

FIRST FINANCIAL FUND INC  
 Form N-30D  
 November 23, 2001

(LOGO)

SEMI  
 ANNUAL  
 REPORT

September 30, 2001

Letter To Shareholders

November 1, 2001

Dear Fellow Shareholder:

We cannot begin this review to you without acknowledging a debt. Building over the last 18 years of my professional career, this debt consists of the stellar research, true grit and integrity of a number of brokerage firms. Chief among them were Sandler O'Neill and Keefe, Bruyette and Woods. The professionals of these firms are financial service industry specialists who know their craft like none before them. They are, in short, world class. That so many of them perished on September 11th is the kind of loss that is beyond comprehension--beyond my understanding, that is--a loss we suffer for a long time and in bits because the whole of it is too much today. That so many are so missed is consolation, even inspiration--a charge to cherish our lives and one another a little more.

TOTAL RETURN  
 For The Periods Ended 9/30/01

	6 Mos.	1 Year	3 Years	5 Years
First Financial Fund's NAV1	11.0%	34.6%	13.1%	12.1%
S&P 500	-9.7	-26.6	2.0	10.2
NASDAQ Composite*	-18.6	-59.2	-4.0	4.1
NASDAQ Banks*	9.4	15.8	6.0	12.4
SNL All Daily Thrift*	7.8	32.8	13.6	17.3
SNL MBS REITS	26.8	35.9	-3.5	1.4
SNL Mortgage Banks*	3.2	55.5	1.3	-5.3

1 Past performance is not indicative of future results. Returns based on market performance of the Fund's shares would be different.

\* Principal only.

Note: Returns for periods greater than one year are annualized.

Financially, we enjoyed a fine six-month period. This was not so for



## Edgar Filing: FIRST FINANCIAL FUND INC - Form N-30D

LONG-TERM INVESTMENTS--83.9%

COMMON STOCKS--82.6%

-----  
 Banks & Thrifts--44.6%

12,800	Abington Bancorp, Inc.	\$ 172,160
34,600	Algiers Bancorp, Inc.	301,020
129,200	Astoria Financial Corp.	7,656,392
703,250	Bay View Capital Corp.	4,922,750
125,300	Bostonfed Bancorp, Inc.	2,856,840
64,640	Broadway Financial Corp.	749,824
225,500	Capital Crossing Bank*	4,038,705
86,600	CBES Bancorp, Inc.	1,125,800
142,538	CCF Holding Co.	2,227,869
101,900	Commerce Bancorp, Inc.	6,929,200
118,000	Commercial Bank New York	3,858,600
60,000	Community Bank San Jose	
	California(a)	1,938,600
155,500	Community Financial Corp.	2,239,200
308,700	Connecticut Bancshares, Inc.	6,822,270
195,000	Dime Bancorp, Inc.	48,750
275,500	Downey Financial Corp.	12,157,815
370,486	Fidelity Federal Bancorp	1,352,274
64,380	Fifth Third Bancorp	3,958,082
29,000	First Financial Corp.	514,750
319,150	First Republic Bank	7,324,493
313,500	FirstFed America Bancorp, Inc.	5,454,900
252,000	FirstFed Bancorp, Inc.	1,638,000
39,600	Firstfed Financial Corp.	1,029,600
124,400	Golden State Bancorp, Inc.	3,781,761
291,400	Hawthorne Financial Corp.*	5,594,880
19,999	HFB Financial Corp.	241,588
50,000	Hibernia Corp.	817,500
19,500	Iberiabank Corp.	557,700
41,600	Lincoln Bancorp	640,640
42,000	M & T Bankcorp.	3,108,000
186,400	Macatawa Bank Corp.	3,112,880
33,300	Mercantile Bank Corp.*	547,785
219,600	MetroCorp Bancshares, Inc.	2,507,832
224,000	North Valley Bancorp	2,878,400
210,000	Northeast Pennsylvania Financial	
	Corp.	3,034,500
213,200	Pacific Century Financial Corp.*	4,982,484
102,900	Pacific Crest Capital, Inc.	1,924,230
341,660	Pacific Union Bank*	3,621,596
34,600	Peoples Financial Corp.	281,990
165,930	Perpetual Federal Savings Bank	2,522,136
345,000	Port Financial Corp.	\$ 8,238,600
94,900	PrivateBankcorp, Inc.*	1,508,910
317,300	Provident Financial Holdings, Inc.*	7,535,875
40,650	Redwood Financial, Inc.*	447,150
45,000	River Valley Bancorp	900,900
47,800	Rowan Bancorp, Inc.*	812,600
210,000	Southwest Bancorp, Inc.	3,213,000
32,500	St. Landry Financial Corp. (a)*	357,500
21,100	Team Financial, Inc.	173,864
345,800	Thistle Group Holdings Co.*	3,146,780
100,700	Unionbanal Corp.	3,407,688
172,000	Woronoco Bancorp, Inc.*	2,958,400
		-----
		152,175,063
		-----

Edgar Filing: FIRST FINANCIAL FUND INC - Form N-30D

Other Financial Intermediaries--21.3%

762,800	America First Mortgage Investments, Inc.	6,750,780
125,600	American Home Mortgage Holdings, Inc.	2,191,720
42,730	American International Group, Inc.	3,332,955
210,000	American Physicians Capital, Inc.	4,361,700
170,700	Annaly Mortgage Management, Inc.	2,466,615
167,500	Anthracite Capital, Inc.	1,742,000
574,200	Banner Central Finance Co.	717,750
157,500	E*Trade Group, Inc.*	952,875
42,000	Fannie Mae	3,362,520
227,875	First Mortgage Corp.*	820,350
155,504	Fortress Investment Corp.(a)	2,897,040
430,053	Hanmi Financial Corp.*	5,848,721
272,590	Healthcare Financial Partners, Inc.(a)	4,034,332
574,200	Hispanic Express, Inc.	677,556
128,200	IndyMac Bancorp, Inc.	3,475,502
161,600	Landamerica Financial Group, Inc.	5,373,200
72,500	Legg Mason, Inc.	2,882,600
570,200	Ocwen Financial Corp.*	4,111,142
401,600	RAIT Investment Trust	6,405,520
959,315	Resource America, Inc.	8,576,276
77,595	Vista Bancorp, Inc.	1,454,906
13,500	Willis Group Holdings Ltd.*	315,765
		-----
		72,751,825
		-----

See Notes to Financial Statements. 3

Portfolio of Investments as of September 30, 2001  
(Unaudited)

FIRST FINANCIAL FUND, INC.

Shares	Description	Value (Note 1)
-----		
Rental Services--1.6%		
242,200	Rental-A-Center, Inc.	\$ 5,631,150
-----		
Savings & Loan--15.1%		
87,500	Brookline Bancorp, Inc.	1,312,500
71,800	Chesterfield Financial Corp.*	1,076,282
238,500	Citizens First Bancorp, Inc.	3,541,725
259,700	Fidelity Bankshares, Inc.	3,466,995
35,500	First Bell Bancorp, Inc.	518,300
170,000	First Federal Bancshares, Inc.	2,638,400
184,400	Floridafirst Bancorp, Inc.	3,081,324
294,000	Golden West Financial Corp.	17,081,400
146,900	Hudson City Bancorp, Inc.	3,510,910
357,300	Independence Community Bank Corp.	7,764,129
51,300	Ledger Capital Corp.	912,114
33,000	Northwest Bancorp, Inc.	330,330
100,000	Parkvale Financial Corp.	2,195,000
139,700	Quaker City Bancorp, Inc.	4,189,603

Edgar Filing: FIRST FINANCIAL FUND INC - Form N-30D

		----- 51,619,012 -----
	Total common stocks (cost \$242,432,683)	282,177,050 -----
Principal Amount (000)		
-----		
Convertible Bonds--1.3%		
\$ 5,000	E*Trade Group, Inc., 6.75%, 5/15/08	3,893,750
1,000	Online Resources & Communications, 8.00%, 9/30/05	520,000 -----
	Total convertible bonds (cost \$5,991,591)	4,413,750 -----
	Total long-term investments (cost \$248,424,274)	286,590,800 -----

Principal Amount (000)	Description	Value (Note 1)
-----		
	SHORT-TERM INVESTMENTS--14.7%	
	Repurchase Agreement--14.7%	
\$ 49,489	Paribas Corp., 3.00 %, dated 9/28/2001, due 10/1/2001 in the amount of \$49,501,372 (cost \$49,489,000; collateralized by \$24,762,000 U.S. Treasury Notes, 6.50%, due 2/28/02, value of collateral including interest \$25,254,399 and by 21,270,000 U.S. Treasury Bonds, 9.125%, due 5/15/09, value of collateral including interest-\$25,217,321)	\$ 49,489,000
636	Paribas Corp., 3.25%, dated 9/28/2001, due 10/1/2001 in the amount of \$636,172 (cost \$636,000; collateralized by 647,000 U.S. Treasury Bonds, 5.50%, due 8/15/28, value of collateral including interest-\$648,130)	636,000 -----
	Total repurchase agreements (cost \$50,125,000)	50,125,000 -----

-----		
Certificates of Deposit		
2	Brookline Savings, 4.00%, 11/25/01	1,530
22	First Federal Savings Bank, 3.75%, 10/12/01	22,465



Edgar Filing: FIRST FINANCIAL FUND INC - Form N-30D

Net unrealized appreciation on investments.....  
 Net assets, September 30, 2001.....  
 Net asset value per share (\$341,492,739 / 23,910,787 shares of common stock outstanding).....

-----  
 See Notes to Financial Statements. 5

FIRST FINANCIAL FUND, INC.  
 Statement of Operations (Unaudited)  
 -----

	Six Months Ended September 30, 2001
Net Investment Income	
Income	
Dividends.....	\$ 2,654,592
Interest.....	1,355,348
	-----
Total income.....	4,009,940
	-----
Expenses	
Investment advisory fee.....	1,095,837
Administration fee.....	255,501
Legal fees and expenses.....	100,000
Commitment fees.....	98,000
Reports to shareholders.....	65,000
Custodian's fees and expenses.....	38,000
Transfer agent's fees and expenses....	17,000
Listing fees.....	14,000
Directors fees.....	12,000
Audit fee.....	10,000
Miscellaneous.....	49,151
	-----
Total expenses.....	1,754,489
	-----
Net investment income.....	2,255,451
	-----
Realized and Unrealized Gain (Loss) on Investments	
Net realized gain on investment transactions.....	33,858,676
Net change in unrealized appreciation of investments.....	(2,304,267)
	-----
Net gain on investments.....	31,554,409
	-----
Net Increase in Net Assets Resulting from Operations.....	\$ 33,809,860
	-----
	-----

FIRST FINANCIAL FUND, INC.  
 Statement of Changes in Net Assets (Unaudited)

Edgar Filing: FIRST FINANCIAL FUND INC - Form N-30D

	Six Months Ended September 30, 2001	Year Ended March 31, 2000
Increase in Net Assets		
Operations		
Net investment income.....	\$ 2,255,451	\$ 3,434,275
Net realized gain on investment transactions.....	33,858,676	15,308,555
Net change in unrealized appreciation of investments.....	(2,304,267)	85,599,520
	-----	-----
Net increase in net assets resulting from operations.....	33,809,860	104,342,350
	-----	-----
Dividends and distributions (Note 1)		
Dividends from net investment income.....	--	(2,462,878)
Cost of Fund shares reacquired.....	(7,709,459)	(1,148,855)
	-----	-----
Total increase.....	26,100,401	100,730,617
Net Assets		
Beginning of period.....	315,392,338	214,661,721
	-----	-----
End of period(a).....	\$341,492,739	\$315,392,338
	-----	-----
(a) Includes undistributed net investment income of.....	\$ 4,316,048	\$ 2,060,597
	-----	-----

See Notes to Financial Statements. 6

Notes to Financial Statements (Unaudited)

FIRST FINANCIAL FUND, INC.

First Financial Fund, Inc. (the 'Fund') was incorporated in Maryland on March 3, 1986, as a closed-end, diversified investment company. The Fund's primary investment objective is to achieve long-term capital appreciation with the secondary objective of current income by investing in securities issued by savings and banking institutions, mortgage banking institutions and their holding companies. The ability of issuers of debt securities held by the Fund to meet their obligations may be affected by economic developments in a specific industry or region.

Note 1. 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

## Edgar Filing: FIRST FINANCIAL FUND INC - Form N-30D

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 for which market quotations are not readily available will be valued at fair value as determined in good faith by or under the direction of the Board of Directors of the Fund. 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.

All securities are valued as of 4:15 p.m., New York time.

**Repurchase Agreement:** In connection with repurchase agreement transactions with 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 transactions, including accrued interest. To the extent that any repurchase transaction exceed one business day, the value of the collateral is marked-to-market on a daily basis to ensure the adequacy of 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.

**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 is recorded on the accrual basis. Expenses are recorded on the accrual basis, which may require the use of certain estimates by management.

**Federal Income Taxes:** It is the Fund's policy to meet the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its taxable income 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 any net capital gains, if any, annually. Dividends and distributions are recorded on the ex-dividend date.

Income distributions and capital gain distributions are determined in accordance with income tax regulations which may differ from generally accepted accounting principles.

-----  
**Note 2. Agreements**

The Fund has agreements with Wellington Management Company, LLP (the 'Investment Adviser') and with Prudential Investments LLC (the 'Administrator'), formerly Prudential Investments Fund Management LLC. The Investment Adviser makes investment decisions on behalf of the Fund; the Administrator provides occupancy and certain clerical and accounting services to the Fund. The Fund bears all other costs and expenses.

The investment advisory agreement provides for the Investment Adviser to receive a fee, computed monthly and payable quarterly, at the following annual rates: .75% of the Fund's average month-end net assets up to and including \$50 million, and .625% of such assets in excess of \$50 million. The administration agreement provides for the Administrator to receive a fee, computed monthly and payable quarterly, at the annual rate of .15% of the Fund's average month-end net assets.

The Fund has entered into a credit agreement with an unaffiliated lender. The maximum commitment under the agreement is \$45 million. Interest on any such borrowings will be at market rates. The Fund also pays a variable commitment fee

Edgar Filing: FIRST FINANCIAL FUND INC - Form N-30D

on the unused portion of the credit facility. The commitment fee is accrued daily and paid quarterly. The expiration date of the credit agreement is April 29, 2002. The Fund did not borrow any amounts pursuant to the credit agreement during the period ended September 30, 2001.

-----  
 Note 3. Portfolio Securities

Purchases and sales of investment securities, other than short-term investments, for the six months ended September 30, 2001 were \$173,584,391 and \$165,900,154, respectively.

-----  
 7

Notes to Financial Statements (Unaudited)

FIRST FINANCIAL FUND, INC.

-----  
 The cost basis of the Fund's investments for federal income tax purposes, including short-term investments, at September 30, 2001 was \$298,668,101; and, accordingly, net unrealized appreciation for federal income tax purposes was \$38,093,610 (gross unrealized appreciation--\$47,957,782; gross unrealized depreciation--\$9,864,172).

-----  
 Note 4. Capital

There are 50 million shares of \$.001 par value common stock authorized. Of the 25,064,981 shares issued as of September 30, 2001, the Investment Adviser owned 10,994 shares. During the year ended March 31, 2001, the Fund repurchased 104,094 of its own shares at a weighted average discount of 15.2%. During the six months ended September 30, 2001, the Fund repurchased 613,900 of its own shares at a weighted average discount of 14.8%.

-----  
 Note 5. Dividends

On November 28, 2001, the Board of Directors of the Fund declared dividends of \$.20, \$.60 and \$.85 per share from ordinary income, short-term capital gains and long-term capital gains, respectively, payable December , 2001 to shareholders of record as of December , 2001.

-----  
 8

Financial Highlights (Unaudited)

FIRST FINANCIAL FUND, INC.

-----

	Six Months Ended September 30, 2001	----- 2001	----- Year E 2000
PER SHARE OPERATING PERFORMANCE:			
Net asset value, beginning of period.....	\$ 12.86	\$ 8.72	\$ 8.85
Income from investment operations			
Net investment income.....	.10	.14	.12
Net realized and unrealized gain (loss) on investments.....	1.27	4.09	(.20)
Total from investment operations.....	1.37	4.23	(.08)
Less dividends and distributions			

-----

Edgar Filing: FIRST FINANCIAL FUND INC - Form N-30D

Dividends from net investment income.....	--	(.10)	(.08)
Distributions from net realized gains.....	--	--	--
Distributions in excess of net realized gains....	--	--	--
	-----	-----	-----
Total dividends and distributions.....	--	(.10)	(.08)
	-----	-----	-----
Increase resulting from Fund share repurchase....	.05	.01	.03
Net change resulting from the issuance of Fund shares.....	--	--	--
	-----	-----	-----
Net asset value, end of period(a).....	\$ 14.28	\$ 12.86	\$ 8.72
	-----	-----	-----
Market price per share, end of period(a).....	\$ 11.88	\$ 11.29	\$ 7.8125
	-----	-----	-----
TOTAL INVESTMENT RETURN(b) :.....	5.23%	49.40%	7.93%
RATIOS/SUPPLEMENTAL DATA:			
Net assets, end of period (000).....	\$ 341,424	\$315,392	\$214,662
Average net assets (000).....	\$ 340,668	\$258,156	\$230,163
Ratios to average net assets:			
Expenses, before loan interest, commitment fees and nonrecurring expenses.....	.97% (c)	1.09%	1.06%
Total expenses.....	1.03% (c)	2.12%	2.20%
Net investment income.....	1.32% (c)	1.33%	1.33%
Portfolio turnover rate.....	59%	85%	63%
Total debt outstanding at end of period (000 omitted).....	\$ --	\$ --	\$ 45,000
Asset coverage per \$1,000 of debt outstanding....	\$ --	\$ --	\$ 5,768

- 
- (a) NAV and market value are published in The Wall Street Journal each Monday.
- (b) Total investment return is calculated assuming a purchase of common stock at the current market value on the first day and a sale at the current market value on the last day of each period reported. Dividends and distributions are assumed for purposes of this calculation to be reinvested at prices obtained under the dividend reinvestment plan. This calculation does not reflect brokerage commissions.
- (c) Annualized.

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 period 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. 9

Supplemental Proxy Information (Unaudited) FIRST FINANCIAL FUND, INC.

-----

The annual meeting of shareholders of First Financial Fund, Inc. was held on August 30, 2001 at the offices of Prudential Investments LLC, 100 Mulberry Street, Newark, New Jersey. The meeting was held for the following purposes:

- (1) To elect the following director to serve as follows:

Director	Class	Term	Expirin
-----	-----	-----	-----
Richard I. Barr	III	3 years	2004

Directors whose term of office continued beyond this meeting are Eugene C. Dorsey, Robe and Clay T. Whitehead.

Edgar Filing: FIRST FINANCIAL FUND INC - Form N-30D

The results of the proxy solicitation on the above matter were as follows:

	Director/Auditor	Votes For	Votes Against	Votes Withheld
(1)	Richard I. Barr	22,776,174	--	483,084

Other Information

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 streetname 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. Shareholders who wish to participate in the Plan should contact the Fund at (800) 451-6788.

State Street Bank and Trust Co. (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 in 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 no 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 purchases 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, State Street Bank & Trust Company, P.O. Box 8200, Boston, MA 02266-8200.

Directors

Eugene C. Dorsey  
Robert E. LaBlanc  
Richard I. Barr  
Thomas T. Mooney  
Clay T. Whitehead

Investment Adviser

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

Administrator

Prudential Investments LLC  
Gateway Center Three  
100 Mulberry Street  
Newark, NJ 07102-4077

Custodian and Transfer Agent

State Street Bank and Trust Company  
One Heritage Drive  
North Quincy, MA 02171

Independent Accountants

PricewaterhouseCoopers LLP  
1177 Avenue of the Americas  
New York, NY 10036

Legal Counsel

Kirkpatrick & Lockhart LLP  
1800 Massachusetts Avenue, N.W.  
Washington, D.C. 20036

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940 that the Fund may purchase, from time to time, shares of its common stock at market prices.

The accompanying Financial Statements as of 9/30/01 were not audited and, accordingly, no opinion is expressed on them.

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.

Edgar Filing: FIRST FINANCIAL FUND INC - Form N-30D

Gateway Center Three  
100 Mulberry Street  
Newark, NJ 07102-4077

For information call toll-free (800) 451-6788

320228109