

BANK OF HAWAII CORP
Form DEF 14A
March 17, 2006

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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 Pursuant to §240.14a-12

Bank of Hawaii Corporation

(Name of Registrant as Specified In Its Charter)

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

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- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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Your VOTE is important!

Notice of 2006
Annual Meeting of Shareholders
and Proxy Statement

Meeting Date: April 28, 2006

Bank of Hawaii Corporation

130 Merchant Street
Honolulu, Hawaii 96813

BANK OF HAWAII CORPORATION
130 Merchant Street
Honolulu, Hawaii 96813

March 17, 2006

Dear Shareholder:

The 2006 Annual Meeting of shareholders of Bank of Hawaii Corporation will be held on Friday, April 28, 2006 at 8:30 a.m. on the Sixth Floor of the Bank of Hawaii Building, 111 South King Street, Honolulu, Hawaii. Each shareholder may be asked to present valid picture identification. Shareholders holding stock in brokerage accounts will need to bring a copy of a brokerage statement reflecting stock ownership as of the record date.

The Notice of Meeting and Proxy Statement accompanying this letter describe the business we will consider and vote upon at the meeting. A report to shareholders on the affairs of Bank of Hawaii Corporation also will be given, and shareholders will have the opportunity to discuss matters of interest concerning the Company.

For reasons explained in the accompanying Proxy Statement, the Board of Directors recommends that you vote FOR all proposals.

Your vote is very important. Please complete, sign, date and return the enclosed proxy card and mail it promptly in the enclosed postage-paid return envelope, even if you plan to attend the Annual Meeting. You may also vote by telephone or electronically via the Internet. If you wish to do so, your proxy may be revoked at any time before voting occurs.

On behalf of the Board of Directors, thank you for your cooperation and support.

Sincerely,

ALLAN R. LANDON
Chairman of the Board,
Chief Executive Officer and President

TABLE OF CONTENTS

	Page
Notice of 2006 Annual Meeting of Shareholders	1
Proxy Statement	2
Questions and Answers About the Proxy Materials and the Annual Meeting	2
Proposal 1: Election of Directors	5
Board of Directors	5
Beneficial Ownership	8
Corporate Governance, Board Structure and Compensation	10
Board Committees and Meetings	14
Audit Committee Report	17
Executive Compensation	18
Report of the Compensation Committee	18
Executive Compensation and Summary Compensation Table	23
Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values	25
Long-Term Incentive Plans Awards In Last Fiscal Year	25
Stock Option Grants In Last Fiscal Year	26
Pension Plan Table and Retirement Plan	26
Change-in-Control Arrangements, Retention and Other Arrangements	27
Performance Graph	29
Certain Transactions with Management and Others	29
Section 16(a) Beneficial Ownership Reporting Compliance	30
Proposal 2: Approval of Amendment No. 2006-1 to the Bank of Hawaii Corporation 2004 Stock and Incentive Compensation Plan	31
Proposal 3: Ratification of Selection of an Independent Registered Public Accounting Firm and Audit Fees	37
Appendix A. Bank of Hawaii Corporation 2004 Stock and Incentive Compensation Plan and Proposed Amendment No. 2006-1	39

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To be held April 28, 2006

To Our Shareholders:

The Annual Meeting of shareholders of Bank of Hawaii Corporation will be held on Friday, April 28, 2006, at 8:30 a.m. on the Sixth Floor of the Bank of Hawaii Building, 111 South King Street, Honolulu, Hawaii, for the following purposes:

1. To elect four Class II Directors for terms expiring in 2009 and one Class I Director for a term expiring in 2008.
2. To approve an amendment to the Bank of Hawaii Corporation 2004 Stock and Incentive Compensation Plan (the "Plan") to increase the number of shares of common stock available for grant under the Plan.
3. To ratify the selection of an independent registered public accounting firm.
4. To transact any other business that may be properly brought before the meeting.

The Board of Directors recommends that shareholders vote FOR all proposals.

Shareholders of record of Bank of Hawaii Corporation common stock (NYSE: BOH) at the close of business on February 28, 2006 are entitled to attend the meeting and vote on the business brought before it.

We look forward to seeing you at the meeting. However, if you cannot attend the meeting, your shares may still be voted if you complete, sign, date, and return the enclosed proxy card in the enclosed postage-paid return envelope. You also may vote by telephone or electronically via the Internet. The accompanying proxy statement, also available online at www.boh.com, provides certain background information that will be helpful in deciding how to cast your vote on business transacted at the meeting.

By Order of the Board of Directors

CYNTHIA G. WYRICK
*Executive Vice President and
Corporate Secretary
Bank of Hawaii Corporation*

Honolulu, Hawaii
Dated: March 17, 2006

IMPORTANT

Please sign and return the enclosed proxy card or vote by telephone or on the Internet as promptly as possible. This will save the expense of a supplementary solicitation.

Thank you for acting promptly.

PROXY STATEMENT

The Board of Directors (the "Board") of Bank of Hawaii Corporation is soliciting the enclosed proxy for the Company's 2006 annual meeting. Bank of Hawaii Corporation, together with its subsidiaries, including its banking subsidiary, Bank of Hawaii (the "Bank"), are collectively referred to herein as "Bank of Hawaii" or the "Company". The proxy statement, proxy card, and the Company's Annual Report to Shareholders and Annual Report on Form 10-K are being distributed to the Company's shareholders on or about March 17, 2006.

QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETING

Q:
What am I voting on?

A:
The election of directors, an amendment to the Bank of Hawaii Corporation 2004 Stock and Incentive Compensation Plan and ratification of the selection of an independent registered public accounting firm.

Q:
Who can vote at the annual meeting?

A:
Holders of Bank of Hawaii's common stock, par value \$0.01 per share, as of the close of business on February 28, 2006 (the "Record Date") can attend and vote at the annual meeting. Each share of common stock is entitled to one vote. On the Record Date, there were 51,189,789 shares of common stock issued and outstanding.

Q:
How many votes do we need to hold the annual meeting?

A:
The holders of at least one-third of the outstanding common stock on the Record Date entitled to vote at the annual meeting must be present to conduct business. That amount is called a *quorum*. Shares are counted as present at the meeting if a shareholder entitled to vote is present and votes at the meeting, has submitted a properly signed proxy, or has properly voted by telephone or via the Internet. We also count abstentions and broker non-votes for purposes of determining a quorum. A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received voting instructions from the beneficial owner.

Q:
What shares can I vote?

A:
You may vote all shares you own on the Record Date. The enclosed proxy card shows the number of shares you may vote.

Q:
How can I vote my shares in person at the annual meeting?

A:
If you are a shareholder of record, you can attend the annual meeting and vote in person the shares you hold directly in your name as the shareholder of record. If you choose to do that, please bring the enclosed proxy card and proof of identification. If you hold your shares as a beneficial owner, you must vote your shares through your broker or other nominee.

Even if you plan to attend the annual meeting, we recommend you also submit your proxy so your vote will be counted if you later decide not to attend the annual meeting.

Q:

How can I vote my shares without attending the annual meeting?

A:

You may direct your vote without attending the annual meeting. You can do that via the Internet, by telephone, or by mail. If your shares are held by a broker or other nominee, you will receive instructions that you must follow to have your shares voted. If you hold your shares as the shareholder of record, you may instruct the proxies how to vote your shares, using the toll free telephone number

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or the Internet voting site listed on the proxy card, or by signing, dating, and mailing the proxy card in the prepaid and addressed envelope we have provided you. Please refer to the summary instructions below and those on your proxy card, or, for shares held in street name, the voting instruction card sent by your broker or nominee.

Mail. You may mail your proxy by signing your proxy card or, for shares held in street name, the voting instruction card included by your broker or nominee, and mailing it in the enclosed, postage prepaid and addressed envelope. If you provide specific voting instructions, your shares will be voted as you instruct. If you sign and return a proxy card without giving specific voting instructions, your shares will be voted as recommended by the Board.

Internet. If you have Internet access, you may submit your proxy from anywhere, following the "Vote by Internet" instruction on your proxy card.

Telephone. If you live in the United States, you may submit your proxy by following the "Vote by Phone" instructions on the proxy card.

Q:

May I change my vote?

A:

Yes. You may change your proxy instructions any time before the vote at the annual meeting. For shares you hold as shareholder of record, you may change your vote by granting a new proxy or by attending the annual meeting and voting in person. Attendance at the annual meeting will not cause your previously granted proxy to be revoked unless you vote at the meeting. For shares you hold as beneficial owner, you may change your vote by submitting new voting instructions to your broker or nominee.

Q:

Where can I find the voting results of the annual meeting?

A:

We will announce voting results at the annual meeting. We also will publish those results in our quarterly report on Form 10-Q for the second quarter of fiscal year 2006.

Q:

Who will count the votes?

A:

Georgeson Shareholder Communications, Inc. will count and tabulate the votes.

Q:

What are the voting procedures?

A:

Directors are elected by a plurality of votes cast. Nominees who receive the most votes will be elected. All other proposals require the affirmative vote of a majority of shares present in person or by proxy and entitled to vote at the meeting. For all proposals other than the election of directors, broker non-votes will be treated as not entitled to vote and so will not affect the outcome, although abstentions will have the same effect as negative votes.

Q:

Is my vote confidential?

A:

Yes. Proxy instructions, ballots, and voting tabulations that identify the individual shareholders are handled to protect your privacy. Your vote will not be disclosed within Bank of Hawaii or to third parties except (i) as necessary to meet applicable legal requirements, (ii) to allow for the tabulation of votes and certification of the vote, and (iii) to facilitate a successful proxy solicitation by our Board. Occasionally, shareholders write comments on their proxy cards, which are forwarded to Bank of Hawaii management.

Q:

Who will bear the cost of soliciting proxies?

A:

We will pay the cost of this proxy solicitation. In addition to soliciting proxies by mail, we expect that a number of our employees will on behalf of the Board solicit proxies from shareholders, personally, and by telephone, the Internet, facsimile, or other means. None of

those employees will receive any additional or special compensation for doing that task. We have retained Georgeson Shareholder

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Communications, Inc., 17 State Street, New York, New York 10004 to assist in the solicitation of proxies for an estimated fee of \$10,000, plus reasonable out-of-pocket costs and expenses. We will, upon request, reimburse brokers or other nominees for their reasonable out-of-pocket expenses in forwarding proxy materials to their customers who are beneficial owners and obtaining their voting instructions.

Q:

What does it mean if I get more than one proxy card?

A:

It means your shares are registered differently and are in more than one account. Sign and return all proxy cards or vote each proxy card by telephone or Internet, to ensure all your shares are voted. To provide better shareholder services, we encourage you to have all accounts registered in the same name and address. You may do that by contacting our transfer agent, Continental Stock Transfer & Trust Company (1-800-509-5586).

Q:

May I propose actions for consideration at next year's annual meeting of shareholders?

A:

Yes. You may submit proposals for consideration at the 2007 shareholder meeting by presenting your proposal in writing to the Corporate Secretary at 130 Merchant Street, Honolulu, Hawaii 96813 and in accordance with the following schedule and requirements.

Proposals To Be Included In The Proxy Statement and Voted On At The Meeting. Proposals that shareholders wish to have included in the proxy statement for the 2007 annual meeting of shareholders must be made in accordance with U. S. Securities and Exchange Commission ("SEC") Rule 14a-8. Proposals must be received by the Company's Corporate Secretary on or before November 17, 2006 at the above address.

Proposals To Be Voted On At The Meeting Only. Under our By-Laws, for a shareholder to bring a proposal before the 2007 annual meeting, Bank of Hawaii must receive the written proposal no later than 80 days nor earlier than 90 days before the first anniversary of the 2006 annual meeting; in other words, no later than February 8, 2007 and no earlier than January 29, 2007. (Please refer to Section 1.12 of Bank of Hawaii's By-Laws.) The proposal also must contain the information required in the By-Laws. If you wish to make one or more nominations for election to the Board, the required information includes, among other things, the written consent of such individual to serve as director and (i) the name, age, business address and, if known, residence address of each nominee proposed in person, (ii) the principal occupation or employment of each nominee, and (iii) the number of shares of Bank of Hawaii stock each nominee beneficially owns. These advance notice provisions are separate from the requirements a shareholder must meet to have a proposal included in the proxy statement under SEC rules. By complying with these provisions, a shareholder may present a proposal in person at the meeting, but will not be entitled to have the proposal included in the Company's proxy statement. In addition, persons holding proxies may exercise discretionary authority to vote against such proposals.

Q:

Where can I find out more information about the Company before the annual meeting?

A:

You can find more information about the Company on-line at: www.boh.com.

PROPOSAL 1: ELECTION OF DIRECTORS

BOARD OF DIRECTORS

The Company's Certificate of Incorporation provides that the Board shall consist of not less than three, nor more than fifteen persons as established from time to time by resolution of the Board. The Board has fixed the number of directors at twelve, divided into three classes, with the terms of office of one class expiring each year. Nominees for election are described below. Each nominee has consented to serve. All nominees are currently serving on the Company's Board, with the exception of Mr. Lucien (Class I), who has been nominated to fill a vacancy on the Board. The nominees were originally proposed by the Nominating and Corporate Governance Committee. If a nominee below is not a candidate at the time of the annual meeting, then the proxy holders may vote for the remaining nominees and other persons as they may determine.

THE BOARD RECOMMENDS A VOTE "FOR" EACH OF THE NOMINEES.

NOMINEES FOR ELECTION FOR CLASS II DIRECTORS WITH TERMS EXPIRING IN 2009

Name, Age, and Year First Elected as Director	Principal Occupation(s) During Past 5 Years	Other Public Directorships Held
S. Haunani Apoliona; 57; 2004	Chairperson and Trustee, Office of Hawaiian Affairs ("OHA") (entity established by the Constitution of the State of Hawaii to improve the conditions and protect the entitlements of Native Hawaiians) since 2000; Trustee, OHA from 1996 to 2000.	
Clinton R. Churchill; 62; 2001	Trustee, The Estate of James Campbell (an organization administering the assets held in trust under the will of James Campbell) since 1992 (Chairman 1998, 2000, 2004).	
David A. Heenan; 66; 1993	Trustee, The Estate of James Campbell (an organization administering the assets held in trust under the will of James Campbell) since 1995 (Chairman 1999, 2001).	Maui Land & Pineapple Co., Inc.
Allan R. Landon; 57; 2004	Chairman, Chief Executive Officer and President of the Company since September 2004; President and Chief Operating Officer from April 2004 to September 2004; President, Chief Financial Officer and Treasurer from 2003 to 2004; Vice Chairman, Chief Financial Officer and Treasurer from 2001 to 2003; Executive Vice President and Director of Risk Management from 2000 to 2001.	

NOMINEE FOR ELECTION FOR CLASS I DIRECTOR WITH TERM EXPIRING IN 2008

Name, Age, and Year First Elected as Director	Principal Occupation(s) During Past 5 Years	Other Public Directorships Held
Kent T. Lucien; 52	Chief Executive Officer Operations, C. Brewer & Co. Ltd., (a Hawaii Corporation engaged in agriculture, real estate and power production) since 2001; Executive Vice President and Chief Financial Officer, C. Brewer & Co. Ltd. from 1991 to 2001.	Maui Land & Pineapple Co., Inc.

CLASS I DIRECTORS WHOSE CURRENT TERMS EXPIRE IN 2008

Name, Age, and Year First Elected as Director	Principal Occupation(s) During Past 5 Years	Other Public Directorships Held
Michael J. Chun; 62; 2004	President and Headmaster of Kamehameha Schools Kapalama (a college preparatory school serving children of Hawaiian ancestry) since 2001; President of Kamehameha Schools from 1998-2001.	Alexander & Baldwin, Inc.
Robert Huret; 60; 2000	Managing Member of Financial Technology Management (a venture capital management company) since 1998; Senior Consultant, Financial Services Group at Montgomery Securities from 1984 to 1998.	
Donald M. Takaki; 64; 1997	Chairman and Chief Executive Officer, HawkTree International, Inc. (a diversified holding company engaged in transportation, leasing, business records management and real estate) since 1999; Chairman and Chief Executive Officer, Island Movers, Inc. (a transportation service company) since 1964; President, Transportation Concepts, Inc. (a transportation leasing company) since 1988 and General Partner, Don Rich Associates (a real estate development company) since 1979.	

CLASS III DIRECTORS WHOSE CURRENT TERMS EXPIRE IN 2007

Name, Age, and Year First Elected as Director	Principal Occupation(s) During Past 5 Years	Other Public Directorships Held
Mary G.F. Bitterman; 61; 1994	President and Trustee, the Bernard Osher Foundation since 2004; Director, Osher Lifelong Learning Institutes (a non-profit organization dedicated to providing continuing education opportunities through affiliations with colleges and universities) since 2003; President and Chief Executive Officer, The James Irvine Foundation (an organization administering the assets of the charitable trust of James Irvine) from 2002 to 2003; President and Chief Executive Officer, KQED, Inc. (a public broadcasting center) from 1993 to 2002.	
Martin A. Stein; 65; 1999	Partner, RSA Ventures since 1999 (a venture capital company that invests in new technology companies); Chief Executive Officer and President, Sonoma Mountain Ventures, LLC (strategic and technology consulting and venture capital) 1998 to 2004.	
Barbara J. Tanabe; 57; 2004	Owner and Partner, Ho'akea Communications, LLC (a communication and community building company) since 2003; Owner and Partner, Ho'akea (a public affairs company) from 2001 to 2003; Managing Director, Pacific Century Inc. (a business consulting company) from 1995.	
Robert W. Wo, Jr.; 53; 2002	President and Director, C.S. Wo & Sons, Ltd. (a furniture retailer) since 1984.	

BENEFICIAL OWNERSHIP

At the close of business on February 17, 2006, Bank of Hawaii had 51,106,794 shares of its common stock outstanding. As of February 17, 2006, this table shows how much Bank of Hawaii common stock was owned by (i) its directors and nominees, (ii) the executive officers named in the Summary Compensation table on page 23 (the "named executive officers"), and (iii) entities that are known by us to own beneficially more than five percent of Bank of Hawaii's common stock. Unless otherwise indicated and subject to applicable community property and similar statutes, all persons listed below have sole voting and investment power over all shares of common stock beneficially owned. Share ownership has been computed in accordance with SEC rules and does not necessarily indicate beneficial ownership for any other purpose.

AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP

Name	Number of Shares Beneficially Owned	Right to Acquire Within 60 Days	Total	Percent of Outstanding Shares as of 02-17-06
Private Capital Management L.P. 8889 Pelican Blvd. Naples, Florida 34108	3,978,801	-0-	3,978,801	7.8%(1)
Goldman Sachs Asset Management, L.P. 32 Old Slip New York, New York 10005	3,359,337	-0-	3,359,337	6.5%(1)
Barclays Global Investors, NA. Barclays Global Fund Advisors Barclays Global Investors, Ltd. Barclays Global Investors Japan Trust and Banking Company Limited 45 Fremont Street San Francisco, CA 94105	3,152,138	-0-	3,152,138	6.1%(1)
S. Haunani Apoliona	2,571(2)	16,800	19,371	*
Mary G.F. Bitterman	15,567(2)(3)	20,000	35,567	*
Michael J. Chun	5,355(2)	17,000	22,355	*
Clinton R. Churchill	7,506(2)(6)	17,000	24,506	*
David A. Heenan	18,133(2)(5)	22,000	40,133	*
Robert Huret	9,568(2)	12,000	21,568	*
Kent T. Lucien	-0-	-0-	-0-	*
Martin A. Stein	1,755(2)	15,000	16,755	*
Donald M. Takaki	11,718(2)	21,000	32,718	*
Barbara J. Tanabe	9,658(2)	16,000	25,658	*
Robert W. Wo, Jr.	13,720(2)(3)	17,000	30,720	*
Allan R. Landon	155,801	242,238	398,039	*
Peter S. Ho	45,801	57,835	103,636	*
Alton T. Kuioka	161,305(2)(4)	30,000	191,305	*
Donna A. Tanoue	17,471(2)	160,054	177,525	*
David W. Thomas	47,487	69,950	117,437	*
Directors, nominees and executive officers as a group (20 persons)	578,050	997,093	1,575,143	3.1%

*

Each of the directors and named executive officers beneficially owns less than 1 percent of the outstanding common stock.

Share amounts disclosed in the beneficial ownership table and accompanying notes exclude 152,273 shares owned by the Bank of Hawaii Charitable Foundation (the "Foundation"), a non-profit corporation. The directors of the Company are directors of the Foundation, and Ms. Tanoue and Mr. Landon serve as the Foundation's president and its vice president, respectively. Each of the directors, Ms. Tanoue and Mr. Landon disclaims beneficial ownership of the shares of the Company held by the Foundation.

Notes to Table on Amount and Nature of Beneficial Ownership

All stock is subject to sole voting and investment power unless otherwise specified.

- (1) According to the information furnished by it, Private Capital Management, L.P. ("PCM") is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended. As of its most recent filing made under Section 13(g) of the Securities Exchange Act of 1934 on February 14, 2006, PCM, in its capacity as investment adviser, may be deemed to have beneficial ownership as of December 31, 2005 of 3,978,801 shares of Bank of Hawaii common stock owned by numerous investment advisory clients, none known to have more than 5 percent of the class. According to the same filing, PCM has shared power to vote or to direct the vote and shared power to dispose or to direct the disposition of 3,978,801 shares.
- According to the information furnished by it, Goldman Sachs Asset Management ("GSAM") is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended. As of its most recent filing made under Section 13(g) of the Securities Exchange Act of 1934 on February 3, 2006, GSAM, in its capacity as investment adviser, may be deemed to have beneficial ownership as of December 31, 2005 of 3,359,337 shares of Bank of Hawaii common stock owned by numerous investment advisory clients, none known to have more than five percent of the class. According to the same filing, GSAM had sole power to vote or to direct the vote over 2,048,563 of those shares, and sole power to dispose or to direct the disposition of 3,359,337 shares.
- According to the information furnished by them, Barclays Global Investors, NA, Barclays Global Fund Advisors, Barclays Global Investors, Ltd., and Barclays Global Investors Japan Trust and Banking Company Limited (collectively referred to as "Barclays") are either investment advisers registered with the SEC under the Investment Advisers Act of 1940, as amended, or banks as defined in section 3(a) (6) of the Securities Exchange Act of 1934. As of its most recent filing made under Section 13(g) of the Securities Exchange Act of 1934 on January 31, 2006, Barclays, as a group, may be deemed to have beneficial ownership as of December 31, 2005 of 3,152,138 shares of Bank of Hawaii common stock owned by numerous investment advisory or bank clients, none known to have more than five percent of the class. According to the same filing, Barclays has sole power to vote or to direct the vote over 2,741,625 of those shares, and sole power to dispose or to direct the disposition of 3,152,138 shares.
- (2) Includes restricted shares owned by directors and named executive officers under the Director Stock Program: Ms. Apoliona, 2,355 shares; Ms. Bitterman 2,355 shares; Dr. Chun, 2,355 shares; Mr. Churchill, 2,355 shares; Mr. Heenan, 2,355 shares; Mr. Huret, 1,355 shares; Mr. Kuioka, 800 shares; Mr. Stein, 1,755 shares; Mr. Takaki, 2,355 shares; and Ms. Tanoue, 200 shares. Includes shares owned by directors under the Directors Deferred Compensation Plan: Messrs. Churchill 3,766 shares, Heenan 15,202 shares, Huret 8,213 shares, Takaki 9,363 shares, and Wo 3,615 shares and Ms. Tanabe 3,919 shares.
- (3) Includes shares held individually by family members of which the specified officer or director may be deemed to have shared voting or investment power as follows: Ms. Bitterman, 6,743 shares and Mr. Wo, 2,400 shares.
- (4) Includes 20,749 shares held in trust for Mr. Kuioka under the Bank of Hawaii Retirement Savings Plan.
- (5) Includes 420 shares owned by a family partnership of which Mr. Heenan has shared voting and investment power. Also includes 156 shares owned by David A. Heenan, Inc. of which Mr. Heenan is president.
- (6) Includes 500 shares held in a pension plan.

**CORPORATE GOVERNANCE
BOARD STRUCTURE & COMPENSATION**

Corporate Governance Guidelines

The Company and the Board have adopted Corporate Governance Guidelines ("Governance Guidelines"), which are posted on the Company's Investor Relations website at www.boh.com. Shareholders may receive a copy of the Governance Guidelines by writing the Corporate Secretary at 130 Merchant Street Honolulu, Hawaii 96813. The Governance Guidelines address director qualification and independence standards, responsibilities, access to management and independent advisors, compensation, orientation and continuing education, Board committees, Chief Executive Officer evaluation, management succession, Code of Business Conduct and Ethics, shareholder communications to the Board and the Board's annual performance evaluation.

Board Governance and Attendance

The Board met ten times during 2005. The Board's policy is that directors should make every effort to regularly attend meetings of the Board and committees on which they serve and the Company's annual shareholder meeting. Each director attended 75% or more of the aggregate of the total number of Board meetings and the total number of meetings held by the committees on which he or she served in 2005. All of the Company's then current directors attended the 2005 shareholders' meeting.

The Board has four standing committees: the Audit Committee, the Human Resources & Compensation Committee (the "Compensation Committee"), the Executive & Strategic Planning Committee (the "Executive Committee"), and the Nominating & Corporate Governance Committee. The committee charters are posted on the Investor Relations page of the Company's website www.boh.com.

Ms. Bitterman has served as the Lead Independent Director since 1999, and is Vice Chairman of the Executive Committee and Chair of the Nominating & Corporate Governance Committee. The Lead Independent Director's duties are set forth in the Governance Guidelines and include presiding over regularly scheduled executive sessions of the non-management directors and serving as a liaison between the non-management directors and executive management and assisting the Board and executive management to ensure compliance with the Governance Guidelines. The non-management directors meet in executive session without management in attendance for regularly scheduled meetings which are usually held five times a year. The non-management directors may also meet in executive session each time the full Board convenes for a meeting. In 2005, the non-management directors met in executive session seven times.

Board Independence

The Board has a majority of independent directors as defined by the listing standards of the New York Stock Exchange ("NYSE") and the Governance Guidelines. In considering all of the relevant facts and the categorical standards with respect to each director and nominee, the Board has affirmatively determined that all directors and nominees other than Messrs. Landon, Stein and Takaki are independent within the meaning of the NYSE listing standards and the Board's categorical standards for determining independence. The following eight directors and nominees have been affirmatively determined by the Board to be independent: Messrs. Chun, Churchill, Heenan, Huret and Wo, and Mmes. Apoliona, Bitterman and Tanabe. All of the committees, with the exception of the Executive Committee, are composed entirely of independent directors. The Board has adopted the following categorical standards for determining whether a director is independent.

- a) In no event shall a director be considered independent if the director is an employee, or the director's immediate family member is an executive officer of the Company until three years after the end of such employment relationship. Employment as an interim Chairman or Chief

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Executive Officer ("CEO") shall not disqualify a director from being considered independent following that employment.

- b) In no event shall a director be considered independent if the director receives, or their immediate family member receives, more than \$100,000 per year in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service) and is not independent until three years after ceasing to receive such compensation.
- c) In no event shall a director be considered independent if the director is affiliated with or employed by, or whose immediate family member is affiliated with or employed in a professional capacity by, a present or former internal or external auditor of the Company until three years after the end of the affiliation or the employment or auditing relationship.
- d) In no event shall a director be considered independent if the director is employed, or the director's immediate family member is employed, as an executive officer of another company where any of the Company's present executives serves on that company's compensation committee until three years after the end of such service or employment relationship.
- e) In no event shall a director be considered independent if the director is an executive officer or employee, or an immediate family member of the director is an executive officer, of a company that makes payments to, or receives payments from, the Company for property or services in an amount which, in any single fiscal year, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues for such year, until three years after falling below such threshold.
- f) A director will not fail to be deemed independent solely as a result of the director's and the director's immediate family members', or a director's affiliated entity's, banking relationship with the Company if such relationship does not violate paragraphs (a) through (e) above and is made in the ordinary course of business on substantially the same terms as those prevailing at the time for comparable transactions with persons not affiliated with the Company and, with respect to extensions of credit, is made in compliance with applicable law, including Regulation O of the Board of Governors of the Federal Reserve System, and do not involve more than the normal risk of collectability or present other unfavorable features.
- g) Audit Committee members may not receive directly or indirectly any consulting, advisory or other compensatory fee from the Company and shall otherwise meet the independence criteria of Section 10A-3 of the Securities Exchange Act of 1934, as amended. Audit Committee members may receive director's fees and other in-kind consideration ordinarily available to directors, as well as regular benefits that other directors receive (including any additional such fees or consideration paid to directors with respect to service on committees of the Board).
- h) If a particular commercial, industrial, banking, consulting, legal, accounting, charitable or familial relationship or transaction that is not addressed by the above standards exists between a director and the Company, the Board will determine, after taking into account all relevant facts and circumstances, whether such relationship or transaction is in the Board's judgment material, and therefore whether the affected director is independent.

For purposes of these independence standards, an "immediate family member" includes the director's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares the director's home.

Code of Business Conduct & Ethics

The Company has earned its reputation as a respected leader in the communities it serves and in the financial services industry by conducting business in an ethical, responsible and professional manner. The

Company is proud of the high standards of quality and service that have been our hallmark through the years. These qualities represent fundamental business practices and apply to all directors, officers and employees. All directors owe a duty of loyalty to the Company. This duty mandates that, in the course of carrying out the duties and responsibilities of that position, the best interest of the Company and its shareholders take precedence over any personal interests of the director.

The Company and Board have adopted a Code of Business Conduct and Ethics for Directors, Officers and Employees (the "Code of Conduct and Ethics"), which is posted on the Investor Relations page of the Company's website www.boh.com. The Code of Conduct and Ethics addresses the professional, honest and candid conduct of each director, officer and employee; conflicts of interest, disclosure process and compliance with laws, rules and regulations, (including insider trading laws); corporate opportunities, confidentiality, fair dealing, protection and proper use of Company assets; and encourages the reporting of any illegal or unethical behavior. The Company will disclose any amendments to, or waivers, of the Code of Conduct and Ethics for directors or executive officers on the Company's website. Shareholders may obtain a printed copy by contacting the Corporate Secretary at the address previously provided.

Board Compensation

Directors' fees are paid only to directors who are not employees of the Company. In 2005, each such director was paid an annual retainer of \$20,000, plus \$750 for each Board meeting attended. The Lead Independent Director is paid an additional annual retainer fee of \$10,000. Directors are reimbursed for board-related travel expenses, and directors who are non-Hawaii residents receive an additional \$5,000 to compensate them for travel time. The Company does not have a retirement plan for directors who are not employed by the Company or its subsidiaries.

Directors who are not employed by the Company and who serve as members of the Compensation Committee or the Executive Committee receive \$750 for each meeting attended. The fee is \$1,500 per meeting for members of the Audit Committee and \$2,000 per meeting for the Chairman of the Audit Committee. The chairs of the Compensation and Audit Committees, and the vice chair of the Executive Committee, also receive an annual retainer of \$5,000.

Directors Deferred Compensation Plan

The Company maintains a Directors Deferred Compensation Plan under which each director may elect to defer either all of his or her annual retainer and meeting fees, or all of his or her annual retainer. Distribution of the deferred amounts will begin as of the first day of the first month after the participating director ceases to be a director of the Company. Distribution will be made in a lump sum or in approximately equal annual installments over such period of years (not exceeding 10 years) as the director elects at the time of deferral. Under such Plan, deferred amounts are not credited with interest, but they are valued based on corresponding investments in Pacific Capital Funds or Bank of Hawaii stock, as selected by the participants. In January 2006, the Director's Deferred Compensation Plan was amended to bring it into compliance with certain requirements of Section 409A of the Internal Revenue Code, which was enacted under the American Jobs Creation Act of 2004. In general, the requirements of Section 409A impose certain new rules for non-qualified deferred compensation plans, primarily relating to the timing of elections and distributions.

Director Stock Program

In April 2005, the shareholders approved the Bank of Hawaii Corporation Amended and Restated Director Stock Compensation Plan ("Amended Director Stock Plan"). The purpose of the Amended Director Stock Plan is to advance the interest of the Company by encouraging and enabling eligible members of the Board to acquire and retain throughout each member's tenure as director a proprietary interest in the Company by ownership of shares of Bank of Hawaii common stock. The Amended Director Stock Plan allows for the granting of stock options, restricted stock, and restricted stock units. Under the

Amended Director Stock Plan, the Board has the flexibility to set the form and terms of awards. In 2005, the Company issued 555 shares of restricted common stock ("Restricted Shares") and an option for 2,057 common shares to each non-employee director. The exercise price of the options was based on the closing market price of \$47.35 on the date that the options were granted. Each option expires ten years from the date of grant and vests in one-third annual increments. The Amended Director Stock Plan will terminate on April 28, 2015, unless the Board terminates the plan at an earlier time.

Under the previous Director Stock Program, the Company annually granted 200 shares of restricted common stock and an option for 3,000 common shares to each non-employee director. The exercise price of the options was based on the closing market price of the shares on the date that the options were granted. Each option expires ten years from the date of grant and is generally not transferable. If an optionee ceases to serve as a director for any reason other than death or disability, any unexercised options terminate. Upon the exercise of options, the shares received ("Option Shares") are nontransferable during the term of the director. If an optionee ceases to serve as a director prior to the end of his or her term, for any reason other than death or disability, the Option Shares will be redeemed by the Company at a price equal to the exercise price. The Restricted Shares are also nontransferable during the term of the director. If an optionee ceases to serve as a director prior to the end of his or her term, for any reason other than death, disability, removal without cause, or change of control, the Restricted Shares are forfeited.

Director Qualifications and Nomination Process

The Nominating & Corporate Governance Committee is responsible for identifying and assessing all director candidates and recommending nominees to the Board. Potential nominees will be evaluated based on their independence, within the meaning of the Governance Guidelines and the rules of the NYSE. Candidates to be nominated as a director, including those submitted by shareholders, are selected based on, among other criteria, their integrity, informed judgment, financial literacy, high performance standards, accomplishments and reputation in the community, experience, skill sets, and ability to commit adequate time to Board and committee matters and to act on behalf of shareholders.

The criteria also include a determination of the needs of the Board and of the individuals' personal qualities and characteristics with those of the other directors and potential directors in building a Board that is effective, collegial and responsive to the needs of the Company and its shareholders. The Board should encompass a broad range of skills, expertise, industry knowledge, diversity of viewpoints, background, and business and community contacts relevant to the Company's business. Mr. Lucien has been identified and nominated as a director for inclusion in this year's proxy statement by members of the Nominating & Corporate Governance Committee to fill a vacancy created by the retirement of Peter D. Baldwin effective November 18, 2005.

A shareholder may submit a candidate for consideration by the Board to be included in the Board's slate of director nominees. Candidates proposed by shareholders will be evaluated by the Nominating & Corporate Governance Committee under the same criteria that are applied to other candidates. The criteria are set forth above and in the Company's By-Laws and Governance Guidelines. Candidates to be considered for nomination by the Nominating & Corporate Governance Committee at the 2007 Annual Meeting of Shareholders must be presented in writing to the Corporate Secretary on or before November 17, 2006 at 130 Merchant Street, Honolulu, Hawaii 96813 to be included in the Company's proxy statement for 2007.

Communication with Directors

Shareholders may communicate with the Board, Non-Management Directors or Lead Independent Director by sending correspondence c/o the Company's Corporate Secretary, 130 Merchant Street, Honolulu, Hawaii 96813. All communications received will be forwarded to the Board, Non-Management Directors or Lead Independent Director as addressed.

BOARD COMMITTEES AND MEETINGS

The following information provides an overview of the primary responsibilities of the Board's standing committees and committee membership. The Board has affirmatively determined that all of the members of the Audit, Compensation and Nominating & Corporate Governance Committees ("Board Committees") meet the standards of the NYSE and the Company's Governance Guidelines for independence. The Board Committees' charters require that each committee perform an annual evaluation of its performance and assess the adequacy of its charter. Each Committee has the authority to retain consultants and advisors to assist it in its duties, including the sole authority for the retention, termination and negotiation of the terms and conditions of the assignment.

Copies of the Board Committee charters and governance guidelines can be viewed on the Investor Relations page of the Company's website at www.boh.com. Shareholders may request a printed copy of the charters and Governance Guidelines by contacting the Corporate Secretary at 130 Merchant Street, Honolulu, Hawaii 96813.

Audit Committee: 7 Meetings in 2005

Responsibilities of Committee

Current Members

The Committee assists the Board in its oversight of the following areas of the Company: regulatory and financial accounting and reporting and credit risk management; compliance with legal and regulatory requirements; independent registered public accounting firm's qualifications and independence; and the performance of internal audit function and independent registered public accounting firm.

Clinton R. Churchill (Chairman)
Robert Huret
Mary G.F. Bitterman
Robert W. Wo, Jr.

The Board has determined that Robert Huret meets the definition of "financial expert" within the meaning of the SEC regulations adopted under the Sarbanes-Oxley Act of 2002.

The Board has determined that all Committee members meet the NYSE standard of financial literacy and have accounting or related financial management expertise.

None of the Committee members currently serves on the audit committee of another publicly traded company.

The Committee has adopted policies and procedures governing the following: pre-approval of audit and non-audit services; the receipt and treatment of complaints regarding accounting, internal controls, or auditing matters and the confidential, anonymous submission by employees of the Company regarding questionable accounting or audit matters; and restrictions on the Company's hiring of employees of the independent registered public accounting firm.

Compensation Committee: 10 Meetings in 2005

Responsibilities of Committee

Current Members

The Committee reviews, approves and reports to the Board on the corporate goals and objectives relevant to the CEO's compensation; evaluates the CEO's performance in light of those goals and objectives; and determines and approves the CEO's compensation based on this evaluation.

David A. Heenan (Chairman)
Mary G.F. Bitterman
Barbara J. Tanabe

The Committee reviews, approves, and reports to the Board on the compensation arrangements and plans for executive management of Bank of Hawaii.

The Committee reviews and approves goals for incentive compensation plans and stock plans, and evaluates performance against those goals.

The Committee reviews management development and training programs.

The Committee reviews succession planning for senior and executive management.

Executive Committee: -0- Meetings in 2005

Responsibilities of Committee

Current Members

The Committee has power to act for the Board in between its meetings except on those matters reserved to the Board by the By-Laws or otherwise.

Allan R. Landon (Chairman)
Mary G.F. Bitterman
(Vice Chairman)
Clinton R. Churchill
David A. Heenan
Robert W. Wo, Jr.

The Committee has the authority to advise the CEO and Board on long-range strategy and monitor the Company's progress.

Nominating & Corporate Governance Committee: 5 Meetings in 2005

Responsibilities of Committee

Current Members

The Committee reviews the qualifications of all Board candidates and recommends qualified candidates for membership on the Board.

The Committee reviews the Board's organization, procedures and committees and makes recommendations concerning the size and composition of the Board and its committees.

The Committee makes recommendations to the Board regarding standards for determining non-management director independence and reviews the qualifications and independence of the members of the Board and its committees.

The Committee reviews and evaluates the Company's compliance with corporate governance requirements and leads and oversees the Board and its committees' annual performance evaluations.

Further information regarding the responsibilities performed by the Committee and the Company's corporate governance is provided in the Governance Guidelines.

Mary G.F. Bitterman (Chairman)
S. Haunani Apoliona
Michael J. Chun
Clinton R. Churchill
David A. Heenan
Robert Huret
Barbara J. Tanabe
Robert W. Wo, Jr.

AUDIT COMMITTEE REPORT

The Board has determined that the Audit Committee's four members are independent directors, in accordance with the applicable laws, regulations, NYSE listing requirements and the Governance Guidelines. The Audit Committee operates under and annually reviews a written charter that has been adopted by the Board. Audit Committee members do not accept any consulting, advisory or other compensatory fees (except director fees) and are not affiliated with the Company (except as a director) or any subsidiary.

The Board has determined that the Audit Committee has one audit committee financial expert, Robert Huret, within the meaning of SEC regulations adopted under the Sarbanes-Oxley Act of 2002, and that all Audit Committee members are financially literate and have accounting or related financial management expertise. None of the Audit Committee members currently serve on the audit committee of another publicly traded company.

The Audit Committee's responsibilities include providing oversight of the quality and integrity of the Company's regulatory and financial accounting and reporting, risk management, legal and regulatory compliance and internal and external audit functions and the preparation of this Audit Committee report. The Audit Committee has reviewed and discussed with management and the independent registered public accounting firm the Company's audited financial statements for the fiscal year 2005. The Audit Committee has also discussed with management and the independent registered public accounting firm the matters required to be discussed by Statement on Accounting Standards No. 61 (*Communication with Audit Committees*), as amended. These discussions include the quality, not just the acceptability, of the accounting principles applied. The Company's independent registered public accounting firm have provided to the Audit Committee their written disclosures and letter required by Independence Standards Board Standard No. 1 (*Independence Discussions with Audit Committees*), and the Audit Committee has discussed with the independent registered public accounting firm, that firm's qualifications and independence. The Audit Committee has adopted Pre-Approval Procedures for Audit and Non-Audit Services (the "Pre-Approval Procedures") that requires advance approval of all audit, audit-related, tax and other services performed by the independent registered public accounting firm. The Pre-Approval Procedures provide for the Audit Committee's pre-approval of specifically defined audit and non-audit services. Unless the specific service has been previously pre-approved with respect to that year, the Audit Committee must approve the permitted service before the independent registered public accounting firm is engaged to perform it. The Audit Committee may delegate pre-approval authority to any one of its members who shall report any pre-approval decisions to the Audit Committee at its next scheduled meeting.

Based on the review and discussions referred to above, the Audit Committee recommended to the Company's Board that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2005 for filing with the SEC.

As submitted by the members of the Audit Committee,

Clinton R. Churchill (Chairman)
Robert Huret
Mary G.F. Bitterman
Robert W. Wo, Jr.

**EXECUTIVE COMPENSATION
REPORT OF THE COMPENSATION COMMITTEE**

The Compensation Committee, composed entirely of independent directors in accordance with the applicable laws, regulations, NYSE listing requirements and the Governance Guidelines, sets and administers policies that govern the Company's executive compensation programs, and various incentive and stock programs. The Compensation Committee reviews compensation levels of members of executive management, evaluates the performance of executive management, and considers executive management succession and related matters. All decisions relating to compensation of the named executive officers are shared with the full Board.

The policies and underlying philosophy governing the Company's executive compensation program, as endorsed by the Compensation Committee and the Board, are designed to accomplish the following:

Maintain a compensation program that is equitable in a competitive marketplace.

Provide opportunities that integrate pay with the Company's annual and long-term performance goals.

Encourage achievement of strategic objectives and creation of shareholder value.

Recognize and reward individual initiative and achievements.

Maintain an appropriate balance between base salary and short and long-term incentive opportunity.

Allow the Company to compete for, retain, and motivate talented executives critical to its success.

The Compensation Committee seeks to establish executive compensation at levels that the Compensation Committee believes to be consistent with others in the banking industry. Executive officers' compensation is weighted toward programs contingent upon the Company's level of annual and long-term performance. In general, for executive management positions of the Company (including the Company's named executive officers) and its subsidiaries, the Company will pay base salaries that, on average, are at the 50th percentile of other banks and financial service companies of Bank of Hawaii's asset size and complexity and that have similar products and markets. A significant portion of each executive's compensation is dependent on achieving business and financial goals, attaining other individual performance objectives and upon stock price appreciation. Goals for specific components include base salaries for executives which are generally targeted at the 50th percentile and the Executive Incentive Plan which provides above 50th percentile awards if annual goals are exceeded.

The Compensation Committee retains the services of nationally recognized consulting firms to assist in performing its various duties. These duties include the evaluation of competitive compensation levels and recommendations for the compensation of the CEO. Those firms advise the Compensation Committee on compensation programs for the named executive officers and executive management of the Company. The Company also obtains extensive compensation studies every 2-3 years. The most recent compensation study focusing on executive officers was conducted in 2004-2005. These studies provide an external competitive analysis of compensation for incumbents in the Company's Operating Committee, which includes the named executive officers and other executives, using data that focuses primarily on the Company's major talent and business competitors, including banking and diversified financial organizations. The organizations reflected in the data are also generally comparable in terms of overall size, business mix, and geographic scope. Many of the organizations in the S&P Bank index are represented in the study. For the 2004-2005 study, the consultants provided base salary levels and other pay data to derive market-based compensation levels that were appropriate for the Company's executive positions. The results of the study found that the Company's overall pay levels were at the median levels of peer companies.

2005 Compensation Elements

Compensation earned by the named executive officers in 2005, as reflected in the Summary Compensation Table, Long-Term Incentive Plans Awards In Last Fiscal Year table and Stock Options Granted in Last Fiscal Year table, consisted of base salary, bonus (Executive Incentive Plan), retirement contributions, stock options, and restricted stock.

Base Salaries

Base salaries for named executive officers are determined by evaluating the responsibilities of the positions held, the experience of the individual, the competitive marketplace, and the individual's performance of his or her responsibilities. The greatest emphasis is on individual performance and the competitive marketplace. Adjustments to salary also reflect new responsibilities assigned or assumed by the individual. Also taken into account are key differences in responsibilities between the executives of Bank of Hawaii and of other banks, and the overall economic environment. No specific weighting is given to the foregoing factors.

Executive Incentive Plan

The objectives of the Executive Incentive Plan are to optimize profitability and growth of the Company, provide an incentive for excellence in individual performance, advance the corporate and cultural imperatives and promote corporate initiatives. The Company's corporate and cultural imperatives include acting accountably, communicating openly and honestly, being results driven, working effectively in teams and embracing change. The corporate initiatives are to accelerate growth in our markets, better integrate our business segments, continue to develop our management team, improve our operating efficiency, and maintain our culture of dependable risk and capital management, in order to achieve our governing objective of maximizing shareholder value over time.

At the Compensation Committee's discretion, each participant is granted a contingent award expressed as dollars or a percentage of salary for the fiscal year and is contingent on both individual and corporate performance criteria. At the end of the fiscal year, the Compensation Committee assesses the performance and makes a determination of the final award amount that may be greater or smaller than the contingent award. The 2005 limit for total awards for participants under the Executive Incentive Plan was two percent of the Company's total net income before taxes. During 2005, the Compensation Committee granted awards to the named executive officers that participated in the Executive Incentive Plan for their 2005 performance. The amounts of these awards are described in the Summary Compensation Table.

To qualify certain awards as performance-based compensation exempt from the \$1 million compensation deduction limitation under Section 162(m) of the Internal Revenue Code of 1986 (the "Code"), a contingent award to a named executive officer is limited to a percentage of an incentive pool determined for the fiscal year (the "incentive pool percentage"). The incentive pool is expressed as a percentage of the Company's net income for the fiscal year, and the total of the contingent awards for named executive officers for a fiscal year may not exceed 100 percent of the incentive pool. After assessing the satisfaction of the applicable performance criteria for the fiscal year, the final award amount for a named executive officer may be lesser, but not greater, than the officer's stated incentive pool percentage. The incentive pool percentages do not constitute "targets," but instead constitute the stated upper limit on final award amounts to give the Compensation Committee flexibility in determining final awards in compliance with the performance-based exemption under Section 162(m). In addition, as an overriding limitation, the maximum aggregate payout for contingent awards granted in any one fiscal year to any one participant is \$2,000,000.

In December 2005, the Executive Incentive Plan was amended to bring it into compliance with certain requirements of Section 409A of the Internal Revenue Code, which was enacted under the American Jobs

Creation Act of 2004. In general, these requirements of Section 409A impose certain new rules for non-qualified deferred compensation plans, primarily relating to the timing of elections and distributions.

2004 Stock and Incentive Compensation Plan

The Compensation Committee considers stock options, restricted stock and restricted stock unit grants under the 2004 Stock and Incentive Compensation Plan (the "2004 Plan") for employees of the Company. Awards under the 2004 Plan are granted by the Compensation Committee to those employees whose responsibilities place them in a position to make substantial contributions to the financial success of the Company. The Compensation Committee, which administers the 2004 Plan, determines whether the options are incentive stock options or nonqualified stock options. All stock options granted in 2005 had an exercise price equal to the market price of the Company's common stock on the date of grant.

The Compensation Committee believes stock options provide a strong incentive to increase shareholder value, because these awards have value only if the stock price increases over time. The Compensation Committee also believes that restricted stock and restricted stock units, when used as an integral part of incentive compensation programs, provide an incentive to increase shareholder value. The Compensation Committee believes such equity awards to its named executive officers and other employees help to align the interests of management with those of shareholders and to focus the attention of management on the long-term success of the Company.

In 2005, the size of the stock options and restricted stock grants under the 2004 Plan were based primarily on the individual's responsibilities, performance and position. Individual awards were also affected by the Compensation Committee's subjective evaluation of other factors it deemed appropriate, such as assumption of additional responsibilities, competitive factors, and achievements that in the Compensation Committee's view were not fully reflected by other compensation elements. The Compensation Committee's decisions concerning individual grants generally are not affected by the number of options previously exercised, or the number of unexercised options held.

In 2005, the Compensation Committee granted a total of 255,499 options and 109,500 shares of restricted stock to twenty-seven employees that are subject to certain time and performance-based vesting criteria. The amounts of individual awards in 2005 were based on individual positions, responsibilities, performance and leadership. Additional information regarding the stock grants issued to named executive officers is provided in the Long-Term Incentive Plans Awards in Last Fiscal Year table. Additional information regarding stock options issued to named executive officers is provided in the Stock Options Granted in Last Fiscal Year table.

Retirement and Other Compensation

Executive officers are eligible to participate in health and insurance plans, retirement plans, profit sharing and other benefits generally available to all full time employees. The Compensation Committee believes that such benefits should be competitive in our markets and consistent with its belief in offering employees basic health, welfare and retirement benefits. Additional information with respect to the type and amount of benefits appears in the column entitled All Other Compensation in the Summary Compensation Table and in footnote number seven to the Summary Compensation Table.

Stock Ownership Guidelines

The Compensation Committee believes that it is important for executive management to support an ownership culture for the Company's employees and shareholders, and in 2001, implemented stock ownership guidelines which require the named executive officers to own a minimum amount of the Company's stock within three years. The Chairman and CEO is required to own at least five times his base salary and the other named executive officers are required to own at least 2.5 times their salary in market value of Company stock. Stock ownership includes net after-tax value of vested stock options, vested grants

of performance-based restricted stock and stock or stock units from qualified plans. All of the named executive officers currently employed by the Company, have met or exceeded the stock ownership requirements.

Executive Deferred Compensation Program

During December 2005, the Compensation Committee adopted the Bank of Hawaii Corporation Executive Deferred Compensation Program, and as a component of that program, a new Bank of Hawaii Corporation Executive Base Salary Deferral Plan (collectively, the "Deferred Compensation Plan"). The Deferred Compensation Plan provides senior management and highly compensated employees of the Company and its subsidiaries, including the named executive officers, with the ability to defer up to 80% of base salary and 100% of bonus amounts. The Deferred Compensation Plan was effective January 1, 2006.

The amounts deferred by the participant will be distributed, as more specifically described in the plan, at the time and form elected by the participant. With respect to the timing, this may be (i) any specific date, (ii) six months from the date the participant separates from service with the Company or its subsidiaries, or (iii) an anniversary (up to five years) of the date the participant separates from service. In addition, the participant may receive his or her deferred compensation balance sooner as a result of disability, death, or unforeseeable emergency.

All deferral elections for a given plan year are irrevocable and cannot be changed. In addition, once the participant elects a distribution date, he or she may change it to a later date but not an earlier date. The participant must make such a ch