by the Securities and Exchange Commission, Releases No. 33-8188, 34-47304, IC-25922.

Voting Policies and Procedures

No less than annually, Management shall report to the Board a record of each proxy voted with respect to portfolio securities of the Funds during the respective year. With respect to those proxies the Proxy Committee has identified as involving a conflict of interest2, the Proxy Committee shall submit a separate report indicating the nature of the conflict of interest and how that conflict was resolved with respect to the voting of the proxy.

4. REVOCATION. The delegation by the Board of the authority to vote proxies relating to portfolio securities of the Funds is entirely voluntary and may be revoked by the Board, in whole or in part, at any time. This disclosure shall be included in any registration statement filed on behalf of the Funds after July 1, 2003.

5. ANNUAL FILING. The Fund shall file an annual report of each proxy voted with respect to portfolio securities of the Funds during the twelve-month period

ended June 30 on Form N-PX not later than August 31 of each year. The Fund must file the complete proxy voting record on an annual basis on this form. Form N-PX must contain complete proxy voting records for the 12 month period stated above, and must be signed on behalf of the Fund by the principal executive officers. This form must provide the following information:

1. Name of the issuer of the portfolio security 2. Exchange ticker symbol
3. CUSIP # 4. Shareholder meeting date
5. Brief indication of the matter voted on
6. Whether matter was proposed by the issuer or by a security holder
7. Whether the Fund cast its vote on the matter
8. How the Fund cast its vote
9. Whether the Fund cast its vote for or against management

6. DISCLOSURES.

a. The Fund shall include in any future registration statement:

i. A description of the Voting Policies and the Voting Guidelines3; and

ii. A statement disclosing that information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge, upon request, by calling the Funds' toll-free telephone number; or through a specified Internet address; or both; and on the SEC website.4

b. The Fund shall include in its Annual and Semi-Annual Reports to shareholders:

i. A statement disclosing that the Voting Policies and Voting Guidelines are available without charge, upon request, by calling the Fund's telephone number; or through a specified Internet address; and on the SEC website.5

ii. A statement disclosing that information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without

----

2 As it is used in this document, the term "conflict of interest" refers to a situation in which the Adviser or affiliated persons of the adviser have a financial interest in a matter presented by a proxy other than the obligation it incurs as investment adviser to the Fund.

3 This disclosure shall be included in the registration statement next filed on behalf of the Funds after July 1, 2003.

4 This disclosure shall be included in the registration statement next filed on behalf of the Funds after August 31, 2004.

5 This disclosure shall be included in the report next filed on behalf of the Funds after July 1, 2003.

charge, upon request, by calling the Fund's telephone number; or through a specified Internet address; or both; and on the SEC website.6

7. RECORDKEEPING REQUIREMENTS. SEC Rule 204-2, as amended, requires the Fund to retain:

1. Proxy voting policies and procedures
2. Proxy statements received regarding client securities
3. Records of votes cast on behalf of clients
4. Records of written client requests
5. Any documents prepared by Management material to making a decision how to vote, or that memorialized the basis for the decision.

8. REVIEW OF POLICY. At least annually, the Board shall review this Policy to determine its sufficiency and shall make and approve any changes that it deems necessary from time to time.

----

6 This disclosure shall be included in the report next filed on behalf of the Funds after August 31, 2004.

Page 3

EXHIBIT A - VOTING GUIDLINES

The Fund's proxy voting principles are summarized below, with specific examples of voting decisions for the types of proposals that are most frequently presented:

CATEGORY	GUIDELINE
BOARD OF DIRECTOR ISSUES	The board of directors' primary role is to protect the interests of all shareholders. Key functions of the board are to approve the direction of corporate strategy, ensure succession of management and evaluate performance of the corporation as well as senior management. The board is accountable to shareholders, and must operate independently from management.
Routine Elections	Generally we will vote with management's recommendation
Board Classification	Generally we are opposed to entrenchment mechanisms and will vote against proposals to classify a board. We prefer annual election of directors in order that shareholders have more power to replace directors deemed to not be

	acting in the shareholders' interest.
Independence of Directors	The majority of board members should be independent from the corporation, management or a majority shareholder. An independent member should not be a former employee of the company or a representative of a key supplier to or a key client of the company.
Director Indemnification	Mandatory indemnification of directors and officers is necessary to attract quality candidates.
Director Attendance	Board membership requires a significant amount of time in order for responsibilities to be executed, and attendance at Board and Committee meetings is noted.
Term Limits	We are more concerned with the performance of directors and not with the term limits
Separation of Chair and CEO	In most cases it is advisable for there to be a separation between the CEO and the Chair to enhance separation of management interests and shareholders.
Committees of the Board	Audit, Compensation, Governance and Nominating committees are the most significant committees of the board.

Audit Process	The members of an audit committee should be independent directors, and the auditor must also be independent. The auditor should report directly to the Audit committee and not to management.

CATEGORY	GUIDELINE
VOTING AND ENTRENCHMENT ISSUES	
Shareholder Right to Call Special Meeting	
Shareholder Right to Act by Written Consent	
Cumulative Voting	Our experience has been that cumulative voting is generally proposed by large shareholders who may wish to exert undue influence on the board.
Confidentiality of Shareholder Voting	Like any other electoral system, the voting at annual and special meetings should be confidential and free from any potential coercion and/or impropriety.
Size of Board of Directors	Generally boards should be comprised of a minimum of seven to a maximum of fifteen. However the complexity of the company has an impact on required board size.

COMPENSATION ISSUES	
Director Compensation	Directors should be compensated fairly for the time and expertise they devote on behalf of shareholders. We favor directors personally owning shares in the corporation, and that they receive a substantial portion of their remuneration in the form of shares.
MANAGEMENT COMPENSATION	Compensation plans for executives should be designed to attract and retain the right people with exceptional skills to manage the company successfully long-term. These plans should be competitive within the company's respective industry without being excessive and should attempt to align the executive's interests with the long-term interest of shareholders.
Stock Options and Incentive Compensation Plans	Compensation plans should be designed to reward good performance of executives. They should also encourage management to own stock so as to align their financial interests with those of the shareholders. It is important that these plans are disclosed to the shareholders in detail for their approval.

CATEGORY	GUIDELINE
Adopt/Amend Employee Stock Purchase Plans	

Golden Parachutes	Although we believe that "golden parachutes" may be a good way to attract, retain and encourage objectivity of qualified executives by providing financial security in the case of a change in the structure or control of a company, golden parachutes can be excessive.
Require Shareholder Approval of Golden Parachutes	
TAKEOVER PROTECTIONS	Some companies adopt shareholder rights plans that incorporate anti-takeover measures, which may include: poison pills, crown jewel defense, payment of greenmail, going private transactions, leveraged buyouts, lock-up arrangements, Fair price amendments, Re-incorporation. Rights plans should be designed to ensure that all shareholders are treated equally in the event there is a change in control of a company. These plans should also provide the Board with sufficient time to ensure that the appropriate course of action is chosen to ensure shareholder interests have been protected. However, many shareholder rights plans can be used to prevent bids that might in fact be in the shareholders best interests. Depending on their contents, these plans may also adversely influence current share prices and long-term shareholder value.
Dual Class Shares	It is not unusual for certain classes of shares to have more than one vote per share. This is referred to as a dual class share structure and can result in a minority of shareholders having the ability to make decisions that may not be in the best interests of the majority of shareholders.
Super-Majority Voting Provisions	Super-majority voting (e.g., 67% of votes cast or a majority of outstanding shares), although fairly common, can, from a practical point of view, be difficult to obtain, and essentially are a bar from effective challenges to entrenched management, regardless of performance or popularity. A very high requirement can be unwieldy and therefore not in the best interest of the majority of shareholders.

Voting Policies and Procedures

CATEGORY	GUIDELINE
Issuance of Authorized Shares	
Issuance of Unlimited or Additional Shares	Corporations may increase their authorized number of shares in order to implement a stock split, to support an acquisition or restructuring plan, to use in a stock option plan or to implement an anti-takeover plan. Shareholders should approve of the specific business need for the increase in the number of shares and should understand that the issuance of new shares can have a significant effect on the value of existing shares.
Shareholder Proposals	Shareholders should have the opportunity to raise their concerns or issues to company management, the board and other shareholders. As long as these proposals deal with appropriate issues and are not for the purposes of airing personal grievances or to obtain publicity, they should be included on the proxy ballot for consideration.
OTHER MATTERS	
Stock Repurchase Plans	
Stock Splits	
Require Shareholder Approval to issue Preferred Stock	
Corporate Loans to Employees	Corporate loans, or the guaranteeing of loans, to enable employees to purchase company stock or options should be avoided. These types of loans can be risky if the company stock declines or the employee is terminated.

Blank-cheque Preferred Shares	The authorization of blank-cheque preferred shares gives the board of directors' complete discretion to fix voting, dividend, conversion and other rights and privileges. Once these shares have been authorized, the shareholders have no authority to determine how or when they will be allocated. There may be valid business reasons for the issuance of these shares but the potential for abuse outweighs the benefits.

ITEM 8. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

Not applicable.

ITEM 9. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

There have been no material changes to the procedures by which the shareholders may recommend nominees to the registrant's board of directors, where those changes were implemented after the registrant last provided disclosure in response to the requirements of Item 7(d)(2)(ii)(G) of Schedule 14A (17 CFR 240.14a-101), or this Item.

ITEM 10. CONTROLS AND PROCEDURES.

(a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of the report that includes the disclosure required by this paragraph, based on their evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (17 CFR 240.13a-15(b) or 240.15d-15(b)).

(b) During the period covered by this report , the Fund implemented a protocol for insuring that communications of fair value pricing information for illiquid securities are provided to the Fund's administrator and that appropriate checks and tests are conducted to assure that such communications are timely and accurate.

ITEM 11. EXHIBITS.

(a)(1) Code of ethics, or any amendment thereto, that is the subject of disclosure required by Item 2 is attached hereto.

(a)(2) Certifications pursuant to Rule 30a-2(a) under the 1940 Act and Section 302 of the Sarbanes-Oxley Act of 2002 are attached hereto.

(a)(3) Not yet effective.

(b) Certifications pursuant to Rule 30a-2(a) under the 1940 Act and Section 906 of the Sarbanes-Oxley Act of 2002 are attached hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(registrant) First Financial Fund, Inc.

By (Signature and Title)* /S/ Stephen C. Miller

Stephen C. Miller, President & Chief Executive Officer
(principal executive officer)

Date June 7, 2004

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title)* /S/ Stephen C. Miller

Stephen C. Miller, President & Chief Executive Officer
(principal executive officer)

Date June 7, 2004

By (Signature and Title)* /S/ Carl D. Johns

Carl D. Johns, Vice President and Treasurer
(principal financial officer)

Date June 1, 2004

* Print the name and title of each signing officer under his or her signature.