

CENTRAL PACIFIC FINANCIAL CORP
Form DEF 14A
March 04, 2013

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

SCHEDULE 14A

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 under §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)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
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- 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, 2013 ANNUAL MEETING
YOUR VOTE IS IMPORTANT**

March 15, 2013

Dear Fellow Shareholder:

On behalf of your Board of Directors, we cordially invite you to attend the 2013 Annual Meeting of Shareholders of Central Pacific Financial Corp. The Annual Meeting will be held on April 26, 2013, at 2:00 p.m., Hawaii time, at Harbor Square, 4th Floor, Waikiki Room, 700 Richards Street, Honolulu, Hawaii 96813. Your Board and management look forward to greeting those shareholders able to attend the meeting.

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, or use telephone or internet voting, to ensure that your shares are represented and voted at the meeting. Shareholders who attend the meeting may withdraw their proxy and vote in person if they wish to do so. Your vote is important, so please act at your earliest convenience.

We appreciate your continued interest in Central Pacific Financial Corp.

Sincerely,

John C. Dean
President 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, 2013**

TO THE SHAREHOLDERS OF CENTRAL PACIFIC FINANCIAL CORP.:

NOTICE IS HEREBY GIVEN that, pursuant to its 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 at Harbor Square, 4th Floor, Waikiki Room, 700 Richards Street, Honolulu, Hawaii 96813, on April 26, 2013, at 2:00 p.m., Hawaii time, for the purpose of considering and voting upon the following matters:

- (1) **Election of Directors.** To elect up to nine (9) persons to the Board of Directors for a term of one (1) year 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, 2013.
- (3) **2013 Stock Compensation Plan.** To approve the Company's 2013 Stock Compensation Plan.
- (4) **Executive Compensation.** To consider an advisory (non-binding) proposal to approve the compensation of the Company's executive officers.
- (5) **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 25, 2013 shall be entitled to notice of and to vote at the Meeting.

YOUR VOTE IS IMPORTANT. SHAREHOLDERS ARE URGED TO SIGN AND RETURN THE ENCLOSED PROXY CARD IN THE POSTAGE PREPAID ENVELOPE AS PROMPTLY AS POSSIBLE, WHETHER OR NOT THEY PLAN TO ATTEND THE MEETING IN PERSON. YOU MAY ALSO DELIVER YOUR VOTE BY TELEPHONE OR INTERNET BY FOLLOWING THE INSTRUCTIONS ON YOUR PROXY CARD OR VOTING INSTRUCTION FORM. 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 15, 2013

CENTRAL PACIFIC FINANCIAL CORP.

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

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

APRIL 26, 2013

INTRODUCTION

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors (the "Board") of Central Pacific Financial Corp. (the "Company") for use at the 2013 Annual Meeting of Shareholders (the "Meeting") of the Company to be held at Harbor Square, 4th Floor, Waikiki Room, 700 Richards Street, Honolulu, Hawaii 96813, on April 26, 2013, 2:00 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 on or about March 15, 2013.

Matters to be Considered

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

- (1) **Election of Directors.** To elect up to nine (9) persons to the Board of Directors for a term of one (1) year and to serve until their successors are elected and qualified, as more fully described in this 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, 2013.
- (3) **2013 Stock Compensation Plan.** To approve the Company's 2013 Stock Compensation Plan.
- (4) **Executive Compensation.** To consider an advisory (non-binding) proposal to approve the compensation of the Company's executive officers.
- (5) **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 25, 2013 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 the Company's Common Stock ("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 41,912,516 shares of the Company's Common Stock, no par value, issued and outstanding on the Record Date, held by approximately 2,762 holders of record. There are no other classes of shares of the Company's capital stock outstanding.

Each holder of Common Stock will be entitled to one (1) 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 "routine" items 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 number 2 as discussed above in their discretion. NYSE member brokers will not be permitted to vote on item numbers 1, 3 or 4 unless they receive instructions from their customers.

Vote Required to Approve the Proposals

The following chart sets forth the required vote to approve each matter to be considered and voted upon at the Meeting, and the effect of "Withhold" votes, abstentions, and broker non-votes.

Item/Proposal	Required Vote	Effect of "Withhold" Votes, Abstentions, Broker Non-Votes
Item 1 Election of Directors	Affirmative vote of a plurality of the shares of Common Stock present in person or by proxy and entitled to vote.	"Withhold" votes will have the effect of a vote AGAINST the election of directors. Broker non-votes will have no effect on the voting for the election of directors.
Item 2 Ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for fiscal year 2013	Affirmative vote of a majority of the shares of Common Stock cast on the matter.	Abstentions and broker non-votes will have no effect in calculating the votes on this matter.
Item 3 2013 Stock Compensation Plan	Affirmative vote of a majority of the shares of Common Stock cast on the matter, provided that, the total vote cast exceeds 50% of the outstanding shares of Common Stock on the Record Date.	Abstentions and broker non-votes will have no effect in calculating the votes on this matter provided that they do not result in the failure to achieve the 50% minimum vote.
Item 4 Proposal Relating to an Advisory (Non-Binding) Vote on Executive Compensation	Affirmative vote of a majority of the shares of Common Stock cast on the matter.	Abstentions and broker non-votes will have no effect in calculating the votes on this matter.

Additional information regarding each of these items (also referred to as proposals) is provided in the section titled DISCUSSION OF PROPOSALS RECOMMENDED BY THE BOARD OF DIRECTORS (for Items/Proposals 1 through 4 above).

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The following is the Board's recommendation with respect to each of the items to be considered and voted upon at the Meeting:

Item 1 The Board recommends a vote "FOR" the election of all nominees as directors.

Item 2 The Board recommends a vote "FOR" ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2013.

Item 3 The Board recommends a vote "FOR" approval of the Company's 2013 Stock Compensation Plan.

Item 4 The Board recommends a vote "FOR" the compensation of the Company's executive officers.

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.

Voting

Voting by Mail. Shareholders can ensure that their shares are voted at the Meeting by completing, signing, dating and mailing the enclosed proxy card in the enclosed postage-prepaid envelope.

Voting by Telephone or the Internet. Voting by telephone or the Internet is fast and convenient and your vote is immediately confirmed and tabulated. If you choose to vote by telephone or the Internet, instructions to do so are set forth on the enclosed proxy card. The telephone and Internet voting procedures are designed to authenticate votes cast by use of a personal identification number, which appears on the proxy card. These procedures allow shareholders to appoint a proxy to vote their shares and to confirm that their instructions have been properly recorded. If you vote by telephone or the Internet, you do not have to mail in your proxy card, but your vote must be received by the voting deadline set forth on the proxy card.

If your shares are held by a bank, broker or other nominee, please follow the instructions provided with your proxy materials to determine if telephone or Internet voting is available. If your bank or broker does make telephone or Internet voting available, please follow the instructions provided on the voting form supplied by your bank or broker.

If you vote by telephone or the Internet, you should not return your proxy card.

Revocability of Proxies

Any shareholder who executes and delivers a 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. If your shares are held in street name, you should follow the instructions of your broker, bank or nominee regarding the revocation of proxies.

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

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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 \$11,500, plus reimbursement of expenses.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on April 26, 2013.

The Company's Proxy Statement and Annual Report on Form 10-K for the fiscal year ended December 31, 2012 are available free of charge at <https://www.centralpacificbank.com/2013proxy>.

In addition, the Company will provide without charge, upon the written request of any shareholder, a copy of the Company's Annual Report on Form 10-K, including the financial statements and the financial statement schedules, required to be filed with the United States Securities and Exchange Commission (the "SEC") for the fiscal year ended December 31, 2012. Requests should be directed to Central Pacific Financial Corp., Attn: Investor Relations, P.O. Box 3590, Honolulu, Hawaii 96811.

The Company will also deliver promptly upon written or oral request a separate copy of the Company's Annual Report on Form 10-K and the Company's Proxy Statement, to any shareholder who shares an address with other shareholders and where only one (1) set of materials were sent to that address to be shared by all shareholders at that address.

Principal Shareholders

Based on filings made under Section 13(d) and Section 13(g) of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of February 25, 2013, the following were the only persons known to management of the Company to beneficially own more than 5% of the Company's outstanding Common Stock:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
ACMO-CPF, L.L.C. c/o Anchorage Advisors, L.L.C. 610 Broadway, 6th Floor New York, New York 10012	9,463,095	22.67%
Carlyle Financial Services Harbor, L.P. c/o The Carlyle Group 520 Madison Avenue New York, New York 10022	9,463,095	22.67%
EJF Capital LLC(1) 2107 Wilson Boulevard Suite 410 Arlington, Virginia 22201	2,190,499	5.2%

(1)

Based on a Schedule 13G filed on December 27, 2012 on behalf of EJF Capital, LLC, Emanuel Friedman, EJF Debt Opportunities Master Fund II, L.P., EJF Debt Opportunities II GP, LLC, EJF Debt Opportunities Master Fund, L.P., EJF Debt Opportunities GP, LLC, EJF Financial Services Fund, LP, EJF Financial Services GP, LLC, EJF Financial Opportunities Master Fund, L.P. and EJF Financial Opportunities GP, LLC. EJF Capital LLC serves as an investment adviser to several funds and separately managed accounts. The Company has been advised by EJF that no single account or group of affiliated accounts has economic ownership of shares which aggregate to more than 4.98% of the outstanding shares of the Company's Common Stock.

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, nominees, and the Named Executive Officers (as defined under "COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS / COMPENSATION DISCUSSION AND ANALYSIS"), as well as all directors and executive officers as a group, as of the close of business on February 25, 2013. 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>		
Alvaro J. Aguirre		
James F. Burr		
Christine H. H. Camp	110,930(3)	*
John C. Dean	141,843(4)	*
Earl E. Fry	52,432(5)	*
Paul J. Kosasa	111,655(6)	*
Duane K. Kurisu	13,812(7)	*
Colbert M. Matsumoto	529,670(8)	1.3%
Crystal K. Rose	32,771(9)	*
<i>Named Executive Officers</i>		
Glen L. Blackmon**	40,954(10)	*
Denis K. Isono	37,891(11)	*
A. Catherine Ngo	49,165(12)	*
Raymond W. Wilson	14,617(13)	*
David W. Hudson	19,374(14)	*
Lance A. Mizumoto	17,418(15)	*
<i>All Directors and Executive Officers as a Group (15 persons)</i>	1,172,533	2.8%

(*) Less than one percent (1%).

(**) Resigned effective September 4, 2012.

(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 February 25, 2013 and, in accordance with Rule 13d-3 under the Exchange Act, any shares of Common Stock that the person has the right or will have the right to acquire within sixty (60) days of February 25, 2013. For restricted stock awards which have not vested, individuals have voting power with respect to such shares but no investment power.

(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 sixty (60) days after February 25, 2013 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.

(3) 6,112 shares of Common Stock are directly held by Ms. Camp with full voting and investment power. 1,037 shares of Common Stock are held in her Simplified Employee Pension Plan Individual Retirement Account. 369 shares of Common Stock are held for

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her account and benefit under the Central Pacific Financial Corp. Directors' Deferred Compensation Plan. 216 shares of Common Stock are those she has a right to acquire by exercise of stock options vested pursuant to the Company's 2004 Stock Compensation Plan. 103,196 shares of Common Stock are held by Ms. Camp as trustee of the Christine Camp Revocable Trust dtd 2/11/2011.

- (4) 24,028 shares are held directly by Mr. Dean with full voting and investment power. 100,000 shares of Common Stock are held in Mr. Dean's Roth Converted IRA account. 4,627 shares of Common Stock are held of record by Startup Capital Ventures, LP (venture capital firm founded in 2005) of which Mr. Dean is a Managing General Partner and shares voting power with other partners. 3,188 shares of Common Stock are held of record by SCV Management Co, LLC, of which Mr. Dean is a Managing Member. 10,000 shares of Common Stock are held by Mr. Dean and his wife as co-trustees of The Dean Revocable Trust of which they share voting and investment power.
- (5) 251 shares of Common Stock are directly held by Mr. Fry with full voting and investment power. 50,250 shares of Common Stock are held in the Fry Family Trust dtd 10/5/07 of which Mr. Fry and his wife are co-trustees and they share voting and investment power. 1,715 shares of Common Stock are held in the Central Pacific Financial Corp. Directors' Deferred Compensation Plan. 216 shares of Common Stock are those he has a right to acquire by exercise of stock options vested pursuant to the Company's 2004 Stock Compensation Plan.
- (6) 110,516 shares of Common Stock are directly held by Mr. Kosasa with full voting and investment power. 923 shares of Common Stock are held jointly with his wife and they share voting and investment power. 216 shares of Common Stock are those he has a right to acquire by exercise of stock options vested pursuant to the Company's 2004 Stock Compensation Plan.
- (7) 13,812 shares of Common Stock are directly held by Mr. Kurisu with full voting and investment power.
- (8) 1,032 shares of Common Stock are directly held by Mr. Matsumoto with full voting and investment power. 26,280 shares of Common Stock are held for his account and benefit under the Central Pacific Financial Corp. Directors' Deferred Compensation Plan. Mr. Matsumoto shares voting and investment control with respect to 1,193 shares of Common Stock held by Island Insurance Foundation of which he serves as President and Director. 692 shares of Common Stock are held jointly with his wife of which they share voting and investment power. 473 shares of Common Stock which he has the right to acquire by the exercise of stock options vested pursuant to the CB Bancshares, Inc. Directors Stock Option Plan, the Company's 1997 Stock Option Plan, and the Company's 2004 Stock Compensation Plan 500,000 shares of Common Stock are held of record by Tradewind Capital Group, Inc. of which Mr. Matsumoto is President and a Director. Mr. Matsumoto shares voting and investment control over the shares held by Tradewind Capital Group, but disclaims beneficial ownership of such shares.
- (9) 27,175 shares of Common Stock are directly held by Ms. Rose with full voting and investment power. 230 shares of Common Stock are held by her as trustee of her pension plan. 5,086 shares of Common Stock are held for her account and benefit under the Central Pacific Financial Corp. Directors' Deferred Compensation Plan. 64 shares of Common Stock are held jointly with her husband and they share voting and investment power. 216 shares of Common Stock are those she has a right to acquire by exercise of stock options vested pursuant to the Company's 2004 Stock Compensation Plan.

- (10) 2,600 shares of Common Stock are held in Mr. Blackmon's individual 401(k) plan. 4,050 shares of Common Stock are held in his money purchase plan. 10,225 shares of Common Stock are held in his individual retirement account. 5,800 shares of Common Stock are held in his wife's individual retirement account. 10,375 shares of Common Stock are held by the Blackmon Revocable Trust dtd 11/19/1996 of which Mr. Blackmon and his wife are co-trustees and share voting and investment power. 7,904 shares of Common Stock are those he has a right to pursuant to restricted stock units.
- (11) 6,967 shares of Common Stock directly held by Mr. Isono with full voting and investment power. 13,723 shares of Common Stock are held jointly by Mr. Isono with his wife for which he and his wife share voting and investment powers. 48 shares of Common Stock are held by his sons and wife jointly. 272 shares of Common Stock are held under his account under the Central Pacific Bank 401(k) Retirement Savings Plan. 420 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 2004 Stock Compensation Plan. 2,078 shares of Common Stock are those that he has the right to acquire by the exercise of stock appreciation rights pursuant to the 2004 Stock Compensation Plan. 8,497 shares of Common Stock are those he has a right to pursuant to restricted stock awards. 5,886 share of Common Stock are held of record by Central Pacific Bank Foundation, of which Mr. Isono is Chairman and President.
- (12) 26,967 shares of Common Stock are held by the Hines & Ngo 2000 Family Trust dtd 4/18/2000 of which Ms. Ngo and her husband are co-trustees and in which they share voting and investment power. 5,886 shares of Common Stock are held of record by Central Pacific Bank Foundation, of which Ms. Ngo is a director and Vice President. 8,497 shares of Common Stock are those she has a right to pursuant to restricted stock awards. 4,627 shares of Common Stock are held of record by Startup Capital Ventures, LP (venture capital firm founded in 2005) of which Ms. Ngo is a Venture Partner. 3,188 shares of Common Stock are held of record by SCV Management Co, LLC, of which Ms. Ngo is a Managing Member.
- (13) 6,120 shares of Common Stock are directly held by Mr. Wilson with full voting and investment power. 8,497 shares of Common Stock are those he has a right to pursuant to restricted stock awards.
- (14) 10,752 shares of Common Stock are held in the David W. Hudson and Dana E. Kokubum Family Trust dtd 2/3/99 of which Mr. Hudson and his wife are co-trustees and share voting and investment power. 125 shares of Common Stock are those he has a right to acquire by exercise of stock options vested pursuant to the Company's 2004 Stock Compensation Plan. 8,497 shares of Common Stock are those he has a right to pursuant to restricted stock awards.
- (15) 8,622 shares of Common Stock are held directly by Mr. Mizumoto with full voting and investment power. 113 shares of Common Stock are those he has a right to acquire by exercise of stock options vested pursuant to the Company's 2004 Stock Compensation Plan. 186 shares of Common Stock are those he has a right to acquire by the exercise of stock appreciation rights. 8,497 shares of Common Stock are those he has a right to pursuant to restricted stock awards.

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 SEC regarding the amount of and changes in their beneficial ownership of the Company's stock. Based on its review of copies of those reports,

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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 year 2012 by any person who was at any time during year 2012 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.

ELECTION OF DIRECTORS

The Company currently has nine (9) directors, being Alvaro J. Aguirre, James F. Burr, Christine H. H. Camp, John C. Dean, Earl E. Fry, Paul J. Kosasa, Duane K. Kurisu, Colbert M. Matsumoto and Crystal K. Rose. The term of all directors expires at the Meeting. Accordingly, there are nine (9) directors to be elected at the Meeting to serve one-year terms expiring at the 2014 Annual Meeting of Shareholders and until their respective successors are elected and have qualified, subject to the earlier of their death, resignation, retirement, disqualification or removal from office.

The nominees to serve as directors for election at the Meeting are Alvaro J. Aguirre, James F. Burr, Christine H. H. Camp, John C. Dean, Earl E. Fry, Paul J. Kosasa, Duane K. Kurisu, Colbert M. Matsumoto and Crystal K. Rose, all of whom are currently directors of the Company.

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 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, except for director Crystal K. Rose, who is a director of Hawaiian Holdings, Inc. (NASDAQ ticker "HA").

The Board recommends a vote "FOR" each of the Board nominees for director.

DIRECTORS' AND EXECUTIVE OFFICERS' INFORMATION

The following table sets forth certain information with respect to each of the nominees, continuing directors, and executive officers. The term of each director expires at the Meeting.

Name	Principal Occupation for the Past Five Years	Age	First Year Elected or Appointed as Officer or Director of the Company(1)
<i>Nominees</i>			
AGUIRRE, Alvaro J.	Chairman of the Board and member of Audit and of Compensation Committees of Cygnus Business Media (2009 - present) (business-to-business media); Partner, Earned Capital LLC (2006 - 2009) (investment); Co-Chief Executive Officer, Method Inc. (2007 - 2008) (interactive design) and Director and member of Compensation Committee of Advanstar Global LLC (2011 to present) (trade shows)	46	2011
BURR, James F.	Managing Director, Global Financial Services Group, The Carlyle Group (2008 - present) (investment); Corporate Treasurer and Executive Vice President, Wachovia Bank (2006 - 2008) (banking)	47	2011

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Name	Principal Occupation for the Past Five Years	Age	First Year Elected or Appointed as Officer or Director of the Company(1)
CAMP, Christine H. H.	President and Chief Executive Officer, Avalon Group, LLC (2002 present) (real estate consulting); Managing Director, Avalon Development Company LLC (1999 present) (real estate development)	46	2004
DEAN, John C.	President and Chief Executive Officer, Central Pacific Financial Corp. and Central Pacific Bank (4/20/2011 present); Executive Chairman, Central Pacific Financial Corp. and Central Pacific Bank (6/2010 - 3/31/2011); Managing General Partner of Startup Capital Ventures, a venture capital firm founded in 2005 (2005 present) (investment); managing director of Tuputele Ventures Fund (2003 present) (investment)	65	2010
FRY, Earl E.	Chief Financial Officer, Chief Administrative Officer and Executive Vice President of Global Customer Support and Services, Informatica Corporation (2010 present); Executive Vice President, Chief Financial Officer and Secretary, Informatica Corporation (2003 - 2009) (technology)	54	2005
KOSASA, Paul J.	President and Chief Executive Officer, MNS, Ltd., dba ABC Stores (1999 present) (retail)	55	2002
KURISU, Duane K.(2)	Chairman and Chief Executive Officer, aio, LLC, dba aio Group (2002 present) (publishing/investing)	59	2004
MATSUMOTO, Colbert M.	Chairman and Chief Executive Officer, Island Insurance Company, Ltd. (1999 present) (insurance); President, Tradewind Capital Group, Inc. (2006 present) (investment and asset management); Chairman and President, Island Holdings, Inc. (2010 present) (corporate holding company)	60	2004
ROSE, Crystal K., J.D.	Partner, Bays Lung Rose & Holma (1989 present) (law); Chairman of the Board of the Company and the Bank (4/20/2011 present)	55	2005

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Name	Principal Occupation for the Past Five Years	Age	First Year Elected or Appointed as Officer or Director of the Company(1)
<i>Executive Officers(3)</i>			
HUDSON, David W.	Executive Vice President, Central Pacific Financial Corp. and Central Pacific Bank (3/11/2011 present); Senior Vice President, Community Banking Division Manager, Central Pacific Bank (5/2009 - 3/10/2011); Senior Vice President, Retail Banking Division Manager, American Savings Bank (3/2003 - 4/2009) (banking)	54	2011
ISONO, Denis K.	Executive Vice President and Chief Financial Officer, Central Pacific Financial Corp. and Central Pacific Bank (10/1/2011 present); Executive Vice President and Chief Operations Officer, Central Pacific Financial Corp. and Central Pacific Bank (10/13/2009 - 9/30/2011); Executive Vice President, Operations and Services, Central Pacific Financial Corp. and Central Pacific Bank (9/2004 - 10/12/2009)	61	2002
MIZUMOTO, Lance A.	Executive Vice President, Chief Banking Officer, Central Pacific Financial Corp. and Central Pacific Bank (4/2/2012 present); Executive Vice President, Commercial Markets Group Manager, Central Pacific Financial Corp. and Central Pacific Bank (3/11/2011 - 4/1/2012); Executive Vice President, Commercial Markets Group Manager, Central Pacific Bank (10/09 - 3/10/2011); Executive Vice President, Special Assets Advisor, Central Pacific Bank (5/4/09 - 9/30/2009); Executive Vice President, Commercial Banking Division Manager, Central Pacific Bank (7/1/2008 - 5/3/2009); Executive Vice President, Commercial Banking Division, Central Pacific Bank (11/1/2005 - 6/30/2008)	54	2011
NGO, A. Catherine	Executive Vice President and Chief Administrative Officer, Central Pacific Financial Corp. and Central Pacific Bank (11/23/2010 present); General Partner and Venture Partner of Startup Capital Ventures, a venture capital firm (2005 present)	52	2010

Name	Principal Occupation for the Past Five Years	Age	First Year Elected or Appointed as Officer or Director of the Company(1)
WILSON, Raymond W.	Executive Vice President and Chief Credit Officer, Central Pacific Financial Corp. and Central Pacific Bank (2/16/2011 present); Executive Vice President, Special Credits, Central Pacific Bank (6/2010 - 2/15/2011); Chief Financial Officer, Gryphon Gold Corporation (11/2009 - 5/2010, appointed Chief Financial Officer 1/1/2010) (minerals); Chief Financial Officer, El Capitan Precious Metals, Inc. (5/2007 - 4/2009) (minerals)	55	2011

- (1) All directors of the Company are also directors of the Bank. Mr. Aguirre and Mr. Burr have been directors of the Bank since 2011. Ms. Camp, Mr. Matsumoto, Mr. Kurisu and Ms. Rose have been directors of the Bank since 2004. Mr. Dean has been a director of the Bank since 2010. Mr. Fry has been a director of the Bank since 2005. Mr. Kosasa has been a director of the Bank since 1994.
- (2) Mr. Kurisu also served as a director of the Company from September 2004 to May 2008. On January 25, 2012, Mr. Kurisu was reappointed to the Company's Board.
- (3) The following includes information regarding all the executive officers, except for Mr. Dean (President and Chief Executive Officer) whose information is included in this table under the section heading "Nominees".

Director and Nominee Background and Experience

Alvaro J. Aguirre Mr. Aguirre was appointed as a director of the Company effective February 24, 2011, as a designee of ACOMO-CPF, L.L.C. pursuant to its Investment Agreement with the Company and is being nominated to continue as a director in accordance with the requirements of that Investment Agreement. Mr. Aguirre is a member of the Company's Compensation Committee and Governance Committee. Mr. Aguirre has broad skills and experience acquired through senior executive operating roles, as well as senior principal and advisory positions on Wall Street. Mr. Aguirre served as Chief Financial Officer and member of the Board of Directors for TV Filme Inc., a Brazilian wireless cable investment of private equity firm Warburg Pincus LLC, where he directed the company through a successful initial public offering. Mr. Aguirre has also served in senior management roles at several other media and technology businesses where he was instrumental in shaping strategy, driving growth and achieving successful financings and exits. Mr. Aguirre gained principal investing, capital markets, and advisory experience as a managing director at Warburg Pincus LLC, an investment banker at Morgan Stanley and a corporate finance attorney at Sullivan & Cromwell LLP. Currently, Mr. Aguirre is the Chairman of the Board and member of the Audit and Compensation Committees of Cygnus Business Media, a business-to-business publishing company owned by Goldman Sachs, GE Capital and other financial sponsors. Mr. Aguirre also serves as Director of Advanstar Global LLC, a leading business-to-business events, online and publishing platform serving the fashion, life sciences and motorsports industries. Advanstar is owned by Anchorage Capital Group, Ares Management, Veronis Suhler Stevenson and other financial sponsors. Mr. Aguirre has also served in various not for profit capacities, including as Chairman of the Town of Tiburon Planning Commission. Mr. Aguirre's business, management and financial background, and skill and experience with operating companies, makes him a valuable resource to the Board.

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James F. Burr Mr. Burr was appointed as a director of the Company effective February 24, 2011, as a designee of Carlyle Financial Services Harbor, L.P. pursuant to its Investment Agreement with the Company and is being nominated to continue as a director in accordance with the requirements of that Investment Agreement. Mr. Burr has over twenty-four (24) years of financial and banking experience. Before joining Carlyle, Mr. Burr served in several senior and executive positions at Wachovia Bank, including Corporate Treasurer, Assistant Treasurer, Controller of the Corporate and Investment Bank, Product Controller of Treasury/Balance Sheet Management and Structured Products and Mortgage Analyst. Mr. Burr is a Certified Public Accountant (inactive), and spent three (3) years as an auditor at Ernst & Whinney (now known as Ernst & Young). Mr. Burr has been nominated to serve as a Director of The Bank of Hampton Roads, which is principally located in Virginia. Mr. Burr's strong banking and financial experience, as well as his accounting background, provides the Board with a knowledgeable, experienced resource on management of a financial institution.

Christine H. H. Camp Ms. Camp has over twenty-three (23) years experience in real estate, and her company Avalon Group, is a full service real estate company which provides detailed financial and market analysis to a wide range of investors involved in various real estate transactions and development scenarios, and also real estate brokerage, market and financial consulting. Prior to establishing Avalon Group, Ms. Camp was Vice President of Development at A&B Properties, Inc., a subsidiary of Alexander & Baldwin, Inc. (a publicly traded company listed on NYSE), and was in charge of that company's real estate development and investment acquisition activities. Ms. Camp also was the Senior Project Coordinator of Planning and Engineering at Castle & Cooke Properties, Inc., where she handled site acquisition and development of non-company owned properties. Ms. Camp's real estate, financial, and public company knowledge and experience gained from her prior and current positions, makes her a valuable resource to the Board and management in many areas, but particularly in connection with the Company's real estate lending and other real estate related activities, to include the evaluation of real estate related risks, investments, opportunities, and asset management oversight.

John C. Dean Since April 20, 2011, Mr. Dean has served as President and Chief Executive Officer, and a Director, of the Company and the Bank. From June 2010 through April 20, 2011, Mr. Dean served as the Executive Chairman and a Director of the Company and the Bank. Previously, Mr. Dean has served in various capacities in the banking industry for thirty years (30), including as the Chief Executive Officer and then Chairman of the Board of Silicon Valley Bancshares and Silicon Valley Bank, the President and Chief Executive Officer of Pacific First Bank, the Chairman and Chief Executive Officer of First Interstate Bancorp and First Interstate Bank of Washington, the Chairman and Chief Executive Officer of First Interstate Bank of Oklahoma and as an executive of First Interstate System, Inc., National Funding Corporation and Bank of America. Since 2003, Mr. Dean has been the managing general partner of Startup Capital Ventures and has served as managing director of Tuputele Ventures Fund, a small private equity firm investing in early-stage technology companies and venture capital funds. Mr. Dean is a graduate of the Wharton School of the University of Pennsylvania, with an MBA in Finance, and currently serves as an advisor to the board of the Wharton School. Mr. Dean's extensive experience in leading financial institutions through difficult times and his overall management expertise makes him a valuable contributor to the Board and the overall success of the Company.

Earl E. Fry For the last thirteen (13) years, Mr. Fry has served as Chief Financial Officer of Informatica Corporation (a publicly traded company listed on NASDAQ), a company which provides data integration software and services and which has reported annual revenue in excess of \$780 million. As Chief Financial Officer of Informatica Corporation, Mr. Fry has effected, among other things, numerous major capital and financial transactions, to include credit lines, equity offerings, convertible rate issuances, stock/bond buyback plans, fourteen (14) technology acquisitions, and he has established development and support centers in Bangalore, India, Dublin, Ireland, and Tel Aviv, Israel, and he established Informatica's enterprise risk management program. In addition, Mr. Fry also oversees and

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manages the Global Customer Support, Consulting Services, Human Resources, Legal and Contracts Administration, Information Technology, Investor Relations and Finance areas of Informatica Corporation. Prior to joining Informatica Corporation, Mr. Fry was Chief Financial Officer of Omnicell Technologies, Inc. (a publicly traded company listed on NASDAQ) for four (4) years, Chief Financial Officer of C.ATS Software, Inc. for two (2) years, Chief Financial Officer of Weitek Corporation for three (3) years, and also served at other technology companies in various finance and other capacities. Mr. Fry began his professional career at Ernst & Whinney, CPAs (now known as Ernst & Young), where he held the position of Senior Auditor. Mr. Fry is a Certified Public Accountant and a graduate of the Stanford Graduate School of Business. Mr. Fry was voted Software Chief Financial Officer of the Year by Institutional Investor in 2010, 2011, 2012 and 2013. Mr. Fry brings extensive finance, public company, and auditing knowledge and experience to the Board and Company, and he thus is highly qualified to Chair the Company's and Bank's Audit Committees.

Paul J. Kosasa Mr. Kosasa has been President and Chief Executive Officer of MNS Ltd., doing business and more commonly known as ABC Stores, for the past fourteen (14) years, and has been with ABC Stores for thirty-three (33) years. As President and Chief Executive Officer of ABC Stores, Mr. Kosasa oversees a Hawaii-based retail convenience store operation with a major presence in Waikiki and other tourist locations throughout the Hawaiian Islands, as well as in other locations outside of Hawaii, such as Guam, Saipan, and Las Vegas, Nevada. As President and Chief Executive Officer of a sizable retail store chain which primarily serves the tourist industry, one of the largest industries in Hawaii, Mr. Kosasa provides the Board and Company with significant business and management knowledge and experience in all aspects of a business operation, which includes business strategy and planning, financial management and budgeting, employee compensation and benefits, labor, marketing, advertising, and real estate, among other business expertise. In addition, Mr. Kosasa provides a link and close connection to the Hawaii tourism industry, one of Hawaii's most profitable economic engines, and which provides a valuable source of banking business with respect to Hawaii businesses who support the Hawaii tourism industry, as well as retail customers from outside Hawaii who require or may desire Hawaii banking services.

Duane K. Kurisu Mr. Kurisu was formerly a director of the Company from September 2004 through May 2008, and was reappointed to the Company's Board of Directors on January 25, 2012, on recommendation of the Company's President and Chief Executive Officer John C. Dean, on recommendation of the Company's Governance Committee, and with the unanimous approval of the Company's Board. Mr. Kurisu has served on the Board of Directors of the Bank since September 2004. Mr. Kurisu is involved in numerous and varied businesses and industries in Hawaii including, among others: (i) real estate investment, ownership and management of office buildings, shopping centers and industrial parks in Hawaii; (ii) media owner and publisher of a number of Hawaii magazines, newspapers and publications, development and consulting, radio; (iii) sports professional baseball, sports equipment; (iv) food bakery, restaurants, nutraceuticals. He is the Chairman, Chief Executive Officer and owner of aio, LLC, a holding company for brands focused on Hawaii and the Pacific in the areas of media, sports and food. He is also owner, a Director and Vice President of Hawaii Winter Baseball, Inc. (professional baseball), owner, a Director and Vice President of Nutricopia, Inc. (nutraceuticals), owner, Manager and Chief Executive Officer of PacificBasin Communications, LLC (publishing), and part owner and a Manager of K&F 1984 LLC (real estate). Mr. Kurisu serves on numerous Boards, to include, Island Holdings, Inc., Oahu Publications, Inc., and Tradewind Capital Group, Inc., and he also served as a Regent of the University of Hawaii. Mr. Kurisu is a successful businessman and prominent figure in the Hawaii business community and brings to the Board business acumen, judgment, background and experience, and his knowledge of the Hawaii market and his relationships and connections within the Hawaii market.

Colbert M. Matsumoto Mr. Matsumoto is the Chairman of the Board and Chief Executive Officer of Island Insurance Company, Ltd., Hawaii's largest locally owned and managed property and

casualty insurance company, and has served in that capacity since 1999. Mr. Matsumoto is also the Chairman of the Board and President of Island Holdings, Inc., a corporate holding company. Mr. Matsumoto also serves as President and a director of Tradewind Capital Group, Inc., an investment and asset management company. Mr. Matsumoto is also an attorney (presently on inactive status), has been a member of the Hawaii State Bar Association for over thirty-five (35) years, and was a partner with the law firm of Fujiyama Duffy & Fujiyama until 1994 when he established his own law firm named Matsumoto LaFontaine & Chow until departing that firm to join Island Insurance Company, Ltd. Mr. Matsumoto's substantial knowledge and experience, as an attorney, insurance executive, and investment professional, has been instrumental in assisting the Board and management with assessing and managing the Company's legal and business risks and in corporate and business strategy and planning.

Crystal K. Rose, J.D. Ms. Rose is a named partner in the law firm of Bays Lung Rose & Holma, and has been actively practicing law for thirty-one (31) years, specializing in the areas of real estate, trust and commercial litigation, commercial real estate transactions, trusts and estates, and construction law. Ms. Rose has been a director of Hawaiian Holdings, Inc. (a publicly traded company listed on NASDAQ, and the parent company of Hawaiian Airlines, Inc.) since June 2006, and serves as Chair of the Compensation Committee, and is a member of the Governance and Nominating Committee and the Executive Committee of its Board of Directors. Given the limited number of publicly traded companies in Hawaii, Ms. Rose brings experience as a director of another Hawaii-based publicly traded company. Ms. Rose also brings a wealth of legal and real estate knowledge and experience to the Company's Board and Bank's Board, and her professional, leadership, and business skills and expertise are well-suited to her serving as the Company's and the Bank's Board Chair and in providing guidance with respect to the Company's and the Bank's strategic issues, overall business plans and legal matters.

Executive Officer Background and Experience

Set forth below is information concerning the current executive officers of the Company except for Mr. Dean, for whom information is provided above:

David W. Hudson Mr. Hudson was appointed Executive Vice President, Community Banking Manager of the Bank and the Company, effective March 11, 2011. Prior to his appointment, Mr. Hudson was Senior Vice President, Community Banking Manager for the Bank. As Community Banking Manager, Mr. Hudson oversees the Bank's entire branch network, comprising thirty-four (34) branches throughout the State of Hawaii, to include branches on the islands of Oahu, Hawaii, Maui, and Kauai. Mr. Hudson has more than twenty-six (26) years of experience in the finance industry in Hawaii and California. He started his banking career in corporate, international and commercial real estate lending with Crocker National and First Nationwide banks. More recently, Mr. Hudson's career has focused on retail and branch banking. Prior to joining the Bank in 2009, Mr. Hudson spent six (6) years as Senior Vice President of the consumer and business banking division of Hawaii-based American Savings Bank. In addition, Mr. Hudson has also served at Honfed Bank and Bank of America in Hawaii and California in various positions from process design executive to consumer region executive.

Denis K. Isono Mr. Isono was appointed Executive Vice President and Chief Financial Officer of the Company and the Bank effective October 1, 2011. Mr. Isono has over forty (40) years of banking and financial experience in the Hawaii market. Before joining the Company and the Bank, Mr. Isono was employed by Bank of Hawaii (\$10 billion in assets) for eighteen (18) years and held various senior management positions to include Executive Vice President, Operations, and Senior Vice President, Controller. In addition, Mr. Isono also began his banking career at City Bank where he worked for six (6) years. Mr. Isono is a Certified Public Accountant, Certified Management Accountant, Certified Bank Auditor, Certified Internal Auditor, and a graduate of the Stanford University Executive Program

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and the University of Hawaii Advanced Management Program. Mr. Isono also spent six (6) years with Ernst & Ernst, and held the position of Audit Supervisor.

Lance A. Mizumoto Mr. Mizumoto was appointed Executive Vice President, Chief Banking Officer of the Company and the Bank effective April 2, 2012. Mr. Mizumoto has over twenty-six (26) years of experience in banking. Prior to joining the Bank in 2005, Mr. Mizumoto had been at First Hawaiian Bank for nine (9) years, where he served in numerous managerial positions, to include serving as Senior Vice President and Division Manager for First Hawaiian Bank's Corporate Hawaii Division and Trade Finance Department, with responsibility for managing and overseeing a portfolio consisting primarily of the top companies in Hawaii. Prior to First Hawaiian Bank, Mr. Mizumoto was employed at Bank of Hawaii for ten (10) years, where he served in various senior line officer positions, with responsibility for substantial sized corporate portfolios. And, before Bank of Hawaii, Mr. Mizumoto worked six (6) years for Hawaii-based International Savings & Loan, principally in various lending areas, to include serving as Residential Loan Originations Manager and Secondary Loan Marketing Manager.

A. Catherine Ngo Ms. Ngo was appointed Executive Vice President, Chief Administrative Officer of the Company and the Bank effective November 23, 2010. Ms. Ngo is an experienced executive who has served in various capacities in the financial industry during the last twenty (20) years, including as General Partner and Venture Partner of Startup Capital Ventures, a venture capital firm, where her responsibilities included: managing relationships with many of the firm's portfolio companies and assisting companies with operational (financial and legal) issues. She also had primary oversight for the firm's finance, reporting and investor relations activities and had a significant role in managing the firm's China-based portfolio. As Chief Operating Officer of Alliant Partners, an investment banking subsidiary of Silicon Valley Bank, Ms. Ngo's responsibilities included oversight of legal and compliance, finance, marketing, human resources, and information technology functions. As Executive Vice President, General Counsel and Corporate Secretary of Silicon Valley Bancshares and Silicon Valley Bank ("SVB"), Ms. Ngo directed Audit, Credit Review, Collateral Audit, Legal and Loan Operations divisions of SVB with responsibility for over 100 employees. President & Chief Executive Officer John C. Dean has worked with Ms. Ngo for the last twenty (20) years; they (together with a few others) founded and were co-general partners of Startup Capital Ventures. For the last twelve (12) years preceding that, Ms. Ngo was an executive officer at SVB (where Mr. Dean served as Chief Executive Officer and Chairman of the Board from 1993-2003).

Raymond William ("Bill") Wilson Mr. Wilson was appointed Executive Vice President, Chief Credit Officer of the Company and the Bank effective February 16, 2011. Mr. Wilson joined the Bank in June of 2010 as Executive Vice President, Special Credits, with fifteen (15) years of U.S. and international experience in credit risk management in public and private companies, as well as fourteen (14) years of credit and lending experience at Westpac Banking Corporation ("Westpac"), a major international financial institution, where he served in various capacities from 1980 to 1994. After leaving Westpac, Mr. Wilson co-founded Drexel Oceania, an international merchant bank engaged in capital raising and financial advisory work for companies and financial institutions in North America, Asia and Australia. Prior to joining the Bank, Mr. Wilson assumed various interim Chief Financial Officer and Chief Operating Officer positions for domestic and international public and private corporations undergoing transition, including Chief Financial Officer of Gryphon Gold Corporation, a publicly traded junior minerals exploration company; Chief Financial Officer of El Capitan Precious Metals, Inc., a publicly traded junior minerals exploration company; and Chief Operating Officer of Petaluma Butane Distributors, Inc., an umbrella company for a group of private operating companies and commercial and real estate holdings.

CORPORATE GOVERNANCE AND BOARD MATTERS

During the fiscal year ended December 31, 2012, the Board held a total of twelve (12) meetings, including monthly, annual and special meetings. Each incumbent director attended at least 75% of the total number of the aggregate of these Board meetings and meetings held by all committees of the Board on which he or she served during 2012. The Company expects directors to attend the annual meetings of shareholders. The directors who attended last year's annual meeting of shareholders were Christine Camp, John Dean, Duane Kurisu, Colbert Matsumoto and Crystal Rose.

The Board has three (3) standing committees: an Audit Committee, a Compensation Committee, and a Governance Committee.

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.

Name of Director	Audit Committee(1)	Compensation Committee	Governance Committee
<i>Non-Employee Directors:</i>			
Alvaro J. Aguirre		*	*
James F. Burr			
Christine H. H. Camp	*	C	*
Earl E. Fry	C	*	
Paul J. Kosasa			C
Duane K. Kurisu	*		
Colbert M. Matsumoto			
Crystal K. Rose	*	*	*

*
= Member

C
= Chair

(1)
Mr. Kurisu was appointed to the Audit Committee on January 25, 2012.

Interested parties may communicate directly with the Chair of the Board or with the non-management or independent directors as a group, by writing to: Crystal K. Rose, Bays Deaver Lung Rose & Holma, 1099 Alakea Street, 16th Floor, Honolulu, Hawaii 96813. Alternatively, concerns may be made known and communicated directly to the Chair of the Board or to the non-management or independent 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 nine (9) meetings during 2012. The responsibilities of the Audit Committee are described below under the subheading "Report of the Audit Committee". The Audit Committee operates under a Charter adopted by the Board. The Charter of the Audit Committee is available on the Company's website (www.centralpacificbank.com). The current members of the Company's Audit Committee are Earl E. Fry (Chair), Christine H. H. Camp, Duane K. Kurisu, and Crystal K. Rose, each of whom is "independent" within the meaning of the listing standards of the NYSE and the rules of the SEC. The Board has also determined that each member is financially literate, as such qualification is defined under the rules of the NYSE, and that each member has accounting or related financial management expertise, as such qualification is defined under the rules of the NYSE, and that Mr. Fry and Ms. Camp are each 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.

Pursuant to the Company's Audit Committee Charter, the Audit Committee reviews and evaluates all related party transactions that are material to the financial statements pursuant to the Company's Policy Regarding Transactions with Related Persons, and determines conflicts of interest pursuant to the Company's Code of Conduct & Ethics and pursuant to its Code of Conduct & Ethics for Senior Financial Officers. In addition, certain loans to directors and executive officers and their related interests are subject to the lending restrictions set forth in Federal Reserve Board Regulation O and the lending policies and procedures of the Bank. Each director and executive officer is required to report to the Company transactions with the Company in which they have an interest.

Compensation Committee

The Compensation Committee held ten (10) meetings during 2012. 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 all required disclosures 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 "Compensation Discussion and Analysis." The Charter of the Compensation Committee is available on the Company's website (www.centralpacificbank.com). The current members of the Company's Compensation Committee are Christine H. H. Camp (Chair), Alvaro J. Aguirre, Earl E. Fry, and Crystal K. Rose, each of whom is "independent" within the meaning of the listing standards of the NYSE, is a "non-employee director" within the meaning of Rule 16b-3 of the Exchange Act and is an "outside director" within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended.

Interaction with Consultants

From time to time, the Compensation Committee seeks advice from outside experts in the compensation field. The Compensation Committee has historically engaged a compensation consultant to provide input on both Board and executive compensation issues. In 2012 the Committee retained McLagan, an AonHewitt Company. McLagan is a compensation consulting and performance benchmarking firm focused exclusively on the financial services sector.

In 2012, the Compensation Committee engaged McLagan to provide market benchmarking information and advisory services related to executive compensation plan design features, positioning to market, and regulatory compliance. McLagan was engaged directly by the Compensation Committee and McLagan consultants reported directly to the Compensation Committee for its services in these capacities. The Compensation Committee discusses, reviews, and approves all consulting projects performed by McLagan and periodically reviews the relationship with McLagan and considers competitive proposals from other firms.

The Compensation Committee considered the independence of McLagan, an Aon Hewitt company, in light of new SEC rules and NYSE listing standards. The Compensation Committee requested and received a report from McLagan addressing the independence of McLagan and its consultants, including the following factors: (1) other services provided to us by McLagan; (2) fees paid by us as a percentage of Aon's total revenue; (3) policies or procedures maintained by McLagan that are designed to prevent a conflict of interest; (4) any business or personal relationships between the consultants and a member of the Compensation Committee; (5) any company stock owned by the consultants; and (6) any business or personal relationships between our executive officers and the consultants. The Compensation Committee discussed these considerations as well as other considerations and concluded that the work performed by McLagan and its consultants involved in the engagements did not raise any conflict of interest.

Governance Committee

The Governance Committee held four (4) meetings during 2012. The Governance 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. The Charter of the Governance Committee and the Company's Corporate Governance Guidelines are available on the Company's website (www.centralpacificbank.com). The current members of the Company's Governance Committee are Paul J. Kosasa (Chair), Alvaro J. Aguirre, Christine H. H. Camp, and Crystal K. Rose, each of whom is "independent" within the meaning of the listing standards of the NYSE.

Director Resignation Policy

On January 28, 2009, the Board adopted a "Director Resignation Policy" which provides that at any shareholder meeting at which directors are subject to an uncontested election, any nominee for director who receives a greater number of votes "withheld" from his or her election than votes "for" such election shall tender a letter of resignation to the Board for consideration by the Governance Committee. The Governance Committee shall recommend to the Board the action to be taken with respect to such offer of resignation. The Board shall act promptly with respect to each such letter of resignation and shall notify the director concerned of its decision. Any director who tenders his or her resignation pursuant to this provision shall not participate in the Governance Committee or Board action regarding whether to accept his or her resignation offer.

Equity Grant Guidelines

The Company has Equity Grant Guidelines ("Equity Guidelines") which are to be considered in connection with grants of Company equity whether in the form of Company stock, stock options, or other forms of equity grants made by the Company to directors, officers or employees of the Company or any of its subsidiaries. The Equity Guidelines set forth guidelines regarding how and when grants may be made, including how grants are to be approved and documented.

Director Independence and Relationships

The Board has determined, in accordance with our Standards Regarding Director Independence, that all directors who are currently directors or who served during 2012 and all nominees (other than Mr. Dean who is President and Chief Executive Officer) are "independent" within the meaning of the rules of the NYSE. All of the directors and nominees (other than Mr. Dean) are non-employees. All committees of the Board are comprised solely of independent directors.

With respect to those directors who were determined independent by the Board, the following transactions, relationships and arrangements were considered by the Board in its determination of a director's independence and none were found to be material as they relate to director independence:

During 2012, the following directors and nominees either directly and/or indirectly through companies in which they have a business interest or affiliation, received and/or had outstanding loans with the Bank: current directors Paul J. Kosasa, Duane K. Kurisu, Colbert M. Matsumoto, and Crystal K. Rose.

During 2012, the following directors and nominees either directly and/or indirectly through companies in which they have a business interest or affiliation, opened and/or maintained deposit, trust,

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investment and/or other banking accounts with the Bank: Christine H. H. Camp, John C. Dean, Earl E. Fry, Paul J. Kosasa, Duane K. Kurisu, Colbert M. Matsumoto, and Crystal K. Rose.

During 2012, the following directors and nominees served on boards of non-profit, community, charitable and/or cultural organizations, which received monetary donations from the Bank: Christine H. H. Camp, John C. Dean, Paul J. Kosasa, Duane K. Kurisu, Colbert M. Matsumoto, and Crystal K. Rose. For 2012, the Company did not pay to any charitable or non-profit organization in which one of the Company's Board members serves on that organization's board, any amount in excess of the greater of \$1,000,000 or 2% of the recipient organization's gross annual revenues, and the amount received by such organizations ranged from a low of \$200 to a high of \$6,575 with, the average donation being approximately \$2,963 (seventeen (17) donations were made in 2012, totaling \$50,375).

During 2012, the following directors and nominees served on boards of companies that either directly or indirectly had business relationships with the Bank in the ordinary course of the Bank's business, in which the directors had no involvement and which are on no more favorable terms than for other similarly situated matters: Duane K. Kurisu and Colbert M. Matsumoto.

During 2012, the following directors served as officers of companies that either directly or indirectly had business relationships with the Bank in the ordinary course of the Bank's business, in which the directors had no involvement and which are on no more favorable terms than for other similarly situated matters: Paul J. Kosasa, Duane K. Kurisu, and Colbert M. Matsumoto.

Company director Paul J. Kosasa is President and Chief Executive Officer of ABC Stores. In 2012, the Bank paid ABC Stores \$93,627 for the right to lease space in various ABC Stores locations for the placement of Bank ATMs. Mr. Kurisu had no direct involvement with the aforementioned transactions and they were made on no more favorable terms than for other similarly situated transactions.

Company director Duane K. Kurisu is a director and holds less than 5% ownership interest in Oahu Publications, Inc., which publishes the Honolulu Star Advertiser newspaper, staradvertiser.com, Midweek newspaper, and Luxury magazine. Mr. Kurisu is sole owner and Chief Executive Officer of PacificBasin Communications LLC which publishes Hawaii Business magazine and Honolulu magazine. In 2012, the Bank paid a total amount of \$536,299 for advertising in the foregoing media, detailed as follows: \$329,663 for Honolulu Star Advertiser newspaper; \$36,707 for staradvertiser.com; \$73,339 for Midweek newspaper; \$2,912 for Luxury magazine; \$45,240 for Hawaii Business magazine; and, \$48,438 for Honolulu magazine. Mr. Kurisu is sole member of PCSC LLC and is vice president and director of WKF Inc., which are landlord and managing agent respectively, of a location in which the Bank has one of its branches, and for which the Bank paid \$40,459 in rent in 2012. Mr. Kurisu is a director of Tradewind Capital Group Inc. which owns \$2 million worth of Series B Preferred shares in each of Citibank Properties Inc. and CPB Real Estate Inc., both of which companies are subsidiaries of the Bank (for both companies dividends are non-cumulative and no dividends have been paid since June 2009). Mr. Kurisu owns one (1) \$1,000 Series A Preferred share in Citibank Properties Inc. (dividends are non-cumulative and no dividends have been paid since December 2008). Mr. Kurisu had no direct involvement with any of the aforementioned transactions and they were made on no more favorable terms than for other similarly situated transactions.

Company director Colbert M. Matsumoto is Chairman of the Board of Atlas Insurance Agency, Inc. ("Atlas"). He is also Chief Executive Officer and Chairman of the Board of Island Insurance Company, Ltd. ("Island"), and he is President and Chairman of the Board of Island Holdings, Inc. ("Holdings"), which owns both Atlas and Island. In 2012, out of the insurance premiums which the Company and its subsidiaries paid for insurance policies that Atlas placed on behalf of the Company and its subsidiaries, Atlas received a total of \$145,996 in commissions. In addition, Atlas paid the Bank \$40,332 in rent for space in the Bank's Hilo office building. The Bank paid Island \$12,000 in rent in 2012 for the placement by the Bank of an ATM at one of Island's locations. Century Computers Inc. ("CCI") is a majority-owned subsidiary of Holdings, and provided various technology

and business process services to the Bank, for which the Bank paid CCI \$205,492 in 2012. Mr. Matsumoto is a director and Chairman of the Board of Tradewind Insurance Company, Ltd. which underwrites workers' compensation insurance coverage to the Bank and its subsidiaries, for which it received \$5,437 in commissions based on \$108,721 in premiums. Mr. Matsumoto is a director of Oahu Publications, Inc., which publishes Honolulu Star Advertiser newspaper, staradvertiser.com, Midweek newspaper, and Luxury magazine. In 2012, the Bank paid the following amounts for advertising in the foregoing media, detailed as follows: \$329,663 for Honolulu Star Advertiser newspaper; \$36,707 for staradvertiser.com; \$73,339 for Midweek newspaper; and, \$2,912 for Luxury magazine. Mr. Matsumoto is a Trustee and Chairman of the Employees' Retirement System of the State of Hawaii ("ERS"). In 2012, the Bank paid ERS \$491,000 in rent for business space in a building owned by ERS. Mr. Matsumoto had no direct involvement in the aforementioned transactions and they were made on no more favorable terms than for other similarly situated transactions. Mr. Matsumoto is a director and President of Tradewind Capital Group Inc. which owns \$2 million worth of Series B Preferred shares in each of Citibank Properties Inc. and CPB Real Estate Inc., both of which companies are subsidiaries of the Bank (for both companies dividends are non-cumulative and no dividends have been paid since June 2009). Tradewind Capital Group Inc. is owned by Holdings. Mr. Matsumoto owns one (1) \$1,000 Series A Preferred share in Citibank Properties Inc. (dividends are non-cumulative and no dividends have been paid since December 2008).

Loans to Related Persons

The Bank, which is a wholly-owned subsidiary of the Company, has made (in addition to the loans specified in the "Director Independence and Relationships" section immediately preceding this section) loans to directors and executive officers, their immediate family members, and companies in which they have an interest, in the ordinary course of its business as a bank. These loans were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable loans with persons not related to the Bank and do not involve more than the normal risk of collectibility or present other unfavorable features.

Policy Regarding Transactions with Related Persons

The Company has a Board approved written policy ("Policy Regarding Transactions with Related Persons") which sets forth the process and procedures for the review, approval, ratification and disclosure of any transaction with a related person ("transaction" and "related person" being as defined by Item 404 of SEC Regulation S-K). Transactions with related persons that affect a director's independence are reviewed by the Company's Governance Committee. Transactions with related persons that involve loans are reviewed by the Bank's Board Directors Loan Committee. All other transactions with related persons that are material to the financial statements are reviewed by the Company's Audit Committee.

Board Leadership Structure and Risk Oversight

The Company's Board has no policy with respect to the separation of the offices of Chairman, President and Chief Executive Officer. It is the Board's view that rather than having a rigid policy, the Board, with the advice and assistance of its Governance Committee, and upon consideration of all relevant factors and circumstances, will determine, as and when appropriate, whether the offices of Chairman, President and Chief Executive Officer should be separate. The Board has determined that having two separate individuals serve as Chief Executive Officer and Chairman, respectively, is in the best interests of the Company and its shareholders at this time. On April 20, 2011, John C. Dean was appointed President and Chief Executive Officer of the Company and the Bank, and Crystal K. Rose was appointed as the Chair of the Board of the Company and the Bank. Prior to these appointments, Mr. Dean had served as Executive Chairman of the Company and the Bank, and Ms. Rose was the

lead director of the Board of the Company and the Bank. The Chief Executive Officer is responsible for setting the strategic direction and the day-to-day leadership and performance of the Company, while the Chair of the Board provides overall leadership to the Board, works with the Chief Executive Officer to prepare Board meeting agendas and chairs meetings of the Board. This leadership structure allows the Chief Executive Officer to focus on his operational responsibilities, while keeping a measure of independence between the oversight functions of the Board and those operating decisions. All members of the Board are outside (non-management) directors, with the sole exception of Mr. Dean. As the Board's lead director until April 20, 2011, and as Chair of the Board since April 20, 2011, Ms. Rose presided over all meetings of the non-management directors in executive sessions, acted as liaison and facilitated communications between the Board and the principal executive officer, and ensured independent Board governance and oversight of management. In addition, all members of the Board's Audit Committee, Compensation Committee, and Governance Committee are comprised of independent, non-management directors.

The Company is a one-bank holding company, with the Bank being the Company's only bank subsidiary. All of the directors on the Company's Board also serve on the Bank's Board of Directors. In addition, all of the Company's directors who serve on the Company's Audit Committee, Compensation Committee and Governance Committee also serve on those same board level committees at the Bank. Ernst & Young, the Company's and Bank's Internal Auditor effective February 1, 2010, reports directly to the Company's and Bank's respective Audit Committees. In addition, the Bank also has an additional board level Trust Committee and Directors Loan Committee which provide board level oversight over the Bank's trust activities and lending activities, respectively. The Company's and Bank's Audit Committees perform the required and customary risk oversight functions of an Audit Committee, which will include, overseeing accounting, auditing, internal controls, legal and regulatory matters, financial reporting and financial risk. The Company's and the Bank's Compensation Committees perform the required and customary risk oversight functions of a Compensation Committee, which will include, overseeing the Company's and Bank's compliance with any laws, rules and regulations applicable to the Company's and Bank's compensation practices, plans and programs, and to ensure that compensation is not structured in a way which will encourage unnecessary or excessive risk taking. The Company's and Bank's Chief Financial Officer and General Counsel report regularly to the Company's and Bank's Audit Committees. The Company's and Bank's Chief Credit Officer is required to report regularly to the Bank's Directors Loan Committee. All Company and Bank executive officers report regularly to the Company's and Bank's Board of Directors.

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).

Director Nomination Process

Director Qualifications. The Governance 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 independence, diversity, age, skills, experience and other relevant considerations in the context of the needs of the Board. Diversity

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is considered and desired and is viewed in a broad context; we seek Board members from different professions, industries, backgrounds, experiences, cultures, ethnicities, races, and gender, who can thus represent Hawaii's multi-cultural, multi-ethnic, and multi-racial population and community.

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 Governance 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 Governance 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 Governance Committee and/or Board may, at any given point in time, determine, consider and value in evaluating, selecting and recommending director nominees. Accordingly, the Governance 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 and the Company's Bylaws (as amended), the Governance Committee will consider properly submitted director nominees for election at the 2014 Annual Meeting of Shareholders recommended by shareholders if such recommendations are received in writing not less than ninety (90) calendar days nor more than one hundred twenty (120) calendar days prior to the first anniversary date of the annual meeting for the preceding year, and comply with all other applicable requirements set forth in said Corporate Governance Guidelines and Bylaws (as amended). 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 and others may send written communications directly to the Board, addressed to: Board of Directors of Central Pacific Financial Corp., 220 South King Street, 22nd Floor, Honolulu, Hawaii 96813. Any such communication may be directed to the attention of the Chair 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 Governance Committee) or to the non-management or independent directors. Shareholders and others sending such communications should include the following in their written communication: (a) such shareholder(s) and others should identify himself/herself/itself/themselves, and if a shareholder, provide reasonably satisfactory proof of their ownership of the Company's stock; (b) such shareholder(s) and others should state in reasonable detail and communicate with reasonable clarity and specificity their issue or concern; and (c) such shareholder(s) and others should include their contact information (at a minimum, phone number and address). Shareholders and others who wish to communicate anonymously with the Board or any group of the Board should refer to the Company's Complaint Policy. However, nothing that is stated in this paragraph shall override any requirements imposed on any shareholder communications under the Company's Articles of Incorporation (as amended) or Bylaws (as amended) or other governing documents or by any law, rule or regulation.

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 United States Securities Act of 1933, as amended, or under the United States Securities Exchange Act of 1934, as amended, except to the extent we specifically incorporate this Report by reference.

As of February 25, 2013, the Audit Committee is comprised of four (4) non-management directors and operates pursuant to a written charter that was readopted by our Board in March 2012. The charter is also available on our website at <https://www.centralpacificbank.com>. During 2012, the Audit Committee held nine (9) meetings, including four (4) private sessions with the independent auditors, and five (5) private sessions with the Director of Enterprise Risk Management and Internal Audit and Credit Review Coordinator. The Audit Committee's primary purposes are to: (a) assist the Board in its oversight of (i) the integrity of the Company's financial statements, (ii) the Company's compliance with legal and regulatory requirements, (iii) the Company's independent auditors' qualifications and independence, and (iv) the performance of the Company's internal audit function and independent auditors; (b) decide whether to appoint, retain or terminate the Company's independent auditors and to pre-approve all audit, audit-related and other services, if any, to be provided by the independent auditors; and (c) prepare this Report. The Board has determined, upon the recommendation of the Governance Committee, that each member of the Audit Committee is "independent" within the meaning of the rules of the NYSE and the SEC. The Board has also determined that each member is financially literate and has accounting or related financial management expertise, as such qualifications are defined under the rules of the NYSE, and that two (2) members are "audit committee financial experts" within the meaning of the rules of the SEC, being Earl E. Fry, Chair of the Audit Committee, and Christine H. H. Camp. The Audit Committee is established in accordance with Section 3(a)(58)(A) of the United States Securities Exchange Act of 1934, as amended.

Management is responsible for the preparation, presentation and integrity of the Company's financial statements, accounting and financial reporting principles and the establishment and effectiveness of internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The independent auditors are responsible for performing an independent audit of the financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), expressing an opinion as to the conformity of such financial statements with generally accepted accounting principles and auditing the effectiveness of internal control over financial reporting. The independent auditors have free access to the Audit Committee to discuss any matters they deem appropriate.

In performing its oversight role, the Audit Committee has considered and discussed the audited financial statements with management and the independent auditors. The Committee has also discussed with the independent auditors matters related to the results of the audit in accordance with PCAOB Auditing Standard No. 16, "Communications with Audit Committees; Related Amendments to PCAOB Standards; and Transitional Amendments to PCAOB AU Section 380." The Committee has received the written disclosures and the letter from the independent accountants required by Independence Standards Board Standard No. 1, Independent Discussions with Audit Committees, as adopted by the PCAOB, and has discussed with the independent accountant the independent accountant's independence. All non-audit services performed by the independent auditors must be specifically pre-approved by the Audit Committee or a member thereof.

During 2012, the Audit Committee performed all its duties and responsibilities under the Audit Committee Charter. In addition, based on the reports and discussions described in this Report, the Audit Committee recommended to the Board that the audited financial statements of the Company for 2012 be included in the Company's Annual Report on Form 10-K for such fiscal year.

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

Earl E. Fry, Chair
Christine H. H. Camp
Duane K. Kurisu
Crystal K. Rose

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COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

DIRECTOR COMPENSATION

The following table shows, for the year ending December 31, 2012, information on compensation earned by or awarded to each non-employee Director who served on the Company's Board during 2012.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Options Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in	Nonqualified Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
					Pension Values & Deferred			
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
Alvaro J. Aguirre	\$ 75,000	\$	\$	\$	\$	\$	\$	\$ 75,000
James F. Burr	\$ 75,000	\$	\$	\$	\$	\$	\$	\$ 75,000
Christine H.H. Camp	\$ 90,000	\$	\$	\$	\$	\$	\$	\$ 90,000
Earl E. Fry	\$ 100,000	\$	\$	\$	\$	\$	\$	\$ 100,000
Paul J. Kosasa	\$ 90,000	\$	\$	\$	\$	\$	\$	\$ 90,000
Duane K. Kurisu	\$ 90,000	\$	\$	\$	\$	\$	\$	\$ 90,000
Colbert M. Matsumoto	\$ 75,000	\$	\$	\$	\$	\$	\$	\$ 75,000
Crystal K. Rose	\$ 124,989	\$	\$	\$	\$	\$	\$	\$ 124,989

Note:

(a) Duane K. Kurisu was appointed to the Audit Committee on January 25, 2012. In addition, Mr. Kurisu is the Chair of the Bank Directors Loan Committee.

(b)

Inclusive in this column are fees elected in the form of equity. In February 2012, the Committee approved the option for Directors to elect to receive any amount of fees in equity. Crystal K. Rose, Christine H.H. Camp and, Paul J. Kosasa elected to receive 50% of their Board fees in equity. This equated to a grant date fair value of \$62,489 for Ms. Rose and \$45,000 each for Ms. Camp and Mr. Kosasa. The amount of shares granted was determined by the share equivalent of the fee amount, rounded down to the nearest whole share.

Set forth below is the composition of the committees of the Company and the Bank Board.

Date of Original Appointment	Board/Committee	Board Member	Role
2/18/2011	Board of Directors	Crystal K. Rose	Chair
2/18/2011	Audit Committee	Earl E. Fry	Chair
2/18/2011	Audit Committee	Christine H. H. Camp	Member
1/25/2012	Audit Committee	Duane K. Kurisu	Member
2/18/2011	Audit Committee	Crystal K. Rose	Member
2/18/2011	Compensation Committee	Christine H. H. Camp	Chair
2/24/2011	Compensation Committee	Alvaro J. Aguirre	Member
2/18/2011	Compensation Committee	Earl E. Fry	Member
2/18/2011	Compensation Committee	Crystal K. Rose	Member
2/18/2011	Governance Committee	Paul J. Kosasa	Chair
2/24/2011	Governance Committee	Alvaro J. Aguirre	Member
2/18/2011	Governance Committee	Christine H. H. Camp	Member
2/18/2011	Governance Committee	Crystal K. Rose	Member

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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 table below shows the aggregate number of unexercised stock option awards and unvested restricted stock awards for each Director as of December 31, 2012.

Name	Unexercised Stock Options	Unvested Restricted Stock
(a)	(b)	(c)
Al Aguirre	0	0
James Burr	0	0
Christine H. H. Camp	216	0
Earl E. Fry	216	0
Paul J. Kosasa	216	0
Duane K. Kurisu	0	0
Colbert M. Matsumoto	473	0
Crystal K. Rose	216	0

(b)

For each Director other than Messrs. Aguirre, Burr and Kurisu, 216 of the vested unexercised stock options represent options that were granted on March 11, 2009, as their Company annual board retainer in lieu of cash. The remaining unexercised stock options represent vested, unexercised stock options granted under the 1997 Stock Option Plan on September 15, 2004 related to the merger with CB Bancshares, Inc.

Annual Retainer

In May 2012, an annual retainer was paid in a lump-sum to each non-employee Director as follows:

Board of Directors Position	Annual Retainer
Board Chair	\$ 125,000
Audit Committee Chair	\$ 100,000
Compensation, Directors Loan and Governance Committee Chairs	\$ 90,000
Non-Chair Committee Member	\$ 75,000

Directors Stock Opportunity

Non-employee Directors of the Company and the Bank are eligible to participate in the Company's 2004 Stock Compensation Plan. The Company determines annually if any grants will be made under the 2004 Stock Compensation Plan. For 2012, the non-employee Directors of both the Company and the Bank determined that any grants of equity to non-employee Directors, other than the opportunity to elect to receive all or a portion of their annual retainer fee in the form of full value shares for 2012, were not appropriate.

Directors Deferred Compensation Plan

The Company maintains a Directors Deferred Compensation Plan 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/or chair and meeting fees. Under the Directors Deferred Compensation Plan, a participating Director may elect from various payment alternatives, but full payout must occur no later than the tenth (10th) anniversary of separation from service. 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 are selected by the Director. No Plan earnings are considered to be "above-market" or "preferential" and as a result no amounts are reported in column (f) of the Directors Compensation table on a previous page. 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.

COMPENSATION COMMITTEE REPORT

The following Compensation Committee Report does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filings under the United States Securities Act of 1993, as amended, or under the United States Securities and Exchange Act of 1934, as amended, except to the extent we specifically incorporate this Report by reference.

During 2012, the Compensation Committee met to review and discuss various compensation and incentive arrangements to ensure these arrangements do not encourage any unnecessary and excessive risk that may threaten the value of the Company. These reviews included analysis and feedback from the designated senior risk officer ("SRO"), our SVP, Director of Enterprise Risk Management and Internal Audit and Credit Review Coordinator, as well as consultation and perspective from Human Resources, Corporate Legal, Credit and Risk, outside legal counsel and executive compensation consultants, where appropriate. The table below lists the arrangements reviewed.

Compensation & Incentive Arrangements Reviewed

Plan	Plan Year - 2012	Plan Year - 2013
Compensation Arrangements for CEO & EVPs, Cash & Equity	X	X
Equity Grant for Certain Non-Executive Employees	X	X
CPHL Executive Incentive Compensation Plan	X	X
CPHL Operations Incentive Compensation Plan	X	X
CPHL Affiliates & Sales Commission Compensation Plan	X	X
Community Banking Region & Branch Performance Driven Incentive & Recognition Plan	X	X
CPIS Commission Compensation Plan	X	X
Annual Cash Incentive Compensation Plan	X	X
PACMAN Executive Incentive Compensation Plan	Incorporated in the CPHL Executive Incentive Compensation Plan	X
PACMAN Operations Incentive Plan	Incorporated in the CPHL Operations Incentive Compensation Plan	X
PACMAN Sales Compensation Plan	Incorporated in the CPHL Affiliates & Sales Commission Compensation Plan	X
Commercial & Consumer Markets Referral Award Program	n/a	X

The Compensation Committee's review and discussion of the risks that face the Company concluded that the Company's and Bank's compensation philosophies, complemented by the appropriate balance and mix of cash and equity compensation, are adequate and the compensation arrangements and incentive plans are not reasonably likely to encourage unnecessary and excessive risk that may threaten the overall value of the financial institution.

A summary of the analysis performed by the Senior Risk Officer included:

Consideration of the following items: 1) what risks could threaten the institution's value, 2) do incentive plan metrics reflect the Bank's business strategy, 3) is the leverage and ratio of incentive compensation to total compensation appropriate, 4) do we understand the full range of total upside/downside payouts for the incentive plans, 5) do plans have protection/controls to avoid excessive risk taking (caps, balanced mix of performance measures, etc.), 6) do plans focus executives on long-term performance that align with shareholder interests, 7) does performance compare to industry/peers, and 8) do the plans allow the Compensation Committee to exercise discretion where appropriate.