

CENTRAL PACIFIC FINANCIAL CORP
Form DEF 14A
March 23, 2005

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

SCHEDULE 14A
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

CENTRAL PACIFIC FINANCIAL CORP.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3)

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Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

CENTRAL PACIFIC FINANCIAL CORP.

**220 South King Street
Honolulu, Hawaii 96813
(808) 544-0500**

**APRIL 26, 2005 ANNUAL MEETING
YOUR VOTE IS IMPORTANT**

March 23, 2005

Dear Fellow Shareholder:

On behalf of your Board of Directors, we cordially invite you to attend the 2005 Annual Meeting of Shareholders of Central Pacific Financial Corp. The Annual Meeting will be held on April 26, 2005, at 6:00 p.m., Hawaii time, in the Plumeria Room of the Ala Moana Hotel, 410 Atkinson Drive, Honolulu, Hawaii.

The accompanying Notice of Annual Meeting of Shareholders and Proxy Statement describe matters to be acted upon at the Annual Meeting. Please give these materials your prompt attention. Then, we ask that you sign, date and mail promptly the enclosed Proxy Card in the enclosed postage-paid envelope to ensure that your shares are voted accordingly. Shareholders who attend the meeting may withdraw their proxy and vote in person if they wish to do so.

We appreciate your continued interest in Central Pacific Financial Corp. and are confident that, as in the past, you will continue to vote your shares.

Sincerely,

RONALD K. MIGITA
Chairman

CLINT ARNOLDUS
Vice Chairman and Chief Executive Officer

CENTRAL PACIFIC FINANCIAL CORP.

**220 South King Street
Honolulu, Hawaii 96813
(808) 544-0500**

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD APRIL 26, 2005

TO THE SHAREHOLDERS OF CENTRAL PACIFIC FINANCIAL CORP.:

NOTICE IS HEREBY GIVEN that, pursuant to its Restated Bylaws and the call of its Board of Directors, the Annual Meeting of Shareholders (the "Meeting") of Central Pacific Financial Corp. (the "Company") will be held in the Plumeria Room of the Ala Moana Hotel, 410 Atkinson Drive, Honolulu, Hawaii, on April 26, 2005, at 6:00 p.m., Hawaii time, for the purpose of considering and voting upon the following matters:

1. **Election of Directors.** To elect five persons to the Board of Directors for a term of three years and to serve until their successors are elected and qualified, as more fully described in the accompanying Proxy Statement.
2. **Ratification of Appointment of Independent Registered Public Accounting Firm.** To ratify the appointment of KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2005.
3. **Approval of Amendment to Restated Articles of Incorporation of Central Pacific Financial Corp.** To approve an amendment to the Restated Articles of Incorporation of Central Pacific Financial Corp. to add a new Article IX regarding limitation of liability for directors as provided for under Hawaii law.
4. **Other Business.** To transact such other business as may properly come before the Meeting and at any and all adjournments thereof.

Only those shareholders of record at the close of business on February 28, 2005 shall be entitled to notice of and to vote at the Meeting.

SHAREHOLDERS ARE URGED TO SIGN AND RETURN THE ENCLOSED PROXY IN THE POSTAGE PREPAID ENVELOPE AS PROMPTLY AS POSSIBLE, WHETHER OR NOT THEY PLAN TO ATTEND THE MEETING IN PERSON. SHAREHOLDERS WHO ATTEND THE MEETING MAY WITHDRAW THEIR PROXY AND VOTE IN PERSON IF THEY WISH TO DO SO.

By order of the Board of Directors,

GLENN K. C. CHING
Senior Vice President and Corporate Secretary

Dated: March 23, 2005

CENTRAL PACIFIC FINANCIAL CORP.

220 South King Street
Honolulu, Hawaii 96813
(808) 544-0500

**PROXY STATEMENT
ANNUAL MEETING OF SHAREHOLDERS**

APRIL 26, 2005

INTRODUCTION

This Proxy Statement is furnished in connection with the solicitation of proxies ("Proxies") by the Board of Directors (the "Board") of Central Pacific Financial Corp. (the "Company") for use at the Annual Meeting of Shareholders (the "Meeting") of the Company to be held in the Plumeria Room of the Ala Moana Hotel, 410 Atkinson Drive, Honolulu, Hawaii, on April 26, 2005, 6:00 p.m., Hawaii time, and at any and all adjournments thereof. The approximate date on which this Proxy Statement and accompanying Notice and form of proxy are first being mailed to shareholders is March 23, 2005.

Matters to be Considered

The matters to be considered and voted upon at the Meeting will be:

1. **Election of Directors.** To elect five persons to the Board for a term of three years and to serve until their successors are elected and qualified.
2. **Ratification of Appointment of Independent Registered Public Accounting Firm.** To ratify the appointment of KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2005.
3. **Approval of Amendment to Restated Articles of Incorporation of Central Pacific Financial Corp.** To approve an amendment to the Restated Articles of Incorporation of Central Pacific Financial Corp. to add a new Article IX regarding limitation of liability for directors as provided for under Hawaii law.
4. **Other Business.** To transact such other business as may properly come before the Meeting and at any and all adjournments thereof.

Record Date, Outstanding Securities and Voting Rights

The Board fixed the close of business on February 28, 2005 as the record date (the "Record Date") for the determination of the shareholders of the Company entitled to notice of and to vote at the Meeting. Only holders of record of shares of Common Stock at the close of business on the Record Date will be entitled to vote at the Meeting and at any adjournment or postponement of the Meeting. There were 28,270,840 shares of the Company's common stock, no par value ("Common Stock"), issued and outstanding on the Record Date, held by approximately 4,500 holders of record.

Each holder of Common Stock will be entitled to one vote, in person or by proxy, for each share of Common Stock standing in the holder's name on the books of the Company as of the Record Date on any matter submitted to the vote of the shareholders.

Quorum

The required quorum for the transaction of business at the Meeting is a majority of the total outstanding shares of Common Stock entitled to vote at the Meeting, either present in person or represented by proxy. Abstentions will be included in determining the number of shares present at the Meeting for the purpose of determining the presence of a quorum.

Broker Authority to Vote

Under the rules of the National Association of Securities Dealers, Inc., member brokers generally may not vote shares held by them in street name for customers unless they are permitted to do so under the rules of any national securities exchange of which they are a member. Under the rules of the New York Stock Exchange, Inc. ("NYSE"), a member broker who holds shares in street name for customers has the authority to vote on certain terms if it has transmitted proxy soliciting materials to the beneficial owner but has not received instructions from that owner. NYSE rules permit member brokers that do not receive instructions from their customers to vote on all three of the proposals discussed above in their discretion.

Vote Required to Approve the Proposals

Proposal 1: Election of Directors. You may vote "FOR" or "WITHHOLD" with respect to any or all director nominees. The election of directors requires a plurality of the votes cast "FOR" the election of directors by the shares entitled to vote in the election at a meeting at which a quorum is present. Accordingly, the five directorships to be filled at the meeting will be filled by the five nominees receiving the highest number of "FOR" votes; votes that are "WITHHELD" will be excluded entirely from the vote and will have no effect on the outcome of the vote.

Proposal 2: Ratification of Appointment of Independent Registered Public Accounting Firm. The proposal to ratify the appointment of KPMG LLP as the Company's independent registered public accounting firm requires the affirmative vote of shareholders holding not less than a majority of the shares of Common Stock represented in person or by proxy and entitled to vote at the Meeting. An abstention from voting on the proposal to ratify the appointment of KPMG LLP will have the effect of a vote "AGAINST" the proposal.

Proposal 3: Approval of Amendment to Restated Articles of Incorporation of Central Pacific Financial Corp. The proposal to approve an amendment to the Restated Articles of Incorporation of Central Pacific Financial Corp. to add a new Article IX regarding limitation of liability for directors as provided for under Hawaii law requires the affirmative vote of the holders of two-thirds of the shares entitled to vote thereon. An abstention from voting on the proposal to amend the Restated Articles of Incorporation will have the same effect as a vote "AGAINST" the proposal.

The Board of Directors recommends a vote "FOR" the election of all nominees as directors, "FOR" ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2005, and "FOR" the amendment to the Restated Articles of Central Pacific Financial Corp. It is not anticipated that any matters will be presented at the Meeting other than as set forth in the accompanying Notice of the Meeting. If any other matters are presented properly at the Meeting, however, the Proxy will be voted by the Proxy Holders in accordance with the recommendations of the Board of Directors.

Revocability of Proxies

Any shareholder who executes and delivers such Proxy has the right to revoke it at any time before it is exercised by filing with the Corporate Secretary of the Company an instrument revoking it or a duly executed Proxy bearing a later date. A Proxy may also be revoked by attending the Meeting and voting in person at the Meeting. Subject to such revocation, all shares represented by a properly executed Proxy

received in time for the Meeting will be voted by the Proxy Holders in accordance with the instructions on the Proxy.

Solicitation of Proxies

This solicitation of Proxies is made on behalf of the Board and the Company will bear the costs of the preparation of proxy materials and the solicitation of Proxies for the Meeting. It is contemplated that Proxies will be solicited principally through the mail, but directors, officers and regular employees of the Company or its subsidiary, Central Pacific Bank (the "Bank"), may solicit Proxies personally, by telephone, electronically or by other means of communication. Although there is no formal agreement to do so, the Company may reimburse banks, brokerage houses and other custodians, nominees and fiduciaries for their reasonable expenses in forwarding these proxy materials to beneficial owners. The Company has retained D.F. King & Co., Inc. to assist it in connection with the solicitation of Proxies for a fee of approximately \$12,500, plus reimbursement of expenses.

Principal Shareholders

Based on filings made under Section 13(d) and Section 13(g) of the Securities and Exchange Act of 1934, as amended, as of the Record Date, the following were the only persons known to management of the Company to beneficially own more than five percent of the Company's outstanding Common Stock:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Private Capital Management, Inc. 8889 Pelican Bay Boulevard Suite 500 Naples, Florida 34108-7512	2,708,123(1)	9.62%
Barclays Global Investors, N.A. Barclays Global Fund Advisors 45 Fremont Street San Francisco, California 94105-2228	2,117,361(2)	7.52%
Neuberger Berman, Inc. 630 Third Ave. New York, NY, 10158-3698	1,012,100(3)	6.28%

- (1) According to a Schedule 13G filed on February 14, 2005, Private Capital Management, Inc. has shared dispositive and voting power over all such shares.
- (2) According to a Schedule 13G filed on February 14, 2005, Barclays Global Investors, N.A. has sole dispositive power over 1,785,701 shares, 1,603,014 of which it has sole voting power over, and Barclays Global Fund Advisors has sole dispositive power over 331,660 shares, 326,531 of which it has sole voting power over.
- (3) According to a Schedule 13G filed on February 16, 2005, Neuberger Berman, Inc. has shared dispositive power over all such shares, 664,000 of which it has shared voting power over.

Security Ownership of Directors, Nominees and Executive Officers

The following table sets forth certain information regarding beneficial ownership of Common Stock by each of the current directors, one nominee who is not currently a director, Earl E. Fry, and the Named Executive Officers (as defined below under the heading "**Compensation of Directors and Executive Officers Executive Compensation**"), as well as all directors and executive officers as a group, as of the close

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of business on March 16, 2005. Unless otherwise noted, the address of each person is c/o Central Pacific Financial Corp., 220 South King Street, Honolulu, Hawaii 96813.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percent of Class(2)
<i>Directors and Nominees</i>		
Clint Arnoldus	66,267(3)	*
Richard J. Blangiardi	935(4)	*
Christine H. H. Camp Friedman	1,304(5)	*
Earl E. Fry		
B. Jeannie Hedberg	2,534(6)	*
Dennis I. Hirota	32,966(7)	*
Clayton K. Honbo	493,753(8)	1.75%
Paul J. Kosasa	50,836(9)	*
Duane K. Kurisu	20,105(10)	*
Colbert M. Matsumoto	28,003(11)	*
Gilbert J. Matsumoto	166,787(12)	*
Ronald K. Migita	248,949(13)	*
Crystal K. Rose	2,635(14)	*
Mike K. Sayama	22,885(15)	*
Maurice H. Yamasato	13,752(16)	*
Dwight L. Yoshimura	20,861(17)	*
<i>Named Executive Officers(18)</i>		
Neal K. Kanda	58,818(19)	*
Alwyn S. Chikamoto	47,235(20)	*
Blenn A. Fujimoto	30,578(21)	*
Dean K. Hirata	54,584(22)	*
Denis K. Isono	5,481(23)	*
Douglas R. Weld		
<i>All Directors and Executive Officers as a Group (21 persons)</i>	1,369,288(24)	4.84%

(*)

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Less than one percent.

- (1) Except as otherwise noted below, each person has sole voting and investment powers with respect to the shares listed. The numbers shown include the shares actually owned as of March 16, 2005 and, in accordance with Rule 13d-3 under the Securities Exchange Act, as amended, any shares of Common Stock that the person has the right or will have the right to acquire within 60 days of March 16, 2005.
- (2) In computing the percentage of shares beneficially owned by each person or group of persons named above, any shares which the person (or group) has a right to acquire within 60 days after March 16, 2005 are deemed outstanding for the purpose of computing the percentage of Common Stock beneficially owned by that person (or group) but are not deemed outstanding for the purpose of computing the percentage of shares beneficially owned by any other person.

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- (3) 6,425 shares of Common Stock are held by a family trust for which he and his wife (Lesley Arnoldus) are co-trustees. 59,842 shares of Common Stock are those that he has the right to acquire by the exercise of stock options vested pursuant to the Company's 1997 Stock Option Plan.
- (4) 600 shares of Common Stock were granted under the Director Restricted Shares Program (1997 Stock Option Plan) and 335 shares of Common Stock granted under the Director Restricted Shares Program (2004 Stock Compensation Plan). A holder of shares of Common Stock granted under the Director Restricted Shares Program has voting power, but not investment power, with respect to such shares.
- (5) 300 shares of Common Stock were granted under the Director Restricted Shares Program (1997 Stock Option Plan) and 335 shares of Common Stock granted under the Director Restricted Shares Program (2004 Stock Compensation Plan). A holder of shares of Common Stock granted under the Director Restricted Shares Program has voting power, but not investment power, with respect to such shares. 669 shares of Common Stock are held in her Simplified Employee Pension Plan Individual Retirement Account.
- (6) 600 shares of Common Stock were granted under the Director Restricted Shares Program (1997 Stock Option Plan) and 335 shares of Common Stock were granted under the Director Restricted Shares Program (2004 Stock Compensation Plan). A holder of shares of Common Stock granted under the Director Restricted Shares Program has voting power, but not investment power, with respect to such shares. 125 shares of Common Stock are held as a custodian for her grandson. 1,000 shares of Common Stock are held in a 401-K Retirement Savings Plan. 174 shares of Common Stock are held for her account and benefit under the Central Pacific Financial Corp. Directors Deferred Compensation Plan. 300 shares of Common Stock are directly held.
- (7) 1,200 shares of Common Stock were granted under the Director Restricted Shares Program (1997 Stock Option Plan) and 335 shares of Common Stock were granted under the Director Restricted Shares Program (2004 Stock Compensation Plan). A holder of shares of Common Stock granted under the Director Restricted Shares Program has voting power, but not investment power, with respect to such shares. 3,520 shares of Common Stock are held jointly with his wife (Kathryn Hirota) and for which he has shared voting and investment powers with his wife. 31 shares of Common Stock are held by Dr. Hirota, as President of Sam O. Hirota, Inc. 6,880 shares of Common Stock are directly held. 21,000 shares of Common Stock that he has the right to acquire by the exercise of stock options vested pursuant to the Company's 1997 Stock Option Plan.
- (8) 1,200 shares of Common Stock were granted under the Director Restricted Shares Program (1997 Stock Option Plan) and 335 shares of Common Stock were granted under the Director Restricted Shares Program (2004 Stock Compensation Plan). A holder of shares of Common Stock granted under the Director Restricted Shares Program has voting power, but not investment power, with respect to such shares. 347,532 shares of Common Stock are held in trust for the benefit of his wife (Lynette Honbo). 100,234 shares of Common Stock are held in trusts for the benefit of his sons and daughter for which he and the beneficiary of the specific trust are each co-trustees. 23,052 shares of Common Stock are held in trusts for the benefit of his sons and daughter for which he and his wife are each co-trustees. 400 shares of Common Stock are held in his Individual Retirement Account. 21,000 shares that he has the right to acquire by the exercise of stock options vested pursuant to the Company's 1997 Stock Option Plan.
- (9) 1,200 shares of Common Stock were granted under the Director Restricted Shares Program (1997 Stock Option Plan) and 335 shares of Common Stock were granted under the Director Restricted Shares Program (2004 Stock Compensation Plan). A holder of shares of Common Stock granted under the Director Restricted Shares Program has voting power, but not investment power, with respect to such shares. 21,000 shares that he has the right to acquire by the exercise of stock options vested pursuant to the Company's 1997 Stock Option Plan. 28,301 shares of Common Stock are held by The Kosasa Foundation, a nonprofit corporation for which Mr. Kosasa serves as President and Director. Mr. Kosasa disclaims beneficial ownership of such shares.
- (10) 635 shares of Common Stock were granted under the Director Restricted Shares Program (2004 Stock Compensation Plan). A holder of shares of Common Stock granted under the Director Restricted Shares Program has voting power, but not investment power, with respect to such shares. 8,260 shares of Common Stock are directly held. 11,210 shares of Common Stock are those that he has the right to acquire by the exercise of stock options vested pursuant to the CB Bancshares, Inc. Directors Stock Option Plan, the Agreement and Plan of Merger dated April 22, 2004 between Central Pacific Financial Corp. and CB Bancshares, Inc., and the Company's 1997 Stock Option Plan.
- (11) 635 shares of Common Stock were granted under the Director Restricted Shares Program (2004 Stock Compensation Plan). A holder of shares of Common Stock granted under the Director Restricted Shares Program has voting power, but not investment power, with respect to such shares. 10,339 shares of Common Stock are held jointly with wife (Gail Matsumoto). 9,917 shares of Common Stock are held for his account and benefit under the Central Pacific Financial Corp. Directors Deferred Compensation Plan. 7,112 shares of Common Stock are those he has the right to acquire by the exercise of stock options vested pursuant to the CB Bancshares, Inc. Directors Stock Option Plan, the Agreement and Plan of Merger dated April 22, 2004 between Central Pacific Financial Corp. and CB Bancshares, Inc., and the Company's 1997 Stock Option Plan.
- (12) 1,200 shares of Common Stock were granted under the Director Restricted Shares Program (1997 Stock Compensation Plan) and 335 shares of Common Stock were granted under the Director Restricted Shares Program (2004 Stock Compensation Plan).

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A holder of shares of Common Stock granted under the Director Restricted Shares Program has voting power, but not investment power, with respect to such shares. 124,348 shares of Common Stock are held by a family trust for which he and Central Pacific Bank are co-trustees. 40,904 shares of Common Stock are directly held.

- (13) 110,870 shares of Common Stock are held in his trust. 362 shares of Common Stock are directly held. 137,717 shares of Common Stock are those that he has the right to acquire by the exercise of stock options vested pursuant to the CB Bancshares, Inc. Stock Compensation Plan, the Agreement and Plan of Merger dated April 22, 2004 between Central Pacific Financial Corp. and CB Bancshares, Inc., and the Company's 1997 Stock Option Plan.
- (14) 300 shares of Common Stock were granted under the Director Restricted Shares Program (1997 Stock Compensation Plan) and 335 shares of Common Stock were granted under the Director Restricted Shares Program (2004 Stock Compensation Plan). A holder of shares of Common Stock granted under the Director Restricted Shares Program has voting power, but not investment power, with respect to such shares. 2,000 shares of Common Stock are held by her as trustee of her pension plan.
- (15) 635 shares of Common Stock were granted under the Director Restricted Shares Program (2004 Stock Compensation Plan). A holder of shares of Common Stock granted under the Director Restricted Shares Program has voting power, but not investment power, with respect to such shares. 19,750 shares of Common Stock are those that he has the right to acquire by the exercise of stock options vested pursuant to the CB Bancshares, Inc. Directors Stock Option Plan, the Agreement and Plan of Merger dated April 22, 2004 between Central Pacific Financial Corp. and CB Bancshares, Inc., and the Company's 1997 Stock Option Plan. 2,500 shares of Common Stock are directly held.
- (16) 635 shares of Common Stock were granted under the Director Restricted Shares Program (2004 Stock Compensation Plan). A holder of shares of Common Stock granted under the Director Restricted Shares Program has voting power, but not investment power, with respect to such shares. 13,117 shares of Common Stock are directly held.
- (17) 635 shares of Common Stock were granted under the Director Restricted Shares Program (2004 Stock Compensation Plan). A holder of shares of Common Stock granted under the Director Restricted Shares Program has voting power, but not investment power, with respect to such shares. 20,226 shares of Common Stock are those that he has the right to acquire by the exercise of stock options vested pursuant to the CB Bancshares, Inc. Directors Stock Option Plan, the Agreement and Plan of Merger dated April 22, 2004 between Central Pacific Financial Corp. and CB Bancshares, Inc., and the Company's 1997 Stock Option Plan.
- (18) The following includes information regarding all the "Named Executive Officers" (as defined below under the heading "Compensation of Directors and Executive Officers Executive Compensation") except for Mr. Arnoldus, whose information is included in this table under the section heading "Directors and Nominees".
- (19) 17,628 shares of Common Stock are held under his account under the Company's Retirement Savings Plan. 25,200 shares of Common Stock are directly owned. 15,990 shares of Common Stock are those that he has the right to acquire by the exercise of stock options vested pursuant to the Company's 1997 Stock Option Plan.
- (20) 22,142 shares of Common Stock are under his account under the Company's Retirement Savings Plan. 13,200 shares of Common Stock are directly held. 11,893 shares of Common Stock are those that he has the right to acquire by the exercise of stock options vested pursuant to the Company's 1997 Stock Option Plan.
- (21) 685 shares of Common Stock are under his account under the Company's Retirement Savings Plan. 2,000 shares of Common Stock are directly held. 27,893 shares of Common Stock are those that he has the right to acquire by the exercise of stock options vested pursuant to the Company's 1997 Stock Option Plan.
- (22) 4,507 shares of Common Stock are held in his Individual Retirement Account. 8,970 shares of Common Stock are held jointly with his spouse. 703 shares of Common Stock are directly owned. 40,404 shares of Common Stock are those that he has the right to acquire by the exercise of stock options vested pursuant to the CB Bancshares, Inc. Stock Compensation Plan, the Agreement and Plan of Merger dated April 22, 2004 between Central Pacific Financial Corp. and CB Bancshares, Inc., and the Company's 1997 Stock Option Plan.
- (23) 2,124 shares of Common Stock are directly owned. 3,357 shares of Common Stock are those that he has the right to acquire by the exercise of stock options vested pursuant to the Company's 1997 Stock Option Plan.
- (24) Represents 418,394 shares of Common Stock the individuals have a right to acquire within 60 days after March 16, 2005.

ELECTION OF DIRECTORS

The Company's Restated Bylaws currently provide for fifteen directors, five each serving as Class I, Class II and Class III directors, each class of directors serving for three-year terms. Five directors (out of a present total of fifteen) are to be elected at the Meeting to serve three-year terms expiring at the 2008 Annual Meeting of Shareholders and until their respective successors are elected and qualified. The nominees to serve as Class II directors for election at the Meeting are B. Jeannie Hedberg, Duane K. Kurisu, Colbert M. Matsumoto, and Crystal K. Rose, all of whom are currently directors of the Company, and Earl E. Fry. Earl E. Fry was recommended to the Corporate Governance and Nominating Committee by a non-management director of the Company. Current director Gilbert J. Matsumoto will not be standing for reelection.

All nominees have indicated their willingness to serve and unless otherwise instructed, Proxies will be voted for all of the nominees. However, in the event that any of them should be unable to serve, the Proxy Holders named on the enclosed Proxy Card will vote in their discretion for such persons as the Board of Directors may recommend.

There are no family relationships among directors or executive officers of the Company, and, as of the date hereof, no directorships are held by any director or director nominee with a company with a class of securities registered pursuant to Section 12 of the Exchange Act, or subject to the requirements of Section 15(d) of the Exchange Act or any company registered as an investment company under the Investment Company Act of 1940.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" EACH OF THE BOARD OF DIRECTORS' NOMINEES.**DIRECTORS' AND EXECUTIVE OFFICERS' INFORMATION**

The following table sets forth certain information with respect to each of the continuing directors, nominees and Named Executive Officers:

Name	Principal Occupation for the Past Five Years	Age	First Year Elected or Appointed as Officer or Director of the Company(1)	Term Expires
<i>Nominees</i>				
FRY, Earl E.	Executive Vice President, Chief Financial Officer and Secretary, Informatica Corporation (2003-present); Senior Vice President, Chief Financial Officer and Secretary, Informatica Corporation (2002-2003); Senior Vice President and Chief Financial Officer, Informatica Corporation (1999-2002); Vice President and Chief Financial Officer, Omnicell Technologies (1995-1999)	46	N/A	N/A
HEDBERG, B. Jeannie, C.P.A.	Partner, Hedberg, Freitas, King & Tom (1969-present); Certified Public Accountant	61	2003	2005
KURISU, Duane K.	Chairman and Chief Executive Officer, aio group (2001-present); Partner, Kurisu & Fergus (1985-2001)	50	2004	2005
MATSUMOTO, Colbert M., J.D.	Chairman and Chief Executive Officer, Island Insurance Company, Ltd. (1999-present); Partner, Matsumoto LaFontaine & Chow, AAL, ALC (1994-1998)	51	2004	2005
ROSE, Crystal K., J.D.	Partner, Bays Deaver Lung Rose & Baba (1989-present)	47	2005	2005

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Continuing Directors

ARNOLDUS, Clint	Vice Chairman and Chief Executive Officer, Central Pacific Financial Corp. (9/2004-present); Vice Chairman and Chief Executive Officer, Central Pacific Bank (9/2004-present); Vice Chairman and Chief Executive Officer, City Bank (9/2004-2/2005); Chairman, President and Chief Executive Officer, Central Pacific Financial Corp. (2002-9/2004); Chairman, President and Chief Executive Officer, Central Pacific Bank (2002-9/2004); Chairman, President and Chief Executive Officer, Community Bank, Pasadena, California (1998-2001)	58	2002	2007
BLANGIARDI, Richard J.	Senior Vice President and General Manager, Emmis Operating Company (2002-present); President, Telemundo Holding Inc. (1999-2002); Managing Director, Brad Marks International (1999); Chief Executive Officer, Premier Horse Network (1997-1999)	57	2003	2006
CAMP FRIEDMAN, Christine H. H.	Managing Director, Avalon Development LLC (1999-present); Vice President of Development, A&B Properties, Inc. (1997-1999)	38	2004	2007
HIROTA, Dennis I., Ph.D.	President, Sam O. Hirota, Inc. Engineering and Surveying (1986-present); Registered Professional Engineer and Licensed Professional Land Surveyor	63	1980	2007
HONBO, Clayton K., M.D.	Retired; Doctor of Obstetrics and Gynecology, Clayton K. Honbo, M.D., Inc. (1977-1999)	67	1999	2006
KOSASA, Paul J.	President and Chief Executive Officer, MNS, Ltd., dba ABC Stores (1999-present); Executive Vice President and District Manager, MNS Ltd., dba ABC Stores (1997-1998)	47	2002	2006
MIGITA, Ronald K.	Chairman, Central Pacific Financial Corp. and Central Pacific Bank (9/2004-present); Chairman, City Bank (9/2004-2/2005); Director, Chief Executive Officer and President, CB Bancshares, Inc. (1997-2004); Vice Chairman and Chief Executive Officer, City Bank (1997-2004); President, City Bank (1998-2000); Vice Chairman and Chief Executive Officer, International Savings and Loan Association, Limited (1997-2000)	63	2004	2007
SAYAMA, Mike K.	Vice President, Hawaii Medical Service Association (1997-present)	50	2004	2006
YAMASATO, Maurice H.	President, Yamasato Fujiwara Higa & Associates, Inc. (1987-present)	62	2004	2007
YOSHIMURA, Dwight L.	Senior Vice President and Senior General Manager, GGP Limited Partnership (1991-present)	50	2004	2006

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Named Executive Officers(2)

KANDA, Neal K.	President and Chief Operating Officer, Central Pacific Financial Corp. and Central Pacific Bank (9/2004-present); Director, Central Pacific Bank (2004-present); Director, City Bank (2004-2/2005); Director, Central Pacific Financial Corp. (2004-2/2005); President and Chief Operating Officer, City Bank (2004-2/2005); Vice President and Treasurer, Central Pacific Financial Corp. (2003-2004); Executive Vice President and Chief Financial Officer, Central Pacific Bank (2002-9/2004); Vice President, Treasurer and Secretary, Central Pacific Financial Corp. (2002-2003); Executive Vice President, Central Pacific Bank (1993-2001); Vice President and Treasurer, Central Pacific Financial Corp. (1999-2001)	56	1991	N/A
CHIKAMOTO, Alwyn S.	Executive Vice President, Commercial Real Estate, Central Pacific Bank (9/2004-present) Executive Vice President, Commercial Real Estate, City Bank (9/2004-2/2005); Executive Vice President and Chief Credit Officer, Central Pacific Bank (2002-9/2004); Senior Vice President and Commercial Finance Group Manager, Central Pacific Bank (1997-2002)	51	1988	N/A
FUJIMOTO, Blenn A.	Executive Vice President, Hawaii Market, Central Pacific Bank (9/2004-present); Executive Vice President, Hawaii Market, City Bank (9/2004-2/2005); Executive Vice President and Chief Financial Services Officer, Central Pacific Bank (2002-9/2004); Senior Vice President and Retail Division Manager, Central Pacific Bank (2000-2002); Vice President and District Manager, Bank of Hawaii (1998-2000)	46	2000	N/A
HIRATA, Dean K.	Executive Vice President and Chief Financial Officer, Central Pacific Financial Corp. and Central Pacific Bank (9/2004-present); Executive Vice President and Chief Financial Officer, City Bank (2002-2/2005); Senior Vice President and Chief Financial Officer, CB Bancshares, Inc. (1999-9/2004); Senior Vice President and Chief Financial Officer, City Bank (1999-2002); Senior Vice President and Chief Financial Officer, International Savings and Loan Association, Limited (1999-2000); Senior Vice President and Controller, First Hawaiian Bank (1990-1999)	47	2004	N/A
ISONO, Denis K.	Executive Vice President, Operations and Services, Central Pacific Financial Corp. and Central Pacific Bank (9/2004-present) Executive Vice President, Operations and Services, City Bank (9/2004-2/2005); Executive Vice President and Chief Operations Officer, Central Pacific Bank (2002-9/2004); Executive Vice President, Operations, Bank of Hawaii (2000-2002); Senior Vice President and Controller, Bank of Hawaii and Pacific Century Financial Corp. (1988-2000)	53	2002	N/A

WELD, Douglas R.	Executive Vice President and Chief Credit Officer, Central Pacific Bank (9/2004-present); Executive Vice President and Chief Credit Officer, City Bank (2003-2/2005); Senior Vice President and Chief Credit Officer, City Bank (2002-2003); Chief Credit Officer, Tokai Bank of California/United California Bank (1986-2002)	56	2004	N/A
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(1)

All directors of the Company are also directors of the Bank. Dates prior to the formation of the Company in 1982 indicate the year first appointed director of the Bank. Dr. Hirota commenced service as a director of the Company on February 1, 1982, the date of formation of the Company. Dr. Hirota served as a director of the Company until April 23, 1985 when the Company's shareholders adopted a classified Board and reduced the number of directors to nine. However, Dr. Hirota continued to serve on the Bank's Board until he was reelected to the Company's Board in 1986. Dr. Honbo has been a director of the Bank since 1986. Mr. Kosasa has been a director of the Bank since 1994. Mr. Arnoldus has been a director of the Bank since 2002. Mr. Blangiardi and Ms. Hedberg have been directors of the Bank since 2003. Ms. Camp Friedman, Ms. Rose, Mr. Kurisu, Mr. Matsumoto, Mr. Migita, Mr. Sayama, Mr. Yamasato and Mr. Yoshimura have been directors of the Bank since 2004.

Messrs. Chikamoto, Fujimoto and Weld are officers of the Bank and not officers of the Company; therefore, the year included in the column labeled "First Year Elected or Appointed as Officer or Director of the Company" indicates the year that each was first appointed as an officer of the Bank.

(2)

The following includes information regarding all the Named Executive Officers except for Mr. Arnoldus, whose information is included in this table under the section heading "Directors and Nominees."

Section 16(a) Beneficial Ownership Reporting Compliance

The Company's directors, executive officers and the beneficial holders of more than 10% of the Common Stock are required to file certain reports with the United States Securities and Exchange Commission regarding the amount of and changes in their beneficial ownership of the Company's stock. Based on its review of copies of those reports, the Company is required to disclose known failures to file required forms, or failures to timely file required reports during the previous year. To the best knowledge of the Company, there were no failures to file or timely file such required reports during 2004 by any person who was at any time during 2004 a director, officer, beneficial owner of more than 10% of the Common Stock, or any other person subject to Section 16 of the Exchange Act with respect to the Company, except for those as set forth below:

(i) Clint Arnoldus 180,000 Company stock options granted on September 15, 2004 and reported on Form 4 on November 3, 2004 and 6,025 shares of Common Stock purchased on November 24, 2004 and reported on Form 5 on January 19, 2005; (ii) Joseph F. Blanco 300 shares of Common Stock granted on April 12, 2004 and reported on Form 4 on April 16, 2004; (iii) Dennis I. Hirota 300 shares of Common Stock granted on April 12, 2004 and reported on Form 4 on April 16, 2004 and 31 shares of Common Stock acquired via exchange of CB Bancshares, Inc. stock on September 15, 2004 and reported on Form 5 on January 6, 2005; (iv) Clayton K. Honbo 300 shares of Common Stock granted on April 12, 2004 and reported on Form 4 on April 16, 2004; (v) Denis K. Isono 1,124 shares of Common Stock acquired via exchange of CB Bancshares, Inc. stock on September 15, 2004 and reported on Form 5 on January 6, 2005; (vi) Neal K. Kanda 200 shares of Common Stock acquired as beneficiary of spouse upon marriage on February 12, 1999, 200 shares sold by spouse on December 6, 2004 and both reported on Form 5 on January 19, 2005, and 314 shares of Common Stock acquired via exchange of CB Bancshares, Inc. stock on September 15, 2004 and reported on Form 5 on January 27, 2005; (vii) Paul J. Kosasa 300 shares of Common Stock granted on April 12, 2004 and reported on Form 4 on April 16, 2004; (viii) Duane K. Kurisu 8,260 shares of Common Stock acquired via exchange of CB Bancshares, Inc. stock on September 15, 2004 and reported on Form 4 on January 28, 2005; (ix) Colbert M. Matsumoto 10,339 shares of Common Stock acquired via exchange of CB Bancshares, Inc. stock on September 15, 2004 and

reported on Form 4 on November 3, 2004, and 7,500 shares of Common Stock purchased on November 16, 2004, 50 shares of Common Stock purchased on November 18, 2004, 235 shares of Common Stock purchased on December 3, 2004, 1,522 shares of Common Stock purchased on December 21, 2004, 143 shares of Common Stock purchased on December 31, 2004, 69 shares of Common Stock purchased on January 4, 2005, all of which were reported on Form 4 on January 28, 2005; (x) Gilbert J. Matsumoto 300 shares of Common Stock granted on April 12, 2004 and reported on Form 4 on April 16, 2004; (xi) Mike K. Sayama 2,475 shares of Company stock acquired via exchange of CB Bancshares, Inc. stock on September 15, 2004 and reported on Form 4 on November 3, 2004, 1,975 shares of Company stock sold on October 29, 2004 and reported on Form 4 on November 4, 2004; (xii) Maurice H. Yamasato 182 shares of Company stock sold on October 6, 2004 and reported on Form 4 on February 25, 2005. The Company has taken measures to ensure more timely filing.

CORPORATE GOVERNANCE AND BOARD MATTERS

The Board has three (3) standing committees: an Audit Committee, a Compensation Committee, and a Corporate Governance and Nominating Committee. During 2004, the Board dissolved its Executive Committee and its Mergers & Acquisitions Committee.

During the fiscal year ended December 31, 2004, the Board held a total of twenty-five (25) meetings, including monthly, annual and special meetings. Each person who was a director of the Company during 2004 attended at least 75% of the total number of such Board meetings and 75% of the total number of meetings held by all committees of the Board on which he or she served during the year, except Mr. Kosasa who attended 70% of Board meetings and 70% of meetings held by committees of the Board on which he served. The Company expects directors to attend the annual meetings of shareholders. All directors attended last year's annual meeting of shareholders.

The following table sets forth the members of the Board as of the date of this Proxy Statement and the committees of the Board on which they serve as of March 1, 2005.

Name of Director	Audit Committee	Compensation Committee	Corporate Governance and Nominating Committee
<i>Non-Employee Directors:</i>			
Richard J. Blangiardi		*	VC
Christine H. H. Camp Friedman	*		
B. Jeannie Hedberg	C		
Dennis I. Hirota			*
Clayton K. Honbo		*	
Paul J. Kosasa		*	
Duane K. Kurisu			*
Colbert M. Matsumoto		C	*
Gilbert J. Matsumoto			
Crystal K. Rose			C
Mike K. Sayama	*		
Maurice H. Yamasato	*		
Dwight L. Yoshimura		VC	
<i>Employee Directors:</i>			
Ronald K. Migita			
Clint Arnoldus			

* = Member

C = Chair

VC = Vice Chair

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Ms. Rose, Chair of the Corporate Governance & Nominating Committee, has been chosen by the Board to serve as the presiding director for all meetings of the non-management directors in executive sessions. In Ms. Rose's absence, Mr. Blangiardi, Vice Chair of the Corporate Governance & Nominating Committee, has been chosen by the Board to preside over these sessions of the Board.

Interested parties may communicate directly with the presiding director or with the non-management directors as a group, by writing to: Crystal K. Rose, Bays, Deaver, Lung, Rose & Baba, 1099 Alakea Street, 16th Floor, Honolulu, Hawaii 96813. Alternatively, concerns may be made known and communicated directly to the presiding director or to the non-management directors as a group, through procedures set forth in the Company's Complaint Policy which is available on the Company's website (www.centralpacificbank.com).

Audit Committee

The Audit Committee held twelve (12) meetings during 2004. The responsibilities of the Audit Committee are described below in the "Report of the Audit Committee" under the subheading "Report of the Audit Committee." The Audit Committee operates under a Charter adopted by the Board. A copy of the Charter of the Audit Committee is attached to the Company's proxy statement as Appendix A. The Charter of the Audit Committee is available on the Company's website (www.centralpacificbank.com), and is also available in print upon request (submit request for copies of the Charter to Central Pacific Financial Corp., Attn: Investor Relations, P.O. Box 3590, Honolulu, Hawaii 96811). As of March 1, 2005, the members of the Company's Audit Committee are B. Jeannie Hedberg (Chair), Christine H. H. Camp Friedman, Mike K. Sayama and Maurice H. Yamasato, each of whom is "independent" within the meaning of the listing standards of the NYSE and the rules of the SEC. The Board of Directors has also determined that each member is financially literate, as such qualification is defined under the rules of the NYSE, and that Ms. Hedberg has accounting or related financial management expertise, as such qualification is defined under the rules of the NYSE, and is an "audit committee financial expert" within the meaning of the rules of the SEC. No member of the Audit Committee serves on the audit committee of any other publicly registered company.

Compensation Committee

The Compensation Committee held seven (7) meetings during 2004. The Compensation Committee's primary purpose is to assist the Board in discharging the Board's responsibilities relating to compensation of the Company's executive officers by evaluating and recommending to the Board approval of executive officer benefit, bonus, incentive compensation, severance, equity-based or other compensation plans, policies and programs of the Company and providing an annual report on executive compensation for inclusion in the Company's proxy statement. The functions of the Compensation Committee are further described in "COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS" below, under the subheading "Report of the Compensation Committee." The Charter of the Compensation Committee is available on the Company's website (www.centralpacificbank.com), and is also available in print upon request (submit request for copies of the Charter to Central Pacific Financial Corp., Attn: Investor Relations, P.O. Box 3590, Honolulu, Hawaii 96811). As of March 1, 2005, the members of the Company's Compensation Committee are Colbert M. Matsumoto (Chair), Dwight L. Yoshimura (Vice Chair), Richard J. Blangiardi, Clayton K. Honbo and Paul J. Kosasa, each of whom is "independent" within the meaning of the listing standards of the NYSE, is a "nonemployee director" within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934 and is an "outside director" within the meaning of Section 162(m) of the Internal Revenue Code of 1986.

Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee held sixteen (16) meetings during 2004. The Corporate Governance and Nominating Committee is responsible for promoting the best interests of the

Company and its shareholders through the implementation of sound corporate governance principles and practices, including identifying individuals qualified to become Board members, recommending nominees for directors of the Company, reviewing the qualifications and independence of the members of the Board and its committees, reviewing and monitoring the Company's Corporate Governance Guidelines, monitoring the Board's and the Company's compliance regarding changes in corporate governance practices and laws and leading the Board in its annual review of the performance of the Board and Chief Executive Officer. The Charter of the Corporate Governance and Nominating Committee and the Company's Corporate Governance Guidelines are available on the Company's website (www.centralpacificbank.com), and are also available in print upon request (submit request for copies of the Charter or Guidelines to Central Pacific Financial Corp., Attn: Investor Relations, P.O. Box 3590, Honolulu, Hawaii 96811). As of March 1, 2005, the members of the Company's Corporate Governance and Nominating Committee are Crystal K. Rose (Chair), Richard J. Blangiardi (Vice Chair), Duane K. Kurisu and Colbert M. Matsumoto, each of whom is "independent" within the meaning of the listing standards of the NYSE.

Director Independence

The Board has determined, in accordance with our Standards Regarding Director Independence, that all of the members of the Board who are not also officers or employees of the Company or any of its affiliates, or the non-employee directors, are "independent" within the meaning of the rules of the NYSE. All of the directors other than Ronald K. Migita and Clint Arnoldus are non-employee directors. All committees of the Board are comprised solely of independent directors. A copy of our Standards Regarding Director Independence is attached as Appendix B to this Proxy Statement.

Code of Conduct & Ethics

The Company is committed to promoting and fostering ethical conduct and sound corporate governance principles. The Company has a Code of Conduct & Ethics applicable to all employees, officers and directors of the Company. In addition, the Company also has a supplemental Code of Conduct & Ethics For Senior Financial Officers, which is applicable to the Chief Executive Officer, President, Chief Financial Officer, Controller, any other principal financial officer or principal accounting officer and any other person fulfilling and/or performing any similar role, function or capacity. Both of the aforementioned Codes of Conduct & Ethics are available on the Company's website (www.centralpacificbank.com), and are also available in print upon request (submit request for copies of the Codes of Conduct & Ethics to Central Pacific Financial Corp., Attn: Investor Relations, P.O. Box 3590, Honolulu, Hawaii 96811).

Director Nomination Process

Director Qualifications. The Corporate Governance and Nominating Committee is responsible for reviewing the qualifications and independence of director nominees in accordance with the criteria set forth in the Company's Corporate Governance Guidelines. The general criteria considered include qualification as independent, diversity, age, skills, experience and other relevant considerations in the context of the needs of the Board.

Identifying and Evaluating Nominees. The Board seeks to identify candidates for director positions that are best qualified and suited to meet the needs of the Company and to present these candidates for shareholder approval, as and when director positions become open and available. The Corporate Governance and Nominating Committee will first identify, review, evaluate and recommend to the Board, nominees for director positions. The Board will then vote whether or not to recommend such nominees to the Company's shareholders for election.

In identifying potential director nominees, the Corporate Governance and Nominating Committee will search within the State of Hawaii and may search outside the State of Hawaii for any potential director candidates, and in this regard, may utilize the services of a professional search firm. While the same general criteria set forth above shall be applied in evaluating a candidate's qualifications, it is difficult to enumerate all of the attributes, skills and qualities that the Corporate Governance and Nominating Committee and/or Board may, at any given point in time, determine, consider and value in evaluating, selecting and recommending director nominees. Accordingly, the Corporate Governance and Nominating Committee and the Board exercise their discretion and consider any circumstances, experiences, attributes, skills, qualities, and factors applicable to any director nominee with the intent and purpose of having the best qualified and best suited directors serving on the Board at all times, as well as ensuring that the Board as a whole is diverse and well rounded. The Board may enlist the services of a third party to conduct a background check or other investigation in order to determine whether a candidate meets any criteria.

Shareholder Nominees. In accordance with the policies set forth in the Company's Corporate Governance Guidelines, the Corporate Governance and Nominating Committee will consider properly submitted director nominees for election at the 2006 Annual Meeting of Shareholders recommended by shareholders if such recommendations are received in writing prior to January 26, 2006. Shareholder recommendations should be addressed to the Company's Corporate Secretary, P.O. Box 3590, Honolulu, Hawaii 96811.

Communications with the Board

Shareholders of the Company may send written communications directly to the Board, addressed to: Board of Directors of Central Pacific Financial Corp., 220 South King Street, Third Floor, Honolulu, Hawaii 96813. Any such communication may be directed to the attention of the Chairman of the Board or the Chair of any Board Committee (such as, for example, the Chair of the Audit Committee or the Chair of the Corporate Governance and Nominating Committee). Shareholders sending such communications must include the following in their written communication: (a) such shareholder(s) must identify himself/herself/itself/themselves and provide reasonably satisfactory proof of their ownership of the Company's stock; (b) such shareholder(s) must state in reasonable detail and communicate with reasonable clarity and specificity their issue or concern; and (c) such shareholder(s) must include their contact information (at a minimum, phone number and address).

Report of the Audit Committee

The following Report of the Audit Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filings under the Securities Act of 1933, as amended (the "Securities Act") or under the Exchange Act, except to the extent we specifically incorporate this Report by reference.

Report of the Audit Committee

The role of the Audit Committee is to assist the Board of Directors in its oversight of the Company's financial reporting process. The Board of Directors, in its business judgment, has determined that all members of the Committee are "independent", as required by applicable listing standards of the New York Stock Exchange. The Board of Directors has also determined that each member is financially literate, as such qualification is defined under the rules of the NYSE, and that one member of the Committee has accounting or related financial management expertise, as such qualification is defined under the rules of the NYSE and is an "audit committee financial expert" within the meaning of the rules of the SEC. The Committee operates pursuant to a Charter that was last amended and restated by the Board on February 1, 2005, a copy of which is attached to this Proxy Statement as Appendix A. In addition, the Charter of the Audit Committee is available on the Company's website (www.centralpacificbank.com).

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Pursuant to the Audit Committee Charter, the Audit Committee's primary purpose is to assist the Board in overseeing various accounting, auditing, internal control, legal and regulatory matters of the Company, and in fulfillment of this purpose, the Audit Committee's primary responsibilities are to:

monitor the integrity of the financial statements and accounting, the internal audits, the internal controls, and the handling of legal matters, of the Company and its subsidiaries;

appoint, determine the qualifications, independence and compensation of, oversee the work of, and evaluate the performance of, the Company's independent and internal auditors;

monitor the compliance by the Company with legal and regulatory requirements; and

coordinate and facilitate communication among the auditors, Company management and the Board respecting accounting, auditing, internal control and legal matters.

In the performance of its oversight function, the Audit Committee has considered and discussed the audited financial statements with management and the Company's independent registered public accounting firm. The Audit Committee reviewed with the independent registered public accounting firm, who is responsible for expressing an opinion on the conformity of those audited financial statements with accounting principles generally accepted in the United States of America, their judgments as to the quality, and not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed with the Audit Committee by Statement of Auditing Standards No. 61, as amended by Statement on Auditing Standards No. 90 (Communication with Audit Committees).

The Audit Committee also obtained from the independent registered public accounting firm a formal written statement describing all relationships between the Company and the independent registered public accounting firm that bear on the independent registered public accounting firm's independence consistent with Independence Standards Board Standard No. 1, (Independence Discussions with Audit Committee). The Audit Committee has received and discussed with the independent registered public accounting firm the matters in the written disclosures required by the Independence Standards Board and as required under the Sarbanes-Oxley Act of 2002. The Audit Committee discussed with the independent registered public accounting firm any relationships that may impact on the firm's objectivity and independence and satisfied itself as to the registered public accounting firm's independence.

The Audit Committee discussed with the Company's internal auditor and independent registered public accounting firm the overall scope and plans for their respective audits. The Audit Committee met with the internal auditor and independent registered public accounting firm, with and without management present, to discuss the results of their examinations, their evaluations of the internal controls, and the overall quality of the financial reporting.

In reliance on these discussions and reviews referred to above, the Audit Committee recommended that the Board of Directors approve the inclusion of the Company's audited consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2004, for filing with the Securities and Exchange Commission.

Management is responsible for the Company's financial reporting process including its system of internal controls, and for the preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. The Company's independent registered public accounting firm is responsible for auditing those financial statements. Our responsibility is to monitor and review these processes. It is not our duty or our responsibility to conduct auditing or accounting reviews or procedures. We are not employees of the Company and we may not all be, and we may not all represent ourselves to be or to serve as, accountants or auditors by profession or experts in the fields of accounting or auditing. Therefore, we have relied, without independent verification, on management's representation that the financial statements have been prepared with integrity and objectivity and in conformity with accounting principles generally accepted in the United States of America and on the representations of the independent registered public

accounting firm included in its report on the Company's financial statements. Our oversight does not provide us with an independent basis to determine that management has maintained appropriate accounting and financial reporting principles or policies, or appropriate internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, our considerations and discussions with management and the independent registered public accounting firm do not assure that the Company's financial statements are presented in accordance with accounting principles generally accepted in the United States of America, that the audit of our Company's financial statement has been carried out in accordance with generally accepted auditing standards as established by the Auditing Standards Board (United States) and in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States) or that our Company's independent registered public accounting firm is in fact "independent."

Respectfully submitted by the members of the Audit Committee of the Board of Directors:

B. JEANNIE HEDBERG, CHAIR
CHRISTINE H. H. CAMP
FRIEDMAN
MIKE K. SAYAMA
MAURICE H. YAMASATO

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

Director Compensation

The Company and the Bank each has a policy of paying fees to non-management directors for their attendance at board and board committee meetings. The Company and the Bank pay each of their non-management directors \$800 per board meeting attended and \$600 per board committee meeting attended. In addition, the Company pays \$10,000 annually to each non-management director, and the Bank pays \$15,000 annually to each non-management director. The Company pays the Chair of the Audit Committee \$10,000 annually, the Chair of the Compensation Committee \$5,000 annually, and the Chair of the Corporate Governance & Nominating Committee \$5,000 annually.

Non-employee directors of the Company and the Bank have been eligible to participate in the Company's 1997 Stock Option Plan and continue to be eligible to participate in the Company's 2004 Stock Compensation Plan. The Company annually grants restricted Common Stock of the Company to non-employee directors of both the Company and the Bank. In 2004, the Company granted 300 restricted shares of the Company's Common Stock to each of the Company's and the Bank's non-employee directors (where an individual was both a director of the Company and the Bank, he or she only received a total of 300 restricted shares of Common Stock). For 2005, the Company granted the equivalent of \$6,000 of the Company's Common Stock (with restrictions) to each of the Company's non-employee directors, and in addition, the equivalent of \$6,000 of the Company's Common Stock (with restrictions) to each of the Bank's non-employee directors (where an individual is both a director of the Company and the Bank, they received a total of \$12,000 worth of the Company's Common Stock (with restrictions)).

During 1997, non-employee directors received a one-time grant of stock options to purchase, in the aggregate, 294,000 shares of Common Stock at an exercise price of \$8.9375 per share. Options vest at a rate of 3,000 shares per year until the earlier of the director's retirement at age 70 or 10 years from the date of grant.

The Company also maintains a Directors Deferred Compensation Plan, which became effective as of January 1, 2001, and under which each non-employee director of the Company and the Bank may elect to defer all or a portion of his or her annual retainer and meeting fees. Distribution of the deferred compensation account will be made in the form of a lump sum payment within ten years following termination from service or annual installment payments over a period no greater than ten years following termination from service, in accordance generally with the director's election made at the time of the deferral. A withdrawal from the deferred compensation account is also available in the case of an unforeseeable emergency. Under the Directors Deferred Compensation Plan, deferred amounts are valued based on corresponding investments in certain investment funds offered by the Bank's Trust Division which may be selected by the director. The Directors Deferred Compensation Plan is a nonqualified deferred compensation plan under which distributions are made from the general assets of the Company under the direction and oversight of the Compensation Committee.

Executive Compensation

Summary of Cash and Certain Other Compensation. The following table sets forth certain summary information concerning compensation paid or accrued by the Company to or on behalf of any person who served as the Company's Chief Executive Officer during the last fiscal year and each of the four (4) other most highly compensated executive officers of the Company or the Bank (given such executive officer of the Bank performed a policy making function for the Company), determined as of the end of the last fiscal year. We have also included certain summary information concerning compensation paid or accrued by the Company to or on behalf of Messrs. Hirata and Weld, who began serving as executive officers upon the

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completion of our merger with CB Bancshares, Inc. on September 15, 2004. The individuals listed in the following table comprise our "Named Executive Officers."

SUMMARY COMPENSATION TABLE

	Long Term Compensation
	Awards
Annual Compensation	