

CENTRAL PACIFIC FINANCIAL CORP

Form SC 13D

February 28, 2011

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 13D**

**Under the Securities Exchange Act of 1934  
(Amendment No. \_\_)\***

Central Pacific Financial Corp.

(Name of Issuer)

Common Stock, no par value per share

(Title of Class of Securities)

154760409

(CUSIP Number)

Jeffrey Ferguson

The Carlyle Group

1001 Pennsylvania Avenue, NW

Suite 220 South

Washington D.C. 20004-2505

(202) 729-5626

(Name, Address and Telephone Number of Person Authorized to  
Receive Notices and Communications)

February 18, 2011

(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f), or 240.13d-1(g), check the following box.

**Note:** Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See §240.13d-7 for other parties to whom copies are to be sent.

\* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 ( Act ) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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EX-99.2

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CUSIP No. 154760409

**1** NAME OF REPORTING PERSON  
DBD Cayman Holdings, Ltd.

**2** CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP  
(a)   
(b)

**3** SEC USE ONLY

**4** SOURCE OF FUNDS  
OO

**5** CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO  
ITEM 2(d) OR 2(e)

**6** CITIZENSHIP OR PLACE OF ORGANIZATION  
Cayman Islands

**7** SOLE VOTING POWER

NUMBER OF 0

SHARES BENEFICIALLY OWNED BY **8** SHARED VOTING POWER  
9,463,095

EACH REPORTING PERSON      9      SOLE DISPOSITIVE POWER  
0

WITH      10      SHARED DISPOSITIVE POWER  
9,463,095

11      AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
9,463,095

12      CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES  
o

13      PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  
23.87%<sup>1</sup>

14      TYPE OF REPORTING PERSON

OO (Cayman Islands exempted company)

<sup>1</sup> This calculation is based on 39,647,288 shares of common stock of Central Pacific Financial Corp. outstanding as of the closing of business on February 18, 2011, which includes the 1,527,000 shares of common stock outstanding as of February 3, 2011 as reported in its Annual Report on Form 10-K for the fiscal year ended December 31, 2010 and the 38,120,288 shares of common stock of Central Pacific Financial Corp. that were issued in its capital raise as reported in its Current Report on Form 8-K that was filed on February 18, 2011.

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CUSIP No. 154760102

**1** NAME OF REPORTING PERSON

DBD Cayman, Ltd.

**2** CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a)

(b)

**3** SEC USE ONLY

**4** SOURCE OF FUNDS

OO

**5** CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO  
ITEM 2(d) OR 2(e)

**6** CITIZENSHIP OR PLACE OF ORGANIZATION

Cayman Islands

**7** SOLE VOTING POWER

NUMBER OF 0

**8** SHARES BENEFICIALLY OWNED BY

9,463,095

**9** EACH REPORTING SOLE DISPOSITIVE POWER

PERSON 0

WITH SHARED DISPOSITIVE POWER

10

9,463,095

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

9,463,095

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

12

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

23.87%%<sup>1</sup>

TYPE OF REPORTING PERSON

14

OO (Cayman Islands exempted company)

<sup>1</sup> This calculation is based on 39,647,288 shares of common stock of Central Pacific Financial Corp. outstanding as of the closing of business on February 18, 2011, which includes the 1,527,000 shares of common stock outstanding as of February 3, 2011 as reported in its Annual Report on Form 10-K for the fiscal year ended December 31, 2010 and the 38,120,288 shares of common stock of Central Pacific Financial Corp. that were issued in its capital raise as reported in its Current Report on Form 8-K that was filed on February 18, 2011.

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1 NAME OF REPORTING PERSON

TCG Holdings Cayman II, L.P.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a)

(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

OO

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO  
ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Cayman Islands

7 SOLE VOTING POWER

NUMBER OF 0

8 SHARES BENEFICIALLY OWNED BY 8 SHARED VOTING POWER

9,463,095

9 EACH REPORTING PERSON 9 SOLE DISPOSITIVE POWER

0



WITH SHARED DISPOSITIVE POWER

10

9,463,095

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

9,463,095

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

12

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

23.87%<sup>1</sup>

TYPE OF REPORTING PERSON

14

PN (Cayman Islands exempted limited partnership)

<sup>1</sup> This calculation is based on 39,647,288 shares of common stock of Central Pacific Financial Corp. outstanding as of the closing of business on February 18, 2011, which includes the 1,527,000 shares of common stock outstanding as of February 3, 2011 as reported in its Annual Report on Form 10-K for the fiscal year ended December 31, 2010 and the 38,120,288 shares of common stock of Central Pacific Financial Corp. that were issued in its capital raise as reported in its Current Report on Form 8-K that was filed on February 18, 2011.

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1 NAME OF REPORTING PERSON

TC Group Cayman Investment Holdings, L.P.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a)

(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

OO

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO  
ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Cayman Islands

7 SOLE VOTING POWER

NUMBER OF 0

8 SHARES BENEFICIALLY OWNED BY 9,463,095  
SHARED VOTING POWER

9 EACH REPORTING PERSON 0  
SOLE DISPOSITIVE POWER

WITH SHARED DISPOSITIVE POWER

10

9,463,095

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

9,463,095

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

12

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

23.87%<sup>1</sup>

TYPE OF REPORTING PERSON

14

PN (Cayman Islands exempted limited partnership)

<sup>1</sup> This calculation is based on 39,647,288 shares of common stock of Central Pacific Financial Corp. outstanding as of the closing of business on February 18, 2011, which includes the 1,527,000 shares of common stock outstanding as of February 3, 2011 as reported in its Annual Report on Form 10-K for the fiscal year ended December 31, 2010 and the 38,120,288 shares of common stock of Central Pacific Financial Corp. that were issued in its capital raise as reported in its Current Report on Form 8-K that was filed on February 18, 2011.

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1 NAME OF REPORTING PERSON

Carlyle Financial Services, Ltd.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a)

(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

OO

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO  
ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Cayman Islands

7 SOLE VOTING POWER

NUMBER OF 0

8 SHARES BENEFICIALLY OWNED BY 9,463,095  
SHARED VOTING POWER

9 EACH REPORTING PERSON 0  
SOLE DISPOSITIVE POWER

WITH SHARED DISPOSITIVE POWER

**10**

9,463,095

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

**11**

9,463,095

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

**12**

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

**13**

23.87%<sup>1</sup>

TYPE OF REPORTING PERSON

**14**

OO (Cayman Islands exempted company)

<sup>1</sup> This calculation is based on 39,647,288 shares of common stock of Central Pacific Financial Corp. outstanding as of the closing of business on February 18, 2011, which includes the 1,527,000 shares of common stock outstanding as of February 3, 2011 as reported in its Annual Report on Form 10-K for the fiscal year ended December 31, 2010 and the 38,120,288 shares of common stock of Central Pacific Financial Corp. that were issued in its capital raise as reported in its Current Report on Form 8-K that was filed on February 18, 2011

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CUSIP No. 154760409

**1** NAME OF REPORTING PERSON  
TCG Financial Services, L.P.

**2** CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP  
(a)   
(b)

**3** SEC USE ONLY

**4** SOURCE OF FUNDS  
OO

**5** CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO  
ITEMS 2(d) OR 2(e)

**6** CITIZENSHIP OR PLACE OF ORGANIZATION  
Cayman Islands

**7** SOLE VOTING POWER

NUMBER OF 0

**8** SHARES BENEFICIALLY OWNED BY 8  
SHARED VOTING POWER  
9,463,095

**9** EACH REPORTING 9  
SOLE DISPOSITIVE POWER

PERSON 0

WITH SHARED DISPOSITIVE POWER

10

9,463,095

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

9,463,095

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

12

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

23.87%<sup>1</sup>

TYPE OF REPORTING PERSON

14

PN (Cayman Islands exempted limited partnership)

<sup>1</sup> This calculation is based on 39,647,288 shares of common stock of Central Pacific Financial Corp. outstanding as of the closing of business on February 18, 2011, which includes the 1,527,000 shares of common stock outstanding as of February 3, 2011 as reported in its Annual Report on Form 10-K for the fiscal year ended December 31, 2010 and the 38,120,288 shares of common stock of Central Pacific Financial Corp. that were issued in its capital raise as reported in its Current Report on Form 8-K that was filed on February 18, 2011.

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CUSIP No. 154760409

**1** NAME OF REPORTING PERSON

Carlyle Financial Services Harbor, L.P.

**2** CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a)

(b)

**3** SEC USE ONLY

**4** SOURCE OF FUNDS

OO

**5** CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

**6** CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

**7** SOLE VOTING POWER

NUMBER OF 0

**8** SHARES BENEFICIALLY OWNED BY

9,463,095

**9** EACH REPORTING SOLE DISPOSITIVE POWER



PERSON 0

WITH SHARED DISPOSITIVE POWER

10

9,463,095

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

9,463,095

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

12

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

23.87%<sup>1</sup>

TYPE OF REPORTING PERSON

14

PN

<sup>1</sup> This calculation is based on 39,647,288 shares of common stock of Central Pacific Financial Corp. outstanding as of the closing of business on February 18, 2011, which includes the 1,527,000 shares of common stock outstanding as of February 3, 2011 as reported in its Annual Report on Form 10-K for the fiscal year ended December 31, 2010 and the 38,120,288 shares of common stock of Central Pacific Financial Corp. that were issued in its capital raise as reported in its Current Report on Form 8-K that was filed on February 18, 2011.

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**Item 1. Security and the Issuer**

This Schedule 13D relates to shares of common stock, no par value per share (the Common Stock ), of Central Pacific Financial Corp., a Hawaii corporation (the Issuer ). The principal executive office of the Issuer is located at 220 South King Street, Honolulu, Hawaii 96813.

**Item 2. Identity and Background**

(a) (f)

This Schedule 13D is being filed jointly on behalf of the following persons (collectively, the Reporting Persons ): (1) DBD Cayman Holdings, Ltd., a Cayman Islands exempted company, (2) DBD Cayman, Ltd., a Cayman Islands exempted company, (3) TCG Holdings Cayman II, L.P., a Cayman Islands exempted limited partnership, (4) TC Group Cayman Investment Holdings, L.P., a Cayman Islands exempted limited partnership, (5) Carlyle Financial Services, Ltd., a Cayman Islands exempted company, (6) TCG Financial Services, L.P., a Cayman Islands exempted limited partnership, and (7) Carlyle Financial Services Harbor, L.P., a Delaware limited partnership. The agreement among the Reporting Persons relating to the joint filing of this Schedule 13D, in accordance with Rule 13d-1(k) of the Securities Exchange Act of 1934, as amended, is attached hereto as Exhibit 1.

DBD Cayman Holdings, Ltd. is the sole shareholder of DBD Cayman, Ltd., which is the general partner of TCG Holdings Cayman II, L.P., which is the general partner of TC Group Cayman Investment Holdings, L.P., which is the sole shareholder of Carlyle Financial Services, Ltd., which is the general partner of TCG Financial Services, L.P., which is the general partner of Carlyle Financial Services Harbor, L.P. The shares of Common Stock reported in this Schedule 13D are held directly by Carlyle Financial Services Harbor, L.P.

William E. Conway, Jr., Daniel A. D Aniello and David M. Rubenstein are the ordinary members as well as the directors of DBD Cayman Holdings, Ltd. The ordinary members control DBD Cayman Holdings, Ltd. based on a majority vote. Such individuals expressly disclaim any beneficial ownership of the shares of Common Stock held by Carlyle Financial Services Harbor, L.P. William E. Conway, Jr., Daniel A. D Aniello, David M. Rubenstein and Jeffrey W. Ferguson are the executive officers of DBD Cayman Holdings, Ltd. Each of these executive officers is a citizen of the United States.

William E. Conway, Jr., Daniel A. D Aniello and David M. Rubenstein are the directors of DBD Cayman, Ltd. Each of these directors is a citizen of the United States. William E. Conway, Jr., Daniel A. D Aniello, David M. Rubenstein and Walkers SPV Limited are the executive officers of DBD Cayman, Ltd. Each of these executive officers is a citizen of the United States, except that Walkers SPV Limited is a Cayman Islands exempted company.

William E. Conway, Jr., Daniel A. D Aniello, David M. Rubenstein and Glenn Youngkin are the directors of Carlyle Financial Services, Ltd. Each of these directors is a citizen of the United States. The executive officers of Carlyle Financial Services, Ltd. are Daniel A. D Aniello, William E. Conway, Jr., David M. Rubenstein, Jeffrey Ferguson, Curt Buser, P. Olivier Sarkozy, James Burr, Randal K. Quarles and John C. Redett. Each of these executive officers is a citizen of the United States.

William E. Conway, Jr., Daniel A. D Aniello, David M. Rubenstein, Glenn Youngkin, Jeffrey Ferguson, Curt Buser, P. Olivier Sarkozy, James Burr, Randal K. Quarles, John C. Redett and Walkers SPV Limited are collectively referred to as the Related Persons .

The business address of each of the Reporting Persons and the Related Persons is c/o The Carlyle Group, 1001 Pennsylvania Avenue, N.W., Suite 220 South, Washington, D.C. 20004-2505, except that the business address of Walkers SPV Limited is Walker House, 87 Mary Street, George Town, Grand Cayman KY1-9002, Cayman Islands.

The Reporting Persons are principally engaged in the business of investments in securities.

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To the best knowledge of the Reporting Persons and the Related Persons, none of the Reporting Persons nor the Related Persons has, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

To the best knowledge of the Reporting Persons and the Related Persons, none of the Reporting Persons nor the Related Persons has, during the last five years, been a party to any civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

**Item 3. Source and Amount of Funds or Other Consideration**

Pursuant to the Investment Agreement, dated as of November 4, 2010, by and between the Issuer and Carlyle Financial Services Harbor, L.P. ( Carlyle ), as amended by Amendment No. 1, dated as of December 20, 2010, and by Amendment No. 2, dated as of February 10, 2011 (the Amendments ) (as amended by the Amendments, the Investment Agreement ), on February 18, 2011, Carlyle acquired, for an aggregate purchase price of \$94,630,950 (the Purchase Price ), 9,463,095 shares of Common Stock. The Purchase Price was funded by capital contributions by the partners of Carlyle.

The foregoing description of the Investment Agreement does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the full text of the Investment Agreement and the Amendments, which are included as Exhibits 99.3, 99.4 and 99.5 hereto and are each incorporated by reference to this Item 3.

**Item 4. Purpose of Transaction**

The information set forth in Items 3 and 6 is incorporated herein by reference.

Carlyle acquired the Common Stock described in Item 3 (the Investment ) for investment purposes. The Investment was not motivated by an intent to exercise control, directly or indirectly, over the management, policies or business operations of the Issuer.

Subject to the limitations imposed by the Investment Agreement and applicable federal and state securities laws, the Reporting Persons may seek to dispose of the Common Stock (including, without limitation, distributing some or all of the Common Stock to the Reporting Persons' respective members, partners, stockholders or beneficiaries, as applicable) from time to time, subject to market conditions and other investment considerations. To the extent permitted by the Investment Agreement and applicable bank regulatory limitations, each Reporting Person may directly or indirectly acquire additional shares of Common Stock or associated rights or securities exercisable for or convertible into Common Stock, depending upon an ongoing evaluation of its investment in Common Stock and securities exercisable for or convertible into Common Stock, applicable legal restrictions, prevailing market conditions, liquidity requirements of such Reporting Person and/or other investment considerations.

To the extent permitted under the Investment Agreement, the Reporting Persons may engage in discussions with management, the board of directors, other stockholders of the Issuer and other relevant parties concerning the business, operations, board composition, management, strategy and future plans of the Issuer.

The foregoing description of the Investment Agreement does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the full text of the Investment Agreement and the Amendments, which are included as Exhibits 99.3, 99.4 and 99.5 hereto and are each incorporated by reference to this Item 4.

Other than as described in this Item 4, each of the Reporting Persons and, to the knowledge of each of the Reporting Persons, each of the Related Persons have no present plans or proposals that relate to or would result in any of the events set forth in Items 4(a) through (j) of Schedule 13D.

**Table of Contents****Item 5. Interest in Securities of the Issuer**

The information contained on the cover pages to this Schedule 13D and the information set forth or incorporated in Items 2, 3, 4 and 6 is incorporated herein by reference.

(a) and (b)

Reporting Person	Amount	Percent of Class	Sole Power to Vote or Direct the Vote	Shared Power to Vote or Direct the Vote	Sole Power to Dispose or to Direct Disposition	Shared Power to Dispose or to Direct Disposition
DBD Cayman Holdings, Ltd.	9,463,095	23.87%	0	9,463,095	0	9,463,095
DBD Cayman, Ltd.	9,463,095	23.87%	0	9,463,095	0	9,463,095
TCG Holdings Cayman II, L.P.	9,463,095	23.87%	0	9,463,095	0	9,463,095
TC Group Cayman Investment Holdings, L.P.	9,463,095	23.87%	0	9,463,095	0	9,463,095
Carlyle Financial Services, Ltd.	9,463,095	23.87%	0	9,463,095	0	9,463,095
TCG Financial Services, L.P.	9,463,095	23.87%	0	9,463,095	0	9,463,095
Carlyle Financial Services Harbor, L.P.	9,463,095	23.87%	0	9,463,095	0	9,463,095

The percentage calculations are based on 39,647,288 shares of Common Stock outstanding as of the closing of business on February 18, 2011, which includes the 1,527,000 shares of common stock outstanding as of February 3, 2011 as reported in the Issuer's Annual Report on Form 10-K for the fiscal year ended December 31, 2010 and the 38,120,288 shares of Common Stock that were issued in the Issuer's capital raise as reported in its Current Report on Form 8-K that was filed on February 18, 2011.

DBD Cayman Holdings, Ltd. is the sole shareholder of DBD Cayman, Ltd., which is the general partner of TCG Holdings Cayman II, L.P., which is the general partner of TC Group Cayman Investment Holdings, L.P., which is the sole shareholder of Carlyle Financial Services, Ltd., which is the general partner of TCG Financial Services, L.P., which is the general partner of Carlyle Financial Services Harbor, L.P. The shares of Common Stock reported in this Schedule 13D are held directly by Carlyle Financial Services Harbor, L.P.

DBD Cayman Holdings, Ltd. is controlled by its three-person board of directors, and all action relating to the voting or disposition of the shares of Common Stock referred to herein requires the approval of a majority of the board. The members of the board are William E. Conway, Jr., Daniel A. D'Aniello and David M. Rubenstein, each of whom disclaims beneficial ownership of the shares of Common Stock referred to herein.

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(c) Except as set forth in this Item 5, none of the Reporting Persons nor, to the knowledge of each of the Reporting Persons, without independent verification, any of the Related Persons, has engaged in any transaction during the past 60 days involving the securities of the Issuer.

(d) Other than the Reporting Persons, no other person has the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the securities of the Issuer referred to in this Item 5.

(e) Not applicable.

**Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer**

The information set forth in Items 2, 3, 4 and 5 is incorporated herein by reference.

***Investment Agreement***

The Investment Agreement includes, among other provisions, the following terms:

*Representations and Warranties.* Customary representations and warranties were made by the Issuer to Carlyle relating to the Issuer, its business and the issuance of the Common Stock. The Issuer and Carlyle each agreed to indemnify the other party for breaches of its respective representations and warranties, subject to certain limitations.

*Board Representation.* Carlyle shall be able to designate an individual to serve as Carlyle's representative on the board of directors of the Issuer (the Board of Directors) as well as on the board of directors of Central Pacific Bank (the Bank Board). In connection therewith, James F. Burr has been appointed as Carlyle's representative to the Board of Directors and, following the receipt of all required regulatory approvals, it is anticipated that Mr. Burr will be appointed as Carlyle's representative to the Bank Board. Carlyle will be entitled to maintain a representative on the Board of Directors and the Bank Board for so long as Carlyle and its affiliates own in the aggregate 10% or more of the outstanding shares of Common Stock (subject to certain adjustments) (the Ownership Threshold). The Board of Directors and the Bank Board shall cause the Carlyle representative to be appointed to the committees of the Board of Directors and the Bank Board, as applicable, identified by Carlyle so long as such representative qualifies to serve on such committees. In connection therewith, following the receipt of all required regulatory approvals and the satisfaction of all other legal and governance requirements, Carlyle's representative will be appointed to mutually agreed-upon committees of both the Board of Directors and the Bank Board. Subject to the Ownership Threshold, Carlyle shall also be entitled to designate one nonvoting board observer to attend all meetings of the Board of Directors and the Bank Board and all meetings of the committees of the Board of Directors and the Bank Board of which the Carlyle representative is a member.

*Avoidance of Control.* Neither the Issuer nor any of its subsidiaries shall take any action that would cause Carlyle's or any other person's ownership of shares of Common Stock (together with the ownership of any shares of Common Stock by Carlyle's or other person's affiliates (as such term is used under the BHC Act the Bank Holding Company Act the Bank Holding Company Act of 1956, as amended (the BHC Act)) to increase above 24.9%, without the prior written consent of Carlyle, or to increase to an amount that would constitute control under the BHC Act, or otherwise cause Carlyle to control the Issuer under and for purposes of the BHC Act. Neither Carlyle nor any other person (together with Carlyle or its affiliates (as such term is used under the BHC Act)) shall have the ability to exercise any voting rights of any securities in excess of 4.9% of the total outstanding shares of Common Stock. In addition, Carlyle shall not take, permit or allow any action that would cause any of the Issuer's subsidiaries to become a commonly controlled insured depository institution (as that term is defined for purposes of 12 U.S.C. §1815(e), as may be amended or supplemented from time to time, and any successor thereto) with respect to any institution that is not a direct or indirect subsidiary of the Issuer.

*Transfer Restrictions.* Subject to certain specified exceptions, prior to the Lockup Termination Date, Carlyle will not transfer, sell, assign or otherwise dispose of (Transfer) any shares of Common Stock. On or after the Lockup Termination Date, Carlyle may Transfer shares of Common Stock (1) only in a privately negotiated transaction to any person or group of persons except to the extent that such Transfer would result in such person or group of persons exceeding the ownership limitations set forth under Avoidance of Control above or (2) into the

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public market (in a registered public offering, pursuant to Rule 144 under the Securities Act of 1933, as amended, or otherwise, including through any broker, dealer or underwriter, acting in a capacity as such, that purchases shares of Common Stock for distribution); provided that Carlyle does not knowingly (without, however, imposing a duty of inquiry on Carlyle) effect any public market sale or transfer that would cause any of the Issuer's subsidiaries to become a commonly controlled insured depository institution as set forth under "Avoidance of Control" above. As used in the Investment Agreement, the term "Lockup Termination Date" means the earlier of: (1) February 18, 2012, (2) the date on which Carlyle owns in aggregate with its affiliates less than 5% of the outstanding shares of Common Stock (as adjusted from time to time for any reorganization, recapitalization, stock dividend, stock split, reverse stock split, or other like changes in the Issuer's capitalization), (3) the date on which any person commences a bona fide public tender or exchange offer which, if consummated, would result in a Change in Control (as defined in the Investment Agreement), (4) the public announcement (including a public filing) by the Issuer that it is for sale in a transaction that would result in a Change in Control and (5) the execution by Issuer of a definitive agreement which, if consummated, would result in a Change in Control.

*Registration Rights.* The Issuer has granted Carlyle customary registration rights, including shelf registration rights, demand registration rights and piggy-back registration rights with respect to the Common Stock acquired by Carlyle in connection with the Investment Agreement. Pursuant to such registration rights, the Issuer has agreed to prepare and file with the Securities and Exchange Commission a shelf registration statement covering the resale of the Common Stock (or, if permitted by securities laws, otherwise designate an existing shelf registration statement to cover the resale of the Common Stock) as promptly as practicable after (and in any event no more than thirty (30) days after) the Lockup Termination Date.

*Preemptive Rights.* Subject to the Ownership Threshold, if the Issuer at any time makes any public or non-public offering or sale of any equity (including Common Stock, preferred stock and restricted stock), or any securities, options or debt that is convertible or exchangeable into equity or that include an equity component (any such security, a New Security) (other than the issuance and sale of securities (1) in connection with the Rights Offering (as defined below under "Rights Offering"), (2) upon conversion of convertible securities issued in compliance with the preemptive rights requirements set forth in the Investment Agreement, (3) to employees, officers, directors or consultants of the Issuer pursuant to employee benefit plans or compensatory arrangements approved by the Board of Directors (including upon the exercise of employee stock options granted pursuant to any such plans or arrangements), (4) pursuant to any rights plan or (5) as consideration in connection with any bona fide, arm's-length, direct or indirect merger, acquisition or similar transaction or joint venture, strategic alliance, license agreement or other similar commercial transactions), Carlyle shall first be afforded the opportunity to acquire from the Issuer for the same price (net of any underwriting discounts or sales commissions) and on the same terms (except that, to the extent permitted by law and the articles of incorporation and bylaws of the Issuer, Carlyle may elect to receive such securities in nonvoting form, convertible into shares of voting securities in a widely dispersed offering) as such securities are proposed to be offered to