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Canandaigua
National
Corporation

March 6, 2014

Dear Fellow Shareholder:

You are cordially invited to attend the 2014 Annual Meeting of Shareholders of Canandaigua National Corporation. Our annual meeting will be held in the Community Board Room on the second floor of the Main Office at 72 South Main Street, Canandaigua, NY, on Wednesday, April 9, 2014, at 1:00 p.m.

Shareholders will be asked to: elect four Class 2 Directors for terms of three years and authorize the individuals named as proxy to act in their discretion to transact such other business as may properly come before the meeting or any adjournment or postponement thereof. Information about the director nominees can be found in the attached proxy statement.

Your vote is important regardless of the number of shares you own. Whether or not you plan to attend the Meeting, you are urged to read and carefully consider the enclosed proxy statement. You may vote by telephone, via the Internet, or mark, sign, date and return the enclosed form of proxy in the accompanying pre-addressed, postage-paid envelope. You may withdraw your proxy if you attend the meeting and wish to vote in person.

I urge you to vote for the election of all four nominees.

Frank H. Hamlin, III
President and CEO

enc.

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Canandaigua
National
Corporation

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TIME 1:00 p.m., on Wednesday, April 9, 2014

PLACE The Canandaigua National Bank and Trust Company
72 South Main Street
Canandaigua, NY 14424

ITEMS OF BUSINESS (1) To elect Richard C. Fox, Daniel P. Fuller, Stephen D. Hamlin, and Thomas S. Richards as Class 2 Directors for a term of three years and until their successors have been elected and qualified.

(2) To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

RECORD DATE Holders of the common stock of record at 5:00 p.m., on February 14, 2014, are entitled to vote at the meeting.

VOTING It is important that your shares be represented and voted at the meeting. You can vote your shares by proxy by using any of the following methods: (a) mark, sign, date, and promptly return the enclosed proxy card in the postage-paid envelope furnished for that purpose or (b) follow the instructions for voting via the Internet or by telephone which are set forth on the enclosed proxy form. Any proxy may be revoked at any time prior to its exercise at the Annual Meeting of Shareholders. The instructions for revoking or replacing a proxy are set forth in the accompanying Proxy Statement. Any shareholder present at the meeting may withdraw his or her proxy and vote personally on any matter brought before the meeting.

If the shareholder of record properly designates a proxy to vote at the Annual Meeting, your vote will be cast in accordance with your instructions. If your proxy is returned without instructions, it will be voted "FOR" the nominees for director in Proposal 1 and as otherwise described in the Proxy Statement.

March 6, 2014

Steven H. Swartout
Secretary

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be held on April 9, 2014.
The Proxy Statement and Annual Report to Shareholders are available at www.cnbank.com.

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PROXY STATEMENT

Annual Meeting of Shareholders to be held Wednesday, April 9, 2014

This Proxy Statement is furnished in connection with solicitation of proxies by the Board of Directors of Canandaigua National Corporation (the “Corporation”) for use at the Annual Meeting of Shareholders to be held Wednesday, April 9, 2014, at 1:00 p.m., at The Canandaigua National Bank and Trust Company, 72 South Main Street, Canandaigua, NY 14424, and any adjournment thereof.

This Proxy Statement and the accompanying proxy are being mailed by first-class mail on or about March 6, 2014. All expenses incurred in connection with the solicitation of proxies will be borne by the Corporation.

SHAREHOLDERS ENTITLED TO VOTE AND REVOCATION OF PROXIES

Only shareholders of record as of the close of business on February 14, 2014, are entitled to notice of, and to vote at, the Annual Meeting. On that date, there were 1,882,733 shares of common stock outstanding and entitled to vote. Each share of common stock is entitled to one vote. A quorum will consist of the holders of not less than a majority of the shares entitled to vote, present either in person or by proxy.

If your shares are registered in your name on the Corporation’s stock records, you are considered the shareholder of record with respect to those shares. As the shareholder of record, you have the right to vote your shares in person or by proxy at the Annual Meeting. The Corporation has sent its proxy materials directly to you, including a proxy card for you to use. If you hold shares of common stock through an account with a broker, bank, or other nominee rather than directly in your own name, then your broker, bank, or other nominee is considered the shareholder of record, and you are considered the beneficial owner of these shares. The Corporation has supplied copies of its proxy materials for its 2014 Annual Meeting to the broker, bank, or other nominee holding your shares of record, and they have the responsibility to send these proxy materials to you. As the beneficial owner, you have the right to direct your broker, bank, or other nominee on how to vote your shares at the Annual Meeting. The broker, bank, or other nominee that is the shareholder of record for your shares is obligated to provide you with a voting instruction card for you to use for this purpose.

Any proxy may be revoked by the person giving it at any time prior to its exercise by giving written notice of revocation to Steven H. Swartout, Secretary, prior to the vote at the meeting. If you are the shareholder of record, you may revoke your proxy by submitting a proxy with a later date, or by voting in person at the meeting. If you are the beneficial owner of shares held by a nominee, please follow the instructions for revoking your voting instructions given to you by the nominee.

VOTING PROCEDURES AND METHOD OF COUNTING VOTES

The holders of a majority of all common stock issued, outstanding, and entitled to vote are required to be present in person or to be represented by proxy at the meeting in order to constitute a quorum for transaction of business.

If you are a registered shareholder, you have four voting options:

- over the Internet, which we encourage if you have Internet access;
- by telephone, by calling the telephone number on your proxy form;
- by mail, by completing, signing, dating, and returning your proxy form; or
- by attending the annual meeting and voting your shares in person.

Instructions for each method of voting are set forth on the enclosed proxy form. If your shares are held by a nominee, you may instruct the record holder how to vote by completing the voting instructions card provided to you.

If the shareholder of record properly designates a proxy to vote at the Annual Meeting, your vote will be cast in accordance with your instructions. If your proxy is returned without instructions, it will be voted “FOR” the nominees for director in Proposal 1 and as otherwise described in the Proxy Statement.

Abstentions and broker non-votes represented by submitted proxies will be included in the calculation of the number of the shares present at the Annual Meeting for the purposes of determining a quorum. “Broker non-votes” means shares held of record by a broker that are not voted on a matter because the broker has not received voting instructions from the beneficial owner of the shares and lacks the authority to vote the shares in its discretion under the rules of the New York Stock Exchange (“NYSE”).

Proposal 1: Directors are elected by a plurality of the votes cast at the Annual Meeting on this proposal, and the four nominees who receive the most votes will be elected. If your shares are held through a nominee, your brokerage firm or other nominee is not permitted to vote your shares with respect to Proposal 1 without specific instructions from you as to how to vote with respect to the election of each of the four nominees for director. The election of directors is not considered a “routine” matter under the NYSE rules. Abstentions and broker non-votes represented by submitted proxies will not be taken into account in determining the outcome of the election of directors.

ELECTION OF DIRECTORS AND INFORMATION REGARDING BOARD OF DIRECTORS

Our Certificate of Incorporation provides that the Board of Directors is divided into three classes, one of which is elected at each Annual Meeting for a term of three years and until their successors have been elected and qualified. The Board of Directors has nominated four persons for election as Directors for the terms indicated in the following table. The Board of Directors believes that the nominees will be available and able to serve as Directors, but, if for any reason any of them should not be, the persons named in the proxy may exercise discretionary authority to vote for a substitute proposed by the Board of Directors. The family relationships between the below-named Directors are as follows: Frank H. Hamlin, III is the son of George W. Hamlin, IV, and Stephen D. Hamlin is the first cousin of George W. Hamlin, IV.

PROPOSAL 1

ELECTION OF DIRECTORS

Four individuals have been nominated by the Board of Directors for reelection as Class 2 Directors at the Annual Meeting: Richard C. Fox, Daniel P. Fuller, Stephen D. Hamlin, and Thomas S. Richards. If elected, the nominees would serve a term of three years expiring at the Annual Meeting of Shareholders in 2017 and until their successors have been elected and qualified. Directors are elected by a plurality of the votes cast.

Each nominee has consented to be named in this Proxy Statement and to serve if elected. If at the time of the Annual Meeting any of them becomes unavailable for election, the proxies may exercise discretionary authority to vote for substitutes proposed by the Board of Directors. Management has no reason to believe that any substitute nominees will be required.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE **FOR** THE ELECTION OF ALL FOUR NOMINEES.

Class 2 Directors – Nominees for Term Expiring 2017				
		Year First Elected or Appointed to:		
Name	Age	Corporation	Bank	Principal Occupation
Richard C. Fox	67	2008	2008	President, Wendy’s Restaurants of Rochester, Inc., 1976 – present Chairman of the Board, Genesee Valley Trust Company*, 2011 - present Director, Genesee Valley Trust Company*, 1998 - 2011 Trustee, Genesee Country Village & Museum Trustee, Seneca Waterways (Boy Scouts of America) Endowment Fund
Daniel P. Fuller	63	1996	1996	Vice Chair of the Board, Canandaigua National Corporation, January 1, 2011 - present Chairman of the Board, Canandaigua National Corporation, 2008 - 2010 President and General Manager, Bristol Mountain Resort, December 1984 - present General Manager, Roseland Waterpark, 2003 – present Director and Treasurer, Ski Areas of New York, 1990 - Present Director, Thompson Health Systems Director, Finger Lakes Visitors Connection
Stephen D. Hamlin	77	1984	1973	Retired Cultural Leader Chief Executive Officer, Sonnenberg Gardens, February 1996 - 2000 Vice President, Schlegel Corp., 1963 - 1984
*Wholly owned subsidiary of Canandaigua National Corporation				

Class 2 Directors – Nominees for Term Expiring 2017 - continued				
		Year First Elected or Appointed to:		
Name	Age	Corporation	Bank	Principal Occupation
Thomas S. Richards	70	2004	2004	Attorney Director, Canandaigua National Corporation, 2004 – November, 2010 and January 15, 2014 – present. Mayor, City of Rochester, March, 2011 – December, 2013 Corporation Counsel, City of Rochester, January, 2006 – November, 2010 Chairman, President and Chief Executive Officer, RGS Energy Group, Inc., and Rochester Gas and Electric Corporation 1998 - 2002 Trustee, Rochester Institute of Technology Trustee, University of Rochester
*Wholly owned subsidiary of Canandaigua National Corporation				

Richard C. Fox was originally elected to the Board of Directors of the Corporation effective January 2, 2008, in accordance with the terms of the Stock Purchase Agreement for the Corporation's purchase of Genesee Valley Trust Company. Mr. Fox was re-elected at the 2011 Annual Meeting. In that agreement, the Corporation agreed to nominate Mr. Fox as a Director until after the last payment to the former shareholders was due, if earned, in January 2011. Mr. Fox continues to serve as a Director of the Corporation's subsidiary Genesee Valley Trust Company, a post he has held since 1998 when that company was privately held. Mr. Fox was also a shareholder of Genesee Valley Trust Company. The Board of Directors has determined that Mr. Fox has the experience, qualifications, and skills to serve as a Director of the Corporation. Mr. Fox has exhibited his entrepreneurial vision and management expertise in his ownership and service as President of Wendy's Restaurants of Rochester, Inc. In Mr. Fox's role in obtaining, financing and operating over 100 retail franchise locations in five states, he is responsible for overseeing all aspects of the business, including business strategy, financial statements, lending relationships, human resource development and compliance. He also has extensive business and personal relationships throughout the communities served by the Corporation's subsidiaries, not only from his personal business but also from services on the boards of Genesee Valley Trust Company and various local charities.

Daniel P. Fuller has been a member of the Corporation's Board of Directors since 1996. The Board of Directors has determined that Mr. Fuller's dedicated service on the Board, including service as its Chairman for two years has demonstrated his knowledge of the business, as well as opportunities and risks facing the Bank and the Corporation's other subsidiaries. Mr. Fuller's skill in developing policies and working with other Board members and management to meet the changing regulatory demands and financial challenges demonstrate the skills and experience desired for continued service on the Board. In addition, Mr. Fuller's leadership of both Bristol Mountain Resort and Roseland Water Park has provided him with the experience and skills to understand the Corporation's customers' focus and business.

Stephen D. Hamlin has been a Director of the Bank since 1973 and the Corporation since 1984 and a member of the Audit Committee for 29 years. Mr. Hamlin was Vice President of Schlegel Corp. from 1963 to 1984. He is a retired business and cultural leader and served as Chief Executive Officer of Sonnenberg Gardens from 1996 to 2000. Mr. Hamlin's leadership in many cultural and other charitable organizations has enhanced the community relations and financial management skills he brings to the Board. Accordingly, the Board of Directors has determined that Mr. Hamlin's extensive knowledge of the Corporation's business and his acumen in serving as a director over the past 41 years demonstrates the skills desired for continued service on the Board.

Thomas S. Richards previously served the Corporation as a Director from 2004 until November 2010, when he resigned to run for and eventually serve as Mayor of the City of Rochester. He was again elected as a Director of the Corporation by the Board of Directors effective January 15, 2014. Mr. Richards is a graduate of Bucknell University and Cornell Law School. He served four years in the U.S. Navy, including a year as a Swift Boat Officer in Vietnam. He resides with his wife Betty in Rochester. Mr. Richards began his legal career with the firm of Nixon, Hargrave, Devans & Doyle (now Nixon Peabody) in Rochester. He remained with the firm for 20 years during which he specialized in civil litigation and served at various times as its Managing Partner and Chairman of its Management Committee. Thereafter, he joined Rochester Gas & Electric Company (RG&E) as General Counsel. After holding various senior positions in the company, he became the Chairman, President and CEO of RGS Energy Group, the parent company of RG&E. His public service has included serving as the volunteer founding Chairman of Greater Rochester Enterprise, a public/private partnership dedicated to the economic development of the Rochester region, Corporation Counsel of the City of Rochester, and most recently as Mayor of the City. Over the years, he has served on numerous not-for profit medical, educational and community service boards, currently including Rochester Institute of Technology, University of Rochester, University of Rochester Medical Center, Greater Rochester Health Foundation, and Volunteer Legal Services Project. The Board of Directors has determined that Mr. Richards' individual qualifications and skills as a Director, including his extensive experience as a practicing attorney in the Rochester, New York, region and his extensive business and personal relationships throughout the communities served by the Corporation's subsidiaries demonstrate the skills desired for continued service on the Board.

Incumbent Class 1 Directors – Term Expiring 2015

		Year First Elected or Appointed to:		
Name	Age	Corporation	Bank	Principal Occupation
Frank H. Hamlin, III	41	2004	2004	<p>The Canandaigua National Bank and Trust Company, 2004 - present Director, President and CEO, March 29, 2013 – present; Director and President, January 1, 2011 – March 28, 2013 Director 2004 – December 31, 2010</p> <p>Canandaigua National Corporation, 2004 - present Director, President and CEO, March 29, 2013 – present Director and President, January 1, 2011 – March 28, 2013 Director 2004- December 31, 2010</p> <p>Home Town Funding, Inc. d/b/a CNB Mortgage Company**, January 1, 2011 - present Chairman of the Board and CEO, April 24, 2013 – present Managing Director, January 1, 2011 – April 23, 2013.</p> <p>CNB Operating Subsidiary No 1, Inc. d/b/a CNB Insurance Agency**, January 1, 2011 - present Director, President & CEO, April 24, 2013 – present Director and President, January 1, 2011 – April 23, 2013</p> <p>Director, Canandaigua National Trust Company of Florida*, 2011 – present Director, Genesee Valley Trust Company*, 2011 – present Manager and CEO, WBI OBS Financial, LLC***, 2011 – present Director, Thompson Health Systems, January 1, 2013 - present Of Counsel, Croucher, Jones & Johns, July 2007 – December 2010 Attorney, June 2001 – 2007</p>
George W. Hamlin, IV	72	1984	1979	<p>Canandaigua National Corporation, 1984 - present Chairman of the Board, January 1, 2011 – present Chairman and CEO January 1, 2011 – March 28, 2013 Director, President and CEO 1984 – December 31, 2010.</p> <p>The Canandaigua National Bank and Trust Company, 1979 – present Chairman, Officer and Senior Policy Advisor, March 29, 2013 – present Chairman, CEO and Trust Officer, 1979-March 28, 2013 Director, President, CEO and Trust Officer, 1979 – December 31, 2010.</p> <p>Home Town Funding, Inc. d/b/a CNB Mortgage Company**, 1998 - present Director, 1998 – present Chairman and CEO, 1998 – April 23, 2013</p> <p>Chairman, CEO, and Trust Officer, Canandaigua National Trust Company of Florida*, 2009 – present Director, Genesee Valley Trust Company*, 2008 – present Director and CEO, CNB Operating Subsidiary No. 1 Inc. d/b/a CNB Insurance Agency**, 1995– April 23, 2013.</p> <p>Director of the Federal Reserve Bank of New York, 1997 – 2002 Chair Emeritus, Thompson Health System Chair, Eastman School of Music Director, University of Rochester Medical Center; Chairman 2013 – 2014; Audit Chair 2011 – 2012 Fellow, Center for Governmental Research, 2002 - 2010 Chair, Investment Committee - Monroe Fund Director, New York Wine and Culinary Center Director, CMAC (Constellation Brands – Marvin Sands Performing Arts Center) Director, Rochester Museum and Science Center</p>
Caroline C. Shipley	74	1984	1984	<p>Retired Treasurer, First Congregational Church Treasurer, Ontario Children's Foundation Canandaigua City School District Board of Education, 1979 – 2009, President 1983 – 1991, 2007- 2009 Financial Manager, Dell Broadcasting WCGR/WLKA, 1985 – 1991 Treasurer and Financial Manager, Sonnenberg Gardens, 1973 – 1984</p>
Sue S. Stewart	71	2000	2000	<p>Retired Co-Chair of Board of Trustees, National Center for Education and the Economy Sr. Vice President and General Counsel, University of Rochester, 2003 – 2012 Partner, Nixon Peabody, LLP 1978 – 2001, Managing Partner Rochester Office, 1998 – 2000 Former Director, United Way of Greater Rochester</p>

*Wholly owned subsidiary of Canandaigua National Corporation

**Wholly owned subsidiary of The Canandaigua National Bank and Trust Company

*** Majority owned Subsidiary of Canandaigua National Corporation

Frank H. Hamlin, III has been a Director of the Corporation since 2004 and Chief Executive Officer since March 29, 2013. Mr. Hamlin has been employed as President of The Canandaigua National Bank and Trust Company since January 1, 2011 and Chief Executive Officer since March 29, 2013. He is also a Director of The Canandaigua National Bank and Trust Company, Genesee Valley Trust Company, Hometown Funding, d/b/a CNB Mortgage Company, Canandaigua National Trust Company of Florida, Greater Funding of New York, Inc., CNB Operating Subsidiary No. 1, Inc., CNB Funding Corporation, and WBI OBS Financial, LLC. Prior to being employed by the bank, Mr. Hamlin was of counsel at Croucher, Jones & Johns from July 2007 through December 2010. Prior to that time, Mr. Hamlin worked as an attorney in private practice from June 2001 to 2007. Mr. Hamlin received his Bachelor of Political Science, Minor in Psychology in May 1995 from University of Vermont and his Juris Doctor

from Albany Law School of Union University, May 2000. Mr. Hamlin is admitted to practice law in all New York State courts and in United States District Court for the Western District of New York. The Board of Directors has determined that Mr. Hamlin's individual qualifications and skills as a director, including his extensive experience as a practicing attorney in the Rochester, New York, region and his deep understanding of the communities served by the Corporation demonstrate the skills and experience desired for continued service on the Board.

George W. Hamlin, IV has been a Director of the Corporation since its inception in 1984. He is also a Director of The Canandaigua National Bank and Trust Company, Genesee Valley Trust Company, Hometown Funding, d/b/a CNB Mortgage Company and Canandaigua National Trust Company of Florida. Mr. Hamlin has been continuously employed by The Canandaigua National Bank and Trust Company since March 6, 1978. Mr. Hamlin graduated from Yale University in 1963 with a B.S. degree in Physics. He received his Juris Doctor from the University of Virginia Law School in 1972. The Board of Directors has determined that Mr. Hamlin's individual qualifications and skills as a director, including his vast successful experience as a community banker over the past 35 years demonstrate the skills and experience desired for continued service on the Board. Mr. Hamlin is a nationally recognized expert in banking policy and law having served as President of the New York Bankers Association and the Independent Bankers Association of New York. Mr. Hamlin is a two-term director of the Federal Reserve Bank of New York, has testified before Congress on banking policy, and has advised President George W. Bush on Community Banking. Mr. Hamlin has served on and chaired numerous civic boards and, in particular, health care organizations in the Finger Lakes Region of New York.

Caroline C. Shipley has been a Director of the Corporation and a member of the Audit Committee for 30 years. Mrs. Shipley has served as Chair of the Audit Committee from 1985 to 2002 and from 2004 to the present. Mrs. Shipley has also served as the Treasurer of several local charitable organizations including the First Congregational Church in Canandaigua, New York, and the Ontario Children's Foundation in excess of ten years. Mrs. Shipley served as Treasurer and Financial Manager of Sonnenberg Gardens from 1973 to 1984. Mrs. Shipley served as a member of the Board of Education of the Canandaigua City School District for 30 years and was President of the Board from 1983 to 1991 and from 2007 to 2009. During Mrs. Shipley's tenure, the budget of the Canandaigua City School District grew from \$8.9 million in 1979 to \$60.7 million in 2009, and as Board member, Mrs. Shipley played an integral part in numerous capital projects including the "Build on Our Excellence" project in 2004 for \$17.8 million. Mrs. Shipley was the Financial Manager of Dell Broadcasting WCGR/WLKA from 1985 – 1991. Accordingly, the Board of Directors has determined that Mrs. Shipley's extensive knowledge of financial and accounting issues, her knowledge of the Corporation's business and her acumen in serving as a director over the past 30 years demonstrates the skills desired for continued service on the Board.

Sue S. Stewart has been a Director of the Corporation since 2000. Ms. Stewart has served on the Audit Committee since 2010. Ms. Stewart was Sr. Vice President and General Counsel of the University of Rochester from 2003 to 2012. She serves as Co-Chair of Trustees for the National Center for Education and the Economy and has served as former Director of the United Way of Greater Rochester. Ms. Stewart was a Partner of Nixon Peabody LLP from 1978 to 2001 and Managing Partner at the firm's Rochester Office from 1998 to 2000. Accordingly, the Board of Directors has determined that Ms. Stewart understands financial, legal, accounting and compliance issues and reports as a result of years of experience as part of senior leadership at a major international law firm and a large (19,998 full-time equivalent employees) research university, which demonstrates the skills and experience desired for continued service on the Board. This includes experience and governance issues from 40 years of advising as well as serving on boards.

Incumbent Class 3 Directors – Term Expiring 2016

		Year First Elected or Appointed to:		
Name	Age	Corporation	Bank	Principal Occupation
Richard P. Miller, Jr.	70	1998	1998	Mayor, City of Oneonta, NY, 2010 - present President, Hartwick College, 2003 - 2008 Vice Chancellor & Chief Operating Officer, State University of New York, 2000 - 2003 Senior Vice President & Chief Operating Officer, University of Rochester, 1996 – 2000
Robert G. Sheridan	65	1992	1992	Retired Director, Home Town Funding, Inc. d/b/a CNB Mortgage Company**, 1998 - present The Canandaigua National Bank and Trust Company, 1971 – 2011 Cashier, 1989 – December 31, 2011 Executive Vice President, CRA Officer, 2007 – August 31, 2011 Senior Vice President, 1989 – 2006 Secretary, Canandaigua National Corporation, 1992 – August 31, 2011 President, CNB Mortgage Company**, 2002 – August 31, 2011 Director, Genesee Valley Trust Company*, 2008 – December 31, 2011 Former Chair, United Way of Ontario County

*Wholly owned subsidiary of Canandaigua National Corporation

**Wholly owned subsidiary of The Canandaigua National Bank and Trust Company

Incumbent Class 3 Directors – Term Expiring 2016 - continued				
		Year First Elected or Appointed to:		
Name	Age	Corporation	Bank	Principal Occupation
Alan J. Stone	73	1986	1986	Managing Member, Stone Family Properties LLC, 1986 - present Member, City Mini Storage LLC, 1999 - present Chairman of the Board, Canandaigua National Corporation, 1994 – 2004 Director, Stone Construction Equipment, Inc., 1969 - 2009 Co-founder, CEO, Stone Construction Equipment, Inc., 1969 – 1986

Richard P. Miller, Jr. has been a Director of the Corporation and Bank since 1998. He has chaired the Compensation Committee since 2009. Following graduation from Middlebury College in 1965 and military service in Vietnam, he began a career with the Case Hoyt Corporation, rising from a sales trainee position to become the company's Chief Executive Officer in 1983. Beginning in 1987, he served as Vice-President for External Affairs and Senior Counsel to the President of the University of Rochester and subsequently as Senior Vice-President and Chief Operating Officer of that institution. From 2000-2003 he served as Vice-Chancellor and Chief Operating Officer of the 64-campus State University of New York's system. From 2003-2008, Mr. Miller served as President of Hartwick College. Since retiring, he has continued to consult with colleges and universities and now serves as Mayor of the City of Oneonta. He has served as a Director of two publicly traded corporations and a number of smaller companies. He also served as Chairman of the Board of Highland Hospital and as a member of the Board of Directors of many not-for-profit organizations, including the former Rochester Chamber of Commerce and Industrial Management Council. He is currently an emeritus member of the Board of Trustees of Hobart and William Smith Colleges. The Board of Directors has determined that Mr. Miller's significant experience in leading and managing both the commercial and educational entities listed above, his comprehensive knowledge of finance, the Corporation's business, and his extensive business and personal relationships throughout the communities served by the Corporation's subsidiaries demonstrate the skills desired for continued service on the Board.

Robert G. Sheridan has been a Director of the Corporation and The Canandaigua National Bank and Trust Company since 1992, and a Director of Hometown Funding, d/b/a CNB Mortgage Company since 1998. He continues to serve as Chairman of the Asset Review Committee for The Canandaigua National Bank and Trust Company. Mr. Sheridan served as Cashier of The Canandaigua National Bank and Trust Company since 1989, and served as a Director of Genesee Valley Trust Company until his retirement on December 31, 2011. Mr. Sheridan was continuously employed by The Canandaigua National Bank and Trust Company from 1971, was a member of the Executive Committee since 1992, was the President of CNB Mortgage Company, served as Secretary of the Corporation, and was the CRA Officer until August 31, 2011. Mr. Sheridan graduated from St. Bonaventure University in 1971 with a B.A. degree in History. The Board of Directors has determined that Mr. Sheridan's individual qualifications and skills as a director, including his 40+ years of successful experience as a leader in community banking and participation in numerous civic organizations, provide him with a comprehensive understanding of the communities served by the Corporation and the vital role of community banking in the economy, which makes him a valuable resource for continued service on the Board.

Alan J. Stone has been a Director of the Corporation and a member of the Compensation Committee since 1986. In 1969, when creating Stone Construction Equipment Inc., Arthur S. Hamlin was Alan's loan officer. Ten years later, George W. Hamlin, IV succeeded Arthur by which time both Stone Construction Equipment and Canandaigua National Bank had grown dramatically and successfully. The Board and management of both companies have always believed that effective leadership is based on many principles: like the golden rule, open book - participative management and trust. While most of Alan's endeavors during his career have involved creating and operating small businesses and local community civic organizations, he and his wife Sandy also enjoy travel and adventure which include numerous camping, hiking and hunting experiences with indigenous people in various parts of the world. As a result of these travels, Alan's perspective on human relationships continues to grow. Cultures vary a lot, but effective relationships depend on principles that do not change and are common among different peoples. The Board has determined that Alan's broad experience and knowledge of both business and human relationships in addition to his dedicated service on the Board, including service as its Chairman for ten years, have demonstrated his knowledge of the business, opportunities, and risks facing the Bank and the Corporation's other subsidiaries. His demonstrated skill in working with other Board members and management to meet the changing demands and challenges the Corporation will face in the future make him a valuable resource for the Corporation.

CORPORATE GOVERNANCE

The Corporation's business, property, and affairs are managed under the direction of our Board of Directors. Members of our Board are kept informed of our business through discussions with our President and Chief Executive Officer and other officers, by reviewing reports and other materials provided to them, by visiting our offices, and by participating in meetings of the Board and its Committees. The Board of Directors is committed to employing good business practices, transparency in financial reporting, and strong corporate governance.

The same individuals serve as both Directors of the Corporation and Directors of the Bank. The Corporation has standing Audit, Compensation, and Nominating Committees. The Charter of each of these Committees is available at the following website: www.cnbank.com.

The Board of Directors of the Corporation held 10 meetings during 2013. The Board of Directors of the Bank held 12 meetings during 2013. No incumbent Director of the Corporation attended fewer than 75% of the aggregate of all the meetings of the Boards of Directors and the Committees of which they were members. Directors are encouraged to attend the Annual Meeting of Shareholders. All Directors who were serving at the time of the prior year's annual meeting attended the meeting.

Shareholders, and other interested parties, may communicate with the Board of Directors by sending communications to the attention of Steven H. Swartout, Esq., Secretary, who will forward relevant communications to one or more members of the Board of Directors.

BOARD DIVERSITY

The Board does not have a specific diversity policy. The Board views diversity broadly to include people who possess a variety of personal and professional experiences, perspectives, and backgrounds. The Board's primary consideration is to identify candidates who are ethically sound, demonstrate integrity, and possess the background, experience, and skills that will fulfill the Board's and the Corporation's needs and responsibilities at the time a search is being conducted. The Board does not believe it is appropriate to either nominate or exclude from nomination any individual based upon gender, ethnicity, race, age, or similar factors.

ROLE OF THE BOARD IN RISK OVERSIGHT

The Corporation's Board of Directors considers general oversight of the Corporation's risk management efforts to be a responsibility of the entire Board. The Board's role in risk oversight includes receiving regular reports from members of management, establishing standards for risk management, and approving policies that address and mitigate material risks to the Corporation including credit, interest rate, investment, liquidity, operational, financial, and legal and regulatory risks, among other matters. The Board conducts certain risk oversight activities through its committees, which oversee specific areas and provide reports to the full Board regarding the committee's considerations and actions. The Audit Committee reviews and considers financial, accounting, and regulatory compliance risks, including those that could arise from our accounting and financial reporting processes. The Compensation Committee reviews and considers risks related to the Corporation's compensation policies, including incentive plans, to determine whether those plans subject the Corporation to excessive risks. The Board also reviews and monitors risks through various reports presented by internal and external auditors and regulatory examiners.

COMMITTEES OF THE BOARD OF DIRECTORS

The following chart shows the composition of the committees of the Board of Directors, and the number of meetings held by each committee during 2013.

Director	Executive (12 meetings)	Audit/Examining (5 meetings)	Nominating/Corporate Governance (3 meetings)	Compensation (6 meetings)	Asset Review* (12 meetings)	Trust and Investment* (4 meetings)
Richard C. Fox		X		X		X
Daniel P. Fuller	Vice Chair	X		X		
Frank H. Hamlin, III	X		X	X (non-voting)	X	X
George W. Hamlin, IV	Chair		X	X	X	X
Stephen D. Hamlin		X				Chair
Richard P. Miller, Jr.			X	Chair		
Robert G. Sheridan	X				Chair	
Caroline C. Shipley	X	Chair	X	X		
Sue S. Stewart	X	X	Chair			
Alan J. Stone				X		X

* Committee of Canandaigua National Bank

DIRECTORS' COMPENSATION

Directors of the Corporation are also Directors of the Bank. For the year 2013, no compensation was paid to members of the Board of Directors for their service to the Corporation. For their service as Directors of the Bank, they are paid an annual retainer of \$15,000, which may be paid in cash or stock or a combination of cash and stock at each Director's request. For the year 2013, the Chairman of the Board of Directors of the Bank was paid a cash retainer of \$60,000 and in cash at the rate of \$1,300 for each Board meeting attended at which he chaired the meeting, and the remaining members, including employee-directors, were paid

in cash at the rate of \$1,050 per board meeting attended and \$1,300 for a meeting at which they served as Chair of the meeting. Chairs of board committees were paid in cash at the rate of \$850 per committee meeting attended and the remaining committee members, including employee-directors, were paid in cash at the rate of \$600 per committee meeting attended. All meeting fees are paid in cash when earned.

Name	Fees Earned or Paid in Cash (\$)*	Total (\$)
Richard C. Fox	36,000	36,000
Daniel P. Fuller	48,950	48,950
Frank H. Hamlin, III	46,800	46,800
George W. Hamlin, IV	109,150	109,150
Stephen D. Hamlin	34,900	34,900
Richard P. Miller, Jr.	36,300	36,300
Robert G. Sheridan	46,200	46,200
Caroline C. Shipley	46,400	46,400
Sue S. Stewart	40,500	40,500
Alan J. Stone	36,600	36,600
Total	481,800	481,800

* The following directors elected to receive a part of the annual retainer in shares of stock: Richard C. Fox, Daniel P. Fuller, and Sue S. Stewart, each receiving 105 shares and Caroline C. Shipley received 35 shares of Corporation stock with a value \$142.25 per share, which was the average price of the last public sealed-bid auction sale of Corporation stock prior to May 15, 2013, the date the retainer was paid to directors.

NOMINATING AND GOVERNANCE COMMITTEE

The Nominating and Governance Committee consists of five Directors. The members of the Committee are appointed by the Board of Directors each year. Members of the Committee are as follows:

Frank H. Hamlin, III George W. Hamlin, IV Richard P. Miller, Jr. Caroline C. Shipley Sue S. Stewart

The Nominating and Governance Committee met three times during 2013 to determine personal and professional qualifications for Board of Director candidates. A current copy of the Charter of the Nominating and Governance Committee is available for review at www.cnbank.com. The Committee plays an integral role in the selection of new Directors by reviewing the qualifications of candidates, conducting interviews, and making recommendations to the Board of Directors. In its deliberations, the Nominating and Governance Committee considers the skills represented among the existing Board members and identifies any particular qualifications that might be sought in new Directors for the purpose of augmenting the skills and experience represented on the Board, all in the context of the perceived needs of the Board at that time. In addition, the Nominating and Governance Committee will consider director candidates recommended by shareholders. Shareholders may submit such recommendations by following the procedures outlined in the "Shareholder Proposals" section of this Proxy Statement.

AUDIT COMMITTEE

The Audit Committee of the Corporation consists of five Directors who are not employees of the Bank and who are appointed annually by the Board of Directors. Members of the Committee are:

Richard C. Fox⁽¹⁾ Daniel P. Fuller Stephen D. Hamlin Caroline C. Shipley Sue S. Stewart

The Audit Committee met five (5) times during 2013 to supervise external audit, internal audit, and compliance activities of the Corporation and its subsidiaries. The function of the Committee is to make or cause to be made suitable examinations every year and to ensure that the Corporation's activities are being conducted in accordance with the law and the banking rules and regulations, and in conformance with established policy. The Committee works directly with the internal auditor to review audit plans, staffing, and the results of individual audits. At least annually, the Committee meets in executive session independently with both the internal and external auditors. In addition, the Audit Committee retains the services of a reputable independent registered public accounting firm. The Committee receives and reviews the reports of the independent auditor and presents them to the Board of Directors with comments and recommendations. At least once during each twelve-month period, this Committee requires audits of the Wealth Strategies Group and determines whether an adequate review of the assets in each trust has been made.

REPORT OF THE AUDIT COMMITTEE

Following is the report of the Audit Committee with respect to the Corporation's audited financial statements for the fiscal year ended December 31, 2013.

The purpose of the Audit Committee is to assist the Board in its general oversight of the Corporation's financial reporting, internal controls and audit functions. The Audit Committee Charter, which is available for review on the Corporation's website at

www.cnbank.com, describes in greater detail the full responsibilities of the Committee. The Audit Committee has reviewed and discussed the consolidated financial statements with management and KPMG LLP, the Corporation's independent auditor. Management is responsible for the preparation, presentation and integrity of the Corporation's financial statements; accounting and financial reporting principles; establishing and maintaining disclosure controls and procedures; establishing and maintaining internal control over financial reporting; evaluating the effectiveness of disclosure controls and procedures; evaluating the effectiveness of internal control over financial reporting; and evaluating any change in internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting. KPMG LLP is responsible for performing an independent audit of the consolidated financial statements and expressing an opinion on the conformity of those financial statements with U.S. generally accepted accounting principles, as well as expressing an opinion on the effectiveness of internal control over financial reporting.

In connection with the preparation of the consolidated financial statements for fiscal year 2013, management provided the Committee with, and the Committee reviewed, a report on the effectiveness of the Corporation's internal control over financial reporting as required by the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) and related regulations. The Committee also reviewed the report of management contained in the Corporation's Annual Report for the fiscal year ended December 31, 2013, as well as KPMG LLP's Independent Auditors' Report included in the Corporation's Annual Report related to its audit of: (i) the consolidated financial statements and (ii) the effectiveness of internal controls over financial reporting.

The Committee continues to oversee the Corporation's efforts related to its internal control over financial reporting. The Audit Committee has discussed with KPMG LLP the matters required to be discussed by Statement on Auditing Standards No. 61, "The Auditor's Communication with Those Charged with Corporate Governance," as amended. In addition, KPMG LLP has provided the Audit Committee with the written disclosures required by applicable requirements of the Auditing Standards Board regarding the independent accountant's communications with the Audit Committee concerning independence, and the Audit Committee has discussed with KPMG LLP their firm's independence. Based on their review of the consolidated financial statements and discussions with and representations from management and KPMG LLP referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Corporation's Annual Report for fiscal year 2013.

The Corporation appointed KPMG LLP as auditors for the fiscal years ended December 31, 2013, and December 31, 2012. All services provided by the external auditor are pre-approved by the Audit Committee. The Chair of the Audit Committee may approve engagement of services that arise between Audit Committee meetings. External auditors are prohibited from providing the following non-audit services: bookkeeping; financial information systems design and implementation; appraisal or valuation; actuarial services; internal audit outsourcing; management functions or human resources; broker dealer, investment advisor or investment banking; legal or expert services unrelated to the audit; or any other service determined by the Board to be impermissible. The lead external audit partner and the reviewing partner are required to rotate off the engagement after five years and must stay off the engagement for five years. Other partners (non-lead, tax or other specialist partners) must rotate after seven years and must stay off the engagement for two years. The Audit Committee annually evaluates the partners on the account to ensure they meet the rotation requirement.

The following table presents fees for professional audit services rendered by KPMG LLP for the audit of the Corporation's annual financial statements during 2013 and 2012, and fees billed for other services rendered by KPMG LLP:

	2013	2012
Audit Fees ⁽²⁾	\$ 308,500	\$ 294,500
Audit-Related Fees	0	0
Tax Fees ⁽³⁾	\$ 42,525	\$ 55,885
All Other Fees	0	0
Total Fees	<u>\$ 351,025</u>	<u>\$ 350,385</u>

⁽¹⁾ Mr. Fox attends the meetings of the Audit Committee of the Corporations but serves as a voting member of the Audit Committee of The Canandaigua National Bank and Trust Company only.

⁽²⁾ Audit fees consisted of professional services rendered for the audits of the consolidated financial statements of the Corporation and the audit of Internal Controls over Financial Reporting.

⁽³⁾ Tax fees consisted of services related to income tax compliance of \$41,725 for 2013 and \$45,610 for 2012 and tax planning and tax advice of \$800 for 2013 and \$10,275 for 2012.

Audit Committee Financial Expert: The Corporation's Board of Directors does not have a "financial expert" serving on its Audit Committee. It is the opinion of the Board of Directors that the cumulative experience of the Directors serving on the Audit Committee is adequate to provide appropriate oversight of the audit functions.

The Board of Directors of the Corporation provides continuing professional education for its Directors through a series of educational presentations that are made to the full board at board meetings related to financial industry trends and specific

information regarding changes in laws and regulations applicable to the Corporation. In addition, continuing professional education materials relating specifically to contemporary audit issues relating to financial services companies are provided to the Audit Committee members by KPMG LLP.

TRANSACTIONS WITH CERTAIN RELATED PERSONS

Directors and executive officers of the Corporation and their associates are, as they have been in the past, customers of, and have had financial transactions with, the Bank, and additional transactions may be expected to occur in the future between such persons and the Bank or other subsidiaries of the Corporation. Any loans from the Bank to such persons and their associates, outstanding at any time since the beginning of 2013, were made, in accordance with Federal Reserve Board Regulation O, in the ordinary course of business of the Bank and on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unrelated customers of the Bank, and did not involve more than normal risk of collection or present other unfavorable features.

STOCK OWNERSHIP OF DIRECTORS AND MANAGEMENT

The following table sets forth, as of February 14, 2014, the amount and percentage of the common stock of the Corporation beneficially owned by each Director and each executive officer. The business address of each of the following Directors and executive officers is 72 South Main Street, Canandaigua, New York.

NAME OF OWNER	SHARES OF COMMON STOCK OWNED ⁽¹⁾	ESOP SHARE OWNERSHIP	STOCK OPTIONS	TOTAL ⁽¹⁾	TOTAL PERCENT OF CLASS
Richard C. Fox, Director	23,466	-	-	23,466	1.25%
Daniel P. Fuller, Director and Vice-Chairman of the Board	3,177	-	-	3,177	0.17%
Frank H. Hamlin, III, Director, President and Chief Executive Officer	4,820	31	-	4,851	0.26%
George W. Hamlin, IV, Director and Chairman	76,117	1,278	38,591	115,986	6.16%
Stephen D. Hamlin, Director	25,766	-	-	25,766	1.37%
Richard P. Miller, Jr., Director	120	-	-	120	0.01%
Thomas S. Richards, Director	688	-	-	688	0.04%
Robert G. Sheridan, Director	7,197	-	-	7,197	0.38%
Caroline C. Shipley, Director	2,327	-	-	2,327	0.12%
Sue S. Stewart, Director	1,277	-	-	1,277	0.07%
Alan J. Stone, Director	60,062	-	-	60,062	3.19%
Lawrence A. Heilbronner, Executive Vice President, Chief Financial Officer and Treasurer	2,977	323	808	4,108	0.22%
Steven H. Swartout, Esq., Executive Vice President, Chief Administrative Officer and General Counsel	2,019	258	-	2,277	0.12%
Gary L. Babbitt, Executive Vice President ⁽²⁾	-	359	-	359	0.02%
Joseph L. Dugan, Executive Vice President ⁽²⁾	-	253	-	253	0.01%
Karen C. Serinis, Executive Vice President ⁽²⁾	184	196	-	380	0.02%
The Canandaigua National Bank and Trust Company held in various fiduciary capacities	146,965	-	-	146,965	7.81%
All Directors and executive officers as a group (16 individuals) and fiduciary capacities	357,162	2,698	39,399	399,259	21.21%

⁽¹⁾ Includes shares held directly, as well as shares held jointly with family members, and in retirement accounts, in a fiduciary capacity, by certain of the individual's family members, or held by trusts of which the individual is a trustee or substantial beneficiary, with respect to which shares the individual may be deemed to have sole or shared voting or investment powers, and shares which may be acquired under option agreements or pursuant to the automatic termination of a trust, discretionary account or similar arrangement. Assumes that all currently exercisable options or options exercisable within 60 days issued to the person have been exercised.

⁽²⁾ Officer of Subsidiary Companies Only.

As of February 14, 2014, the Wealth Strategies Group of The Canandaigua National Bank and Trust Company (the "Bank") held in various fiduciary capacities 736,071 shares or 39.10%, of the outstanding shares. The Wealth Strategies Group of the Bank has the power to vote 146,965 shares, or 7.81% of the outstanding shares. These shares are included within the total set forth in the table above.

EXECUTIVE OFFICER INFORMATION

Name	Position(s)	Age
Frank H. Hamlin, III	President and CEO	41
Lawrence A. Heilbronner, CPA	Executive Vice President, Chief Financial Officer and Treasurer	48
Gary L. Babbitt ⁽¹⁾	Executive Vice President	56
Joseph L. Dugan ⁽¹⁾	Executive Vice President	51
Karen C. Serinis ⁽¹⁾	Executive Vice President	59
Steven H. Swartout, Esq.	Executive Vice President, Secretary and General Counsel	55
⁽¹⁾ Officer of Subsidiary Companies Only		

Frank H. Hamlin, III. Information concerning the business experience of Mr. Hamlin, who is also a Director of the Corporation, The Canandaigua National Bank and Trust Company, Genesee Valley Trust Company, Hometown Funding, d/b/a CNB Mortgage Company, Canandaigua National Trust Company of Florida, Greater Funding of New York, Inc., CNB Operating Subsidiary No. 1, Inc., d/b/a CNB Insurance Agency, CNB Funding Corporation, and WBI OBS Financial, LLC is provided in the section entitled “Election of Directors and Information with Respect to Board of Directors,” which begins on page 2 of this Proxy Statement. Mr. Hamlin has been employed as President of The Canandaigua National Bank and Trust Company since January 1, 2011 and was appointed President and CEO on March 29, 2013. Prior to being employed by the Corporation, Mr. Hamlin was of counsel at Croucher, Jones & Johns from July 2007 through December 2010. Prior to that time, Mr. Hamlin worked as an attorney in private practice from June 2002 to 2007. Mr. Hamlin received his Bachelor of Political Science, Minor in Psychology in May 1995 from University of Vermont and his Juris Doctor from Albany Law School of Union University, in May 2000.

Lawrence A. Heilbronner, CPA. Mr. Heilbronner has served as Executive Vice President – Finance and Operations, Chief Financial Officer, and Principal Accounting Officer of the Corporation and all subsidiaries from 2007 to the present, Chief Financial Officer of Canandaigua National Trust Company of Florida from 2009 to the present, and was named Treasurer of Canandaigua National Corporation in January 2014 upon Mr. MacKay’s retirement. In 2011, Mr. Heilbronner was appointed to serve as Treasurer of WBI OBS Financial LLC. Mr. Heilbronner was previously Senior Vice President – Chief Financial Officer and Principal Accounting Officer of the Corporation and all subsidiaries from 2004 to 2007. Mr. Heilbronner was Vice President – Finance from 1998 to 2004. Prior to 1998, Mr. Heilbronner was employed by the public accounting firm KPMG LLP from 1987 to 1998 working in their Rochester, NY, and Amsterdam, The Netherlands offices. Mr. Heilbronner has a Bachelor of Science degree in Accounting from Binghamton University, Magna Cum Laude and graduated from Brighton High School. He is a Certified Public Accountant and an insurance broker, licensed in the State of New York.

Gary L. Babbitt. Mr. Babbitt has served as Executive Vice President – Chief Lending Officer of The Canandaigua National Bank and Trust Company since 2008. Prior thereto, Mr. Babbitt was Senior Vice President – Commercial Services of The Canandaigua National Bank and Trust Company from 2006 to 2007. Mr. Babbitt has been continuously employed by The Canandaigua National Bank and Trust Company since 1996. Prior to that time, Mr. Babbitt served as a Commercial Loan Officer with two other financial services companies. Mr. Babbitt received a Bachelor of Arts in Business Administration and Economics from Grove City College. He is also a graduate of the Bank Administration Institute Graduate School of Bank Management and Sheshunoff Executive Banking Institute.

Joseph L. Dugan. Mr. Dugan has served as Executive Vice President – Customer Value Management of The Canandaigua National Bank and Trust Company since 2008. Prior thereto, Mr. Dugan was Senior Vice President – Customer Value Management of The Canandaigua National Bank and Trust Company since 2001. Mr. Dugan has served as President and CEO of the Genesee Valley Trust Company since January 2011, where he also has served as a Director since 2008. Additionally, in 2011, Mr. Dugan was appointed to serve as President of both Canandaigua National Trust Company of Florida and WBI OBS Financial LLC. Prior to joining Canandaigua National Bank, Mr. Dugan was Vice President and Product Manager at PNC Bank in Pittsburgh, PA. He also has held positions in retail and commercial banking at PNC Bank, and prior to that, Chase-Lincoln First Bank (now JP Morgan Chase) in Rochester, NY. Mr. Dugan received his Bachelor of Arts in Economics and English from Bucknell University. Mr. Dugan serves as President of American Cancer Society’s Lakes Region Board of Advisors, as well as a Director on the American Cancer Society’s New York/New Jersey Division Board.

Karen C. Serinis. Mrs. Serinis has served as Executive Vice President – Retail and Consumer Lending, of The Canandaigua National Bank and Trust Company since 2011. Mrs. Serinis has also been a Managing Director of Hometown Funding, d/b/a CNB Mortgage Company, since 2011. Mrs. Serinis has been a director and Vice-Chair of the Executive Committee of the Women’s Foundation of Genesee Valley since 2010. Prior thereto, Mrs. Serinis was Senior Vice President – Retail Network: Branches, Call Center, Business Development Representatives, Personal Bankers, since 2006. Mrs. Serinis has been employed at The Canandaigua National Bank and Trust Company since 1997, and during the timeframe from 1997 – 2006, was the Vice President and Manager of the Pittsford Area branch offices. Prior to that time, she had been employed by another financial services company, where she held various Management and Marketing positions. Mrs. Serinis received a Bachelor of Science

degree in Accounting from St. John Fisher College and also earned a Master of Business Administration degree from Rochester Institute of Technology.

Steven H. Swartout, Esq. Mr. Swartout has served as Executive Vice President, Secretary and General Counsel of the Corporation from 2011 to the present. Mr. Swartout has served as Executive Vice President, Chief Administrative Officer and General Counsel of The Canandaigua National Bank and Trust Company, from 2007 to the present and Executive Vice President and Trust Officer of Canandaigua National Trust Company of Florida from 2009 to the present. Mr. Swartout has been a Director of Genesee Valley Trust Company from 2008 to present. In 2011, Mr. Swartout was appointed to serve as Secretary of WBI OBS Financial LLC. Mr. Swartout was previously Senior Vice President – Corporate Risk and General Counsel of The Canandaigua National Bank and Trust Company from 2004 to 2007. Mr. Swartout was employed as Associate General Counsel at The Canandaigua National Bank and Trust Company from 1984 to 1993. He was a partner in the Rochester, New York, law firm Lawrence, Werner, Kesselring, Swartout and Brown, LLP from 1994 to 2000 when he re-joined The Canandaigua National Bank and Trust Company as Vice President and General Counsel. Mr. Swartout is a graduate of Vermont Law School, Hamilton College, and Canandaigua Academy. He is licensed to practice law in all New York State courts, United States District Court for the Western District of New York, and United States Bankruptcy Court. Mr. Swartout is a 2010 graduate of the American Bankers Association Stonier National Graduate School of Banking. Mr. Swartout is Past Chairman of WXXI Public Broadcasting Council and Chairman of FFTH Properties and Services for Thompson Health System.

COMPENSATION COMMITTEE

The Compensation Committee of the Corporation consists of seven Directors who are appointed annually by the Board of Directors. Members of the Committee are:

Richard C. Fox
Caroline C. Shipley

Daniel P. Fuller
Alan J. Stone

George W. Hamlin, IV
Frank H. Hamlin, III (non-voting)

Richard P. Miller, Jr., Chair

Compensation Committee Responsibility

The Compensation Committee is responsible for establishing, reviewing and approving executive officer compensation levels, performing annual reviews of executive officers' performance, and considering senior leadership succession and development issues and related matters for the Corporation. The Compensation Committee recommends to the full Board the compensation of the Corporation's executive officers.

The Compensation Committee has a Charter, a current copy of which is available for review at www.cnbank.com.

The Compensation Committee met six (6) times during 2013 to perform annual reviews of executive officers' performance. Based on the Committee's reviews, recommendations on executive officers' titles and salaries for the upcoming year are made to the Board of Directors for approval.

In the following Compensation Committee Report, "we," "our," and "us" refer to the Compensation Committee.

REPORT OF THE COMPENSATION COMMITTEE

Compensation Philosophy

Our purpose is to act on behalf of the Board of Directors to ensure the existence and implementation of fair and equitable human resource policies and compensation that support the Corporation's mission, vision, and values. Through our work, we endeavor to maintain executive compensation that is fair, reasonable, and consistent with the Corporation's size and the compensation practices of the financial services industry. The compensation program is also intended to attract, develop, and retain the best available executive officers in key leadership positions to ensure the Corporation's continued success.

Our goal is to attract, develop and retain high caliber executives who are capable of optimizing the Corporation's performance for the benefit of its shareholders while maintaining the philosophy of community banking. The Corporation's goal as a community bank is to offer its customers extraordinary personal service and to provide a strong commitment to the communities it serves. The Corporation's philosophy centers on the belief that community banking is more about relationships than transactions. As a community bank, the Corporation engages in traditional banking, which derives most of its revenues from lending out core deposits to others in the same community who are engaged in productive and constructive pursuits, which positively and in a sustained way drives the growth of local economies. The Corporation believes that its philosophy leads to the development of meaningful, long-term relationships with its customers and communities, and we believe this philosophy should be a core element of our executive compensation program.

The goal of the Corporation's compensation program is to align the interests of the executive officers with those of the shareholders; our ultimate focus is on long-term growth and increasing shareholder value, so we believe that a significant portion of an executive officer's compensation should be tied to performance. We believe in a "pay for performance" approach, and the Corporation's compensation program contains a mix of base salary and performance-based incentive compensation components. Up to 40% of executive compensation is tied to performance and at-risk components. We consider and emphasize many factors and objectives when measuring the performance of the Corporation and its executives for the prior year and in setting goals and objectives for the coming year. Our compensation program includes:

- objectives that drive near-term achievement of the Corporation's budgetary and short-term financial goals;
- objectives that drive achievement of long-term financial goals as outlined in the Corporation's strategic plan;
- objectives that support the values and culture of the Corporation and community banking; and
- objectives related to the personal development of the Corporation's executive officers and other employees.

The Role of Officers in Compensation Decisions

The Chief Executive Officer, Chief Financial Officer, and Director of Human Resources each provide us with information and analysis that is used in determining the compensation of the Corporation's executive officers.

Compensation Committee Methodology

The Chief Executive Officer completes an annual performance assessment for each of the executive officers and recommends a total compensation package for each of the executive officers. We review and consider both the CEO's assessments and his compensation recommendations in our deliberations regarding compensation amounts. We conduct an annual performance appraisal of the Chief Executive Officer based on evaluation information solicited from each member of the Board of Directors, and recommend to the Board the annual compensation package for the Chief Executive Officer.

In determining the compensation of the Corporation's executive officers for 2013, including the compensation of the Chief Executive Officer, we considered a number of quantitative and qualitative performance factors including:

- the Corporation's financial performance, including return on equity, return on assets, net interest margin, growth in earnings per share, loan growth, deposit growth, fee income, and revenue from assets under management;
- the Corporation's growth;
- the Corporation's cumulative shareholder return; and
- the executive's role and success in the management of assets, liabilities, capital, liquidity, and risk.

We endeavor to balance the Corporation's short-term and long-term performance and cumulative shareholder value when establishing performance criteria for each of the executive officers and for the management team as a group. In formulating total compensation, we also consider intangible factors such as:

- the executive's scope of responsibility;
- leadership within the Corporation, the community, and the financial services industry; and
- whether the Corporation, under the executive's leadership, has been able to serve worthwhile public purposes while enhancing shareholder value.

All of these factors are considered in the context of the market for the Corporation's products and services, and the complexity and difficulty of managing business risks in the prevailing economic conditions and regulatory environment. We believe that the total compensation provided to the Corporation's executive officers is competitive and provides effective incentives, demonstrated by the Corporation's continued superior performance.

Peer Groups and Benchmarks

We are authorized to retain outside counsel, experts, and consultants to assist us in performing our functions. As an additional source of information to assist us in evaluating appropriate compensation levels for the executive officers, we periodically conduct a comparison study of the Corporation's executive compensation with the executive compensation for comparable positions at companies within the Corporation's peer group. The Corporation's compensation-related peer group is generally financial institutions having assets between \$1 billion and \$4 billion with trust departments. We also use generally available compensation surveys produced by Towers Watson, McLagan an Aon Hewitt Company, formerly Amalfi Consulting, LLC, and CompData Surveys for financial institutions located in New York State, the Mid-Atlantic region, for all U. S. financial institutions, and for specific sub-groups of financial institutions within these peer groups as reference material in evaluating the executive officers' compensation.

In 2013, we engaged McLagan, an Aon Hewitt Company, to perform a comprehensive review of the executive officers' total compensation packages. As a part of this review, in consultation with McLagan and management, we developed two peer groups of financial institutions with similar characteristics to the Corporation. The Northeast Peer Group is chosen primarily based on geographic location, asset size, and performance. The High-Performance Peer Group represents approximately one-third of the Northeast Peer Group where the institutions had the highest 3-year return on average equity. We purposely chose institutions that are better performing (generally, as measured by return on average equity, return on average assets, net interest margin, growth in earnings per share, loan growth, deposit growth, fee income, and revenue from assets under management) than the overall bank marketplace to be consistent with the Corporation's historical performance.

We used the peer group data as a point of reference and comparison only, and not for purposes of establishing or setting a specific level of compensation to be achieved. Because the roles and duties of executive officers vary from institution to institution, a direct one-to-one comparison is not always possible. We considered the experience of each of the Corporation's executive officers, their years of service to the Corporation, and the responsibilities of each officer compared to the officers in the peer group as well as to one another.

Given the limitations associated with comparative pay information, we do not rely as much on benchmarking for setting compensation as we do on the Corporation's level of performance, the executive officers' successful management and reaction to economic conditions impacting the Corporation during the year, and their success in positioning the Corporation for continued growth and optimization of shareholder value in the future.

Risk Assessment

In developing the compensation program, we seek to ensure that the program does not promote unnecessary and excessive risk that might threaten the value of the Corporation. We believe in adhering to a conservative and balanced approach to risk, which we believe is in line with the Corporation's long-held policies and practices and commitment to maintaining the philosophy of community banking. We consider the impact the Corporation's compensation program would have on risk-taking when setting compensation. In 2013, we engaged McLagan, an Aon Hewitt Company, to perform a comprehensive review of the Corporation's incentive compensation programs and agreements for all employees based on the following three core principles of sound incentive compensation policies released by the Federal Reserve, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Office of Thrift Supervision:

- Risk management: provide employees incentives that appropriately balance risk and reward;
- Internal controls: be compatible with effective controls and risk-management; and
- Corporate governance: be supported by strong corporate governance, including active oversight by the organization's board of directors or compensation committee.

The consultant's review confirmed our conclusion that the Corporation's incentive plans are, in general, appropriately structured to comply with the intent of the principles of sound incentive compensation policies.

We have assessed the Corporation's compensation program and have concluded that the existing program does not create risks that would be reasonably likely to have a material adverse effect on the Corporation. We reviewed the Corporation's compensation policies and practices regarding potential risks, risk control and identification issues, and the balance of risk against reward. We also reviewed and considered McLagan's Consulting's report on our incentive compensation programs. Based on our review and analysis, we do not believe that the Corporation's compensation program creates significant risks for the Corporation, and we believe that we and the Board are well-positioned to identify and manage any risks that might arise.

Elements of Compensation

The Corporation's executive compensation program has four basic elements:

- base salary,
- annual cash short-term incentive compensation,
- long-term equity-based compensation, and
- benefits, including retirement, health care, and insurance.

We view each element of compensation as an integral component of the Corporation's compensation program, which is designed to ensure the Corporation's long-term success and increase shareholder value while sustaining our community banking mission.

Incentive compensation for the executive officers is based on a pay-for-performance philosophy that emphasizes performance goals designed to achieve long-term value for the shareholders; therefore, a portion of the executive officers' annual and long-term compensation is at risk. We believe this pay-for-performance culture, balanced by our community banking mission, is one of the principal drivers of the Corporation's performance.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION IN COMPENSATION DECISIONS

The Compensation Committee members whose names appear on the Report of the Compensation Committee above were committee members during all of 2013. The non-employee director members of the Compensation Committee meet in executive session, outside the presence of management, to consider and recommend the compensation of the CEO and other officers.

INDEPENDENT AUDITORS

The Audit Committee of the Board of Directors selected KPMG LLP as independent auditors of Canandaigua National Corporation for the year ended December 31, 2013. Representatives of KPMG LLP are expected to be present at the Annual Meeting and to be available to respond to appropriate questions. They will be given the opportunity to make a statement if they so desire.

SHAREHOLDER PROPOSALS AND NOMINATION FOR DIRECTORS

To be considered for inclusion in the Corporation's Proxy Statement and form of Proxy relating to the 2015 Annual Meeting of Shareholders, which is anticipated to be held on April 15, 2015, a shareholder proposal must have been received by the Secretary of the Corporation at the address set forth on the first page of this Proxy Statement not later than November 6, 2014.

A shareholder proposal must be delivered to the Secretary of the Corporation no earlier than October 7, 2014, and no later than November 6, 2014. The shareholder's notice shall set forth:

- (a) as to the shareholder giving the notice and all persons and entities acting in concert with the shareholder or, in the case of a proposal to nominate an individual(s) for election to the Board: (1) their name(s) and business address(es); (2) their name(s) and address(es) as they appear on the Corporation's books (if they so appear); and (3) the class and number of shares of the Corporation they beneficially own;
- (b) as to the business being proposed: (1) a brief description of the business desired to be brought before the meeting; (2) the reasons for conducting such business at the meeting; and (3) any material interest of the shareholder in such business;
- (c) if the shareholder proposal is to nominate individual(s) for election as a director, as to each proposed nominee: (1) the name, age, business address, and residence address of such person; (2) the principal occupation or employment of such person; (3) the class and number of shares of the Corporation which are beneficially owned by such person; and (4) any other information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act; and
- (d) such other information as the Board of Directors reasonably determines is necessary or appropriate to enable the Board of Directors and shareholders of the Corporation to consider the proposal and to comply with applicable law.

Nominations and proposals not made in accordance with the requirements set forth above may be disregarded. In addition, the proposed business must be a proper matter for shareholder action under the New York Business Corporation Law and the shareholder bringing such business before the 2015 Annual Meeting of Shareholders must be present at the meeting in person or by proxy.

OTHER MATTERS

The Board of Directors knows of no other matters to be brought before the 2014 Annual Meeting of Shareholders. However, if other matters should come before the meeting, it is the intention of each person named in the Proxy to vote it in accordance with his or her judgment on such matters.

By Order of the Board of Directors



Steven H. Swartout, Secretary
March 6, 2014