

First California Financial Group, Inc.  
Form DEF 14A  
April 30, 2009  
Table of Contents

**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:

- |  |  |
|--|--|
| <input type="checkbox"/> Preliminary Proxy Statement                 | <input type="checkbox"/> Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)) |
| <input checked="" type="checkbox"/> Definitive Proxy Statement       |  |
| <input type="checkbox"/> Definitive Additional Materials             |  |
| <input type="checkbox"/> Soliciting Material Pursuant to §240.14a-12 |  |

**First California Financial Group, Inc.**

(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):

Edgar Filing: First California Financial Group, Inc. - Form DEF 14A

x No fee required.

.. Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

---

(2) Aggregate number of securities to which transaction applies:

---

(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:

---

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

---

(2) Form, Schedule or Registration Statement No.:

---

(3) Filing Party:

---

(4) Date Filed:

---



**Table of Contents**

April 30, 2009

Dear Stockholders:

We cordially invite you to attend the 2009 Annual Meeting of Stockholders. The meeting will be held on Wednesday, May 27, 2009, at 10:00 a.m. local time at 3027 Townsgate Road, Suite 300, Westlake Village, California 91361.

We have enclosed the Notice of the 2009 Annual Meeting of Stockholders, the Proxy Statement, the Proxy Card and a postage prepaid return envelope.

At the meeting, stockholders will be asked to vote on the following proposals:

1. ***Election of Directors***. To elect ten directors to serve until the 2010 Annual Meeting of Stockholders and until their successors are duly elected and have qualified.
2. ***Ratification of Independent Registered Public Accounting Firm***. To ratify the appointment of Moss Adams LLP as independent registered public accounting firm for the fiscal year ending December 31, 2009.
3. ***Shareholder Advisory (Non-Binding) Vote on Executive Compensation***. To approve a non-binding advisory proposal on the Company's executive compensation.
4. ***Other Business***. To transact such other business as may properly come before the meeting and at any adjournments or postponements thereof.

We will also report on our performance in 2008 and answer your questions regarding the Company.

We look forward to seeing you at the meeting.

Sincerely,

Robert E. Gipson  
*Chairman of the Board*

C. G. Kum  
*President and Chief Executive Officer*

**Table of Contents**

**FIRST CALIFORNIA FINANCIAL GROUP, INC.**

**NOTICE OF 2009 ANNUAL MEETING OF STOCKHOLDERS**

**to be held Wednesday, May 27, 2009**

The Annual Meeting of Stockholders of First California Financial Group, Inc. will be held on Wednesday, May 27, 2009, at 10:00 a.m. local time at 3027 Townsgate Road, Suite 300, Westlake Village, California 91361.

At the Annual Meeting we will ask you to consider and act upon the following matters:

1. Elect ten (10) directors to serve for a term of one year and until their successors are elected and qualified. The persons nominated by the Board of Directors (Richard D. Aldridge, Donald E. Benson, John W. Birchfield, Joseph N. Cohen, Robert E. Gipson, W. Douglas Hile, Antoinette T. Hubenette, M.D., C. G. Kum, Syble R. Roberts and Thomas Tignino) are described in the accompanying Proxy Statement;
  2. To ratify the appointment of the accounting firm of Moss Adams LLP as independent registered public accounting firm for the fiscal year ending December 31, 2009;
  3. To approve a non-binding advisory proposal on the Company's executive compensation; and
  4. To transact any other business that may properly be presented at the meeting and at any adjournments or postponements thereof.
- If you owned Common Stock of First California Financial Group, Inc. on April 17, 2009, the record date, you are entitled to attend and vote at the Annual Meeting.

By Order of the Board of Directors,

3027 Townsgate Road

Joseph N. Cohen

Suite 300

*Corporate Secretary*

Westlake Village, CA 91361

April 30, 2009

**YOUR VOTE IS VERY IMPORTANT, AND WE ENCOURAGE YOU TO VOTE YOUR PROXY AS SOON AS POSSIBLE. WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING IN PERSON, PLEASE DATE, SIGN AND RETURN THE ACCOMPANYING PROXY WITHOUT DELAY IN THE ENCLOSED POSTAGE PREPAID ENVELOPE. YOU ARE CORDIALLY INVITED TO ATTEND THE ANNUAL MEETING, AND YOUR PROXY WILL NOT BE USED IF YOU ARE PRESENT AND PREFER TO VOTE IN PERSON.**

**Table of Contents**

**TABLE OF CONTENTS**

	<b>Page</b>
<b>SCHEDULE 14A</b>	
<b><u>PROXY STATEMENT</u></b>	<b>1</b>
<b><u>INFORMATION ABOUT THE ANNUAL MEETING AND VOTING</u></b>	<b>1</b>
<b><u>PROPOSAL 1: ELECTION OF DIRECTORS</u></b>	<b>5</b>
<b><u>CORPORATE GOVERNANCE; BOARD COMMITTEES</u></b>	<b>8</b>
<u>Director Independence</u>	8
<u>Board and Board Committees; Meetings</u>	8
<u>Audit Committee</u>	8
<u>Compensation Committee</u>	8
<u>Governance and Nominating Committee</u>	9
<u>Nominations Process</u>	9
<u>Director Attendance at Annual Meetings</u>	10
<b><u>PROPOSAL 2: RATIFICATION OF THE SELECTION OF THE INDEPENDENT AUDITOR</u></b>	<b>11</b>
<b><u>REPORT OF THE AUDIT COMMITTEE</u></b>	<b>12</b>
<b><u>INFORMATION ABOUT FIRST CALIFORNIA COMMON AND PREFERRED STOCK OWNERSHIP</u></b>	<b>13</b>
<u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.</u>	13
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	15
<b><u>EXECUTIVE OFFICERS</u></b>	<b>16</b>
<u>Executive Officers</u>	16
<u>Biographical Information Regarding Our Executive Officers</u>	16
<b><u>PROPOSAL 3: ADVISORY (NON-BINDING) VOTE ON EXECUTIVE COMPENSATION</u></b>	<b>18</b>
<b><u>EXECUTIVE COMPENSATION</u></b>	<b>19</b>
<u>Summary Compensation Table</u>	19
<u>Employment Agreements and Other Factors Affecting 2008 Compensation</u>	20
<u>Holdings of Previously Awarded Equity</u>	24
<u>Description of Stock Incentive Plans</u>	26
<u>Non-Qualified Deferred Compensation</u>	27
<u>Description of Non-equity Incentive Plan</u>	28
<u>Compensation of Directors</u>	28
<u>Certain Relationships and Related Transactions</u>	29
<b><u>INDEPENDENT PUBLIC ACCOUNTANTS</u></b>	<b>30</b>
<b><u>STOCKHOLDER COMMUNICATIONS WITH DIRECTORS</u></b>	<b>30</b>
<b><u>STOCKHOLDER PROPOSALS FOR 2010 ANNUAL MEETING</u></b>	<b>31</b>
<b><u>AVAILABILITY OF ANNUAL REPORT ON FORM 10-K</u></b>	<b>32</b>
<b><u>IMPORTANT NOTICE REGARDING AVAILABILITY OF PROXY MATERIALS</u></b>	<b>32</b>

**Table of Contents**

**FIRST CALIFORNIA FINANCIAL GROUP, INC.**

**PROXY STATEMENT**

**2009 ANNUAL MEETING OF STOCKHOLDERS**

**to be held Wednesday, May 27, 2009**

**INFORMATION ABOUT THE ANNUAL MEETING AND VOTING**

**Why did you send me this Proxy Statement and Proxy Card?**

We sent you this Proxy Statement and the enclosed Proxy Card because you own shares of Common Stock of First California Financial Group, Inc., or First California or the Company. Your proxy is being solicited by the Board of Directors of First California. This Proxy Statement provides you with information that will help you cast your vote at the Annual Meeting. However, you do not need to attend the Annual Meeting to vote your shares. Instead, you may simply complete, sign and return the enclosed Proxy Card.

When you sign the Proxy Card, you appoint each of John W. Birchfield, and Thomas Tignino, directors of First California, as your representatives at the Annual Meeting (that is, your proxies). Mr. Birchfield and Mr. Tignino will vote your shares at the Annual Meeting, as you have instructed them on your Proxy Card(s). If an issue comes up for vote at the Annual Meeting that is not on the Proxy Card, Mr. Birchfield or Mr. Tignino will vote your shares, under your proxy, in accordance with his judgment.

We first mailed this Proxy Statement, the attached Notice of Annual Meeting and the enclosed Proxy Card on or about May 1, 2009 to all stockholders entitled to vote. Stockholders who owned Common Stock on April 17, 2009 (the record date) are entitled to vote. On the record date, there were 11,633,288 shares of Common Stock outstanding.

We have enclosed our 2008 Annual Report on Form 10-K filed with the Securities and Exchange Commission. The 2008 Form 10-K is not to be considered part of the soliciting materials.

**What am I voting on?**

We ask you to vote on the following proposals:

1. To elect 10 directors.
2. To ratify the appointment of Moss Adams LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2009.
3. To approve a non-binding advisory proposal on the Company's executive compensation.

At the time this Proxy Statement was printed, we knew of no other matters to be acted on by the stockholders at the Annual Meeting.

**How do I vote?**

*You may vote by mail*

## Edgar Filing: First California Financial Group, Inc. - Form DEF 14A

Whether or not you plan to attend the Annual Meeting, we urge you to complete, sign and date the enclosed Proxy Card and return it promptly in the envelope provided. If you mark your voting instructions on the Proxy Card, your shares will be voted as you instruct. If you return a signed Proxy Card but do not provide voting instructions, your shares will be voted FOR the election of the nominees for directors identified in this Proxy Statement, FOR the ratification of the appointment of Moss Adams LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2009, and FOR the non-binding advisory proposal on the Company's executive compensation.



## **Table of Contents**

### *You may vote in person at the Annual Meeting*

You may attend the Annual Meeting and vote in person. If you hold your shares in street name, you must request a legal proxy from your stockbroker in order to vote at the meeting. Otherwise, we cannot count your votes.

### **May I revoke my proxy?**

If you have returned your signed Proxy Card, you may revoke it at any time before it is exercised. You may revoke your Proxy Card in any one of three ways:

You may send in another Proxy Card with a later date;

You may notify First California Financial Group, Inc.'s Secretary in writing before the Annual Meeting that you have revoked your proxy; or

You may vote in person at the Annual Meeting.

### **How will shares I hold in street name be voted?**

If you hold your shares in street name (that is, through a bank, broker or other nominee), you should receive a proxy from your bank or brokerage firm asking you how you want to vote your shares. If you do not, you may contact such bank or brokerage firm in whose name your shares are registered and obtain a proxy from them. Please refer to the information in the materials provided by your bank or brokerage firm for an explanation of how to change or revoke your vote and of the effect of not indicating a vote.

We encourage you to provide instructions to your brokerage firm by voting your proxy. This ensures your shares will be voted at the Annual Meeting.

### **What does it mean if I receive more than one Proxy Card?**

If you have more than one account at the transfer agent and/or with stockbrokers, you will receive separate Proxy Cards for each account. Please sign and return all Proxy Cards to ensure that all your shares are voted.

### **How many votes may be cast at the Annual Meeting?**

Based on the number of shares of Common Stock outstanding on the record date, up to 11,633,288 votes may be cast on any matter, subject to cumulative voting for directors.

### **How many shares do you need to hold the Annual Meeting (what are the quorum requirements)?**

Shares representing a majority of our outstanding shares of Common Stock on the record date of April 17, 2009 must be present in person or by proxy at the Annual Meeting in order to hold the Annual Meeting and conduct business. This is called a quorum. Accordingly, a quorum for our Annual Meeting is 5,816,645 votes.

Shares are counted as present at the Annual Meeting if the stockholder either:

is present at the meeting, or

has properly submitted a Proxy Card.

**How many votes do I have?**

You have one vote for each share of our Common Stock. In the election of directors, you are permitted to cumulate your votes.

## **Table of Contents**

### **What is cumulative voting ?**

Cumulative voting is a manner of voting in the election of directors in which each stockholder is entitled to a total number of votes equal to the number of directors to be elected multiplied by the number of votes the stockholder would have on a single matter. The number of votes a stockholder has on a single matter is the number of shares of Common Stock held by the stockholder on the record date. For example, if you hold 1,000 shares of Common Stock you are entitled to 10,000 total votes in the election of directors (10 the number of directors multiplied by one vote per share of Common Stock, or 10,000 votes). You may use all of your votes for one nominee, or may distribute your votes among two or more nominees as you see fit.

Mr. Birchfield and Mr. Tignino (your proxies) may, in their discretion, cumulate votes with respect to the election of directors for shares with respect to which they have proxies.

### **How many votes are required for each of the proposals?**

#### *Proposal 1: Election of Directors*

Directors must be elected by a plurality of the votes of the shares of Common Stock present in person or represented by proxy at the Annual Meeting and entitled to vote. If you do not vote for a particular nominee, or you withhold authority to vote for a particular nominee on your Proxy Card, your vote will not count either FOR or AGAINST the nominee.

#### *Proposal 2: Ratification of appointment of Moss Adams LLP*

An affirmative vote of a majority of the shares of Common Stock present in person or represented by proxy at the Annual Meeting and entitled to vote is required to ratify the appointment of Moss Adams LLP as our independent registered public accounting firm.

#### *Proposal 3: Non-binding advisory proposal on the Company's executive compensation*

Approval of this proposal requires the affirmative vote of the holders of a majority of the shares of Common Stock present in person or represented by proxy at the Annual Meeting and entitled to vote.

### **What are the Board's recommendations on how to vote my shares?**

The Board of Directors recommends a vote:

FOR election as directors the 10 nominees named herein

FOR the approval of the non-binding advisory proposal on the Company's executive compensation

FOR ratification of the selection of Moss Adams LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2009

### **How are abstentions and broker non-votes treated?**

Abstentions and broker non-votes will be included in the number of shares present at the Annual Meeting for purposes of determining the presence of a quorum.

#### *Proposal 1: Election of Directors*

Assuming that a quorum is present at the Annual Meeting, abstentions and broker non-votes have no effect on the election of directors.

#### *Proposal 2: Ratification of appointment of Moss Adams LLP*

## Edgar Filing: First California Financial Group, Inc. - Form DEF 14A

Assuming that a quorum is present at the Annual Meeting, abstentions will have the same effect as votes against such proposal, and broker non-votes will not be counted as votes cast and will have no effect on the voting of this proposal.

**Table of Contents**

*Proposal 3: Non-binding advisory proposal on the Company's executive compensation*

Assuming that a quorum is present at the Annual Meeting, abstentions will have the same effect as votes against such proposal, and broker non-votes will not be counted as votes cast and will have no effect on the voting of this proposal.

**Who will pay for the cost of this proxy solicitation?**

We pay to distribute and solicit proxies and we reimburse brokers, nominees, fiduciaries and other custodians reasonable fees and expenses for forwarding proxy materials to stockholders. Our directors, officers and regular employees may solicit proxies in person, through mail, by telephone or through other means. We do not pay those individuals additional compensation for soliciting proxies.

**Table of Contents**

**PROPOSAL 1**

**ELECTION OF DIRECTORS**

Our by-laws state that until immediately after the close of the 2009 Annual Meeting of Stockholders, the Board of Directors will consist of ten directors.

Based on the recommendation of the independent members of the Board of Directors, the Board of Directors has nominated the ten current directors for re-election. If you re-elect them, they will hold office until the next Annual Meeting and until their successors are duly elected and qualified. Each nominee has indicated that he or she is willing to serve as a director. If any nominee is unable to serve or for good cause will not serve, Mr. Birchfield or Mr. Tignino (your proxies) may vote for another nominee proposed by the Board of Directors or the Board of Directors may reduce the number of directors to be elected. If any director resigns, dies or is otherwise unable to serve out his or her term, the Board of Directors may fill the vacancy until the next Annual Meeting, and until such time as a successor is duly elected and qualified.

The following information is provided regarding the nominees as of March 31, 2009. All nominees are currently directors of First California and were duly elected at the 2008 Annual Meeting of Stockholders. The term "Mergers" used throughout this Proxy Statement refers to the reincorporation merger of National Mercantile Bancorp with and into its wholly-owned subsidiary, First California, which was immediately followed by the merger of FCB Bancorp with and into First California, which was completed on March 12, 2007. The term "the Bank" used throughout this Proxy Statement refers to First California Bank.

**Richard D. Aldridge**

Director since 2007

Age 61

Mr. Aldridge served as the Vice Chairman of the Board of FCB Bancorp from October 2005 until the completion of the Mergers, and was a director from 1993 until the completion of the Mergers. He was employed for 19 years by Weyerhaeuser Company in Longview, Washington, where he was a business manager. For the past 17 years, Mr. Aldridge has been the President and CEO of B & R Supply, Inc., an industrial tool distributor. Since 1990, he has held investments in multiple community banks and real estate in Ventura County. Mr. Aldridge also served as interim Chairman of the Board of FCB Bancorp from 1998 to 1999. Mr. Aldridge is the brother-in-law of John W. Birchfield.

**Donald E. Benson**

Director since 2006

Age 78

Mr. Benson served as a director of National Mercantile from 1998 until the completion of the Mergers. Mr. Benson is Executive Vice President and a director of Marquette Financial Companies, Minneapolis, Minnesota, a financial services holding company (formerly Marquette Bancshares, Inc.). He has served in that position since 1992. Mr. Benson is also a director of MAIR Holdings, Inc., a commuter airline, Mass Mutual Corporate Investors, a mutual fund, and Mass Mutual Participation Investors, a mutual fund.

**John W. Birchfield**

Director since 2007

Age 57

Mr. Birchfield served as the Chairman of the Board of FCB Bancorp from October 2005 until the completion of the Mergers, and was a director from 1993 until the completion of the Mergers. Since 1995, Mr. Birchfield has served as the Chairman of the Board at B & R Supply Inc. He is also the managing partner of Ralston Properties LP, a privately held real estate management company. Mr. Birchfield is the brother-in-law of Richard D. Aldridge. Mr. Birchfield currently serves as the Chairman of the Board for First California Bank.

**Table of Contents**

**Joseph N. Cohen**

Director since 2006

Age 62

Mr. Cohen served as a director of National Mercantile from 1998 until the completion of the Mergers. Mr. Cohen has been President of American Entertainment Investors, Inc., a media financing and consulting firm, since February 1996, a Principal of Abel's Hill Capital Corp., an investment banking firm, since October 1996, and a Principal of EFS Advisors, LLC, which co-manages an entertainment investment fund, since June 2006.

**Robert E. Gipson**

Director since 2007

Age 62

Mr. Gipson served as a director of National Mercantile from 1996 until the completion of the Mergers, and was Chairman of National Mercantile from June 1997 until the completion of the Mergers, and was Chairman of Mercantile National Bank from June 1997 to December 1998. Mr. Gipson is President of Alpha Analytics Investment Group, LLC, a registered investment advisor, and has served in that capacity since its organization in 1998. Mr. Gipson is Of Counsel to the law firm of Gipson Hoffman & Pancione and has been a lawyer with that firm since 1982. Mr. Gipson is also President of Corporate Management Group, Inc., a financial management company, since 1988. Mr. Gipson currently serves as Chairman of the Board for First California.

**W. Douglas Hile**

Director since 2007

Age 56

Mr. Hile served as a director of National Mercantile from 2003 until the completion of the Mergers. Mr. Hile is Chairman and Chief Executive Officer of Meridian Bank, a position he has held since October of 2002. He also serves as Senior Vice President and Regional President for Marquette Financial Companies, a diversified financial services holding company headquartered in Minneapolis, Minnesota. He has almost thirty years of experience in the financial services business, including management roles for Northern Trust and Bank One. Prior to joining Meridian Bank, he served as President and Chief Executive Officer of the Marquette Banks, a \$3 billion commercial banking group based in Minneapolis, Minnesota.

**Antoinette T. Hubenette, M.D.**

Director since 2006

Age 60

Dr. Hubenette served as a director of National Mercantile from 1998 until the completion of the Mergers. Dr. Hubenette was President and a director of Cedars-Sinai Medical Group, Beverly Hills, California (formerly Medical Group of Beverly Hills), a physicians' medical practice group, from 1994 to 2000. She has been a practicing physician since 1982. She continues in part-time practice of general internal medicine.

**Table of Contents**

**C. G. Kum**

Director since 2007

Age 54

Mr. Kum began his banking career in 1977 as a corporate banking trainee with Bank of California in San Francisco, California. He served as Regional Vice President and Manager of Asset Quality Administration for United Banks of Colorado from 1984 until 1987. Mr. Kum then served as Vice President and Division Manager of Special Projects Division for Colorado National Bank from 1987 until 1993. Mr. Kum moved to California in 1993 and served as Executive Vice President and Chief Credit Officer of City Commerce Bank from 1993 until 1999.

Mr. Kum was appointed to his position as the President and the Chief Executive Officer of First California Bank (formerly known as Camarillo Community Bank) on September 1, 1999. Under his leadership, the Bank grew from total assets of \$100 million and two branches in 1999, to total combined assets of over \$1.4 billion and 18 branches of First California as of March 31, 2009. He is a graduate of the University of California at Berkeley and received his Masters Degree in Business Administration from Pepperdine University. Mr. Kum also is a graduate of Stonier Graduate School of Banking. He was President of the Board of Directors of Community Bankers of California, an association of California community bank presidents, for the fiscal year 2005-06.

**Syble R. Roberts**

Director since 2007

Age 72

Ms. Roberts was a director of FCB Bancorp (formerly known as Camarillo Community Bank) from 1989, until the completion of the Mergers, and served as chairman of the personnel committee. Ms. Roberts was also a Founding Director of City Commerce Bank, Santa Barbara, opened in 1978 and now owned by Rabobank, N.A. Ms. Roberts' background is in the legal, title insurance and escrow, and real estate investment fields. Ms. Roberts became a specialist in the escrow field of multiple tax-deferred exchanges and long order leasehold estates and was involved in the start-ups of a title insurance company and several escrow and mortgage banking companies.

**Thomas Tignino**

Director since 2007

Age 61

Mr. Tignino served as a director of FCB Bancorp from January 2006 until the completion of the Mergers. Mr. Tignino is the founder and President of Thomas Tignino & Associates, a multi-service accountancy firm established in 1980. His firm specializes in tax planning and compliance, estate planning and investment review.

**The Board of Directors unanimously recommends a vote FOR the election of the Board of Directors nominees.**



## **Table of Contents**

### **CORPORATE GOVERNANCE; BOARD COMMITTEES**

#### **Director Independence**

First California has identified as independent directors the following individuals currently serving on its Board of Directors: directors Aldridge, Benson, Birchfield, Cohen, Gipson, Hile, Hubenette, Roberts and Tignino. In making this determination, First California applied Rule 4200(a)(15) of the Nasdaq Marketplace Rules. First California's Board of Directors has an audit committee and compensation committee. It did not have a nominating committee until March 2009. Prior to such time, the entire Board effectively functioned as a nominating committee. First California has determined that the independent directors identified above also qualify as independent members of its audit, compensation and governance and nominating committees and fulfill the independence requirements in connection with the nomination of directors in accordance with Rule 4350 of the Nasdaq Marketplace Rules. Mr. Kum is also a member of the Board of Directors of First California but, as the president and chief executive officer of First California, he is not independent.

In making these determinations of independence, First California considered applicable Nasdaq Marketplace Rules and, with respect to members of its audit committee, SEC rules. In addition, with respect to Messrs. Hile and Benson, First California considered employment relationships with affiliates of First California's largest stockholders.

#### **Board and Board Committees; Meetings**

The Board of Directors met 15 times during fiscal year 2008. All directors attended at least 75% of all meetings of the Board of Directors and Board Committees on which he or she served in 2008.

The following information is provided regarding certain standing Committees of the Board of Directors during 2008.

#### **Audit Committee**

The Audit Committee of the Board of Directors was formed on March 12, 2007 upon completion of the Mergers. The Audit Committee's current charter was approved by the Board of Directors on January 28, 2009. The Audit Committee charter is available on our website at [www.fcalgroup.com](http://www.fcalgroup.com). The Audit Committee consists of directors Birchfield (Chair), Cohen, Gipson, Roberts and Tignino. The Board of Directors has determined that all of the members of the Audit Committee are independent in accordance with applicable Nasdaq Marketplace Rules and SEC rules. The Board of Directors has also determined that Thomas Tignino is an audit committee financial expert as that term is defined in SEC Regulation S-K.

First California's Audit Committee is responsible for providing assistance to the Board of Directors in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, internal control and legal compliance function, as well as those of First California's subsidiaries.

The Audit Committee held nine meetings during 2008.

#### **Compensation Committee**

The Compensation Committee of the Board of Directors was formed on March 12, 2007 upon completion of the Mergers. The Compensation Committee's current charter was approved by the Board of Directors on December 17, 2008. The Compensation Committee charter is available on our website at [www.fcalgroup.com](http://www.fcalgroup.com). The members of the Compensation Committee are: directors Aldridge, Benson (Chair), Hile, Hubenette and

## **Table of Contents**

Roberts, none of whom are executive officers of First California. The Board of Directors has determined that all members of the Compensation Committee are independent under the listing standards of the Nasdaq Stock Market, Inc.

The Compensation Committee recommends to the Board of Directors all elements of compensation for the executive officers and exercises the Board of Directors' authority with respect to the implementation and administration of the executive compensation programs and policies of First California. The Compensation Committee also administers the restricted stock and stock option plans of First California. The Compensation Committee retained Amalfi Consulting, LLC as its independent compensation consultant for 2008 to advise on all matters related to compensation and general compensation programs and to improve the links between executive and senior officer compensation and performance. Additionally, the Compensation Committee consults with C. G. Kum, First California's President and Chief Executive Officer, on compensation matters.

The Compensation Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Compensation Committee.

The Compensation Committee held five meetings during 2008.

## **Governance and Nominating Committee**

The Governance and Nominating Committee (the GNC) of the Board of Directors was formed in March 2009. Accordingly, the Board of Directors did not have a standing nominating committee during 2008. The members of the GNC are: directors Cohen, Hubenette (Chair), Roberts and Tignino, none of whom are executive officers of First California. The Board of Directors has determined that all members of the GNC are independent under the listing standards of the Nasdaq Stock Market, Inc.

## **Nominations Process**

The GNC considers and develops governance standards for First California and establishes the requirements and qualifications for members of the Board. The GNC, in consultation with the Chief Executive Officer and the Chairman, also recommends candidates for nomination and election to the Board of Directors of First California and to the Board of Directors of First California Bank. The GNC operates under a charter which was approved by the Board of Directors on March 18, 2009, a copy of which is attached hereto as [Appendix A](#).

In identifying and recommending nominees for positions on the Board of Directors, the GNC places primary emphasis on the criteria set forth under Selection of Directors Criteria in our Corporate Governance Guidelines, namely: (1) personal qualities and characteristics, accomplishments and professional reputation; (2) current knowledge and contacts in the communities in which the Company does business and in the Company's industry or other industries relevant to the Company's business; (3) ability and willingness to commit adequate time to Board and committee matters; (4) the fit of the individual's skills and personality with those of other directors and potential directors in building a Board that is effective, collegial and responsive to the needs of the Company; (5) diversity of viewpoints, backgrounds and experience; and (6) the ability and skill set required and other relevant experience.

The GNC does not set specific, minimum qualifications that nominees must meet in order for the GNC to recommend them to the Board of Directors, but rather believes that each nominee should be evaluated based on his or her individual merits, taking into account the needs of First California and the composition of the Board of Directors. Members of the GNC may seek input from other members of the Board in identifying possible candidates, and may, in its discretion, engage one or more search firms to assist in the recruitment of director candidates.

First California's by-laws state that nominations for the election of individuals to the Board of Directors may be made by the Board of Directors or by any holder of our voting stock. Nominations, other than those made

## **Table of Contents**

by the Board of Directors, must be made in writing. If a stockholder wishes to make such nominations, notice must be received by the Corporate Secretary of First California no less than 90 nor more than 120 days prior to the first anniversary date of the Annual Meeting for the preceding year. Any stockholders wishing to make a nomination to the Board of Directors must deliver a statement in writing setting forth the name of the person or persons to be nominated, the number and class of all shares of each class of our stock owned by each proposed nominee, as reported to the nominating stockholders by such nominee(s), the information regarding each such nominee required by paragraphs (a), (e) and (f) of Item 401 of Regulation S-K adopted by the Securities and Exchange Commission, each such nominee's signed consent to serve as a director of the Company if elected, and the nominating stockholders' name and address and the number and class of all shares of each class of First California's stock owned by the nominating stockholder. The Board may require any proposed nominee to furnish such other information as the Board may reasonably require to determine whether the proposed nominee(s) would be considered independent under the various rules and standards applicable to First California. If nominations to the Board of Directors are not made as outlined above, the Chairman of the meeting may disregard the nominations and instruct the inspectors of election to disregard all votes cast for such nominees.

Until immediately after the close of the 2009 annual meeting of stockholders, our Board of Directors will consist of 10 directors, five of whom are former directors of FCB Bancorp and five of whom are former directors of National Mercantile. In the event the number of directors is increased or decreased, the Board of Directors will nominate candidates so as to cause the ratio of former National Mercantile directors to former FCB directors to equal one. A special majority of the Board of Directors consisting of at least three-quarters of the members of the Board and a majority of both former FCB Bancorp and former National Mercantile directors serving at the time may determine that this nomination process will not apply to any one or more directorships.

### **Director Attendance at Annual Meetings**

The Board's policy regarding director attendance at annual meetings of stockholders is that directors are required to attend. First California does not reimburse directors for expenses related to attendance at annual meetings of stockholders.

**Table of Contents**

**PROPOSAL 2**

**RATIFICATION OF THE SELECTION OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Company engaged the independent registered public accounting firm of Moss Adams LLP as our principal independent auditor to audit our financial statements for the fiscal years ended December 31, 2007 and 2008, and the Board of Directors, upon recommendation of its Audit Committee, has ratified the appointment of Moss Adams LLP to serve as its independent auditor for the fiscal year ending December 31, 2009. Representatives of Moss Adams LLP will be present at the Annual Meeting to answer questions and will have the opportunity to make a statement if they desire to do so.

We are asking our stockholders to ratify the appointment of Moss Adams LLP as our independent registered public accounting firm. Although ratification is not required by our Bylaws or otherwise, the Board is submitting the appointment of Moss Adams LLP to our stockholders for ratification because we value our stockholders' views on the Company's independent auditor and as a matter of good corporate practice. In the event that our stockholders fail to ratify the appointment, it will be considered as a direction to the Board of Directors and the Audit Committee to consider the selection of a different firm. Even if the appointment is ratified, the Audit Committee, in its discretion, may select a different independent auditor, subject to ratification by the Board, at any time during the year if it determines that such a change would be in the best interests of the Company and its stockholders.

**The Board of Directors unanimously recommends a vote FOR the ratification of the selection of Moss Adams LLP as its independent registered public accounting firm for the fiscal year ending December 31, 2009.**

---

**Table of Contents**

**REPORT OF THE AUDIT COMMITTEE**

*The following Report of the Audit Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent First California Financial Group, Inc. specifically incorporates this Report by reference therein.*

The Audit Committee oversees our financial reporting process on behalf of the Board of Directors. In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed with management the audited financial statements included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission.

Management is responsible for First California Financial Group, Inc.'s (the Company's) financial reporting process including its system of internal controls, and for the preparation of consolidated financial statements in accordance with generally accepted accounting principles. The Company's independent registered public accountants are responsible for auditing those financial statements.

The Audit Committee's responsibility is to monitor and review these processes and procedures. The Audit Committee has relied on the information provided and on the representations made by management regarding the effectiveness of internal control over financial reporting, that the financial statements have been prepared with integrity and objectivity and that such financial statements have been prepared in conformity with generally accepted accounting principles. The Audit Committee also relies on the opinions of the independent public accountants on the consolidated financial statements and the effectiveness of internal controls over financial reporting. The Audit Committee's oversight does not provide it with an independent basis to determine that management has maintained appropriate accounting and financial reporting principles or policies, or appropriate internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, its consultations and discussions with management and the independent public accountants do not assure that the Company's financial statements are presented in accordance with generally accepted accounting principles, that the audit of the Company's financial statements has been carried out in accordance with generally accepted auditing standards or that our Company's independent accountants are in fact independent.

The Audit Committee met and discussed with the independent public accountants the matters required to be discussed by Statements on Accounting Standards (SAS) No. 61, as currently in effect. In addition, the Audit Committee has discussed with the independent public accountants their independence from the Company and has received the written letter from the independent public accountants as required by Public Company Accounting Oversight Board (PCAOB) Rule 3526 (Communication with Audit Committees Concerning Independence) and the SEC.

The Audit Committee also met and discussed with the independent public accountants issues related to the overall scope and objectives of the audit, the Company's internal controls and critical accounting policies, and the specific results of the audit. Management was present at all or some part of each of these meetings. Lastly, the Audit Committee met with management and discussed the engagement of Moss Adams LLP as the Company's independent public accountants.

Pursuant to the reviews and discussions described above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Annual Report on Form 10-K for the fiscal year 2008 filed with the Securities and Exchange Commission.

March 30, 2009

**AUDIT COMMITTEE**

John W. Birchfield, Chairman

Joseph N. Cohen

Robert E. Gipson

Syble R. Roberts

Thomas Tignino



**Table of Contents****INFORMATION ABOUT FIRST CALIFORNIA****COMMON AND PREFERRED STOCK OWNERSHIP****Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.**

The following table provides information as of March 31, 2009 regarding our Common Stock and our Series A Convertible Perpetual Preferred Stock, or Series A Preferred Stock, owned by: (i) each person we know to beneficially own more than 5% of the outstanding Common Stock or outstanding Series A Preferred Stock; (ii) each of our directors; (iii) each of our executive officers named in the Summary Compensation Table included in this Proxy Statement; and (iv) all of our executive officers and directors as a group. Except as may be indicated in the footnotes to the table and subject to applicable community property laws, to our knowledge each person identified in the table has sole voting and investment power with respect to the shares shown as beneficially owned. The Series A Preferred Stock is included in the table below; however, the Series A Preferred Stock is not entitled to vote at the Annual Meeting.

The Company also has issued and outstanding 25,000 shares of Fixed Rate Cumulative Perpetual Preferred Stock, Series B, or Series B Preferred Stock. All of the Series B Preferred Stock was issued to the United States Department of the Treasury (the Treasury) on December 19, 2008 in connection with the Company's participation in the Treasury's Troubled Asset Relief Program Capital Purchase Program (TARP-CPP). The Treasury is the beneficial owner of 100% of the issued and outstanding shares of Series B Preferred Stock, and therefore, no further disclosure with respect to the Series B Preferred Stock is contained in the table below. The Series B Preferred Stock is not entitled to vote at the Annual Meeting.

Except as indicated, the address of each person listed below is c/o First California Financial Group, Inc., 3027 Townsgate Road, Suite 300, Westlake Village, California 91361.

Name of Beneficial Owners	Amount of Beneficial Ownership of Common Stock(1)	Approximate Percentage of Outstanding Shares	Amount of Beneficial Ownership of Series A Preferred Stock(15)	Approximate Percentage of Outstanding Series A Preferred Stock(15)
<b>Directors and Executive Officers:</b>				
C. G. Kum(2)	117,267	*	0	*
Romolo Santarosa(3)	32,068	*	0	*
Cheryl Knight(4)	6,145	*	0	*
Richard D. Aldridge(5)(6)	1,423,601	12.22%	0	*
Donald E. Benson(7)	85,248	*	0	*
John W. Birchfield(6)(8)	1,473,937	12.66%	0	*
Joseph N. Cohen(9)	7,310	*	0	*
Robert E. Gipson(9)	47,780	*	0	*
W. Douglas Hile(9)	9,486	*	0	*
Antoinette T. Hubenette, M.D.(9)	14,997	*	0	*
Syble R. Roberts(10)	426,193	3.66%	0	*
Thomas Tignino(11)	12,867	*	0	*
All directors and executive officers as a group (14 persons)(12)	2,793,570	23.62%	0	*
<b>Greater than 5% stockholders not listed above:</b>				
James O. Pohlاد(13)	936,942	8.05%	334	33.4%
Robert C. Pohlاد(13)	936,941	8.05%	333	33.3%
William M. Pohlاد(13)	936,942	8.05%	333	33.3%
Carl R. Pohlاد(13)(14)	387,498	3.33%	0	*
Total Pohlاد Family	3,198,323	27.49%	1,000	100%

\* Represents less than 1%.





---

**Table of Contents**

- (1) Shares of Common Stock subject to options currently exercisable, or exercisable within 60 days of March 31, 2009 and shares of restricted Common Stock are deemed outstanding for computing the ownership percentage of the person holding such options or warrants, but are not deemed outstanding for computing the ownership percentage of any other person. Unless otherwise noted in a footnote to this table, the number of shares reflected in the table includes shares held by or with such person's spouse (except where legally separated) and minor children; shares held by any other relative of such person who has the same home; shares held by a family trust as to which such person is a trustee with sole voting and investment power (or shares power with a spouse); shares held as custodian for minor children; or shares held in an Individual Retirement Account or pension plan as to which such person has pass-through voting rights and investment power.
- (2) Includes 51,921 shares that may be acquired within 60 days of March 31, 2009 upon exercise of stock options and 13,805 shares of restricted Common Stock which vest in five equal annual installments beginning on February 25, 2010.
- (3) Includes 22,798 shares that may be acquired within 60 days of March 31, 2009 upon exercise of stock options and 5,485 shares of restricted Common Stock which vest in five equal annual installments beginning on February 25, 2010.
- (4) Includes 2,000 shares that may be acquired within 60 days of March 31, 2009 upon exercise of stock options and 4,145 shares of restricted Common Stock which vest in five equal annual installments beginning on February 25, 2010.
- (5) This figure includes 52,469 shares held by the Brian J. Aldridge 1991 Trust and 70,180 shares held by the Tenisha M. Aldridge 1991 Trust, of which Lynda J. Aldridge, the spouse of Richard Aldridge, is the sole trustee. Includes 13,129 shares that may be acquired within 60 days of March 31, 2009 upon exercise of stock options, 1,765 shares of restricted Common Stock which vest in three equal annual installments beginning on March 19, 2009, and 3,045 shares which vest in three equal installments beginning on February 25, 2010.
- (6) This figure includes 868,655 shares held in trusts for which Richard D. Aldridge and John W. Birchfield are co-trustees, each having full voting rights over the entire block of shares. The 868,655 shares are held as follows: 679,531 shares are held in the James O. Birchfield 1995 Trust, 47,281 shares are held in the James O. Birchfield 1995 Trust FBO Shane O. Birchfield, 47,281 shares are held in the James O. Birchfield 1995 Trust FBO Garrett W. Birchfield, 47,281 shares are held in the James O. Birchfield 1995 Trust FBO Tenisha M. Fitzgerald, and 47,281 shares are held in the James O. Birchfield 1995 Trust FBO Brian J. Aldridge.
- (7) This figure includes 1,765 shares of restricted Common Stock which vest in three equal annual installments beginning on March 19, 2009, and 3,045 shares which vest in three equal installments beginning on February 25, 2010. 64,187 of these shares have been pledged as security in a Merrill Lynch Margin Account.
- (8) This figure includes 66,234 shares held by the Shane O. Birchfield Trust and 43,893 shares held by the Garrett W. Birchfield Trust, of which John W. Birchfield is the sole trustee. This figure also includes 13,129 shares that may be acquired within 60 days of March 31, 2009 upon exercise of stock options, 1,765 shares of restricted Common Stock which vest in three equal annual installments beginning on March 19, 2009, and 3,045 shares which vest in three equal installments beginning on February 25, 2010.
- (9) Includes 2,500 shares that may be acquired within 60 days of March 31, 2009 upon exercise of stock options, and 1,765 shares of restricted Common Stock which vest in three equal annual installments beginning on March 19, 2009, and 3,045 shares which vest in three equal installments beginning on February 25, 2010.
- (10) Includes 13,129 shares that may be acquired within 60 days of March 31, 2009 upon exercise of stock options, and 1,765 shares of restricted Common Stock which vest in three equal annual installments beginning on March 19, 2009, and 3,045 shares which vest in three equal installments beginning on February 25, 2010.



**Table of Contents**

- (11) Includes 1,765 shares of restricted Common Stock which vest in three equal annual installments beginning on March 19, 2009, and 3,045 shares which vest in three equal installments beginning on February 25, 2010.
  
- (12) The 868,655 shares beneficially owned by each of Richard D. Aldridge and John W. Birchfield, in their capacities as co-trustees of the James O. Birchfield trusts discussed in footnote (6) above, are included only once for purposes of this figure.
  
- (13) The business address is 60 South Sixth Street, Suite 3800, Minneapolis, Minnesota 55402.
  
- (14) Owned in two separate revocable trusts.
  
- (15) Each share of Series A Preferred Stock is convertible into a number of shares of Common Stock equal to the liquidation preference of \$1,000 and any accumulated dividends thereon, divided by 5.63.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires the Company's directors and executive officers, and persons who own more than 10% of a registered class of the Company's equity securities, to file reports of ownership of, and transactions in, the Company's equity securities with the SEC. Such directors, executive officers and 10% stockholders are also required to furnish the Company with copies of all Section 16(a) reports that they file. Based solely on a review of the copies of such reports received by the Company, the Company believes that all Section 16(a) filing requirements applicable to its directors, executive officers and 10% stockholders were complied with and filed in a timely manner during 2008, except as follows: Edmond Sahakian's Form 3 was not timely filed during 2008.

**Table of Contents****EXECUTIVE OFFICERS****Executive Officers**

The table below sets forth our current executive officers, their ages as of March 31, 2009, and their positions.

<b>Name</b>	<b>Age</b>	<b>Position</b>
C. G. Kum	54	Director, President and Chief Executive Officer of the Company and the Bank
Romolo Santarosa	52	Executive Vice President and Chief Financial Officer of the Company and the Bank
Cheryl Knight	55	Executive Vice President and Chief Risk Officer of the Bank
Donald Macaulay	59	Executive Vice President and Manager of the Business Banking Division of the Bank
Edmond Sahakian	45	Senior Vice President and Manager of the Retail Banking Division of the Bank

As used throughout this Proxy Statement, the term executive officer means our President and Chief Executive Officer, our Senior Vice President and Manager of the Retail Banking Division, our Executive Vice President and Chief Financial Officer, our Executive Vice President and Chief Risk Officer, and our Executive Vice President, Manager of the Business Banking Division. Our Chairman of the Board, Corporate Secretary and other Vice Presidents are not executive officers.

**Biographical Information Regarding Our Executive Officers**

*C. G. Kum, Director, President and Chief Executive Officer.* Mr. Kum began his banking career in 1977 as a corporate banking trainee with Bank of California in San Francisco, California. He served as Regional Vice President and Manager of Asset Quality Administration for United Banks of Colorado from 1984 until 1987. Mr. Kum then served as Vice President and Division Manager of Special Projects Division for Colorado National Bank from 1987 until 1993. Mr. Kum moved to California in 1993 and served as Executive Vice President and Chief Credit Officer of City Commerce Bank from 1993 until 1999.

Mr. Kum was appointed to his position as the President and the Chief Executive Officer of First California Bank (formerly known as Camarillo Community Bank) on September 1, 1999. Under his leadership, the Bank grew from total assets of \$100 million and two branches in 1999, to total combined assets of over \$1.4 billion and 18 branches as of March 31, 2009. He is a graduate of the University of California at Berkeley and received his Masters Degree in Business Administration from Pepperdine University. Mr. Kum also is a graduate of Stonier Graduate School of Banking. He was President of the Board of Directors of Community Bankers of California, an association of California community bank presidents, for the fiscal year 2005-06.

*Romolo Santarosa, Executive Vice President and Chief Financial Officer.* Mr. Santarosa began his banking career in 1991 with Shawmut National Corporation in Hartford, Connecticut as its Controller. In 1995, Mr. Santarosa moved to Los Angeles and joined Sanwa Bank California, serving as Controller until 1997. He then served as Chief Financial Officer of Southern Pacific Bank from 1997 until 2000, of Eldorado Bancshares, Inc. from 2000 to 2001, and of Treasury Bank, N.A. from 2001 to 2002.

Mr. Santarosa joined First California Bank in November 2002 as a member of Executive Management responsible for finance, accounting, investor relations, technology and bank operations. Mr. Santarosa has been an integral part of the Bank's growth and success in the past seven years.

A native of western New York, Mr. Santarosa graduated from Ithaca College in 1978 and joined the Buffalo office of Price Waterhouse to begin his career in public accounting with a focus in banking, insurance and

**Table of Contents**

venture capital clients. He subsequently transferred to the Hartford office of Price Waterhouse in 1985. Mr. Santarosa is a certified public accountant in New York and Connecticut. In addition, he is a member of the American Institute of CPAs, the California State Society of CPAs, a former chairman of the Finance and Accounting Commission of the Bank Administration Institute and a Director of Data Center, Inc., a full-service bank technology company.

*Cheryl Knight, Executive Vice President and Chief Risk Officer.* Ms. Knight began her banking career in 1972 at Union Bank in construction loan administration. Ms. Knight worked for several small- to mid-sized financial institutions until 1996 when she joined Deloitte & Touche LLP in Los Angeles as Managing Consultant in their Financial Institutions Advisory Group. During her time at Deloitte, she assisted various financial institutions in complying with regulatory agreements, enhancing the credit process, and consulting on risk management programs. In 1998, Ms. Knight joined Montecito Bank & Trust as Senior Vice President and Chief Credit Officer, and was promoted to Executive Vice President and appointed Chief Risk Officer in 2005. Ms. Knight left Montecito Bank & Trust to join First California Bank in March 2007 as Executive Vice President and Chief Risk Officer to implement an enterprise-wide risk management program and direct compliance activities.

Ms. Knight has also served on the Board of Directors of California Community Reinvestment Group since 2005 and is currently Vice Chair and a member of its Executive Committee. California Community Reinvestment Group is not affiliated with First California Bank. Their mission is consistent with the Community Reinvestment Act in creating affordable housing throughout California through innovative financing and investment programs.

*Donald W. Macaulay, Executive Vice President and Manager of the Business Banking Division.* Mr. Macaulay began his banking career in 1976 at Cape Cod Bank and Trust in Massachusetts, where he assumed positions of increasing responsibilities, including regional loan manager, overseeing ten loan offices. He was also an area president managing the west coast region of Florida for SouthTrust Bank, which was acquired by Wachovia Corporation. Mr. Macaulay also served as an area president at First Community Bancshares, responsible for the Virginia and North Carolina markets. Most recently, from 2003 through 2005, he held management positions with Union Bank of California and from 2005 until joining First California Bank, he served as senior vice president/business banking manager at Community West Bank, both in the Southern California area. Mr. Macaulay joined First California Bank in January 2009 as Executive Vice President and Manager of the Business Banking Division.

Mr. Macaulay received his bachelor's degree in business administration from Bryant University in Rhode Island and is a graduate of Williams College School of Banking.

*Edmond Sahakian, Senior Vice President and Manager of the Retail Banking Division.* Mr. Sahakian began his banking career with Home Savings of America in 1986 where he progressed to the position of Vice President Retail Banking Manager until 1997. Mr. Sahakian held management positions with California Federal Bank and Countrywide Home Loans from 1997 to 2001. In 2001, Mr. Sahakian rejoined California Federal Bank and served as a Vice President during their subsequent acquisition in 2002 by Citibank. Mr. Sahakian led the successful integration efforts for the Central Coast Region for Citibank. In 2004, Mr. Sahakian joined First California Bank as Senior Vice President, Manager of the Retail Banking Division.

Mr. Sahakian received his bachelor's degree from California State University, Northridge and is currently enrolled at Pacific Coast Banking School at the University of Washington with an anticipated graduation date of September 2009.

**Table of Contents**

**PROPOSAL 3**

**ADVISORY (NON-BINDING) VOTE ON EXECUTIVE COMPENSATION**

The recently-enacted American Recovery and Reinvestment Act of 2009 ( ARRA ) requires the Company, during the period in which any obligation arising from the Company's participation in the Troubled Asset Relief Program Capital Purchase Program ( TARP-CPP ) remains outstanding, to submit to the Company's stockholders a non-binding vote on the compensation of the Company's executive officers, as described in the section entitled Executive Compensation below, including the tabular disclosure regarding named executive officer compensation and the accompanying narrative disclosure in this Proxy Statement.

This proposal, commonly known as a say-on-pay proposal , gives the Company's stockholders the opportunity to endorse or not endorse the Company's executive pay program. Accordingly, stockholders of the Company are being asked to approve the following resolution:

**RESOLVED, that the stockholders of First California Financial Group, Inc. hereby approve the compensation of executive officers as described under the heading Executive Compensation, including the tabular disclosure regarding named executive officer compensation and the accompanying narrative disclosure, in this Proxy Statement.**

This vote shall not be binding on the Board of Directors and will not be construed as overruling a decision by the Board nor create or imply any additional fiduciary duty by the Board. However, the Compensation Committee will take into account the outcome of the vote when considering future executive compensation arrangements.

In voting to approve the above resolution, stockholders may vote FOR the resolution, AGAINST the resolution or ABSTAIN from voting. This matter will be decided by the affirmative vote of a majority of the votes cast at the Annual Meeting. On this matter, abstentions will have no effect on the voting. The Board of Directors believes that the compensation practices of the Company are designed to accomplish the objectives of the Compensation Committee's compensation philosophy, and are appropriately aligned to the long-term success of the Company and the interests of its stockholders.

**The Board of Directors unanimously recommends a vote FOR approval of the compensation  
of the Named Executive Officers.**

**Table of Contents****EXECUTIVE COMPENSATION****Summary Compensation Table**

The following table contains summary compensation information for the fiscal years ended December 31, 2008 and 2007 with respect to (i) C. G. Kum, our current President and Chief Executive Officer, and (ii) Romolo Santarosa and Cheryl Knight, our two other most highly compensated executive officers for the year ended December 31, 2008. Such executive officers are referred to in this item as the named executive officers.

First California was formed in June 2006 for the purpose of holding the bank subsidiaries of National Mercantile and FCB Bancorp following completion of the Mergers on March 12, 2007. Accordingly, the compensation contained in the table below includes all compensation paid to the named executive officers by the Company, and, with respect to compensation earned during 2007 but prior to completion of the Mergers, with National Mercantile or FCB Bancorp.

**Summary Compensation Table**

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards \$(3)	Non-equity Incentive Plan Compensation \$(4)	Nonqualified Deferred Compensation Earnings \$(5)	All Other Compensation \$(6)	Total (\$)
C. G. Kum, President and Chief Executive Officer(1)	2008	\$ 410,938			\$ 255,625	\$ 160,000		\$ 93,564	\$ 920,127
	2007	\$ 351,975			\$ 120,748	\$ 168,000		\$ 86,708	\$ 727,431
Romolo Santarosa, Executive Vice President and Chief Financial Officer(1)	2008	\$ 234,703			\$ 81,907	\$ 56,800		\$ 53,982	\$ 427,392
	2007	\$ 212,637			\$ 34,461	\$ 67,000		\$ 46,081	\$ 360,179
Cheryl Knight, Executive Vice President and Chief Risk Officer(2)	2008	\$ 177,331			\$ 23,200	\$ 40,000		\$ 17,458	\$ 257,989
	2007	\$ 140,468			\$ 4,299	\$ 34,000		\$ 8,495	\$ 187,262

(1) Prior to completion of the Mergers, the executive officer also served in such position with FCB Bancorp.

(2) Ms. Knight was employed by the Bank effective March 2007.

(3) The 2008 amounts represent the compensation cost of option awards granted in and prior to 2008, except that these amounts do not include any estimate of forfeitures. The grant date fair value of option awards granted was determined in accordance with Statement of Financial Accounting Standards No. 123R (SFAS 123R) and is recognized as compensation cost over the requisite service period. The terms of each stock option plan are described in Holdings of Previously Awarded Equity below. Furthermore, the amount recognized for these awards was calculated based on the lattice option pricing model using the assumptions described in Note 14 to the Company's audited consolidated financial statements for the year ended December 31, 2008 included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2008. These notes also describe the determination of fair value and compensation cost recognized for these option awards. In particular, an estimate of the number of awards that ultimately will be earned is made at the grant date. Those estimates may be revised each period.

## Edgar Filing: First California Financial Group, Inc. - Form DEF 14A

- (4) The 2008 amounts represent short-term annual performance cash bonuses paid under the Company's incentive compensation program. For Mr. Kum, the non-equity incentive plan awards were determined as a percentage of the Company's net profit. For Mr. Santarosa and Ms. Knight, the non-equity incentive plan awards were determined as a percentage of base salary. See Description of Non-equity Incentive Plan below.
- (5) This column represents the interest earnings and distributions for the fiscal year on compensation that is deferred on a basis that is not tax-qualified.



**Table of Contents**

- (6) The 2008 amounts reflect for each named executive officer (1) matching contributions made by the Company pursuant to its 401(k) Plan, (2) the economic benefit reported as income to each named executive officer attributable to the split-dollar life insurance policies owned by the Company with respect to such named executive officer, (3) premiums associated with group term life insurance and health insurance policies, and (4) the incremental cost of perquisites including the value of the monthly amounts paid to the named executive officers for the use of personally owned automobiles and cellular phones and the amounts paid by the Company on behalf of each named executive officer with respect to club memberships and overnight lodging. This column also includes the total change from December 31, 2007 through December 31, 2008, in the accrued liability balance established with respect to the benefit obligation associated with the post-retirement salary continuation agreement of each named executive officer and accrued for in accordance with Accounting Principles Board Opinion No. 12. For 2008, these amounts were: C. G. Kum, \$50,936; and Romolo Santarosa, \$23,198. See Employment Agreements and Other Factors Affecting 2008 Compensation below for more information on the salary continuation agreements.

**Employment Agreements and Other Factors Affecting 2008 Compensation**

***Modification of Compensation Arrangements as a Result of TARP-CPP***

In connection with the Company's participation in TARP-CPP, the Company's named executive officers have entered into written agreements with the Company pursuant to which they have agreed to certain modifications to compensation, bonus, incentive and other benefit plans, arrangements, agreements, including golden parachute, severance and employment agreements (Benefit Plans). The modification to the Benefit Plans are intended to comply with the requirements for executive compensation set forth in the Emergency Economic Stabilization Act of 2008 (EESA) pursuant to which TARP-CPP was authorized. These agreements modify Benefit Plans in the following ways: (i) the payment of golden parachutes to the named executive officers is prohibited; (ii) any bonus and incentive compensation paid to a named executive officer is subject to recovery or clawback by the Company if the payments were based on materially inaccurate financial statements or any other materially inaccurate performance metric criteria; and (iii) compensation incentives for named executive officers to take unnecessary and excessive risks that threaten the value of the Company are prohibited.

In addition, EESA, as subsequently amended by ARRA in February 2009, imposes additional limitations on executive compensation which will apply for so long as any obligation arising from the Company's participation in TARP-CPP remains outstanding. Prior to the enactment of ARRA, however, the Treasury issued guidelines clarifying the executive compensation limitations in EESA (the Treasury Guidelines). To the extent the Treasury Guidelines conflict with the express provisions of EESA, as now amended by ARRA, the provisions of ARRA shall control. The following are some key features of the new executive compensation restrictions in ARRA:

**ARRA prohibits bonus and similar payments to top employees.** ARRA prohibits the payment of any bonus, retention award, or incentive compensation to the Company's most highly-compensated employee for so long as any obligation arising from the Company's participation in TARP-CPP remains outstanding. The prohibition does not apply to bonuses payable pursuant to employment agreements in effect prior to February 11, 2009. ARRA does not explain how to identify the most highly-compensated employee and does not define incentive compensation. The Treasury Guidelines do not contain a similar limit on bonuses. Instead, the Treasury Guidelines impose a \$500,000 annual compensation cap for a company's senior executive officers, but allows the cap to be waived for all companies other than those receiving exceptional assistance. The Company has not received exceptional assistance, as this term is used in the Treasury Guidelines. Waiver under the Treasury Guidelines is conditioned on the Company's full disclosure of compensation and allowing shareholders a non-binding say-on-pay vote.

**Limited amount of restricted stock excluded from bonus prohibition.** Long-term restricted stock is excluded from ARRA's bonus prohibition, but only to the extent the value of the stock does not exceed one-third of the total amount of annual compensation of the employee receiving the stock, the

## Table of Contents

stock does not fully vest until after all TARP-CPP-related obligations have been satisfied, and any other conditions which the Treasury may specify have been met. The Treasury Guidelines also exempt an unlimited amount of restricted stock from the \$500,000 annual compensation cap described above. Neither ARRA nor the Treasury Guidelines explain how to value various items, such as equity compensation, indirect compensation such as benefits and taxes, when assessing this limit.

**Shareholder say-on-pay vote required.** ARRA requires every company receiving TARP-CPP assistance to permit a non-binding shareholder vote to approve the compensation of executives as disclosed in the Company's Proxy Statement. The Treasury Guidelines contain a similar requirement but only for companies receiving exceptional assistance. ARRA directs the SEC to adopt regulations within 1 year to implement say-on-pay. The Company has included a say-on-pay proposal as Proposal 2 in this Proxy Statement.

**Stricter restrictions on golden parachute payments.** EESA generally limited golden parachute payments to senior executives to three times the executives' base compensation. ARRA prohibits any payment to a senior executive officer or any of the next five most highly-compensated employees upon termination of employment for any reason for as long as any TARP-CPP-related obligations remain outstanding. For all companies other than companies receiving exceptional assistance, the Treasury Guidelines limit golden parachute payments to 1 time base compensation and only apply the limit to the senior executive officers.

**Broader bonus clawback requirements.** EESA required TARP-CPP-participating companies to recover any bonus or other incentive payment paid to a senior executive officer on the basis of materially inaccurate financial or other performance criteria. ARRA extends this recovery requirement to the next 20 most highly-compensated employees in addition to the senior executive officers. This extension is consistent with the Treasury Guidelines.

**Prohibition on compensation plans that encourage earnings manipulation.** ARRA prohibits TARP-CPP participants from implementing any compensation plan that would encourage manipulation of the reported earnings to enhance the compensation of any of its employees. The Treasury Guidelines do not contain a similar requirement.

**Board compensation committee required.** ARRA requires TARP-CPP participants to establish a board compensation committee and requires the committee to meet at least semiannually to discuss and evaluate employee compensation plans in light of an assessment of any risk to us posed by such plans. The Treasury Guidelines do not contain a similar requirement.

**New reporting and certification requirements.** ARRA requires the CEO and CFO of any publicly-traded CPP-participating company to provide a written certification of compliance with the executive compensation restrictions in ARRA in the Company's annual filings with the SEC (i.e. in its Annual Report on Form 10-K or Proxy Statement). The Treasury Guidelines require reporting and certification as well but do not detail how the reporting and certification are to be accomplished. On February 26, 2009, the SEC issued written guidance confirming that this requirement is currently not in effect and will become effective following the issuance of Treasury guidelines establishing the compensation and corporate governance standards under ARRA.

**Policy on luxury expenditures.** ARRA requires each TARP-CPP-participating company to implement a company-wide policy regarding excessive or luxury expenditures, including excessive expenditures on entertainment or events, office and facility renovations, aviation or other transportation services. This is consistent with the Treasury Guidelines which contain a similar requirement.

**Treasury review of prior payments.** ARRA directs the Treasury to review bonuses, retention awards and other compensation paid to the senior executive officers and the next 20 most highly-compensated employees of each company receiving TARP-CPP assistance before ARRA was enacted, and to seek to negotiate with the TARP-CPP recipient and affected employees for reimbursement if it finds any such payments were inconsistent with TARP-CPP or otherwise in conflict with the public interest.



## Table of Contents

In addition to the above requirements, ARRA adopts and continues two requirements from EESA essentially unchanged:

**\$500,000 annual deduction limit.** Like EESA, ARRA prohibits TARP-CPP participants from deducting annual compensation paid to senior executive officers in excess of \$500,000. The Treasury Guidelines, in contrast, contain the \$500,000 annual compensation cap for senior executives described above (which may be waived by all companies other than those receiving exceptional assistance) but do not specifically address the deduction limit.

**No excessive risks.** Like EESA, ARRA requires the Treasury Department to implement limits on compensation that exclude incentives for senior executive officers of a TARP-CPP-participating company to take unnecessary and excessive risks that threaten the value of the company for as long as any TARP-CPP-related obligation remains outstanding. The Treasury Department implemented this directive under EESA by requiring periodic compensation committee review and certification of the risk characteristics of a company's incentive compensation arrangements, and presumably these same review and certification requirements would apply going forward under ARRA. ARRA requires that the compensation committee perform such a review at least semi-annually.

ARRA requires both the Treasury and the SEC to issue rules to implement these new executive compensation restrictions.

Many aspects of the foregoing restrictions will not be clear until the Treasury and the SEC publish new rules.

The foregoing restrictions imposed by ARRA implement many, but not all, of the restrictions of the Treasury Guidelines. At the present time, the Treasury has not announced whether it intends to publish rules to implement the aspects of the Treasury Guidelines that were not addressed by ARRA.

The Company has already implemented the prior requirements of EESA. The Compensation Committee will consider the new limits on executive compensation of ARRA, the Treasury Guidelines (to the extent they apply to the Company), and any forthcoming regulations. When the Treasury publishes such regulations, the Compensation Committee promptly will make appropriate changes to the Company's executive compensation program.

### ***Employment Arrangements with C. G. Kum***

The following is a description of all written employment arrangements between the Company and C. G. Kum. All such written agreements entered into prior to June 2006 were assumed by First California in connection with the Mergers.

**Salary Continuation Agreement with C. G. Kum.** In March 2003, First California Bank entered into a salary continuation agreement with Mr. Kum, which was subsequently amended in December 2008. Upon retirement at or after age 65 for reasons other than death, the agreement provides for a maximum annual benefit of \$160,471 paid in equal monthly installments, which will be paid over the lesser of 17 years or such shorter period of time based upon the number of years that Mr. Kum is employed by the Bank prior to normal retirement. If Mr. Kum leaves the Bank's employ by virtue of early voluntary retirement (prior to attaining age 65) or is terminated for cause (as defined in the agreement), he will not be eligible for a benefit under the agreement. In the event Mr. Kum leaves the Company's employ by virtue of death (either prior or subsequent to retirement), involuntary termination (without cause), disability or, under certain circumstances, a change in control, he will receive partial benefits under the agreement. The amount to be paid under the agreement to Mr. Kum in the event of early involuntary termination is determined based on the year in which termination occurs, and is to be paid in one lump sum by the Company within 30 days following the termination of employment. Upon Mr. Kum's termination of employment due to disability, Mr. Kum will receive a specified amount determined based on the year in which the disability occurs, which is to be paid as an annual benefit for a period of 17 years. Upon a

---

**Table of Contents**

change in control, followed within 12 months by Mr. Kum's termination of employment for reasons other than death, disability or retirement, Mr. Kum will receive a lump sum amount of \$1,488,723 within 30 days following the termination of employment.

The salary continuation agreement is an unfunded arrangement, which means that Mr. Kum has no rights under the agreement beyond those of a general creditor of the Company, and there are no specific assets set aside by the Company in connection with the establishment of the agreement. The salary continuation agreement is not an employment contract. While receiving benefits under the agreement, Mr. Kum may not serve as an employee, officer or director of, or serve as a consultant or advisor to, any financial institution that has its headquarters or any branch office within the County of Ventura or the County of Santa Barbara, California.

**Split Dollar Agreement with C. G. Kum.** First California Bank also entered into split-dollar life insurance agreements with Mr. Kum in March 2003, which was subsequently amended in December 2008. In connection with that agreement, First California Bank acquired life insurance policies with respect to Mr. Kum. Pursuant to the terms of that agreement, the Company owns the insurance policy, is entitled to the cash value of the policy and is responsible for paying the associated premiums. Upon Mr. Kum's death while employed by the Company, or after termination of employment by reason of retirement at age 65 or subsequent to a change-in-control, a beneficiary designated by Mr. Kum is entitled to receive \$1.5 million of the total proceeds, with the Company entitled to the balance. The Bank paid an aggregate premium in 2002 amounting to \$1.4 million for this policy.

**Employment Agreement with C. G. Kum.** Concurrently with execution of the Merger Agreement on June 15, 2006, First California and Mr. Kum entered into an employment agreement that provides that Mr. Kum would serve First California as Chief Executive Officer commencing with the closing of the Mergers. Pursuant to the employment agreement, Mr. Kum receives an annual base salary of \$375,000 (subject to review and increase commencing in 2008) and a bonus based on First California's net earnings, with the total bonus not to exceed 150% of the base salary. Additionally, Mr. Kum was granted an option to purchase 100,000 shares of First California Common Stock on Mr. Kum's start date with an exercise price equal to the fair market value on the date of grant. Either First California or Mr. Kum may terminate his employment at any time with or without cause (as defined in the employment agreement). If First California terminates his employment without cause, Mr. Kum will be entitled to 18 months of health insurance coverage and severance, as follows: (1) if the termination is on or before March 1, 2009, the severance will be twice his then current salary; (2) if the termination is after March 1, 2009, the severance will be 50% of his then current salary if at least 70% of the Board members vote for such termination; if less than 70% of the Board members vote for such termination, the severance will be 150% of his then current salary plus 150% of the average of his bonuses for the two preceding years. If within 18 months following a change in control, Mr. Kum's employment is terminated without cause or he terminates his employment for good reason (as defined in the employment agreement), Mr. Kum will receive the greater of two times his then current salary or 2.99 times his average salary and bonus over the prior five years, provided that in no event can the payment exceed the golden parachute limitation under Section 280G of the Internal Revenue Code.

***Employment Arrangements for Romolo Santarosa***

The following is a description of all written employment arrangements between the Company and Romolo Santarosa. All such written agreements entered into prior to June 2006 were assumed by First California in connection with the Mergers.

**Salary Continuation Agreement with Romolo Santarosa.** In May 2006, First California Bank entered into a salary continuation agreement with Mr. Santarosa, which was subsequently amended in December 2008. Upon retirement at or after age 65 for reasons other than death, the agreement provides for an annual benefit of \$85,000, which will be paid over the lesser of 15 years or such shorter period of time based upon the number of years that Mr. Santarosa is employed by the Bank prior to normal retirement. If Mr. Santarosa leaves the Company's employ by virtue of early voluntary retirement (prior to attaining age 65) or is terminated for cause (as defined in the agreement), he will not be eligible for a benefit under the agreement. In the event

## **Table of Contents**

Mr. Santarosa leaves the Company's employ by virtue of death (either prior or subsequent to retirement), involuntary termination (without cause), disability or, under certain circumstances, a change in control, he will receive partial benefits under the agreement. The amount to be paid under the agreement to Mr. Santarosa in the event of early involuntary termination is determined based on the year in which termination occurs, and is to be paid in one lump sum by the Company within 30 days following the termination of employment. Upon Mr. Santarosa's termination of employment due to disability, Mr. Santarosa will receive a specified amount determined based on the year in which the disability occurs, which is to be paid as an annual benefit for a period of 15 years. Upon a change in control, followed within 12 months by Mr. Santarosa's termination of employment for reasons other than death, disability or retirement, Mr. Santarosa will receive a lump sum amount of \$792,660 within 30 days following the termination of employment.

The salary continuation agreement is an unfunded arrangement, which means that Mr. Santarosa has no rights under the agreement beyond those of a general creditor of the Company, and there are no specified assets set aside by the Company in connection with the establishment of the agreement. The salary continuation agreement is not an employment contract. While receiving benefits under the agreement, Mr. Santarosa may not serve as an employee, officer or director of, or serve as a consultant or advisor to, any financial institution that has its headquarters or any branch office within the County of Ventura or the County of Santa Barbara, California.

**Split Dollar Agreement with Romolo Santarosa.** First California Bank also entered into split-dollar life insurance agreements with Mr. Santarosa in July 2003 and May 2006, which was subsequently amended in December 2008. In connection with these agreements, First California Bank acquired life insurance policies with respect to Mr. Santarosa. Pursuant to the terms of those agreements, the Company owns the insurance policies, is entitled to the cash value of the policies and is responsible for paying the associated premiums. Pursuant to the terms of one of the split-dollar life insurance agreements, upon Mr. Santarosa's death while employed by the Company, or after termination of employment by reason of retirement at age 65 or subsequent to a change-in-control, a beneficiary designated by Mr. Santarosa is entitled to receive \$850,000 of the total proceeds, with the Company entitled to the balance. Under the other split-dollar life insurance agreement, a beneficiary designated by Mr. Santarosa will receive \$400,000 upon Mr. Santarosa's death while employed by the Company, with a reduced death benefit upon termination of Mr. Santarosa's employment with the Company by any reason other than disability. The Bank paid aggregate premiums in 2002 and 2006 amounting to \$673,000 for these policies.

### ***Employment Arrangements for Cheryl Knight***

Ms. Knight has no similar employment agreements.

### **Holdings of Previously Awarded Equity**

#### ***Outstanding Equity Awards at Fiscal Year End***

Prior to the Mergers, National Mercantile had three outstanding equity incentive plans: the National Mercantile Bancorp 2005 Stock Incentive Plan, the Amended 1996 Stock Incentive Plan and the 1994 Stock Option Plan. Prior to the Mergers, FCB Bancorp had the FCB Bancorp 2005 Stock Option Plan. Equity awards held immediately prior to the completion of the Mergers by Mr. Kum and Mr. Santarosa were issued under the FCB Bancorp 2005 Stock Option Plan. The plans are described below. All outstanding equity incentive plans were assumed by First California in connection with the Mergers. At the effective time of the Mergers, each outstanding option to purchase shares of National Mercantile, vested or unvested, was converted into an option to acquire an equal number of shares of First California Common Stock at an exercise price per share equal to the exercise price per share of such National Mercantile option, and each outstanding option to purchase shares of FCB Bancorp, vested or unvested, was converted into an option to acquire a number of shares of First California Common Stock equal to the product of (i) the number of shares of FCB Bancorp common stock subject to the FCB Bancorp option plan immediately prior to the effective time of the Mergers and (ii) the exchange ratio of 1.7904 at an exercise price per share adjusted by the exchange ratio.

**Table of Contents**

At December 31, 2008, the only outstanding awards under these plans consisted of stock options. At December 31, 2008, the number of shares of Common Stock to be issued upon exercise of outstanding options granted pursuant to these plans was 501,797 shares, and the number of shares of Common Stock remaining available for future issuance under these plans was 249,471 shares.

The following table sets forth the outstanding equity awards consisting solely of stock options to purchase shares of First California held by each of the named executive officers as of December 31, 2008. None of the named executive officers have been granted restricted stock at any time during or prior to 2008.

**2008 Outstanding Equity Awards at Fiscal Year-End**

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Expiration Date
C. G. Kum	0	22,500(7)	\$ 6.75	6/18/2016
	0	100,000(1)	\$ 9.00	3/12/2015
	0	17,904(2)	\$ 11.73	3/1/2014
	0	16,114(3)	\$ 11.32	4/23/2012
	17,904	0	\$ 6.29	6/19/2011
	5,968	11,936(5)	\$ 11.73	4/14/2011
Romolo Santarosa	0	10,000(7)	\$ 6.75	6/18/2016
	4,000	16,000(6)	\$ 9.00	6/6/2015
	0	8,952(2)	\$ 11.73	3/1/2014
	0	8,057(3)	\$ 11.32	4/23/2012
	1,791	0	\$ 6.29	6/19/2011
	2,984	5,968(5)	\$ 11.73	4/14/2011
Cheryl Knight	0	7,500(7)	\$ 6.75	6/18/2016
	2,000	8,000(4)	\$ 9.00	9/19/2015

(1) Stock option vests in three equal annual installments beginning on March 12, 2010. This stock option was repriced on June 18, 2008 from an exercise price of \$13.10 per share to \$9.00 per share; all other terms of the stock option remained the same. The closing price of the Common Stock on June 18, 2008 was \$7.90 per share.

(2) Stock option vests in three equal annual installments beginning on March 1, 2009.

## Edgar Filing: First California Financial Group, Inc. - Form DEF 14A

- (3) Stock option vests on April 23, 2009.
- (4) Stock option vests in five equal annual installments beginning on September 19, 2008. This stock option was repriced on May 28, 2008 from an exercise price of \$12.27 per share to \$9.00 per share; all other terms of the stock option remained the same. The closing price of the Common Stock on May 28, 2008 was \$7.90 per share.
- (5) Stock option vests in three equal annual installments beginning on April 14, 2008.
- (6) Stock option vests in five equal annual installments beginning on June 6, 2008. This stock option was repriced on June 18, 2008 from an exercise price of \$12.27 per share to \$9.00 per share; all other terms of the stock option remained the same. The closing price of the Common Stock on June 18, 2008 was \$7.90 per share.
- (7) Stock option vests in five equal annual installments beginning on June 18, 2009.



## **Table of Contents**

### **Description of Stock Incentive Plans**

The following is a description of First California's stock incentive plans for which stock options and restricted stock granted under such plans were outstanding at December 31, 2008. All awards that have been issued during 2008 have been issued pursuant to the First California 2007 Omnibus Equity Incentive Plan.

#### ***First California 2007 Omnibus Equity Incentive Plan***

In June 2007, the Board of Directors and the Company's stockholders approved the First California 2007 Omnibus Equity Incentive Plan, or First California Plan. The First California Plan authorizes the issuance of awards for up to 1,000,000 shares of the Company's Common Stock in the form of incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock, restricted stock units and other stock-based awards. The First California Plan is administered and interpreted by the Compensation Committee. The Compensation Committee selects the officers and other employees to receive awards, determines the types of awards and number of shares to be awarded to them and sets the terms, conditions and provisions of the awards consistent with the terms of the First California Plan. The Compensation Committee may establish rules for the administration of the First California Plan. All actions, interpretations and determinations made by the Compensation Committee shall be final and conclusive and binding.

At December 31, 2008, outstanding awards under the First California Plan consisted of both stock options and restricted stock. Restricted stock granted to non-employee directors vests over three years in three equal annual installments. Restricted stock granted to employees generally vests over five years in five equal annual installments. Stock options granted to Key Persons (as defined in the First California Plan) may be either incentive stock options, or ISOs, under the provisions of Section 422 of the Internal Revenue Code, or the Code, or options that are not subject to the provisions of Section 422 of the Code, or Nonqualified Options. Options entitle the recipient to purchase shares of Common Stock at the exercise price specified in the award agreement. The Compensation Committee at its discretion determines the number of option shares, the term of the option, the exercise price, vesting schedule and any other terms and conditions. The exercise price per share of Common Stock covered by an option will not be less than the fair market value of a share of Common Stock on the date of grant. The Compensation Committee will determine the periods during which the options will be exercisable. However, no ISO will be exercisable more than 10 years after the date of grant. The Compensation Committee may impose restrictions, as it deems advisable on the shares acquired pursuant to the exercise of an option, including but not limited to requiring the recipient to hold the shares acquired pursuant to the exercise for a specified period of time.

The Board or the Compensation Committee may amend or terminate the First California Plan, provided that no amendment that requires stockholder approval under Delaware law, the listing requirements of The Nasdaq Stock Market, Inc., or in order for the First California Plan to continue to comply with Rule 16b-3 of the Securities Exchange Act of 1934, as amended, or Section 162(m) of the Code shall be effective unless it is approved by the requisite vote of stockholders. No amendment shall adversely affect any of the rights of any holder of any award without the holder's consent. Absent such early termination by the Board or the Compensation Committee, the First California Plan will terminate in 2017.

At December 31, 2008, the number of shares of Common Stock to be issued upon exercise of outstanding options granted pursuant to the First California Plan was 140,000 shares, and the number of shares of Common Stock remaining available for future issuance under the First California Plan was 831,099 shares. At December 31, 2008, the number of shares of Common Stock issued as restricted stock awards granted under these plans and not yet vested was 26,812.

#### ***First California Financial Group, Inc. 2005 NMB Stock Incentive Plan (formerly known as the National Mercantile Bancorp 2005 Stock Incentive Plan)***

The National Mercantile Bancorp 2005 Stock Incentive Plan, or the NMB Plan, was assumed by First California in connection with the Mergers and renamed the First California Financial Group, Inc. 2005 NMB

## **Table of Contents**

Stock Incentive Plan. Each outstanding option to purchase shares of National Mercantile common stock was converted into an equal number of options to acquire a number of shares of First California Common Stock.

At December 31, 2008, the number of shares of Common Stock issuable upon exercise of outstanding options granted pursuant to the NMB Plan was 38,664 shares, and the number of shares of Common Stock remaining available for future issuance under the NMB Plan was 120,088 shares. The NMB Plan will terminate on March 24, 2015, except as to awards then outstanding, which awards will remain in effect until they have been exercised, the restrictions have lapsed or the awards have expired or been forfeited. The Company does not intend to issue any additional awards pursuant to this plan.

### ***First California Financial Group, Inc. Amended 1996 NMB Stock Incentive Plan (formerly known as the National Mercantile Bancorp Amended 1996 Stock Incentive Plan)***

The National Mercantile Bancorp Amended 1996 Stock Incentive Plan, or the 1996 Plan, as amended on June 6, 2002 and which terminated in April 2005, was assumed by First California in connection with the Mergers and renamed the First California Financial Group, Inc. Amended 1996 NMB Stock Incentive Plan. The 1996 Plan provided for the grant of either incentive stock options or non-qualified stock options covering up to an aggregate of 835,638 shares of National Mercantile common stock. Each outstanding option to purchase shares of National Mercantile common stock was converted into an equal number of options to acquire a number of shares of First California Common Stock.

At December 31, 2008, the number of shares of Common Stock issuable upon exercise of outstanding options granted pursuant to the 1996 Plan was 125,877 shares, and the number of shares of Common Stock remaining available for future issuance under the 1996 Plan was 0 shares.

### ***First California Financial Group, Inc. FCB 2005 Stock Option Plan (formerly known as the FCB Bancorp 2005 Stock Option Plan)***

The FCB Bancorp 2005 Stock Option Plan, or the FCB Bancorp Plan, was assumed by First California in connection with the Mergers and renamed the First California Financial Group, Inc. FCB 2005 Stock Option Plan. At the effective time of the Mergers, each outstanding option to purchase shares of FCB Bancorp common stock, vested or unvested, was converted into an option to acquire a number of shares of First California Common Stock equal to the product of (i) the number of shares of FCB Bancorp common stock subject to the FCB Bancorp Plan immediately prior to the effective time and (ii) the exchange ratio of 1.7904 at an exercise price per share adjusted by the exchange ratio.

At December 31, 2008, the number of shares of Common Stock issuable upon exercise of outstanding options granted pursuant to the FCB Bancorp Plan was 337,256 shares, and the number of shares of Common Stock remaining available for future issuance under the FCB Bancorp Plan was 96,196 shares. The FCB Bancorp Plan will terminate on May 19, 2015. The Company does not intend to issue any additional awards pursuant to this plan.

## **Non-Qualified Deferred Compensation**

### ***National Mercantile Deferred Compensation Plan***

Prior to the Mergers, National Mercantile's Deferred Compensation Plan sought to provide specified benefits to a select group of management or highly compensated employees who contributed materially to the growth, development and future business of the company. The plan allowed eligible participants to select a certain amount of their annual compensation to be set aside in an interest-bearing account at an annual rate equal to prime plus 150 basis points with a maximum rate of 9% and a minimum rate of 5%. Upon the participant's termination of employment and subject to a six month delay in distributions under Internal Revenue Code Section 409A, National Mercantile would pay the participant the sum of all amounts and interest accrued in monthly installments for up to five years or in one lump sum payment, to be selected by the participant. If,

**Table of Contents**

however, the participant was terminated for cause, all interest accrued would be eliminated and the participant would receive only the amount of compensation deferred. We suspended participation and contributions to this plan in 2007.

**Description of Non-equity Incentive Plan**

The Company awards annual cash incentive bonuses to certain of its employees, including the named executive officers, under the Company's incentive compensation program. In paying annual cash bonuses, the Company seeks to align the compensation of the named executive officers and other employees with performance. Accordingly, the payment of the annual cash bonus depends on the achievement of the Company's net profit target, as approved by the Board of Directors for a given year. The Board of Directors sets the net profit target after taking into account, among other things, expected growth in loans, deposits and total assets. Under the incentive compensation program, an employee in good standing is eligible to receive a bonus calculated as a percentage of salary and as a percentage of net profit for the chief executive officer. A threshold cash bonus amount occurs when the Company achieves 85% of the net profit goal with an upper limit of 115%. The threshold cash bonus amount is deducted from the net profit goal before measuring the percentage achievement. The Board of Directors, under the incentive compensation program, has the discretion to award a lower cash bonus than may have been received in respect of any particular year. The payment of annual cash bonuses generally occurs in March of each year in respect of achievements of the prior fiscal year.

**Compensation of Directors**

First California's non-employee directors are paid for attendance at Board meetings at the rate of \$18,000 per year. In addition, the Chairman of the Board receives an additional \$16,000 per year. The Company's non-employee directors are paid for attendance at Audit Committee, Loan Committee, Balance Sheet Committee and Compensation Committee meetings at the rate of \$7,000 per year for each respective committee. The Chairman of the Audit Committee receives an additional \$7,000 per year and the Chairs of the other Board committees receive an additional \$5,000 per year. The designated financial expert on the Audit Committee receives an additional \$2,000 per year.

In July 2006, First California Bank entered into split-dollar life insurance agreements with Richard Aldridge and John Birchfield in connection with which First California Bank purchased life insurance policies for such directors. Pursuant to the terms of those agreements, First California Bank owns the life insurance policies, is entitled to the cash value of the policies and is responsible for paying the associated premiums. Under the plan, a beneficiary designated by the director is entitled to receive \$250,000 of the total proceeds upon the director's death, with First California Bank entitled to the balance. In 2008, no additional discretionary compensation was awarded to any non-employee director.

The following table sets forth information concerning the compensation paid by First California during 2008 to each of its non-employee directors.

Name(1)	Fees Earned or Paid in	Stock	Option	All Other	Total
	Cash (\$)	Awards(2) (\$)	Awards(3) (\$)	Compensation(4) (\$)	
Richard Aldridge	\$ 37,000	\$ 7,640	\$ 12,208	\$ 1,778	\$ 58,626
Donald E. Benson	\$ 37,000	\$ 7,640	\$ 0	\$ 0	\$ 44,640
John W. Birchfield	\$ 46,000	\$ 7,640	\$ 12,208	\$ 1,300	\$ 67,148
Joseph N. Cohen	\$ 37,000	\$ 7,640	\$ 0	\$ 0	\$ 44,640
Robert E. Gipson	\$ 41,000	\$ 7,640	\$ 0	\$ 0	\$ 48,640
W. Douglas Hile	\$ 39,000	\$ 7,640	\$ 0	\$ 0	\$ 46,640
Antoinette T. Hubenette, M.D.	\$ 32,000	\$ 7,640	\$ 0	\$ 0	\$ 39,640
Syble R. Roberts	\$ 32,000	\$ 7,640	\$ 12,208	\$ 0	\$ 51,848
Thomas Tignino	\$ 34,000	\$ 7,640	\$ 0	\$ 0	\$ 41,640

(1) C. G. Kum did not receive any additional compensation for his service as a director during 2008.

---

**Table of Contents**

- (2) The non-employee directors received restricted share awards in 2008. The amounts included in this column represent the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2008, in accordance with SFAS 123R. The number of restricted shares outstanding as of December 31, 2008 held by each director is 1,765. Restricted stock granted to non-employee directors vests in three equal annual installments.
- (3) No stock options were awarded to non-employee directors in 2008. The amounts included in this column represent the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2008, in accordance with SFAS 123R, of stock options granted in and prior to 2006 under National Mercantile Bancorp's Amended 1996 and the 2005 Stock Incentive Plans. National Mercantile's directors named above do not have any options outstanding under the 1994 Stock Option Plan. The 1996 and 2005 plans are described in Holdings of Previously Awarded Equity. Furthermore, the amount recognized for these awards was calculated based on the lattice option pricing model using the assumptions described in Note 14 of the Company's audited financial statements for the year ended on December 31, 2008 included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008. The number of options outstanding as of December 31, 2008 held by each director is: 17,009 (Aldridge), 0 (Benson), 17,009 (Birchfield), 3,750 (Cohen), 3,750 (Gipson), 2,500 (Hile), 3,750 (Hubenette), and 17,009 (Roberts).
- (4) The amounts in this column reflect the economic value attributed to directors Aldridge and Birchfield of the life insurance benefit to such directors in 2008 with respect to life insurance policies owned by the Company.

**Certain Relationships and Related Transactions**

There are no existing or proposed material transactions between the Company and any of our directors, executive officers or beneficial owners of 5% or more of our Common Stock, or the immediate family or associates of any of the foregoing persons exceeding \$120,000 between January 1, 2007 and December 31, 2008, except as indicated below.

Some of our directors and executive officers and their immediate families, as well as the companies with which they are associated, are customers of, and have had banking transactions with, us in the ordinary course of our business, and we expect to have banking transactions with such persons in the future. In our opinion, all loans and commitments to lend since January 1, 2007 (by First California, National Mercantile or FCB Bancorp) were made in compliance with applicable laws, on substantially the same terms, including interest rates and collateral, as those prevailing for comparable contemporaneous transactions with other persons of similar creditworthiness, and did not involve more than a normal risk of collectability or present other unfavorable features. As of December 31, 2008, deposits of related parties held by the Company amounted to approximately \$1,649,000. As of December 31, 2008, there was one extension of credit to our directors, officers or principal shareholders, or their associates. The balance of this extension of credit was \$2,000 at December 31, 2008.

**Table of Contents**

**INDEPENDENT PUBLIC ACCOUNTANTS**

First California engaged the independent registered public accounting firm of Moss Adams LLP as our principal accountant to audit our financial statements for the years ended December 31, 2007 and 2008.

**Audit Fees**

The following table sets forth the fees for professional services billed to the Company by Moss Adams LLP and for the periods indicated:

	2007	2008
Audit Fees(1)	\$ 326,600	\$ 390,000
Audit-Related Fees(2)	58,100	0
Tax Fees(3)	31,100	29,400
All Other Fees(4)	44,800	0

- (1) For professional services rendered for the audits of our consolidated financial statements, and reviews of interim financial statements included in the Company's Forms 10-Q. These fees include the audit of internal controls over financial reporting.
- (2) For certain due diligence services related to acquisition and analysis conducted in connection with such due diligence, review of registration statements filed with the SEC, and the issuance of consents and comfort letters.
- (3) For corporate tax compliance, planning and advisory services.
- (4) Primarily for work performed in connection with consultations regarding Sarbanes-Oxley.

**Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm**

It is the policy of the Audit Committee of First California to pre-approve all services rendered by the independent auditors. All of the services rendered by Moss Adams LLP in 2008 were pre-approved by the Audit Committee.

**STOCKHOLDER COMMUNICATIONS WITH DIRECTORS**

Stockholders who want to communicate with the Board of Directors or any individual director should write to: Corporate Secretary, First California Financial Group, Inc., 3027 Townsgate Road, Suite 300, Westlake Village, California 91361. The letter should indicate that you are a stockholder of First California Financial Group, Inc., and set forth the number of shares you hold and how the shares are held if they are not registered in your name. Depending upon the subject matter, the Corporate Secretary will:

Forward the communication to the director or directors to whom it is addressed;

Delegate the inquiry to management where it is a request for information about First California Financial Group, Inc. or a stock-related matter; or

Not forward the communication, if it is primarily commercial in nature, or if it relates to an improper or irrelevant topic, or is repetitive or redundant.



**Table of Contents**

**STOCKHOLDER PROPOSALS FOR 2010 ANNUAL MEETING**

If you wish to submit proposals to be included in our proxy statement for the 2010 Annual Meeting of Stockholders, we must receive them on or before January 1, 2010. Please address your proposals to: Corporate Secretary, First California Financial Group, Inc., 3027 Townsgate Road, Suite 300, Westlake Village, California 91361.

Pursuant to our Bylaws, in order for proposals by stockholders to be properly brought before the 2010 Annual Meeting of Stockholders, proper notice must be delivered to the Secretary of the Company at the address above no earlier than January 31, 2010 nor later than March 2, 2010.

**Table of Contents**

**AVAILABILITY OF ANNUAL REPORT ON FORM 10-K**

We will furnish without charge a copy of First California's Annual Report on Form 10-K for the fiscal year ended December 31, 2008, as filed with the Securities and Exchange Commission, including the financial statements and financial statement schedules thereto, to any stockholder who so requests by writing to Corporate Secretary, First California Financial Group, Inc., 3027 Townsgate Road, Suite 300, Westlake Village, California 91361.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS**

**FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 27, 2009**

This proxy statement, the proxy card, and our Annual Report on Form 10-K for the fiscal year ended December 31, 2008, are available to you on our website at [www.fcalgroup.com](http://www.fcalgroup.com).

By order of the Board of Directors

Joseph N. Cohen

*Corporate Secretary*

Dated: April 30, 2009



**Table of Contents**

**APPENDIX A**

**CHARTER OF THE  
GOVERNANCE AND NOMINATING COMMITTEE  
OF THE BOARD OF DIRECTORS  
FIRST CALIFORNIA FINANCIAL GROUP, INC.**

**MARCH, 2009**

The Governance and Nominating Committee ( Committee ) shall be established by the Board of Directors of First California Financial Group, Inc. ( Company ) and shall exist as a Committee under the Company s Bylaws and shall conduct its affairs in accordance with this charter.

**PURPOSE:**

The Committee shall consider and develop governance standards for the Company and shall establish the requirements and qualifications for members of the Board. The Committee, in consultation with the Chief Executive Office and the Chairman, shall recommend candidates for nomination and election to the Board of Directors of First California Financial Group, Inc. and to the Board of Directors of First California Bank.

**RESPONSIBILITIES:**

1. Identify and review candidates for the Board of Directors and, in consultation with the CEO and Chairman, recommend to the full Board candidates for nomination and election to the Board or for appointment by the Board to fill a vacancy. In selecting or recommending candidates, the Committee shall take into consideration the criteria approved by the Board, which are set forth in the Company s Corporate Governance Guidelines and such other factors as it deems appropriate. The Committee may also consider candidates proposed by management or shareholders, but it is not required to do so;
2. Evaluate Board performance and annually review the appropriate skills and characteristics required of Board members;
3. Annually administer a self-evaluation program for the Board of Directors, review the results of the evaluation, and report recommendations and findings to the entire Board;
4. Conduct annual evaluations of the effectiveness of the individual directors and the Board of Directors as a whole and, through the nomination process, augment areas of weakness and refrain from re-nominating directors who have failed to demonstrate effective service;
5. Establish a director orientation and continuing education program;
6. Propose a statement of corporate governance standards for adoption by the Board and periodically review and recommend modifications to the policies as appropriate;
7. Make recommendations to the Board of Directors for committee assignments

8. Perform an annual performance evaluation of the Committee, which evaluation must compare the performance of the Committee with the requirements of this charter, and may include any recommended changes to this Charter.
  
9. Report to the Board on the major items covered at each Committee meeting;

**COMMITTEE MEMBERSHIP:**

The Committee shall consist solely of independent directors, i.e., those directors who neither are officers nor employees of the Company or its subsidiaries nor have a relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director, and who are otherwise independent under the rules of the Nasdaq Stock Market, Inc.

A-1

**Table of Contents**

Members shall be appointed by the Board, based on nominations recommended by the Committee, and shall serve at the pleasure of the Board and for such term or terms as the Board may determine. Members of the Committee shall have professional experience that will be helpful to the Committee in executing the functions set forth below.

**COMMITTEE STRUCTURE AND OPERATIONS:**

The Board shall designate one member of the Committee as its chairperson. The Committee shall meet at least four times a year, and perhaps more frequently. Members of the Committee may participate in a meeting by means of a conference call or other similar means of communication in which all persons participating in the meeting can hear one another.

The Committee may invite such members of management or the Board to its meetings as it may deem desirable or appropriate.

Each member of the Committee shall perform his or her duties in good faith, in a manner he or she believes to be in the best interests of the Company and its shareholders and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. In discharging that obligation, members should be entitled to rely on the honesty and integrity of the Company's senior executives and its outside advisors and auditors, to the fullest extent permitted by law.

**RESOURCES AND AUTHORITY OF THE COMMITTEE:**

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other retention terms of special counsel or other experts or consultants (other than for services by the Company's independent auditors), as it deems appropriate.

**Table of Contents**

**PROXY**

**FIRST CALIFORNIA FINANCIAL GROUP, INC.**

**ANNUAL MEETING OF STOCKHOLDERS, MAY 27, 2009**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF**

**FIRST CALIFORNIA FINANCIAL GROUP, INC.**

The undersigned hereby appoints John W. Birchfield, and Thomas Tignino, and each of them, the proxy or proxies of the undersigned with full powers of substitution to each to attend the Annual Meeting of Stockholders of First California Financial Group, Inc. (the Meeting ) to be held on May 27, 2009 at 3027 Townsgate Road, Suite 300, Westlake Village, California 91361, beginning at 10:00 a.m. local time, and any adjournments thereof, and to vote all shares of stock that the undersigned would be entitled to vote if personally present in the manner indicated below, and on any other matters properly brought before the Meeting or any adjournments thereof.

**PLEASE MARK YOUR CHOICE LIKE THIS /X/ IN BLACK OR BLUE INK.**

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR ALL PROPOSALS**

1. Elect the following ten (10) nominees as directors: Richard D. Aldridge, Donald E. Benson, John W. Birchfield, Joseph N. Cohen, Robert E. Gipson, W. Douglas Hile, Antoinette T. Hubenette, M.D., C. G. Kum, Syble R. Roberts and Thomas Tignino.

“ FOR “ WITHHOLD

(Authority to vote for any nominee may be withheld by lining through or otherwise striking out the name of such nominee).

2. Ratification of appointment of Moss Adams LLP as independent registered public accounting firm for the fiscal year ending December 31, 2009.

“ FOR “ AGAINST “ ABSTAIN

3. Approval of a non-binding advisory proposal on the Company's executive compensation.

“ FOR “ AGAINST “ ABSTAIN

4. Upon such other matters as may properly come before the Meeting or any adjournments thereof.

**THE UNDERSIGNED HEREBY ACKNOWLEDGES RECEIPT OF THE NOTICE OF ANNUAL MEETING, PROXY STATEMENT.**

(Signature should be exactly as name or names appear on this proxy. If stock is held jointly each holder should sign. If signature is by attorney, executor, administrator, trustee or guardian, please give full title.)

Dated:

Signature

Edgar Filing: First California Financial Group, Inc. - Form DEF 14A

I/we plan to attend the Meeting.

Yes " No "

Signature if held jointly

Unless otherwise directed, this proxy will be voted FOR all ten nominees as directors, FOR proposals 2 through 3 and in the discretion of the proxies on all other matters properly brought before the Meeting.

**PLEASE DATE, SIGN AND RETURN PROMPTLY**