

CENTRAL PACIFIC FINANCIAL CORP.
BOARD OF DIRECTORS
COMPENSATION COMMITTEE CHARTER

(Adopted by the Board of Directors, January 25, 2006)

I. DEFINITIONS OF TERMS USED HEREIN

The following terms used in this Charter have the following meanings:

- A. “applicable laws” means and includes all laws, rules, regulations and requirements applicable or relating to the particular matter referred to, and includes, without limitation, the Sarbanes-Oxley Act of 2002, the New York Stock Exchange Listing Standards, the Securities Exchange Act of 1934, and the Federal Deposit Insurance Corporation Rules and Regulations.
- B. “Bank” means Central Pacific Bank.
- C. “Board” means the Board of Directors of the Company.
- D. “CEO” means the Chief Executive Officer of the Company.
- E. “Chair” and “Vice Chair” means the Chair and Vice Chair, respectively, of the Committee.
- F. “Charter” means this Compensation Committee Charter of the Board.
- G. “Committee” means the Board Compensation Committee.
- H. “Company” means Central Pacific Financial Corp.

II. PURPOSE

The Committee’s purpose is to assist the Board in discharging the Board’s responsibilities relating to compensation of the Company’s executive officers. The Committee will accomplish this by:

- A. 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.
- B. Providing an annual report on executive compensation for inclusion in the Company’s proxy statement.

III. AUTHORITY

The Committee is established pursuant to Article V of the Bylaws (as amended and restated) of the Company.

In order to carry out its purpose and responsibilities under this Charter, the Committee shall have the following authority:

- A. To take all necessary or appropriate actions in order to fulfill its responsibilities under this Charter.
- B. To perform such other duties and responsibilities as may be requested by the Board or required by law to be performed by the Committee as the compensation committee for the Company.
- C. To the extent it deems necessary or appropriate, to obtain advice and assistance from internal or external legal, accounting or other advisors.
- D. To the extent it deems necessary or appropriate, to form and delegate authority to subcommittees consisting of one or more Committee members.

IV. MEMBERSHIP

- A. Appointment. The members of the Committee are appointed annually by the Board and serve until their successors are duly appointed.
- B. Number. The Board determines the number of directors on the Committee from time to time, but the number shall not be less than the minimum number prescribed by the Company's Bylaws, or by any applicable laws.
- C. Independence. Committee members must be non-employee directors, be independent and free from any relationship that would interfere with the exercise of their independent judgment, and fully satisfy any and all other independence requirements as prescribed by all applicable laws.
- D. Committee Chair and Vice Chair. The Board will appoint one of the members of the Committee to serve as Chair and another member of the Committee to serve as Vice Chair.
- E. Other Membership Requirements. The members of the Committee and its Chair and Vice Chair, shall satisfy all other membership requirements as set forth in this Charter and as otherwise established by the Committee and/or the Board in accordance with this Charter, and shall also satisfy all other applicable laws pertaining to the qualifications of any member or Chair or Vice Chair, or to the composition of the Committee.
- F. Removal. The Board may, with or without cause, remove any director from the Committee.

V. MEETINGS

- A. Chair/Vice Chair. The Chair shall preside over the Committee meetings. In the absence of the Chair, the Vice Chair will preside over the Committee meetings. In the event both the Chair and Vice Chair are absent and neither the Chair nor Vice Chair have delegated another Committee member to preside over the

meeting, the Committee members present at any such Committee meeting shall decide among themselves which member shall preside over that meeting.

- B. Frequency. The Committee shall meet at least annually, and may meet more frequently as it deems necessary or appropriate.
- C. Agenda. The Chair (and in the Chair's absence, the Vice Chair) shall be responsible for preparing or having prepared an agenda for each Committee meeting.
- D. Attendance by Others. The Chair (and in the Chair's absence, the Vice Chair) shall coordinate the attendance at the meeting by management and all others whom the Committee seeks to meet with.
- E. Minutes. The Chair (and in the Chair's absence, the Vice Chair) shall ensure that minutes of every Committee meeting are taken, recorded and kept, and also that all documentation submitted before the Committee is maintained with the minutes.
- F. Joint Sessions. The Committee may meet simultaneously with the compensation committee of the Bank, though it should hold separate sessions if necessary to address issues that are relevant to one entity but not the other or to consider matters between the two entities or other matters where the Company and the Bank may have different interests. The Committee should consult with counsel if, in the opinion of the Committee, any matter under consideration by the Committee has the potential for any conflict between the interests of the Company and those of the Bank in order to ensure that any potential conflict is addressed in accordance with all applicable laws and Company policies.

VI. RESPONSIBILITIES

In fulfilling its purpose, the Committee shall have the following responsibilities:

- A. Annual Review of Committee Charter. The Committee will review and reassess the adequacy of this Charter annually, and thereafter recommend this Charter, and any proposed changes to this Charter, to the Board for annual approval. The Committee shall ensure that if required, this Charter is published and otherwise made publicly available in accordance with all applicable laws.
- B. Selection of Executives. The Committee shall be responsible for reviewing and recommending to the Board all persons to be elected as Chairman, CEO, President, and such other executive positions as the Board may from time to time determine to be appropriate.
- C. CEO Compensation. The Committee shall annually review, determine and submit to the Board for its approval: the corporate goals and objectives relevant to the CEO's compensation; an evaluation of the CEO's performance in light of those goals and objectives, and the establishment of the CEO's compensation level based on this evaluation. In determining the long-term incentive component of CEO compensation, the Committee will consider such factors as the Company's performance and relative shareholder return, the value of similar

incentive grants or awards to chief executive officers at comparable companies, and the grants or awards given to the CEO in past years.

- D. Executive Compensation. The Committee shall annually review, determine and submit to the Board for its approval, with respect to the executives of the Company (as determined by the Board): (i) the annual base salary level; (ii) any annual incentive or performance-based compensation; (iii) any long-term incentive or performance-based compensation; (iv) any employment agreements, severance arrangements, and change in control agreements; (v) any perquisites or other in-kind benefits; and (vi) any other special or supplemental benefits.
- E. Stock Option Plans. The Committee shall periodically review, assess, and make determinations and recommendations to the Board regarding the Company's stock option plans.
- F. Employee Stock Ownership Program. The Committee shall periodically review, assess, and make determinations and recommendations to the Board regarding the Company's Employee Stock Ownership Plan ("ESOP"), and any other guidelines regarding employee ownership of the Company's stock.
- G. Profit Sharing Plans. The Committee shall periodically review, assess, and make determinations and recommendations to the Board regarding the Company's profit sharing plans.
- H. 401(k) Plan. The Committee shall periodically review, assess, and make determinations and recommendations to the Board regarding the Company's 401(k) plan or similar plans maintained by the Company.
- I. Other Plans. The Committee shall periodically review, assess, and make determinations and recommendations to the Board regarding any of the Company's other compensation plans maintained by the Company, including without limitation, pension/retirement plans, insurance plans, and benefit plans.
- J. Employee Loan Program. The Committee shall periodically review, assess, and make determinations and recommendations to the Board regarding any employee loan program. This review shall include an assessment regarding legal compliance as well as an evaluation of the benefits and risks to the Company of maintaining any such loan program.
- K. Legality. The Committee shall periodically review and assess the Company's compliance with all laws and regulations relating to compensation and employee benefits, ERISA, labor laws, employment discrimination and other human resources matters.
- L. Consultants. The Committee shall have the sole authority to retain and terminate any compensation consultant to be used to assist in the evaluation of CEO or executive compensation and shall have sole authority to approve the consultant's fees and other retention terms.

- M. Director Compensation and Benefits. The Committee will oversee matters related to the compensation and benefits of non-employee directors and make such recommendations to the Board as the Committee deems appropriate.
- N. General. The Committee will also accomplish the following:
1. Regularly report to the Board on the Committee's activities.
 2. In addition to Committee minutes, maintain any other records of the Committee's activities.
 3. Annually review the performance of the Committee.
 4. Perform the duties required to be performed by the compensation committee for any subsidiary of the Company that does not have its own compensation committee, in each case to the extent permitted, and in the manner required, by all applicable laws.
 5. Perform any other activities in fulfillment of and consistent with the responsibilities of the Committee under this Charter, and as the Board may deem necessary or appropriate.

VII. AMENDMENT. This Charter may only be amended by a majority of the Board. The Committee, may, however, in its best judgment and discretion, deviate from or alter, modify or change any of its responsibilities in this Charter if doing so would better serve the primary purpose of this Charter, provided such deviation is of a temporary nature, and provided further that the Chair informs the Board of such deviation and obtains Board approval of same.

VIII. LIMITATIONS.

- A. It should be noted that the Committee's job is one of oversight as set forth in this Charter. It is not the duty of the Committee to assure the Company's compliance with all applicable laws.
- B. In performing their responsibilities, Committee members are entitled to rely in good faith on information, opinions, reports or statements prepared or presented by the following persons and groups.
1. One or more officers or employees of the Company whom the Committee members reasonably believe to be reliable and competent in the matters presented.
 2. Accountants, auditors, counsel or other persons as to matters which the Committee members reasonably believe to be within the professional or expert competence of such person.
 3. Another committee of the Board as to matters within its designated authority which committee the Committee members reasonably believe to merit confidence.