

BANK OF HAWAII CORP  
Form DEF 14A  
March 14, 2007  
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  x

Filed by a Party other than the Registrant  o

Check the appropriate box:

- o Preliminary Proxy Statement
- o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o 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)

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  - (2) Aggregate number of securities to which transaction applies:
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  - (4) Proposed maximum aggregate value of transaction:
  - (5) Total fee paid:
- o Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
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*Your VOTE is important!*

**Notice of 2007  
Annual Meeting of Shareholders**  
and Proxy Statement

**Meeting Date: April 27, 2007**

**Bank of Hawaii Corporation**

130 Merchant Street  
Honolulu, Hawaii 96813

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**BANK OF HAWAII CORPORATION**  
**130 Merchant Street**  
**Honolulu, Hawaii 96813**

March 14, 2007

Dear Shareholder:

The 2007 Annual Meeting of shareholders of Bank of Hawaii Corporation will be held on Friday, April 27, 2007 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*

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TABLE OF CONTENTS

	<b>Page</b>
<u>Notice of 2007 Annual Meeting of Shareholders</u>	1
<u>Proxy Statement</u>	2
<u>Questions and Answers About the Proxy Materials and the Annual Meeting</u>	2
<u>Proposal 1: Election of Directors</u>	5
<u>Board of Directors</u>	5
<u>Beneficial Ownership</u>	8
<u>Corporate Governance</u>	10
<u>Board Committees and Meetings</u>	14
<u>Director Compensation</u> Director Compensation Table	16
<u>Audit Committee Report</u>	18
<u>Compensation Committee Report</u>	19
<u>Executive Compensation</u>	20
<u>Compensation Discussion and Analysis</u>	20
<u>Executive Compensation</u> Summary Compensation Table	24
<u>Nonqualified Deferred Compensation</u>	25
<u>Grants of Plan-Based Awards</u>	26
<u>Outstanding Equity Awards at Fiscal Year-End</u>	26
<u>Option Exercises and Stock Vested</u>	28
<u>Equity Compensation Plan Information</u>	29
<u>Pension Benefits</u>	29
<u>Change-in-Control, Termination and Other Arrangements</u>	29
<u>Certain Relationships and Related Transactions</u>	31
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	32
<u>Proposal 2: Ratification of Selection of an Independent Registered Public Accounting Firm and Audit Fees</u>	33

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**  
**To be held April 27, 2007**

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To Our Shareholders:

The Annual Meeting of shareholders of Bank of Hawaii Corporation will be held on Friday, April 27, 2007, 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 III Directors for terms expiring in 2010.
2. To ratify the selection of an independent registered public accounting firm.
3. 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, 2007 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](http://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

MARK A. ROSSI  
*Vice Chairman and Corporate Secretary*  
*Bank of Hawaii Corporation*

Honolulu, Hawaii  
Dated: March 14, 2007

**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 (Bank of Hawaii Corporation and its subsidiaries, as appropriate, are referred to as Bank of Hawaii or the Company) is soliciting the enclosed proxy for the Company's 2007 annual meeting. 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 14, 2007.

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## QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETING

**Q: *What am I voting on?***

**A:** You are voting on the election of directors and ratification of the selection of an independent registered public accounting firm, as well as any other business that may be properly brought before the meeting.

**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, 2007 (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 49,720,860 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 as present for purposes of determining a quorum. A broker non-vote occurs when a nominee, generally a broker, 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 vote without attending the annual meeting. You can do that by the Internet, telephone, or 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 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 instructions 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 providing notice to the Corporate Secretary, granting a new proxy with a later date 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 also 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 plan to 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 2007.

**Q:** *Who will count the votes?*

**A:** Computershare Investor Services 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. 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 on behalf of the Board will solicit proxies from shareholders, personally, and by telephone, the Internet, facsimile, or other means. None of these employees will receive any

3

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additional or special compensation for soliciting proxies. We have retained Georgeson Shareholder 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, Computershare Investor Services, LLC (1-888-660-5443).

**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 2008 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 2008 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 16, 2007 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 2008 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 2007 annual meeting; in other words, no later than February 7, 2008 and no earlier than January 28, 2008. (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](http://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 identified below. Each nominee has consented to serve and all nominees are currently serving on the Company’s 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 III DIRECTORS WITH TERMS EXPIRING IN 2010**

<b>Name, Age, and Year First Elected as Director</b>	<b>Principal Occupation(s)</b>	<b>Other Public Directorships Held</b>
Mary G.F. Bitterman; 62; 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.	Barclays Global Investors Funds
Martin A. Stein; 66; 1999	Partner, RSA Ventures (a consulting and venture capital company) since 1999; Chief Executive Officer and President, Sonoma Mountain Ventures, LLC (strategic and technology consulting and venture capital) 1998 to 2004; Vice Chair, BankAmerica Corp 1990 to 1998.	
Barbara J. Tanabe; 58; 2004	Owner and Partner, Ho’okea Communications, LLC (a communication and community building company) since 2003; Owner and Partner, Ho’okea (a public affairs company) from 2001 to 2003; Managing Director, Pacific Century Inc. (a business consulting company) since 1995.	
Robert W. Wo, Jr.; 54; 2002	President and Director, C.S. Wo & Sons, Ltd. (a furniture retailer) since 1984.	

**CLASS I DIRECTORS WHOSE CURRENT TERMS EXPIRE IN 2008**

Name, Age, and Year First Elected as Director	Principal Occupation(s)	Other Public Directorships Held
Michael J. Chun; 63; 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; 62; 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.	
Kent T. Lucien; 53; 2006	Trustee, C. Brewer & Co. Ltd., (a Hawaii corporation engaged in agriculture, real estate and power production) since 2001; Chief Executive Officer, Executive Vice President and Chief Financial Officer, C. Brewer & Co. Ltd. from 1991 to 2006.	Maui Land & Pineapple Co., Inc.
Donald M. Takaki; 66; 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 II DIRECTORS WHOSE CURRENT TERMS EXPIRE IN 2009**

<b>Name, Age, and Year First Elected as Director</b>	<b>Principal Occupation(s)</b>	<b>Other Public Directorships Held</b>
S. Haunani Apoliona; 58; 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; 63; 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; 67; 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; 59; 2004	Chairman, Chief Executive Officer and President since September 2004; President and Chief Operating Officer of the Company from April 2004 to September 2004; President, Chief Financial Officer and Treasurer of the Company from 2003 to 2004; Vice Chairman, Chief Financial Officer and Treasurer of the Company from 2001 to 2003.	

**BENEFICIAL OWNERSHIP**

At the close of business on February 13, 2007, Bank of Hawaii had 49,724,711 shares of its common stock outstanding. As of February 13, 2007, 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 (the named executive officers), (iii) all executive officers and directors as a group, and (iv) 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 02-13-07
Private Capital Management L.P. 8889 Pelican Blvd. Naples, Florida 34108	4,281,340		-0-	4,281,340	8.6 % <sup>(1)</sup>
Barclays Global Investors, NA. Barclays Global Fund Advisors Barclays Global Investors, Ltd. Barclays Global Investors Japan Trust and Banking Company Limited Barclays Global Investors Japan, Ltd. 45 Fremont Street San Francisco, CA 94105	2,851,118		-0-	2,851,118	5.7 % <sup>(1)</sup>
S. Haunani Apoliona	3,514	(2)	16,436	19,950	*
Mary G.F. Bitterman	16,467	(2)(3)	20,686	37,153	*
Michael J. Chun	7,838	(2)	15,686	23,524	*
Clinton R. Churchill	8,899	(2)(5)	16,686	25,585	*
David A. Heenan	23,412	(2)(4)	18,686	42,098	*
Robert Huret	11,109	(2)	12,686	23,795	*
Kent T. Lucien	483	(2)	-0-	483	*
Martin A. Stein	2,238	(2)	15,686	17,924	*
Donald M. Takaki	13,658	(2)	20,686	34,344	*
Barbara J. Tanabe	10,746	(2)	16,686	27,432	*
Robert W. Wo, Jr.	15,532	(2)(3)	16,686	32,218	*
Allan R. Landon	131,491		242,238	373,729	*
Richard C. Keene	12,767		63,316	76,083	*
Peter S. Ho	39,302		57,835	97,137	*
Neal C. Hocklander	23,492		0	23,492	*
David W. Thomas	47,487		39,950	87,437	*
<b>Directors, nominees and executive officers as a group (19 persons)</b>	<b>402,261</b>		<b>755,610</b>	<b>1,157,871</b>	<b>2.3 %</b>

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





**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. Based solely on a Schedule 13G filed with the Securities Exchange Commission on February 14, 2007, PCM, in its capacity as investment adviser, may be deemed to have beneficial ownership as of December 31, 2006 of 4,281,340 shares of Bank of Hawaii common stock owned by numerous investment advisory clients, none known to have more than 5 percent. According to the same filing, PCM has sole power to vote or direct the vote of 8,300 of those shares and sole power to dispose or to direct the disposition of 8,300 shares. PCM also has shared power to vote or to direct the vote and shared power to dispose or to direct the disposition of 4,273,040 shares.

According to the information furnished by them, Barclays Global Investors, NA, Barclays Global Fund Advisors, Barclays Global Investors, Ltd., Barclays Global Investors Japan, 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. Based solely on a Schedule 13G filed with the Securities Exchange Commission on January 23, 2007, Barclays, as a group, may be deemed to have beneficial ownership as of December 31, 2006 of 2,851,118 shares of Bank of Hawaii common stock owned by numerous investment advisory or bank clients, none known to have more than five percent. According to the same filing, Barclays has sole power to vote or to direct the vote over 2,425,457 of those shares, and sole power to dispose or to direct the disposition of 2,851,118 shares.

(2) Includes restricted shares owned by directors under the Director Stock Program: Ms. Apoliona, 3,498 shares; Ms. Bitterman, 4,838 shares; Dr. Chun, 4,838 shares; Mr. Churchill, 3,838 shares; Mr. Heenan, 6,838 shares; Mr. Huret, 1,838 shares; Mr. Lucien, 483 shares; Mr. Stein, 2,238 shares; Ms. Tanabe, 3,838 shares; Mr. Takaki, 3,838 shares; and Mr. Wo, 3,838 shares. Includes shares owned by directors under the Directors Deferred Compensation Plan: Messrs. Churchill, 4,096 shares; Heenan, 15,998 shares; Huret, 9,271 shares; Takaki, 9,820 shares; and Wo, 3,944 shares; and Ms. Tanabe, 4,371 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, 6,885 shares and Mr. Wo, 2,400 shares.

(4) 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.

(5) Includes 500 shares held in a pension plan.

## **CORPORATE GOVERNANCE**

### **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](http://www.boh.com). Shareholders and other interested parties 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.

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, 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 2006, the non-management directors met in executive session five times.

### **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 New York Stock Exchange ( 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.

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 2008 Annual Meeting of Shareholders must be presented in writing to the Corporate Secretary on or before November 16, 2007 at 130 Merchant Street, Honolulu, Hawaii 96813 to be included in the Company's proxy statement for 2008.

### **Communication with Directors**

Shareholders and any interested parties 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, Dept. 232, Honolulu, Hawaii 96813. All appropriate communications received will be forwarded to the Board, Non-Management Directors or Lead Independent Director as addressed.

### **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 its hallmark through the years. These qualities represent fundamental business practices and apply to all directors, officers and employees.

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](http://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, 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 of the Code of Conduct and Ethics by contacting the Corporate Secretary at the address previously provided.

### **Director Independence**

The Board is comprised of a majority of independent directors as defined by the NYSE listing standards. In affirmatively determining that a director is independent of the Company's management and has no material relationship with the Company, either directly or indirectly as a partner, shareholder, or officer of an organization that has a relationship with the Company, the Board applies the following categorical standards, in addition to such other factors as may be deemed appropriate:

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

The following ten directors have been determined by the Board to be independent: Messrs. Chun, Churchill, Heenan, Huret, Lucien, Stein and Wo, and Mmes. Apoliona, Bitterman and Tanabe, and accordingly, the Board has a majority of independent directors as defined by the listing standards of the NYSE and the Governance Guidelines. There were no relationships that were considered in determining the independence of the independent directors. All of the committees, with the exception of the Executive Committee, are composed entirely of independent directors who also meet applicable committee independence standards. Mr. Landon is the CEO of the Company and therefore not independent, and Mr. Takaki has been determined not to be an independent director due to his and his family's ownership interest in Pacific Courier, Inc. (PCI), a company that provides courier and armored car services among the branches for the Company. In 2006, the Company paid approximately \$1.63 million in courier fees, and reimbursed airfreight costs of approximately \$268,000, to PCI. PCI was selected to continue to provide courier and armored car services after a request for quote process conducted by the Company in February 2005. The Company has the right to terminate the services provided by PCI upon 30 days notice. The Audit Committee ratified and approved the terms of the services provided by PCI in January 2007.

**Compensation Committee Interlocks and Insider Participation**

No member of the Compensation Committee during fiscal year 2006 served as an officer, former officer, or employee of the Company or had a relationship discloseable under Related Person Transactions. Further, during 2006, no executive officer of the Company served as:

- A member of the Compensation Committee (or equivalent) of any other entity, one of whose executive officers served as one of our directors or was an immediate family member of a director, or served on our Compensation Committee; or
- A director of any other entity, one of whose executive officers or their immediate family member served on our Compensation Committee.

13

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**BOARD COMMITTEES AND MEETINGS**

The Board met ten times during 2006. 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 2006. Eleven of the Company’s directors attended the 2006 shareholders’ meeting.

**Board Committees**

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](http://www.boh.com). Shareholders and any interested parties may request a printed copy of the charters and Governance Guidelines by contacting the Corporate Secretary at 130 Merchant Street, Honolulu, Hawaii 96813.

The Board has affirmatively determined that all of the members of the Audit, Compensation and Nominating & Corporate Governance Committees (Board Committees) meet the independence standards of the NYSE and the Company’s Governance Guidelines. 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 engagement.

Below are the members of each current standing committee.

Audit	Compensation	Executive	Nominating and Governance
Mary G. F. Bitterman	Mary G. F. Bitterman	Mary G. F. Bitterman	S. Haunani Apoliona
Clinton R. Churchill*	David A. Heenan*	Clinton R. Churchill	Mary G.F. Bitterman*
Robert Huret	Martin A. Stein	David A. Heenan	Clinton R. Churchill
Kent T. Lucien	Barbara J. Tanabe	Allan R. Landon*	Michael J. Chun
Robert W. Wo, Jr.		Robert W. Wo, Jr.	David A. Heenan
			Robert Huret
			Kent T. Lucien
			Martin A. Stein
			Barbara J. Tanabe
			Robert W. Wo, Jr.

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\*Committee Chairman

**Audit Committee: 7 Meetings in 2006**

The duties of the Audit Committee are set forth in its charter, and include assisting 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 overseeing the performance of the Company’s internal audit function and independent registered public accounting firm. The Board has determined that Robert Huret and Kent Lucien meet 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. 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. The Committee is also responsible for reviewing conflict of interest transactions involving a director or executive officer. The report of the Audit Committee is on page 18.

**Compensation Committee: 5 Meetings in 2006**

The duties of the Compensation Committee are set forth in its charter, and include responsibility for compensation levels of directors and members of executive management and reviewing the performance of executive management. The Committee reviews and approves goals for incentive compensation plans and stock plans, and evaluates performance against those goals. The Committee also reviews management development and training programs and reviews succession planning for senior and executive management. The Compensation Committee charter allows for the delegation of its duties to its own subcommittee as long as in compliance with all applicable laws, rules and listing standards. The CEO, in consultation with the director of human resources, makes recommendations with respect to non-CEO executive officer compensation. Hewitt Associates has been retained by the Company to provide compensation consulting and market data information. The report of the Compensation Committee is on page 19.

**Executive Committee: No Meetings Held in 2006**

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. The Committee has the authority to advise the CEO and Board on long-range strategy and monitor the Company's progress. The Committee did not meet in 2006.

**Nominating & Corporate Governance Committee: 6 Meetings in 2006**

The duties of the Nominating and Corporate Governance Committee are set forth in its charter and include reviewing the qualifications of all Board candidates and recommending 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 Committee charter and the Governance Guidelines.

## **DIRECTOR COMPENSATION**

### **Retainer and Meeting Fees**

In 2006, each 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. The chairs of the Compensation and Audit Committees, and the vice chair of the Executive Committee, also receive an annual retainer of \$5,000. The 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. Members of the Compensation Committee and 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. No fees are paid for attendance at Nominating and Corporate Governance meetings.

### **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 interests 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 2006, the Company issued 483 shares of restricted common stock ( Restricted Shares ) and an option for 2,191 common shares to each non-employee director. All of the restricted share grant will vest on the third anniversary date of the grant. The exercise price of the options was based on the closing market price on the date that the options were granted. Each option expires ten years from the date of grant and vests over a 3-year period 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.

### **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 Ownership Guidelines**

The Board of Directors believes it is important to support an ownership culture for the Company's employees and shareholders. To ensure that linkage to shareholders occurs among the fiduciaries of the Company, in December 2006, the Nominating and Corporate Governance Committee implemented stock ownership guidelines which require each non-management director to own a minimum amount of five times his or her annual cash retainer in the Company's stock. Directors will be given five years to achieve



guideline levels of ownership. As of February 16, 2007, ten of the eleven non-management directors had satisfied the ownership guideline.

### Director Compensation

The following table shows, for the year ended December 31, 2006, information on compensation earned by or awarded to each non-employee director who served on the Board of Directors during 2006.

#### DIRECTOR COMPENSATION TABLE

Name	Fees Earned or Paid in Cash (\$ (1))	Stock Awards (\$ (2))	Option Awards (\$ (3))	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Non-qualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
S. Haunani Apoliona	35,000	5,829	12,495				53,324
Mary G.F. Bitterman	57,500	5,829	12,495				75,824
Michael J. Chun	31,250	5,829	12,495				49,574
Clinton R. Churchill	46,500	5,829	12,495				64,824
David A. Heenan	37,000	5,829	12,495				55,324
Robert Huret	43,000	5,829	12,495				61,324
Kent T. Lucien	19,000	5,829	5,935				30,764
Martin A. Stein	31,750	5,829	12,495				50,074
Donald M. Takaki	35,000	5,829	12,495				53,324
Barbara J. Tanabe	35,750	5,829	12,495				54,074
Robert W. Wo, Jr.	47,500	5,829	12,495				65,824

(1) Messrs. Churchill, Heenan, Huret, Takaki and Wo and Ms. Tanabe elected to defer all of their respective fees earned in 2006.

(2) The amounts in this column reflect the Financial Accounting Standard No. 123R ( FAS 123R ) expense recognized in 2006 for restricted stock awards. On April 28, 2006, the Company issued a grant of 483 shares of restricted common stock to each director, having an aggregate fair value of \$26,232 based on the stock fair market value of \$54.31 per share on the date of the grant and 100% of the grant will vest on the third anniversary date. The assumptions used in the valuation of restricted stock awards is included in Note 1 *Share-Based Compensation* to the Company's Annual Report on Form 10-K filed with the SEC on February 22, 2007. As of December 31, 2006, each Director had the following number of restricted stock awards accumulated in their accounts (which excludes options exercised and held as common stock in their accounts): S. Haunani Apoliona, 2,838 shares; Mary G.F. Bitterman, 2,838 shares; Michael J. Chun, 2,838 shares; Clinton R. Churchill, 2,838 shares; David A. Heenan, 2,838 shares; Robert Huret, 1,838 shares; Kent T. Lucien, 483 shares; Martin A. Stein, 2,238 shares; Donald M. Takaki, 2,838 shares; Barbara J. Tanabe, 2,838 shares; and Robert W. Wo, Jr., 2,838 shares.

(3) The amounts in this column reflect the FAS 123R expense recognized in 2006 for stock option awards. Each director was granted options to acquire 2,191 common shares of Company common stock on April 28, 2006, having an aggregate fair value of \$26,271 based on the fair value of the options on the date of the grant using a Black-Scholes option pricing model. The exercise price of \$54.31 for the option award is equal to the closing market price on the date that the options were granted. The assumptions used in the valuation of option awards is included in Note 1 *Share-Based Compensation* to the Company's audited financial statements for the fiscal year ended December 31, 2006 included in the Company's Annual Report on Form 10-K filed with the SEC on February 22, 2007. As of December 31, 2006, each Director had outstanding options to purchase the indicated number of shares of the Company common stock: S. Haunani Apoliona, 19,998; Mary G. F. Bitterman, 24,248; Michael J. Chun, 20,248; Clinton R. Churchill, 20,248; David A. Heenan, 24,248; Robert Huret, 16,248; Kent T. Lucien, 2,191; Martin A. Stein, 19,248; Donald M. Takaki, 24,248; Barbara J. Tanabe, 20,248; and Robert W. Wo, Jr., 20,248.

## AUDIT COMMITTEE REPORT

The Board has determined that the Audit Committee's five 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 or any subsidiary (except as a director).

The Board has determined that the Audit Committee has two audit committee financial experts, Robert Huret and Kent Lucien, 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. Two of the Audit Committee members, Ms. Bitterman and Mr. Lucien, 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 2006. 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, t