

Canandaigua
National
Corporation

March 2, 2017

Dear Fellow Shareholder:

You are cordially invited to attend the 2017 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 12, 2017, at 1:00 p.m.

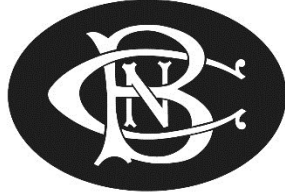
Shareholders will be asked to: elect three Class 2 Directors for terms of three years and authorize the individuals named as proxy to act in their discretion to transact such other business as may properly come before the meeting or any adjournment or postponement thereof. Information about the director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

Frank H. Hamlin, III
President and CEO

enc.



Canandaigua National Corporation

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

- TIME** 1:00 p.m., on Wednesday, April 12, 2017
- PLACE** The Canandaigua National Bank and Trust Company
Community Board Room
72 South Main Street
Canandaigua, NY 14424
- ITEMS OF BUSINESS** (1) To elect Richard C. Fox, Daniel P. Fuller 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, 2017, 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, a vote will be cast in accordance with those instructions. If a 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 2, 2017

Steven H. Swartout
Secretary

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be held on April 12, 2017. The Proxy Statement and Annual Report to Shareholders are available at www.cnbank.com.

TABLE OF CONTENTS

SHAREHOLDERS ENTITLED TO VOTE AND REVOCATION OF PROXIES	1
VOTING PROCEDURES AND METHOD OF COUNTING VOTES.....	1
ELECTION OF DIRECTORS AND INFORMATION REGARDING BOARD OF DIRECTORS	2
ELECTION OF DIRECTORS.....	2
CORPORATE GOVERNANCE	7
DIRECTORS' COMPENSATION.....	8
COMMITTEES OF THE BOARD OF DIRECTORS.....	9
NOMINATING AND GOVERNANCE COMMITTEE.....	9
AUDIT COMMITTEE.....	10
REPORT OF THE AUDIT COMMITTEE	10
TRANSACTIONS WITH CERTAIN RELATED PERSONS.....	11
STOCK OWNERSHIP OF DIRECTORS AND MANAGEMENT	12
EXECUTIVE OFFICER INFORMATION.....	12
COMPENSATION COMMITTEE.....	13
REPORT OF THE COMPENSATION COMMITTEE	14
INDEPENDENT AUDITORS.....	16
SHAREHOLDER PROPOSALS AND NOMINATION FOR DIRECTORS	17
OTHER MATTERS.....	17



PROXY STATEMENT

Annual Meeting of Shareholders to be held Wednesday, April 12, 2017

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 12, 2017, 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, or being sent electronically at the request and consent of the shareholder, on or about March 2, 2017. 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, 2017, are entitled to notice of, and to vote at, the Annual Meeting. On that date, there were 1,876,431 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 2017 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, Canandaigua National Corporation, 72 South Main Street, Canandaigua, NY 14424, or 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:

- by use of 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, a vote will be cast in accordance with those instructions. If a 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 three 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 three 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 three 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. Additional information regarding the Board of Directors is set forth in the Annual Report. The family relationships between the below-named Directors are as follows: Frank H. Hamlin, III is the son of George W. Hamlin, IV.

PROPOSAL 1

ELECTION OF DIRECTORS

Three 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 and Thomas S. Richards. If elected, the nominees would serve a term of three years expiring at the Annual Meeting of Shareholders in 2020 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 THREE NOMINEES.

Class 2 Directors – Nominees for Term Expiring 2020				
		Year First Elected or Appointed to:		
Name	Age	Corporation	Bank	Principal Occupation
Richard C. Fox	70	2008	2008	Private Investor President, Wendy’s Restaurants of Rochester, Inc., 1976 – 2016 Chairman of the Board, Genesee Valley Trust Company*, 2010 – present Director, 1998 – present
Daniel P. Fuller	66	1996	1996	Vice Chair of the Board, Canandaigua National Corporation, January 1, 2011 – present Chairman of the Board, 2008 – 2010, Director, 1996 – present 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 Director, Canandaigua Country Club Director, Sno Country Ski Area Association

*Wholly owned subsidiary of Canandaigua National Corporation.

Class 2 Directors – Nominees for Term Expiring 2020 - continued

		Year First Elected or Appointed to:		
Name	Age	Corporation	Bank	Principal Occupation
Thomas S. Richards	73	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 CEO, RGS Energy Group, Inc., and Rochester Gas and Electric Corporation 1998 – 2002 Director and Audit Committee Member, Rochester Area Community Foundation Trustee, Rochester Institute of Technology Trustee, University of Rochester

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 and 2014 Annual Meetings. 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. 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., and in obtaining, financing and operating over 100 retail franchise locations in three states. Mr. Fox’s 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, make him a valuable resource for continued service for the Corporation.

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.

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 2018

Name	Age	Year First Elected or Appointed to:		Principal Occupation
		Corporation	Bank	
Frank H. Hamlin, III	44	2004	2004	The Canandaigua National Bank and Trust Company* Director, President and CEO, March 29, 2013 – present Director and President, January 1, 2011 – present Director 2004 – present Canandaigua National Corporation Director, President and CEO, March 29, 2013 – present Director and President, January 1, 2011 – present Director, 2004 – present CNB Mortgage Company** Chairman of the Board, Director and CEO, April 24, 2013 – present Director, January 1, 2011 – present CNB Insurance Agency** Director, President & CEO, April 24, 2013 – present Director and President, January 1, 2011 – present Canandaigua National Trust Company of Florida* Director, President and CEO, June 11, 2015 - present Director, 2011 – present Director, Genesee Valley Trust Company*, 2011 – present Director, Thompson Health Systems, –January 1, 2003 – present Of Counsel, Croucher, Jones & Johns, July 2007 – December 2010 Attorney, June 2001 – 2007
George W. Hamlin, IV	75	1984	1979	The Canandaigua National Bank and Trust Company* Chairman, Officer, Senior Policy Advisor and Consultant at Large, March 29, 2013 – present Chairman, CEO and Trust Officer, 1979 – March 28, 2013 Director, President, CEO and Trust Officer, 1979 – December 31, 2010 Canandaigua National Corporation 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 Director, CNB Mortgage Company** 1998 – present Chairman and CEO, 1998 – April 23, 2013 Chairman and Trust Officer, Canandaigua National Trust Company of Florida*, 2009 – present Director, Genesee Valley Trust Company*, 2008 – present Director and CEO, CNB Insurance Agency**, 1995 – April 23, 2013 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, 1985 – present; Immediate Past-Chair 2014 – present; Chairman 2013 – 2014; Vice Chair 2011 – 2012, Audit Chair 2009 – 2011 Center for Governmental Research, 2002 – present; Director 2002 – 2010, Fellow, 2011 – present Chair, Investment Committee - Monroe Fund Director, New York Wine and Culinary Center Director and Vice President, CMAC (Constellation Brands – Marvin Sands Performing Arts Center) Trustee Emeritus, Rochester Museum and Science Center Manager, Hamlin Consulting, LLC Vice President and Treasurer, Canandaigua Aircraft, LLC
Caroline C. Shipley	77	1984	1984	Retired Council Member and Treasurer, First Congregational Church Board of Managers and Treasurer, Ontario Children's Foundation Audit and Finance Committee Member, Canandaigua City School District Board of Education, Member, 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
Sue S. Stewart	75	2000	2000	Retired Sr. Vice President and General Counsel, University of Rochester, 2003 – 2012 Partner, Nixon Peabody, LLP 1978 – 2001, Managing Partner Rochester Office, 1998 – 2000 Co-Chair of Board of Trustees, and Audit Committee member, National Center for Education and the Economy Director and Audit Committee member John L. Wehle Foundation Former Director, United Way of Greater Rochester

*Wholly owned subsidiary of Canandaigua National Corporation.

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

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, CNB Mortgage Company, Canandaigua National Trust Company of Florida, CNB Insurance Agency, CNB Funding Corporation, and Member, 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 Arts (B.A.) in Political Science, Minor in Psychology in May 1995 from the University of Vermont and his Juris Doctor from Albany Law School of Union University in 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, 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 Bachelor of Science (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 38 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 advised former President George W. Bush on Community Banking issues. Mr. Hamlin has served on and chaired numerous civic boards and, in particular, health care organizations in the Rochester/Finger Lakes Region of New York.

Caroline C. Shipley has been a Director of the Corporation and a member of the Audit Committee since 1984. 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 20 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 a 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 demonstrate 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.

Incumbent Class 3 Directors – Term Expiring 2019

Name	Age	Year First Elected or Appointed to:		Principal Occupation
		Corporation	Bank	
Michael C. Goonan	63	2015	2015	University of Rochester Medical Center (URMC) Senior Financial Advisor, 2015 – present Vice President and Chief Financial Officer, 1995 – 2015 Financial Operations, Strong Memorial Hospital, 1984 – 1995 Consultant, Peat, Marwick, Mitchell & Co., 1975 – 1984 Board of Directors, Golisano Children’s Hospital Member, Hospital Financial Management Association Advisory Committee Member, Rochester Red Cross Trustee, St. John Fisher College Honorary Member, Board of Directors of the Catholic Family Center Board of Directors, EagleDream Health, Inc. Board of Directors, Pluta Cancer Center Foundation
Lawrence A. Heilbronner-Kolthoff	51	2014	2014	The Canandaigua National Bank and Trust Company* Director, EVP, CFO, Principal Accounting Officer and Cashier, December 10, 2014 – present Executive Vice President, CFO, Principal Accounting Officer and Cashier, January 2014 – present Executive Vice President, CFO and Principal Accounting Officer, 2007 – present Senior Vice President, CFO and Principal Accounting Officer, 2004 – 2006 Vice President, Finance, 1998 – 2004 Canandaigua National Corporation Director, Treasurer and CFO, December 10, 2014 – present Treasurer and CFO, January 2014 – present Executive Vice President, CFO and Principal Accounting Officer, 2007 – 2013 Senior Vice President, CFO and Principal Accounting Officer, 2004 – 2006 CNB Insurance Agency** Director, Executive Vice President and Treasurer, April 9, 2014 – present Director and Secretary, April 11, 2012 – April 8, 2014 Executive Vice President, February 12, 2007 – April 10, 2012 Vice President, August 16, 1999 – February 11, 2007 Director and Treasurer, CNB Mortgage Company**, 2002 – present Director and Treasurer, Genesee Valley Trust Company*, 2008 – present Chief Financial Officer, Canandaigua National Trust Company of Florida*, 2009 – present Chairman, OBS Holdings, Inc., 2015 – present Director, 2011 – present Director, and Treasurer, Jewish Family Service of Rochester, Inc. Director, Jewish Community Federation of Rochester Finance Committee Member, Temple B’rith Kodesh
Robert G. Sheridan	68	1992	1992	Retired The Canandaigua National Bank and Trust Company*, 1971 – 2011 Director, Genesee Valley Trust Company*, 2008 – December 31, 2011 President, CNB Mortgage Company**, 2002 – August 31, 2011 Secretary, Canandaigua National Corporation, 1992 – August 31, 2011 Director, CNB Mortgage Company**, 1998 – present Director and President, Canandaigua Country Club
Alan J. Stone	76	1986	1986	Managing Member, Stone Family Properties LLC, 1986 – present Member, City Mini Storage LLC, 1999 – present Director, Stone Construction Equipment, Inc., 1969 – 2009 Chairman of the Board, Canandaigua National Corporation, 1994 – 2004 Co-founder, CEO, Stone Construction Equipment, Inc., 1969 – 1986
*Wholly owned subsidiary of Canandaigua National Corporation. **Wholly owned subsidiary of The Canandaigua National Bank and Trust Company.				

Michael C. Goonan was elected to the Board of Directors of the Corporation on June 10, 2015. Mr. Goonan is currently Senior Financial Advisor for the University of Rochester Medical Center (URMC). He has been with URMC since 1995 where he began as Director of Finance and then served as Chief Financial Officer. Previously, Mr. Goonan worked in financial operations for Strong Memorial Hospital, and as manager for management consulting group, Peat, Marwick, Mitchell & Co. He is a graduate of St. John Fisher College, earning his Bachelor of Science (B.S.) degree in Accounting. Mr. Goonan is a New York State Certified Public Accountant. Mr. Goonan is also a member of the Board of Directors at Golisano Children's Hospital, a member of the Hospital Financial Management Association, Advisory Committee member for the Rochester Red Cross, a Trustee for St. John Fisher College, an Honorary Member to the Board of Directors of the Catholic Family Center, a Member of the Board of Directors of the Pluta Cancer Center, and a member of the Board of Directors of EagleDream Health, Inc. Mr. Goonan is a recipient of the Excellence in Management Award from St. John Fisher College, the Outstanding Accounting Alumnus from St. John Fisher College, and the 2013 Rochester Business Journal Financial Executive of the Year Award. The Board of Directors has determined that Mr. Goonan’s individual qualifications and skills as a Director, including his extensive experience as a leader in financial management 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.

Lawrence A. Heilbronner-Kolthoff, CPA. Mr. Heilbronner-Kolthoff 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, and Chief Financial Officer of Canandaigua National Trust Company of Florida from 2009 to the present. Mr. Heilbronner-Kolthoff was named Treasurer of Canandaigua National Corporation in January 2014. Mr. Heilbronner-Kolthoff was elected by the Board of Directors on December 10, 2014, after Richard P. Miller, Jr., a Director of the Corporation and Bank since 1998, passed away unexpectedly on October 25, 2014. In 2011, Mr. Heilbronner-Kolthoff was appointed to serve as Treasurer of WBI OBS Financial LLC, and Director of OBS Financial. Mr. Heilbronner-Kolthoff has served as Director of OBS Holdings, Inc., since 2011 and became Chairman in 2015. Mr. Heilbronner-Kolthoff was previously Senior Vice President – Chief Financial Officer and Principal Accounting Officer of the Corporation and all subsidiaries from 2004 to 2007. Mr. Heilbronner-Kolthoff was Vice President – Finance from 1998 to 2004. Prior to 1998, Mr. Heilbronner-Kolthoff 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-Kolthoff has a Bachelor of Science (B.S.) 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. The Board of Directors has determined that Mr. Heilbronner-Kolthoff’s individual qualifications and skills, including his experience in public accounting and 15+ years of successful experience as a leader of the finance and operations functions of the Corporation, and his participation in numerous civic organizations, provide him with a comprehensive understanding of the Corporation and the communities served by the Corporation and the vital role of community banking in the economy, all of which make him a valuable resource for service on the Board.

Robert G. Sheridan has been a Director of the Corporation and The Canandaigua National Bank and Trust Company, and a member of the Executive Committee since 1992. Mr. Sheridan has served as Director of 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 was continuously employed by The Canandaigua National Bank and Trust Company from 1971 to 2011, was the CRA Officer until August 31, 2011, served as Cashier from 1989 until December 31, 2011, served as Secretary of the Corporation, was the President of CNB Mortgage Company, and served as a Director of Genesee Valley Trust Company until his retirement on December 31, 2011. Mr. Sheridan graduated from St. Bonaventure University in 1971 with a Bachelor of Arts (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 make 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 Mr. Stone’s loan officer. Ten years later, George W. Hamlin, IV succeeded Arthur by which time both Stone Construction Equipment and The Canandaigua National Bank and Trust Company 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 Mr. Stone’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, Mr. Stone’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 Mr. Stone’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 10 years, have demonstrated his knowledge of the business, opportunities, and risks facing the Bank and the Corporation’s other subsidiaries. Mr. Stone’s 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 ten (10) meetings during 2016. The Board of Directors of the Bank held twelve (12) meetings during 2016. 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, Canandaigua National Corporation, 72 South Main Street, Canandaigua, NY 14424, 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.

DIRECTORS' COMPENSATION

Directors of the Corporation are also Directors of The Canandaigua National Bank and Trust Company (Bank). For the year 2016, 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 \$25,000, which may be paid in cash or stock or a combination of cash and stock at each Director's request. For the year 2016, the Chairman of the Board of Directors of the Bank was paid a cash retainer of \$70,000 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. In addition, Chairs of Board committees were paid a stipend of \$2,000 each, with the exception of the Audit Chair who received a \$4,000 stipend. All meeting fees are paid in cash when earned.

Name	Fees Earned or Paid in Cash (\$)*	Total (\$)
Richard C. Fox	46,200	46,200
Daniel P. Fuller	57,400	57,400
Michael C. Goonan	47,700	47,700
Frank H. Hamlin, III	55,000	55,000
George W. Hamlin, IV	124,250	124,250
Lawrence A. Heilbronner-Kolthoff	53,350	53,350
Thomas S. Richards	50,850	50,850
Robert G. Sheridan	59,000	59,000
Caroline C. Shipley	58,400	58,400
Sue S. Stewart	49,500	49,500
Alan J. Stone	45,000	45,000
Total	646,650	646,650

* The following directors elected to receive a part of the annual retainer in shares of stock with a value of \$148.29 per share, which was the average price of the last public sealed-bid auction sale of Corporation stock prior to May 1, 2016, the date the retainer was paid to directors: Richard C. Fox, Daniel P. Fuller, Lawrence A. Heilbronner-Kolthoff, Thomas S. Richards, and Sue S. Stewart each received 168 shares of stock while Caroline C. Shipley elected to receive 100 shares and Michael C. Goonan elected to receive 50 shares. The balance of the retainer was paid in cash.

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 2016.

Director	Executive (12 meetings)	Audit (5 meetings)	Nominating and Governance (3 meetings)	Compensation (4 meetings)	Asset Review ⁽¹⁾ (12 meetings)	Trust and Investment ⁽¹⁾ (4 meetings)
Richard C. Fox		X		X		X
Daniel P. Fuller	Vice Chair			X		
Michael C. Goonan		X				Chair
Frank H. Hamlin, III	X		X	X (non-voting)	X	X
George W. Hamlin, IV	Chair		X	X	X	X
Lawrence A. Heilbronner-Kolthoff	X				X	X
Thomas S. Richards		X	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

⁽¹⁾ Committee of The Canandaigua National Bank and Trust Company.

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 Thomas S. Richards Caroline C. Shipley Sue S. Stewart

The Nominating and Governance Committee met three (3) times during 2016 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 (5) 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 Michael C. Goonan Thomas S. Richards Caroline C. Shipley Sue S. Stewart

The Audit Committee met five (5) times during 2016 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 Company's trust activities of The Canandaigua National Bank and Trust Company 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, 2016.

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 2016, 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, 2016, 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 "AU-C Section 260, The Auditor's Communication with Those Charged with 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 2016.

The Corporation appointed KPMG LLP as independent auditors for the fiscal years ended December 31, 2016, and December 31, 2015. All services provided by the independent auditors are pre-approved by the Audit Committee. The Chair of the Audit Committee may approve engagement of services that arise between Audit Committee meetings. Independent 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 independent 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 2016 and 2015, and fees billed for other services rendered by KPMG LLP:

	<u>2016</u>	<u>2015</u>
Audit Fees ⁽¹⁾	\$ 257,400	\$ 247,500
Audit-Related Fees	0	0
Tax Fees ⁽²⁾	\$ 47,200	\$ 47,200
All Other Fees	0	0
Total Fees	<u>\$ 304,600</u>	<u>\$ 294,700</u>

⁽¹⁾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.

⁽²⁾Tax fees consisted of services related to income tax compliance of \$47,200 for 2016 and \$43,550 for 2015, and tax planning and tax advice of \$0 for 2016 and \$3,650 for 2015.

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 Corporation's subsidiaries, 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 2016, 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, 2017, 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	23,650	-	-	23,650	1.26%
Daniel P. Fuller, Director and Vice-Chairman of the Board	3,373	-	-	3,373	0.18%
Michael C. Goonan, Director	152	-	-	152	0.01%
Frank H. Hamlin, III, Director, President and Chief Executive Officer	7,039	84	-	7,123	0.38%
George W. Hamlin, IV, Director and Chairman	84,333	1,257	26,590	112,180	5.98%
Lawrence A. Heilbronner-Kolthoff, Director, Treasurer, Executive Vice President and Chief Financial Officer	3,824	375	808	5,007	0.27%
Thomas S. Richards, Director	1,056	-	-	1,056	0.06%
Robert G. Sheridan, Director	7,184	-	-	7,184	0.38%
Caroline C. Shipley, Director	1,763	-	-	1,763	0.09%
Sue S. Stewart, Director	1,670	-	-	1,670	0.09%
Alan J. Stone, Director	61,065	-	-	61,065	3.25%
Steven H. Swartout, Esq., Secretary, and Senior Counsel	2,499	309	-	2,808	0.15%
Gary L. Babbitt, Executive Vice President ⁽²⁾	-	410	-	410	0.02%
Brian E. Pasley, Executive Vice President ⁽²⁾	2,813	35	-	2,848	0.15%
Karen C. Serinis, Executive Vice President ⁽²⁾	184	243	-	427	0.02%
A. Rosamond Zatyko, Executive Vice President ⁽²⁾	-	86	-	86	0.005%
The Canandaigua National Bank and Trust Company held in various fiduciary capacities	137,956	-	-	137,956	7.35%
All Directors and executive officers as a group (16 individuals) and fiduciary capacities	338,561	2,799	27,398	368,758	19.65%

⁽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, 2017, the trust subsidiary companies of the Corporation held in various fiduciary capacities 745,538 shares or 39.73%, of the outstanding shares. They have the power to vote 137,956 shares, or 7.35% 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	44
Lawrence A. Heilbronner-Kolthoff, CPA	Executive Vice President, Chief Financial Officer and Treasurer	51
Gary L. Babbitt ⁽¹⁾	Executive Vice President	59
Brian E. Pasley ⁽¹⁾	Executive Vice President and CRA Officer	62
Karen C. Serinis ⁽¹⁾	Executive Vice President	62
Steven H. Swartout, Esq.	Executive Vice President, Secretary and Senior Counsel	58
A. Rosamond Zatyko ⁽¹⁾	Executive Vice President, Chief Administrative Officer	53

⁽¹⁾ Officer of Subsidiary Companies Only.

Frank H. Hamlin, III. Information concerning the business experience of Mr. Hamlin 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.

Lawrence A. Heilbronner-Kolthoff, CPA. Information concerning the business experience of Mr. Heilbronner-Kolthoff 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.

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 (B.A.) degree 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.

Brian E. Pasley. Mr. Pasley has served as Executive Vice President, Consumer Lending of The Canandaigua National Bank and Trust Company since October 2015, serving as a member of the Executive Leadership Team, CRA Officer, Manager of Consumer Lending, as well as the Manager of the mortgage portfolio. Prior thereto, Mr. Pasley was Senior Vice President of Consumer Lending, from 2011 to October 2015, focusing on leading the day-to-day operations, management of key client relationships and CRA initiatives. Mr. Pasley has more than 25 years of banking and mortgage experience, including roles with Citizens Bank, Citibank, and Chase Bank. Mr. Pasley received a Bachelor of Arts (B.A.) degree in Psychology from the University of Rochester. His community involvement includes the Golisano Children’s Hospital, the University of Rochester Hall of Fame selection committee, and he has served as President of Monroe Golf Club.

Karen C. Serinis. Mrs. Serinis has served as Executive Vice President, Retail Banking and Marketing of The Canandaigua National Bank and Trust Company since 2011. Mrs. Serinis has also been a Managing Director of CNB Mortgage Company since 2011. 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 by The Canandaigua National Bank and Trust Company since 1997, and during the timeframe from 1997 – 2006, was the Vice President and Group Manager of the Pittsford Region. 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 (B.S.) degree in Accounting from St. John Fisher College and also earned a Masters of Business Administration (M.B.A.) degree in Management from Rochester Institute of Technology. Her community involvement includes Director and Chair of the Executive Committee of the Women’s Foundation of Genesee Valley since 2010 as well as charity efforts with Webster Comfort Care Home and Bivona Child Advocacy Center.

Steven H. Swartout, Esq. Mr. Swartout retired from his roles as Executive Vice President, General Counsel and Chief Administrative Officer of the Bank as of December 31, 2016. He continues to serve as Secretary of the Corporation and Senior Counsel for the Bank. A. Rosamond Zatyko has been named Executive Vice President and Chief Administrative Officer effective January 1, 2017. Jennifer N. Weidner, Esq., has been named Senior Vice President and General Counsel of The Canandaigua National Bank and Trust Company effective January 1, 2017, and is anticipated to be named Secretary of the Corporation at the Annual Meeting.

A. Rosamond Zatyko. Mrs. Zatyko has served as Executive Vice President, Chief Administrative Officer of The Canandaigua National Bank since January 1, 2017 to present. Prior thereto, Mrs. Zatyko served as Chief Credit Risk Officer responsible for the management of all loan portfolio credit risk since 2010. Mrs. Zatyko has been employed by The Canandaigua National Bank since 1994, serving as the Commercial Credit Administrator responsible for general oversight of loan asset quality and the assessment of the adequacy of the loan loss reserves. Mrs. Zatyko is a graduate of Emory University, and also received her graduate degree in Community Bank Management from the Emory University Goizueta Business School. She received her certification in Loan Review in 1996. Originally from the Boston area, she started her banking career with Fleet National Bank in their Commercial Underwriting Group. She then joined the Treasury Department as an OCC Federal Bank Examiner where she examined both regional and community Banks. Mrs. Zatyko resides in Pittsford, NY with her husband Andrew and their two daughters.

COMPENSATION COMMITTEE

The Compensation Committee of the Corporation consists of seven (7) Directors who are appointed annually by the Board of Directors. Members of the Committee are:

Richard C. Fox	Daniel P. Fuller	George W. Hamlin, IV	Thomas S. Richards, Chair
Caroline C. Shipley	Alan J. Stone	Frank H. Hamlin, III (non-voting)	

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 four (4) times during 2016 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.

Our goal is to attract, develop and retain high caliber executives, in key leadership positions, who are capable of optimizing the Corporation's performance for the benefit of its shareholders while maintaining the philosophy of traditional community banking. The Corporation's goal as a multi-bank financial holding company is to offer its customers products and services that meet their needs, extraordinary personal service, and also to provide a strong commitment to the communities it serves. The Corporation's philosophy centers on the belief that comprehensive financial services is more about relationships than transactions. Through its lead bank subsidiary, The Canandaigua National Bank and Trust Company, 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 drive 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 and operational 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 2016, 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 \$5 billion with high levels of non-interest income. 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 2016, 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 three-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 2016, we engaged McLagan, an Aon Hewitt Company, to also perform a comprehensive review of the Corporation's incentive compensation programs and agreements for all employees, based on the following: the 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 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 corporate 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, aligned with our core values in support of the communities we serve, 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 2016. 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 executive 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, 2016. 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 2018 Annual Meeting of Shareholders, which is anticipated to be held on April 11, 2018, 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 no earlier than October 2, 2017, and not later than November 1, 2017.

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 2018 Annual Meeting of Shareholders must be present at the meeting in person or by proxy.

OTHER MATTERS

At this time, the Board of Directors knows of no other matters to be brought before the 2017 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 2, 2017

NOTES