BofA Finance LLC
Form 424B2
February 10, 2017

Filed Pursuant to Rule 424(b)(2)
Registration Statement No. 333-213265
(To Prospectus dated November 4, 2016,
Prospectus Supplement dated November 4, 2016 and
Product Supplement STOCK-OL-1
dated January 24, 2017)

475,000 Units		Pricing Date	February 8, 2017
$10 principal amount per unit		Settlement Date	February 15, 2017
CUSIP No. 097096192		Maturity Date	February 26, 2018

BofA Finance LLC
Notes Linked to a Basket of Stocks
Fully and Unconditionally Guaranteed by Bank of America Corporation

Maturity of approximately one year and one week

A conditional payment of $1.651 per unit if the Basket is flat or increases above the Starting Value

The Basket is comprised of the common stocks of Amazon.com, Inc., Steel Dynamics, Inc., General Dynamics Corporation, JPMorgan Chase & Co. and Frontier Communications Corporation (each, a Basket Stock). Each Basket Stock was given an equal weight

1-to-1 downside exposure to decreases in the Basket, with 100% of your investment at risk

All payments occur at maturity and are subject to the credit risk of BofA Finance LLC, as issuer of the notes, and the credit risk of Bank of America Corporation, as guarantor of the notes

No periodic interest payments

In addition to the underwriting discount set forth below, the notes include a hedging-related charge of $0.075 per unit. See Structuring the Notes .

Limited secondary market liquidity, with no exchange listing

The notes are being issued by BofA Finance LLC (BofA Finance) and are fully and unconditionally guaranteed by Bank of America Corporation (BAC). There are important differences between the notes and a conventional debt security, including different investment risks and certain additional costs. See Risk Factors beginning on page TS-6 of this term sheet, page PS-6 of product supplement STOCK-OL-1, page S-4 of the accompanying Series A MTN prospectus supplement and page 7 of the accompanying prospectus.

The initial estimated value of the notes as of the pricing date is $9.78 per unit, which is less than the public offering price listed below. See Summary on the following page, Risk Factors beginning on page TS-6 of this term sheet and Structuring the Notes on page TS-16 of this term sheet for additional information. The actual value of your notes at any time will reflect many factors and cannot be predicted with accuracy.

None of the Securities and Exchange Commission (the SEC), any state securities commission, or any other regulatory body has approved or disapproved of these securities or determined if this Note Prospectus (as defined below) is truthful or complete. Any representation to the contrary is a criminal offense.

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	Per Unit	Total
Public offering price	$10.000	$4,750,000.00
Underwriting discount	$0.175	$83,125.00
Proceeds, before expenses, to BofA Finance	$9.825	$4,666,875.00

The notes and the related guarantee:

Are Not FDIC Insured	**Are Not Bank Guaranteed**	**May Lose Value**

Merrill Lynch & Co.

February 8, 2017

Notes Linked to a Basket of Stocks, due February 26, 2018

Summary

The Notes Linked to a Basket of Stocks, due February 26, 2018 (the notes) are our senior unsecured debt securities. Payments on the notes are fully and unconditionally guaranteed by BAC. The notes and the related guarantee are not insured by the Federal Deposit Insurance Corporation or secured by collateral. **The notes will rank equally with all of BofA Finance's other unsecured and unsubordinated debt, and the related guarantee will rank equally with all of BAC's other unsecured and unsubordinated obligations. Any payments due on the notes, including any repayment of principal, will be subject to the credit risk of BofA Finance, as issuer, and BAC, as guarantor.** If the Ending Value of the Market Measure, which is a basket of five common stocks described below (the Basket), is at or above the Starting Value, the notes will provide a payment at maturity of the principal amount per unit plus an additional fixed payment of $1.651 per unit. If the Ending Value is less than the Starting Value, the Redemption Amount will be less than the principal amount of your notes, and may be as low as zero. Payments on the notes, including the amount you receive at maturity, will be calculated based on the $10 principal amount per unit and will depend on the performance of the Basket, subject to our and BAC's credit risk. See Terms of the Notes below.

The Basket is comprised of the common stocks of Amazon.com, Inc., Steel Dynamics, Inc., General Dynamics Corporation, JPMorgan Chase & Co. and Frontier Communications Corporation (each, a Basket Stock). Each Basket Stock was given an equal weight.

The economic terms of the notes (including the Conditional Payment) are based on BAC's internal funding rate, which is the rate it would pay to borrow funds through the issuance of market-linked notes and the economic terms of certain related hedging arrangements. BAC's internal funding rate is typically lower than the rate it would pay when it issues conventional fixed or floating rate debt securities. This difference in funding rate, as well as the underwriting discount and the hedging related charge described below, reduced the economic terms of the notes to you and the initial estimated value of the notes on the pricing date. Due to these factors, the public offering price you pay to purchase the notes is greater than the initial estimated value of the notes.

On the cover page of this term sheet, we have provided the initial estimated value for the notes. This initial estimated value was determined based on our, BAC's and our other affiliates' pricing models, which take into consideration BAC's internal funding rate and the market prices for the hedging arrangements related to the notes. For more information about the initial estimated value and the structuring of the notes, see Structuring the Notes on page TS-16.

Terms of the Notes

Issuer:	BofA Finance LLC (BofA Finance)
Guarantor:	Bank of America Corporation (BAC)
Principal Amount:	$10.00 per unit
Term:	Approximately one year and one week
Market Measure:	An equally weighted basket of stocks comprised of Amazon.com, Inc. (NASDAQ symbol: AMZN), Steel Dynamics, Inc. (NASDAQ symbol: STLD), General

Redemption Amount Determination

	Dynamics Corporation (NYSE symbol: GD), JPMorgan Chase & Co. (NYSE symbol: JPM) and Frontier Communications Corporation (NASDAQ symbol: FTR) (each, a Basket Stock).
Starting Value:	100.00
Ending Value:	The value of the Basket on the calculation day.
Calculation Day:	February 16, 2018. The calculation day is subject to postponement in the event of Market Disruption Events, as described beginning on page PS-19 of product supplement STOCK-OL-1.
Conditional Payment:	$1.651 per unit, representing a return of 16.51% of the principal amount.
Threshold Value:	100.00 (100% of the Starting Value).
Price Multiplier:	1 for each Basket Stock, subject to adjustment for certain corporate events relating to the Basket Stocks described beginning on page PS-20 of product supplement STOCK-OL-1.
Fees and Charges:	The underwriting discount of $0.175 per unit listed on the cover page and the hedging related charge of $0.075 per unit described in Structuring the Notes on page TS-16.
Calculation Agent:	Merrill Lynch, Pierce, Fenner & Smith Incorporated (MLPF&S), an affiliate of BofA Finance.

Notes Linked to a Basket of Stocks, due February 26, 2018

The terms and risks of the notes are contained in this term sheet and in the following:

- Product supplement STOCK-OL-1 dated January 24, 2017:
  http://www.sec.gov/Archives/edgar/data/70858/000119312517016284/d523982d424b5.htm
- Series A MTN prospectus supplement dated November 4, 2016 and prospectus dated November 4, 2016:
  http://www.sec.gov/Archives/edgar/data/70858/000119312516760144/d266649d424b3.htm

These documents (together, the Note Prospectus) have been filed as part of a registration statement with the SEC, which may, without cost, be accessed on the SEC website as indicated above or obtained from MLPF&S by calling 1-800-294-1322. Before you invest, you should read the Note Prospectus, including this term sheet, for information about us, BAC and this offering. Any prior or contemporaneous oral statements and any other written materials you may have received are superseded by the Note Prospectus. Capitalized terms used but not defined in this term sheet have the meanings set forth in product supplement STOCK-OL-1. Unless otherwise indicated or unless the context requires otherwise, all references in this document to we, us, our, or similar references are to BofA Finance, and not to BAC.

Investor Considerations

You may wish to consider an investment in the notes if:

You anticipate that the Ending Value will be equal to or greater than the Starting Value.

You accept that the return on the notes will be limited to the return represented by the Conditional Payment.

You accept that your investment will result in a loss, which could be significant, if the Ending Value is below the Starting Value.

You are willing to forgo the interest payments that are paid on conventional interest bearing debt securities.

You are willing to forgo dividends or other benefits of owning shares of the Basket Stocks.

You are willing to accept a limited or no market for sales prior to maturity, and understand that the market prices for the notes, if any, will be affected by various factors, including our and BAC's actual and perceived creditworthiness, BAC's internal funding rate and fees and charges on the notes.

You are willing to assume our credit risk, as issuer of the notes, and BAC's credit risk, as guarantor of the notes, for all payments under the notes, including the Redemption Amount.

The notes may not be an appropriate investment for you if:

You believe that the value of the Basket will decrease from the Starting Value to the Ending Value.

You seek an uncapped return on your investment.

You seek principal repayment or preservation of capital.

You seek interest payments or other current income on your investment.

You want to receive dividends or other distributions paid on the Basket Stocks. You seek an investment for which there will be a liquid secondary market.

You are unwilling or are unable to take market risk on the notes, to take our credit risk as issuer of the notes or to take BAC's credit risk, as guarantor of the notes.

We urge you to consult your investment, legal, tax, accounting and other advisors before you invest in the notes.

Notes Linked to a Basket of Stocks, due February 26, 2018

Hypothetical Payout Profile and Examples of Payments at Maturity

This graph reflects the returns on the notes based on the Conditional Payment of $1.651 per unit. The green line reflects the returns on the notes, while the dotted gray line reflects the returns of a direct investment in the Basket Stocks, excluding dividends.

This graph has been prepared for purposes of illustration only.

Hypothetical Payments at Maturity

The following table and examples are for purposes of illustration only. They are based on **hypothetical** values and show **hypothetical** returns on the notes. They illustrate the calculation of the Redemption Amount and total rate of return based on the Starting Value of 100, the Threshold Value of 100, the Conditional Payment of $1.651 per unit and a range of hypothetical Ending Values. **The actual amount you receive and the resulting total rate of return will depend on the actual Ending Value and whether you hold the notes to maturity.** The following examples do not take into account any tax consequences from investing in the notes.

Ending Value	Percentage Change from the Starting Value to the Ending Value	Redemption Amount per Unit	Total Rate of Return on the Notes
50.00	-50.00%	$5.000	-50.00%
60.00	-40.00%	$6.000	-40.00%
70.00	-30.00%	$7.000	-30.00%
80.00	-20.00%	$8.000	-20.00%
90.00	-10.00%	$9.000	-10.00%
95.00	-5.00%	$9.500	-5.00%
98.00	-2.00%	$9.800	-2.00%
100.00[1]	0.00%	$11.651[2]	16.51%
102.00	2.00%	$11.651	16.51%
105.00	5.00%	$11.651	16.51%
110.00	10.00%	$11.651	16.51%
120.00	20.00%	$11.651	16.51%
130.00	30.00%	$11.651	16.51%
140.00	40.00%	$11.651	16.51%
150.00	50.00%	$11.651	16.51%

(1) The Starting Value and the Threshold Value were set to 100.00 on the pricing date.

(2) The Redemption Amount per unit cannot exceed the sum of the principal amount and the Conditional Payment.
For **hypothetical** historical values of the Basket, see The Basket section below. For recent actual prices of the Basket Stocks, see The Basket Stocks section below. The Ending Value will not include any income generated by dividends paid on the Basket Stocks, which you would otherwise be entitled to receive if you invested in those stocks directly.
In addition, all payments on the notes are subject to issuer and guarantor credit risk.

Notes Linked to a Basket of Stocks, due February 26, 2018

Redemption Amount Calculation Examples

Example 1

The Ending Value is 80.00, or 80.00% of the Starting Value:

Starting Value: 100.00

Ending Value: 80.00

= $8.00 Redemption Amount per unit

Example 2

The Ending Value is 105.00, or 105.00% of the Starting Value:

Starting Value: 100.00

Ending Value: 105.00

$10 + $1.651 **= $11.651** Redemption Amount per unit

Example 3

The Ending Value is 130.00, or 130.00% of the Starting Value:

Starting Value: 100.00

Ending Value: 130.00

$10 + $1.651 **= $11.651** Redemption Amount per unit

In this example, even though the Ending Value is significantly higher than the Starting Value, your return on the notes will be limited to the return represented by the Conditional Payment.

Notes Linked to a Basket of Stocks, due February 26, 2018

Risk Factors

There are important differences between the notes and a conventional debt security. An investment in the notes involves significant risks, including those listed below. You should carefully review the more detailed explanation of risks relating to the notes in the "Risk Factors" sections beginning on page PS-6 of product supplement STOCK-OL-1, page S-4 of the Series A MTN prospectus supplement and page 7 of the prospectus identified above. We also urge you to consult your investment, legal, tax, accounting and other advisors before you invest in the notes.

- Depending on the performance of the Basket as measured shortly before the maturity date, your investment may result in a loss; there is no guaranteed return of principal.
- Your return on the notes may be less than the yield you could earn by owning a conventional fixed or floating rate debt security of comparable maturity.
- Your investment return is limited to the return represented by the Conditional Payment and may be less than a comparable investment in the Basket Stocks.
- Payments on the notes are subject to our credit risk, and the credit risk of BAC, and actual or perceived changes in our or BAC's creditworthiness are expected to affect the value of the notes. If we and BAC become insolvent or are unable to pay our respective obligations, you may lose your entire investment.
- We are a finance subsidiary and, as such, will have limited assets and operations.
- BAC's obligations under its guarantee of the notes will be structurally subordinated to liabilities of its subsidiaries.
- The notes issued by us will not have the benefit of any cross-default or cross-acceleration with other indebtedness of BofA Finance or BAC: events of bankruptcy or insolvency or resolution proceedings relating to BAC and covenant breach by BAC will not constitute an event of default with respect to the notes.
- The initial estimated value of the notes considers certain assumptions and variables and relies in part on certain forecasts about future events, which may prove to be incorrect. The initial estimated value of the notes is an estimate only, determined as of a particular point in time by reference to our and our affiliates' pricing models. These pricing models consider certain assumptions and variables, including our credit spreads and those of BAC, BAC's internal funding rate on the pricing date, mid-market terms on hedging transactions, expectations on interest rates and volatility, price-sensitivity analysis, and the expected term of the notes. These pricing models rely in part on certain forecasts about future events, which may prove to be incorrect.
- The public offering price you pay for the notes exceeds the initial estimated value. If you attempt to sell the notes prior to maturity, their market value may be lower than the price you paid for them and lower than the initial estimated value. This is due to, among other things, changes in the value of the Basket, BAC's internal funding rate, and the inclusion in the public offering price of the underwriting discount and the hedging related charge, all as further described in "Structuring the Notes" on page TS-16. These factors, together with various credit, market and economic factors over the term of the notes, are expected to reduce the price at which you may be able to sell the notes in any secondary market and will affect the value of the notes in complex and unpredictable ways.
- The initial estimated value does not represent a minimum or maximum price at which we, BAC, MLPF&S or any of our other affiliates would be willing to purchase your notes in any secondary market (if any exists) at any time. The value of your notes at any time after issuance will vary based on many factors that cannot be predicted with accuracy, including the performance of the Basket, our and BAC's creditworthiness and changes in market conditions.
- A trading market is not expected to develop for the notes. None of us, BAC or MLPF&S is obligated to make a market for, or to repurchase, the notes. There is no assurance that any party will be willing to purchase your notes at any price in any secondary market.
- BAC and its affiliates' hedging and trading activities (including trades in shares of the Basket Stocks) and any hedging and trading activities BAC or its affiliates engage in that are not for your account or on your behalf, may affect the market value and return of the notes and may create conflicts of interest with you.
- The Underlying Companies will have no obligations relating to the notes, and neither we nor MLPF&S will perform any due diligence procedures with respect to any Underlying Company in connection with this offering.
- Changes in the price of one of the Basket Stocks may be offset by changes in the prices of the other Basket Stocks.

You will have no rights of a holder of the Basket Stocks, and you will not be entitled to receive shares of the Basket Stocks or dividends or other distributions by the Underlying Companies.

While BAC and our affiliates may from time to time own securities of the Underlying Companies, we, BAC and our other affiliates do not control any Underlying Company, and have not verified any disclosures made by any Underlying Company.

Notes Linked to a Basket of Stocks, due February 26, 2018

The payment on the notes will not be adjusted for all corporate events that could affect a Basket Stock. See "Description of the Notes—Anti-Dilution Adjustments" beginning on page PS-20 of product supplement STOCK-OL-1.

There may be potential conflicts of interest involving the calculation agent, which is an affiliate of ours. We have the right to appoint and remove the calculation agent.

The U.S. federal income tax consequences of the notes are uncertain, and may be adverse to a holder of the notes. See "Summary Tax Consequences" below and "U.S. Federal Income Tax Summary" beginning on page PS-30 of product supplement STOCK-OL-1.

Notes Linked to a Basket of Stocks, due February 26, 2018

The Basket

The Basket is designed to allow investors to participate in the percentage changes of the Basket from the Starting Value to the Ending Value. The Basket Stocks are described in the section entitled The Basket Stocks below. Each Basket Stock was assigned an initial weight on the pricing date, as set forth in the table below.

For more information on the calculation of the value of the Basket, please see the section entitled Description of the Notes—Basket Market Measures beginning on page PS-26 of product supplement STOCK-OL-1.

On the pricing date, for each Basket Stock, the Initial Component Weight, the Closing Market Price, the Component Ratio and the initial contribution to the Basket value were as follows:

Symbol	Initial Component Weight	Closing Market Price(1)

paid between 1980 and 2002 on the existing policy and its predecessor policy total approximately $840,8
understanding, formal or informal, that Bram Goldsmith has or will receive or be allocated an interest in
insurance policy. The Corporation is considering its obligation to continue to make the annual premium on
of the Sarbanes-Oxley Act which, with certain exceptions, prohibits publicly traded companies from makin
executive officers. It is not clear whether the arrangement between Bram Goldsmith and the Corporation
premiums under this policy would constitute a loan within the meaning of the section and, if it is a loan
premiums which the Corporation was obligated to make at the date of enactment of the prohibition

The 2003 Bram Goldsmith Agreement will provide that in the event the Corporation terminates Bram
good cause, Bram Goldsmith will be entitled to receive all compensation payable for the balance of the term
For this purpose, "good cause" is defined as (i) conviction of a crime directly related to Bram Goldsmith's
felony involving moral turpitude, (iii) willful and gross mismanagement of the Corporation's or the Bank's b
of any material provision of the applicable agreement. If Bram Goldsmith's employment is terminated becau
illness, the Corporation will be obligated to continue paying Bram Goldsmith's salary and bonus as if he c
Corporation, less any amount paid in lieu of salary under any private or governmental insurance program. I
is terminated due to his death, his annual salary will be paid to his wife, if she is living, or his Revocable L
lesser of two years or the remaining term of the 2003 Bram Goldsmith Agreem

Any dispute relating to the 1998 Agreement, the 2001 Agreement, or the 2003 Bram Goldsmith Agre
binding arbitration. See "Change of Control Agreements" below for information relating to change of co
Goldsmith.

Change of Control Agreements. Each officer who is a member of the Bank's Executive Committee, i
Executive Officers, has entered into a Change of Control Agreement (the "Change of Control Agreeme
Agreement provides that each officer shall be employed for a period of two years (three years for Russel
George Benter, Frank Pekny and Jan Cloyde) from the date of a change in control. The compensation, b
attributes of the officer's employment generally will be at least equal to that which was provided pric

If, after a change of control (as defined in the Change of Control Agreement), the officer's employm
"cause" or the officer resigns for "good reason," the officer will be paid an amount equal to two times (thr
Bram Goldsmith, George Benter, Frank Pekny and Jan Cloyde) such officer's base salary and annual bonu
benefits and payments foregone due to the termination and will continue to receive all employee benefits
Russell Goldsmith, Bram Goldsmith, George Benter, Frank Pekny and Jan Cloyde) after the date of termina
of Control Agreements, "cause" is defined to mean (i) a willful and continued failure to perform the officer'
in illegal conduct or gross misconduct materially and demonstrably injurious to the Corporation, and "goo
(i) an action which diminishes the officer's position, authority, duties or responsibilities or (ii) a failure by th
compensation provisions of the agreement. In addition, any resignation by the officer during the 30 day pe
first anniversary of a change of control is deemed to be for "good reason."

If it is determined that any payments made to an officer pursuant to the Change of Control Agreement
excise tax pursuant to Section 4999 of the Internal Revenue Code of 1986, under certain circumstances su
additional amount sufficient to

put such officer in the same tax position as the officer would have been in had no excise tax been in

Stock Option Plans. The 1995 Omnibus Plan, the 1999 Omnibus Plan and the 2002 Omnibus Plan, c effect upon a change of control (as defined in each of the plans) of the Corporation. If a change of contr employees vest in full unless the Compensation, Nominating & Governance Committee determines otherw Directors or the Compensation, Nominating & Governance Committee, as applicable, will make provision of the plans and outstanding awards or for the substitution of new awards. Although the 1985 Stock Opti options may be granted but under which there are still options outstanding, contains similar provisions, operative because all remaining options under the 1985 Stock Option Plan are fully

Executive Deferred Compensation Plan. The Bank's 2000 Executive Deferred Compensation Plan al presidents or above to elect each year to defer up to 100% of their salary, including commissions, and up Each officer's deferral account is credited with an amount equal to the net investment return of one or more the officer. Amounts in an officer's deferral account represent an unsecured claim against the Bank's asse officer's election, in a lump-sum or in quarterly installments at a specified date during the officer's emp termination of employment with the Bank. Under the prior executive deferred compensation plan, a parti amounts deferred to purchase a split-dollar life insurance policy. Under the 2000 Executive Deferred Comp a specified amount of life insurance coverage to each such eligible officer beginning on the date the offic Transfer of Policy and Termination of Split-Dollar Life Insurance Agreement" and ending on December 3 name a beneficiary to receive the portion of the death benefit under the life insurance policy that is equal to Executive Deferred Compensation Plan.

Stock Option Plans

Option Grants in Last Fiscal Year

The following table sets forth information regarding stock options granted to the Named Executive Goldsmith was not granted options during 2002. No stock appreciation rights were grante

	Individual Grants			
Name	**Number of Securities Underlying Options Granted**	**Percent of Total Options Granted to Employees**	**Exercise Price (per share) (1)**	**Market Price on Grant Date (per share) (1)**
Russell Goldsmith	125,000	7.59%	$ 50.30	$ 50.30
	250,000(2)	15.18%	$ 47.12	$ 47.12
George H. Benter, Jr.	50,000	3.04%	$ 50.30	$ 50.30
Frank P. Pekny	50,000	3.04%	$ 50.30	$ 50.30
Jan R. Cloyde	25,000	1.52%	$ 50.30	$ 50.30

(1)
Closing price on the grant date as reported on the NYSE.

(2)
Options were granted in connection with the approval of the 2002 Russell Golds

(3)
"Grant Date Present Values" were calculated using the Black-Scholes option valuation model desc grant of the options were: a) $17.99 per option for the options with an exercise price of $50.30, options with an exercise price of

$47.12. Present values were calculated using the Black-Scholes option valuation model with

Expected Life	7.5
Volatility	30.9
Dividend yield	1.7
Risk-free investment rate	4.7

The expected life is based upon the pattern of exercises of options granted by the Corporation in the variability in the Corporation's stock price, is based on changes in the price of the Corporation ten years, measured monthly. The dividend yield is an assumed rate. Actual dividend payments factors, including future financial results, and may differ substantially from the assumption. The on the yield on ten year U.S. Treasury Notes on the grant date.

The actual value, if any, which a Named Executive Officer may realize will depend upon the exercise price and the market price of the Corporation's common stock on the d

The options which expire on February 26, 2012 were granted on February 27, 2002 and the options wh granted on July 24, 2002. The February 27, 2002 options become exercisable 25% on each anniversary exercisable. The July 24, 2002 options were immediately exercisable as to 83,334 shares, and thereafter 83,333 shares on each of the following two anniversary dates of the grant. The options may become exerc control of the Corporation. See " Employment Contracts, Change of Control Agreements and Termination

Aggregated Option Exercises and Year-End Option Values

The following table sets forth information regarding exercises of stock options by the Named Executi value of all unexercised in-the-money stock options held by the Named Executive Officers as of Decembe not exercise any stock options during 2002 and held no unexercised stock options at December 31, 2002. T appreciation rights during 2002 and no unexercised stock appreciation rights at Decemb

Name	Shares Acquired upon Exercise	Value Realized	Number of Shares Underlying Unexercised Options		
			Exercisable	Unexercisable	Ex
Russell Goldsmith	90,000	$ 3,700,275	953,584	426,916	$
George H. Benter, Jr.	79,526	$ 3,236,234	213,128	126,875	$
Frank P. Pekny	77,625	$ 1,559,823	103,724	126,875	$
Jan R. Cloyde			35,750	44,500	$

(1)
Values are based on the $43.99 closing price of the Corporation's common stock on December 31 The actual amount which a Named Executive Officer may realize will depend upon the market pr stock at the time shares obtained upon exercise of such options are s

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COMPENSATION OF DIRECTORS

The Corporation does not pay cash fees to its directors for attendance at meetings of the Board of Dire Board of Directors consists of the same individuals as the Corporation's Board of Directors and generally m

Board of Directors, pays a fee of $1,500 to each non-employee director for attendance at each meetin
Non-employee directors serving on committees appointed by the Board of Directors receive a fee of $1,0
attended. In addition, the chair of each committee appointed by the Board of Directors receives a

The Corporation's 1999 Omnibus Plan provides for the automatic annual grant of 500 discounted stoc
director on the date of the annual meeting of stockholders ("Director Stock Options"). The exercise price o
per share, payable in cash, by surrender of Corporation common stock held by the director or a combina
Options vest six months after the date of grant or upon the earlier termination without cause of the option h
years after the date of grant.

The Bank's 2000 Director Deferred Compensation Plan allows non-employee directors to elect each y
director fees. Each director's deferral account is credited with an amount equal to the net investment retur
funds selected by the director. Amounts in a director's deferral account represent an unsecured claim again
pursuant to the director's election, in a lump sum or in quarterly installments at a specified date during the
upon the termination of service as a director. Prior to 2000, the Corporation maintained a Director Deferre
Corporation terminated effective December 31, 1999. Under the Corporation's Director Deferred Compensa
may have used amounts to purchase a split-dollar life insurance policy. Under the Bank's 2000 Director D
Bank provides a specified amount of life insurance coverage to each such eligible director beginning on t
"Agreement for Transfer of Policy and Termination of Split-Dollar Life Insurance Agreement" and endi
director is entitled to name a beneficiary to receive the portion of the death benefit under the life insurance
set forth in the Bank's 2000 Director Deferred Compensation Plan.

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EQUITY COMPENSATION PLAN INFORMATION

The following table summarizes information, as of December 31, 2002, relating to equity compensatio
to which grants of options and restricted stock may be granted from time to ti

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights.	Weighted-average exercise price of outstanding options, warrants and rights.	Nu ren fo co (ex r
Equity compensation plans approved by security holders	4,094,706(1)	$ 32.46	
Equity compensation plans not approved by security holders	1,881,912	$ 44.17	
Total	5,976,618(3)	$ 36.15	

(1)
Includes 133,782 shares assumed in the acquisition of Civic Bancorp with a weighted-average
Bancorp shareholders had approved these stock option plans.

(2)
Includes 353,211 shares under the 1995 Omnibus Plan available for the issuance c

(3)
Includes 11,667 shares of restricted stock and 5,964,951 of stock opt

(4)
There are no formula used to calculate the number of securities available for issuan

In March 2001, the Board of Directors adopted the 2001 Stock Option Plan, which is a broadly-based
options may only be granted to employees of the Corporation and the subsidiaries who are neither directors
Stock Option Plan was not submitted to the stockholders for their approval. By action of the Board of Dir
Proxy Statement, there are only 69,339 shares remaining available for issuance under the 2001

Under the 2001 Stock Option Plan, the Committee may from time to time grant Nonqualified Stoc
Incentive Stock Options or Director Stock Options), to "eligible employees." "Eligible employees" mea
Corporation who are "exempt employees" under the Fair Labor Standards Act of 1938 and who are neit
"officers". "Officers" means those individuals determined by the Board of Directors to be officers of the Co
policy-making functions to the Corporation for purposes of Section 16 of the Securities Exch

The 2001 Stock Option Plan contains a provision that takes effect upon a change in control (as defined
a change of control occurs, all options held by employees vest in full unless the Compensation, Nominati
determines otherwise, in which event the Board of Directors or the Compensation, Nominating & Governan
make provision for continuation and assumption of the plans and outstanding awards or for the substitut
however, that in no event shall any option be accelerated as to any Section 16 Person to a date less than six
such option (as such terms are defined in the plan).

COMPENSATION, NOMINATING & GOVERNANCE COMMITTE
INTERLOCKS AND INSIDER PARTICIPATION

The Compensation, Nominating & Governance Committee during 2002 consisted of Richard L. Blo
Meyer. None of the members of the Compensation, Nominating & Governance Committee has ever been
Corporation or any subsidiary of the Corporation.

Both of the members of the Compensation, Nominating & Governance Committee were customers of t
business during 2002. Similar transactions are expected to occur in the future. In the opinion of managem
effected on substantially the same terms as those prevailing at the time for comparable transactions with ot
loans, interest rates, fees and collateral, and any loans did not involve more than the normal risk of col
unfavorable terms.

REPORT ON EXECUTIVE COMPENSATION
BY THE COMPENSATION, NOMINATING & GOVERNANCE COMMI

Decisions regarding compensation of the Corporation's chief executive officer, the members of the Co
Committee and any other officers of the Corporation earning an annual base salary of $200,000 or more, a
Bank, are made by the Compensation, Nominating & Governance Committee of the Corporation, which a
Nominating & Governance Committee of the Bank (collectively the "Compensation, Nominating & Govern
officers of the Corporation are compensated by the Bank and receive benefits under various Bank employe
provides incentive based compensation benefits to its executive officers pursuant to the Corporation's Pro
Management Bonus Plan, the 1999 Variable Bonus Plan, the Executive Deferred Compensation Plan, the
Omnibus Plan and the 2002 Omnibus Plan. The Compensation, Nominating & Governance Committee, adm
Plan, the 1995 Omnibus Plan, the 1999 Omnibus Plan, the 2001 Stock Option Plan and the 2002 Omnibus
stock-based awards thereunder. The Compensation, Nominating & Governance Committee also administers
the 1985 Stock Option Plan. No new options can be granted under the 1985 Stock Option Plan. Reference
Corporation shall be deemed to include the Bank, unless otherwise noted.

The Compensation, Nominating & Governance Committee presents the followi

Overall Philosophy

The Corporation's compensation and benefit programs provide systematic ways of rewarding employe
and as members of a team for achieving or contributing meaningfully to the Corporation's strategic goal
accordance with the Corporation's "pay for performance" philosophy and are based on an evaluation pro
performance against established goals. The compensation and benefit programs are reassessed annually for
strategies and competitiveness within the marketplace. Consistent with the Corporation's mission statement
build, train, retain, reward and support the best team of professionals in the financial industry. T

Reward achievement of corporate and individual goals in a fair, objective

Effectively motivate continued achievement of increasingly hig

Attract and retain the best team of professionals;

Balance short and long-term objectives for both the Corporation and emp

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Recognize behaviors that are consistent with the Corporation's value

Properly value and blend teamwork and individual effort;

Provide appropriate levels of rewards using one or more of the following program com
options, benefit and retirement programs and training progr

Key elements of the compensation program for executive officers are base salary, annual cash bonus,
typically offered to executive officers by comparable financial institutions. These generally include banks c
than, the Bank, both within and outside of Southern California, although the exact identity of the instit
comparability varies from time to time, based on the availability of compensation data from third-party surv
uses custom survey data from a group of banks identified as financial/investment peer companies. These b
asset size and product mix and are consolidated in a relatively small geographic location. Some, but no
compensation survey information is considered are included within the SNL $10+ Billion Bank Index util
Graph," below.

STOCKHOLDER RETURN GRAPH

	Period End		
Index	**12/31/97**	**12/31/98**	**12/31/99**
City National Corporation	100.00	114.50	92.28
S&P 500	100.00	128.55	155.60
SNL $5B-$10B Bank Index	100.00	96.74	88.66
SNL $10B+ Bank Index	100.00	109.51	106.89

The stockholder return graph compares the total cumulative stockholder return on the Corporation
cumulative returns of the Standard & Poor's 500 Index, the SNL $5-10 Billion Bank Index, and the SNL S
most recent report to stockholders dated March 25, 2002, in connection with the 2002 Annual Meeting of S
not include the SNL $10B+ Bank Index, since the Corporation's Assets fell below the $10 billion limit as
December 31, 2002 the Corporation's assets exceed $10 billion, and the SNL $10B+ Bank Index has

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Each line on the stockholder return graph assumes that $100 was invested in the Corporation's commo
on December 31, 1997, and assumes quarterly reinvestment of all dividends. The total cumulative returns
graph reflect historical results only and are not necessarily indicative of future re

The stockholder return graph shall not be deemed incorporated by reference into any filing under th
Securities Exchange Act of 1934, except to the extent that the Corporation specifically incorporates it by re
be deemed to be filed under such Acts.

Chief Executive Officer

Base Salary. Russell Goldsmith's base salary until July 15, 2002 was set by the terms of the 1998 Ru
thereafter was determined under the 2002 Russell Goldsmith Agreement. In determining the level of base
Russell Goldsmith Agreement and the 2002 Russell Goldsmith Agreement, the Compensation, Nominating
into account Russell Goldsmith's qualifications and past experience, the performance of the Corporation sin
Officer and the substantial increase in the size and diversification of the Corporation, the Corporation's lon
and diversify throughout the term of the 1998 Russell Goldsmith Agreement and the 2002 Russell Goldsn

regarding base salary levels of Chief Executive Officers of other comparable financial institutions provid

Annual Cash Bonus. All officers of the Corporation and its subsidiaries may be selected by the C Governance Committee to participate in the 1999 Variable Bonus Plan. For 2002, Russell Goldsmith w participate. Under the 1999 Variable Bonus Plan, the Compensation, Nominating & Governance Comm compensation formula (expressed as a percentage of base salary) based on the achievements of performan income, earnings per share, return on assets, return on equity, total stockholder return and other criteria. Ba by the Compensation, Nominating & Governance Committee for 2002, which reflected the Corporation's performance for 2002, Russell Goldsmith received a bonus of $1,088,609 in Marc

Stock Option Grant. For each performance year, stock option grants are traditionally made early connection, Russell Goldsmith was awarded 125,000 stock options on February 27, 2002 by the Board of D year. On July 24, 2002, as part of the execution of the new four year 2002 Russell Goldsmith Employm Directors authorized the grant of an additional 250,000 stock options to Russell Go

For the 2002 performance year, the Committee has not awarded stock options and/or restricted shares t officers of the Corporation and Bank as of the date of this Proxy Statement. The Committee is actively eval grants for the 2002 performance year, and will proceed with completing this process at the earliest practica April 23, 2003 Annual Meeting of Stockholders. See " Employment Contracts, Change of Control A Arrangements Russell Goldsmith Agreement".

Other Executive Officers

Base Salary. The Compensation, Nominating & Governance Committee considers and approves seni concerning base salaries for executive officers. Base salary adjustments are usually effective beginning M salaries for 2002 were primarily based on the performance of the Corporation and the individual and the in and the base salary levels at comparable financial institutions.

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Annual Cash Bonuses. Most executive officers of the Corporation are also members of the Bank's E are eligible to participate in the Bank's Executive Management Bonus Plan. Russell Goldsmith is eligible Variable Bonus Plan and not the Executive Management Bonus Plan. The Executive Management Bonus P payable to members of the Bank's Executive Committee (other than officers subject to other bonus arrange Planning Committee (each of the members of which is also a member of the Executive Committee) each y for the Corporation which is subject to the approval of the Board of Directors. Under the Plan, the aggregate upon the degree to which the Corporation's performance falls below or exceeds the net income goal. Senior Compensation, Nominating & Governance Committee for its review and adoption the upper limit for bonu annual base salary, based primarily on bonus levels for similar positions at comparable financial instituti achieve at least 85% of its net income goal ("bonus threshold"), no cash bonuses are paid. If the Corporati threshold, bonuses may, but are not required to, be paid in the sole discretion of the Compensation, Nomin Determination of which executive officers will receive bonuses and in what amounts is made by the C Governance Committee following discussion of the recommendations of senior management, based on a contribution to the accomplishment of the Corporation's net income goal by the officer and the officer's eligible officers will necessarily receive a bonus and not all eligible officers will necessarily re

Additional amounts may be paid as bonuses to members of the Executive Committee who are de Nominating & Governance Committee to have achieved superior performance during the rating period. Th bonus threshold, and bonuses were paid in March 2003.

Stock Option Grants. Recommendations of senior management for the grant of stock options to Corporation's stock option plans are generally submitted to the Compensation, Nominating & Governance fiscal year. In determining whether to recommend the grant of an option and the size of the grant to be considers executive officers' salary levels, their expected contribution toward the growth and profitability o levels at comparable financial institutions. Past financial performance of the Bank and the Corporation is g because the value of the option is dependent upon future appreciation in the stock price. After full discu presented, the Compensation, Nominating & Governance Committee decides whether to aw

The stock option plans are designed to align the interests of the executive officers with the long-ter
stockholders in increasing the market value of the Corporation's stock. The option exercise price is the fair r
common stock on the date of the grant. The options generally have a vesting schedule of 25% per year begin
which is intended to assist in the retention of executive officers and the creation of stockholder value over t
holder receives the full benefit of the option only after four years.

Statement Regarding Deductibility

Under Internal Revenue Code Section 162(m), the Corporation's tax deduction may be limited to the e
the Corporation's chief executive officer and the four other highest-paid executive officers exceeds $1 m
deduction limit does not apply to payments which qualify as "performance based" provided certain requirem
stockholder approval. It is the intent of the Compensation, Nominating & Governance Committee to
compensation programs so that all compensation payments are tax deductible. However, the Compensati
Committee reserves the discretion to make

payments which are not tax deductible. In determining whether to do so, the Compensation, Nominating
consider a number of factors including, but not limited to, the tax position of the Corporation, the mater
involved, the performance levels of individuals who may receive such payments and the potential ramifica
respond to unforeseeable changes in circumstances. Regulations under Section 162(m) permit stock o
compensation if certain conditions are met. The Compensation, Nominating & Governance Committee belie
the 1995 Omnibus Plan, the 1999 Omnibus Plan and the 2002 Omnibus Plan meet thes

On March 19, 2003, the Board of Directors revised and restated the Charters of the Compensation
Committee and the Audit Committee. The amended Charters are included in Appendix A and Appendix B,
the Charters are in response to the Board of Directors assessment of needed changes to reflect the high stan
and accountability necessary for the Committees, and to reflect evolving standards and best practices in corp
Committee Charters reflect changes in the law as a result of the Sarbanes-Oxley Act as well as various Secu
orders issued under the Sarbanes-Oxley Act, and various proposed changes to the New York Stock Excha
among these changes was the expansion of the Charter of the Compensation and Directors Nominating C
governance responsibilities. These changes are reflected in the renaming of the Committee as the "Compens
Committee" and in other changes to the responsibilities of the Committee as reflected in the

RICHARD L. BLOC
MICHAEL L.

The report of the Compensation, Nominating & Governance Committee shall not be deemed incorpor
under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that the Corpo
by reference, and shall not otherwise be deemed to be filed under such Acts

Additional Corporate Governance Developments

In March 2002, the Audit Committee of the Board of Directors conducted an extensive self-assess
accounting policies, and disclosure practices. As a result of this process, it determined that certain changes
were appropriate. The Charter amendments were included in the proxy materials submitted to the stock hol
Annual Meeting.

At the October 2002 Board meeting, the Board of Directors appointed Michael L. Meyer to the Audit C
the "Audit Committee Financial Expert" of the Audit Committee based on his extensive experience with int
auditing of financial statements, and his experience as a public accountant and auditor. The Board of Direct
determined that Mr. Meyer is an "independent director" in accordance with the current and proposed listing
Exchange and Section 301 of the Sarbanes-Oxley Act and the proposed rules ther

REPORT BY THE AUDIT COMMITTEE

The function of the Audit Committee is oversight. Management is responsible for the preparation, p Corporation's financial statements and the Corporation's independent auditors are responsible for auditing th our duty or our responsibility to conduct auditing or accounting reviews or procedures. None of the me employees of the Corporation and we do not represent ourselves to be or to serve as, accountants or audito fields of accounting or auditing.

The Committee has relied, without independent verification, on management's representation that the prepared with integrity and objectivity and in conformity with accounting principles generally accepted in t on the representations of the independent auditors included in their report on the Corporation's

The Audit Committee operates pursuant to a written charter adopted by the Corporation's

The Board of Directors, in its business judgment, has determined that each of the members of the Aud required by the applicable listing standards of the New York Stock Exchang

In performing its function, the Audit Committee has:

reviewed and discussed the audited financial statements of the Corporation as of and f 2002 with the Corporation's management;

discussed with the Corporation's independent auditors the matters required to be discu Standards No. 61 (Communication with Audit Committees), as curre

received the written disclosures and the letter from the independent auditors required b Standard No. 1 (Independence Discussions with Audit Committees), as currently in ef independent auditors the independent auditors' independenc

met with the chief executive officer, the chief financial officer and representatives of th reports on disclosure controls and procedures and management's conclusions about th controls and procedures.

Based on the foregoing review and discussions, the Audit Committee recommended to the Board of audited financial statements be included in the Corporation's Annual Report on Form 10-K for the year end with the Securities and Exchange Commission.

On March 19, 2003, the Charter of the Audit Committee was revised and restated by the Board of Dire Bank, in order to reflect changes determined necessary and appropriate in response to the Sarbanes-Oxl Exchange Commission orders, proposed amendments to New York Stock Exchange Listing Standards, a developments affecting the best practices relating to the scope and responsibilities of Audit Committees Committee Charter is attached as Appendix B.

KENNETH ZIFFRE
RICHARD L
STUART D. BU
MICHAEL L

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The report of the Audit Committee shall not be deemed "soliciting material" or incorporated by refe Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that the Corporation reference, and shall not otherwise be deemed to be filed under such Acts.

CERTAIN TRANSACTIONS

Since 1967, the Bank's Pershing Square Banking Office and a number of Bank departments have occ building located at 606 South Olive Street in downtown Los Angeles (the "606 Building"). The 60 Citinational-Buckeye Building Co., a limited partnership of which Citinational Bancorporation and Olive- general partners, each with a 29% partnership interest. Citinational Bancorporation, which is a wholly-own additional 3% interest as a limited partner of Citinational- Buckeye Building Co. Olive-Sixth Buckeye Co. Bram Goldsmith, Chairman of the Board of the Corporation, is a 49% general partner. Therefore, Bram C ownership interest in Citinational-Buckeye Building Co. The other partners of Citinational-Buckeye Buildi Co. are not affiliated with the Corporation or the Bank.

The Bank currently occupies space in the 606 Building under leases effective: September 30, 1996 ar 2000 and expiring in 2005; and November 1, 2002 and expiring in 2006. Rental rates and other lease terms and are comparable to, or better than, rentals and lease terms for unaffiliated tenants in the 606 Build Citinational-Buckeye Building Co. a total of $1,523,028 for rent under all leases in the 606 Building and pass-throughs.

In 1997, Citinational Bancorporation made advances to Citinational-Buckeye Building Co. in the f contributions. The largest amount outstanding during 2002, including principal and accrued interest, was $4 outstanding at January 14, 2002. Interest continues to accrue on the advances at a variable rate, which wa based upon the Bank's prime rate. Payment of principal and interest are subordinated to a loan from a lende may be made to the extent of the net cash flow generated by the 606 Buildin

Certain directors, officers and stockholders of the Corporation, and their associates, were depositors Bank in the ordinary course of business during 2002. Similar transactions are expected to occur in the futur all such transactions were effected on substantially the same terms as those prevailing at the time for com persons, including, as to any loans, interest rates, fees and collateral, and any loans did not involve more t present other unfavorable features.

Kenneth Ziffren, a director of the Corporation, is a Senior Partner with the law firm of Ziffren, B Gilbert-Lurie & Stiffelman LLP which may provide legal services to the Corporation or the Bank in the futu the Corporation, is a Partner with the law firm of Munger, Tolles & Olson LLP which provided legal servic during 2002 and may do so in the future.

Stuart D. Buchalter, a director of the Corporation, is Of Counsel to the law firm of Buchalter, Nemer provided legal services to the Bank during 2002 and may do so in the future. Mr. Buchalter also serves as term Bank client ("Client") and certain related entities, and also as co-trustee of Client's insurance trust ("Ins Bank extended the term of a $8.5 million letter of credit ("LOC") issued for the account of Client's business a creditor of Insurance Trust, and secured by various collateral from Client, Trust, Insurance Trust and rela Parties"). In August 2002, the Bank funded the LOC and is now pursuing a collection action related to its c

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each of which has asserted defensive counterclaims against the Bank. Stuart Buchalter is not a beneficiar Trust, and he has disclaimed any direct or indirect interest in any of the proceeds of the extensions of cr ownership or beneficial interest in Trust.

For information relating to directors who are members of the Compensation, Nominating & Governan Nominating & Governance Committee Interlocks and Insider Participation"

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIAN

Section 16(a) of the Securities Exchange Act of 1934 requires directors and executive officers of the C more than ten percent of the Corporation's common stock to file reports of initial ownership of the Corp subsequent changes in ownership with the Securities and Exchange Commission and any national secu

Corporation's common stock is registered. Directors, officers and beneficial owners of more than ten perce
stock are required by regulations of the Securities and Exchange Commission to furnish the Corporation
reports they file.

Based solely upon the Corporation's review of the copies of such reports furnished to the Corporation a
other reports were required to be filed during 2002, all Section 16(a) reporting requirements applicable to
owners of more than ten percent of the Corporation's common stock were met in a tim

INDEPENDENT AUDITORS

The Audit Committee of the Board of Directors of the Corporation and the Board of Directors have, se
independent auditors of the Corporation for its fiscal year ended December 31, 2002. The Audit Committee
serve as the independent auditors for the current fiscal year ending December 31,

KPMG LLP performs both audit and non-audit professional services for and on behalf of the Corporat
Committee requires that non-audit professional services must receive prior Committee approval and the Co
the independent auditor's provision of any financial information systems design and implementation service
is compatible with maintaining the independent auditor's independence. The Corporation has not and does
auditor for services in connection with the design or implementation of hardware or software systems that
the financial statements or generate information that is significant to the financial statements taken as a wh
audit services included examination of the consolidated financial statements of the Corporation, examinati
the Corporation's subsidiaries and a review of certain filings with the Securities and Exchange Commissio

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The aggregate fees billed for professional services by KPMG LLP in fiscal 2002 and 2001 fo

	2002	
Audit Fees	$ 489,000	$
Audit Related Service	359,455	
Tax Compliance Fees	275,382	
All Other Fees (1)	552,736	
	$ 1,676,573	$

(1)
All other fees are non-financial statement audit services such as capital generation and tax planni
and acquisition related issues.

Representatives of KPMG LLP are expected to be present at the annual meeting, will have the opportu
they desire to do so and are expected to be available to respond to appropriate questions which may

STOCKHOLDER PROPOSALS

To be considered for inclusion in the Corporation's proxy statement for the 2004 Annual Meeting o
proposal must be submitted in writing to the Corporation's Secretary on or before November 25, 2003 and m
of Rule 14a-8 under the Securities Exchange Act of 1934.

The proxy card for the 2004 Annual Meeting of Stockholders will give the designated proxy holder
discretion on any matter which is not brought to the Corporation's attention on or before F

APPENDIX A

CITY NATIONAL CORPORATION

COMPENSATION, NOMINATING & GOVERNANCE

COMMITTEE CHARTER

1.
Purpose.

This Committee is appointed by the Board of Directors to assist the Board in discharging its responsi
forth below, relating to the following:

Review and approval of director and officer compensation plans, polici

Assist the Board by identifying individuals qualified to become Boa

Recommend to the Board director nominees, including nominees for election at ann

Recommend to the Board the appropriate terms of all Corporate Governance Guidelin
Ethics for Senior Financial Officers, among other policies and guidelines which the Co
appropriate for adoption by the Corporation,

Lead the Board in its annual review of the Board's performance, and the performance
Board,

Recommend to the Board director nominees for each Board Co

Produce an annual report on executive compensation for inclusion in the Corporati

2.
Membership and Meetings

This Committee shall be comprised of at least two directors, all of whom shall meet the independence
Stock Exchange and be "Non-Employee Directors" as defined in Rule 16b-3(3)(i) promulgated under the S
and "outside directors" as defined for purposes of Section 162(m) of the Internal Revenue C

Members of this Committee shall be appointed by and may be replaced by the Boar

This Committee shall meet not less than twice each year and additional special meetings may be hel
discretion of the Committee chairman.

3.
Committee Responsibilities and Authority.

This Committee shall also function as the Compensation, Nominating & Corporate Governance Comm
owned subsidiary, City National Bank.

This Committee is responsible with respect to compensation matters as fol

a.
Review annually, and have responsibility and authority for approving, management's r
the overall annual compensation to be paid to or accrued for all officers and em

b.
Review annually, and have responsibility and authority for approving, managem
compensation, including salary, bonus and other perquisites and benefits, of the Chief E
of the Strategy and Planning Committee and all other officers earning an annual bas

c.
Review upon new hire, and have responsibility and authority for approving or ratify
including compensation, title, reporting relationship, authority, c

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responsibilities, of the Chief Executive Officer, other members of the Strategy and Pl
officers earning an annual base salary of $200,000 or mo

d.
Review and recommend to the Board of Directors, changes to the compensation and be
Corporation and Bank, including as members of any committees of the B

e.
Review, and have responsibility and authority for approvi

(i)
the terms of employment contracts and termination agreements with the Chie
four most highly compensated executive office

(ii)
the terms of any change in control agreements;

(iii)
the recommendations of management to promote any person to an officer pos
or higher;

f.
Review, and recommend to the Board of Directors for approval, subject as necessary
approval, stock option plans and other equity based compensation plans that permit
Corporation's stock.

g.
Review, and have responsibility and authority for approvi

(i)
Other compensation plans (and material amendments thereto) in which the
Officer, other members of the Strategy and Planning Committee or any other
salary of $200,000 or more participate; and

(ii)
Other broadly-based compensation plans (and material amendments there
available to employees or officers or directors

Except as otherwise specifically provided in this charter, or otherwise requested c
Committee, this Committee shall not be required to review or approve a compensation
limited category or number of personnel and provides for aggregate payments not

h.
Administer the Corporation's stock option plans and other equity based compensation
based upon the Corporation's stock, which shall include

(i)
Reviewing the plans, from time to time as this Committee deems appropriate,
goals and methodology of execution, to determine if the goals and objectives

(ii)
Issuing grants under the plans, reviewing management's recommendation
reviewing grants of director stock options;

(iii)
Interpreting, establishing and amending the provisions of the plans, subject t
plans or in any applicable laws and regulations;

(iv)
Reviewing, and recommending to the Board of Directors for approval, subje
stockholder approval, material amendments to the

i.
Appoint the administrator of, or the members of the committee which serves as the
compensation plans for which the Corporation is required or authorized to designate an
other compensation plans for which this Committee is designated as th

j.
Report to the Board of Directors regarding such other matters relating to the compensa
as may be requested of, referred to or initiated by this Comm

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k.
Prepare, or cause to be prepared subject to this Committee's review and approval,
Corporation's proxy statement relating to the annual meeti

l.
The Committee shall have the sole authority to retain and terminate any compensation
the evaluation of director, CEO or senior executive compensation and shall have s
consultant's fees and other retention terms. The Committee shall also have authority to
internal or external legal, accounting or other advisors. The Committee may request
Corporation or its outside advisors to attend a meeting of the Committee, or to meet v
other advisors to the Committee.

m.
The Committee shall annually review and approve corporate goals and objectives re
evaluate the CEO's performance in light of those goals and objectives, and recomm
compensation levels based on this evaluation. In determining the long-term incentive co
the Committee will consider the Company's performance and relative shareholder retur
awards to CEOs at comparable companies, and the awards given to the C

n.
The Committee shall annually review and make recommendations to the Board with re
directors, officers and other key executives, including incentive- compensation plans
plans.

o.

The Committee may form and delegate authority to subcommittees wl

This Committee will act with respect to nomination and corporate governance matters

a.
The Committee will have the sole authority to retain and terminate any search firm
candidates and shall have sole authority to approve the search firm's fees and other rete
also have authority to obtain advice and assistance from internal or external legal, a

b.
The Committee will actively seek individuals qualified to become Board members for r
appointment or nomination for election as directors.

c.
The Committee will receive comments from all directors and report annually to the B
Board's performance, to be discussed with the full Board following the enc

d.
The Committee will review and reassess the adequacy of any Corporate Governance
Codes of Ethics for Senior Financial Officers, an other related business conduct code
Company and recommend any proposed changes to the Board fo

e.
Consider and recommend to the Board of Directors nominees for elect

f.
Report to the Board of Directors regarding such other matters relating to the general du
Board of Directors and its committees as may be requested of, referred to or ini

g.
The Committee shall consider issues involving possible conflicts of interest of director
authority to consider for approval any related party transact

4.
Committee Reports and Self-Assessment

The Committee shall make regular reports to the Board of Directors. The Committee shall review an
Charter annually and recommend any proposed changes to the Board for approval. The Committee sh
performance and report annually on its findings to the Board of Directors.

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APPENDIX B

CITY NATIONAL CORPORATION AUDIT COMMITTEE CHARTE

1.
Purpose.

This Audit Committee is appointed by the Board of Directors to assist the Board of Directors in fulfil
regarding the following:

Monitoring the integrity of the Corporation's financial statements and financia

Monitoring the Corporation's compliance with legal and regulatory re

Monitoring the qualifications, independence and performance of the Corporation's int
auditors.

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(1)
For purposes of this charter, "internal auditors" shall be deemed to include the Complianc

The function of the Committee is oversight. The management of the Corporation is responsible for th
integrity of the Corporation's financial statements. Management and the internal auditing department ar
appropriate accounting and financial reporting principles and policies and internal controls and procedures
with accounting standards and applicable laws and regulations. The independent auditor is responsible for p
audit of the Corporation's annual financial statements, reviews of the Corporation's quarterly financial state
quarterly report on Form 10-Q and other procedures. The members of this Committee are not full-time emp
not, and do not represent themselves to be, accountants or auditors by profession or experts in the fields of
with respect to the issue of auditor independence. It is not the duty or responsibility of this Committee or an
work" or other types of auditing or accounting reviews or procedures or to set auditor indepe

Each member of this Committee is entitled to rely on (i) the integrity of those persons and organiz
Corporation from which it receives information, (ii) the accuracy of the financial and other information pro
persons or organizations absent actual knowledge to the contrary (which shall be reported promptly to
(iii) representations made by management as to any information technology or other non-audit services pro
to the Corporation.

2.
Committee Membership & Qualifications.

This Committee shall comprise at least three members appointed by the Board of Directors. Each mem
the independence and experience requirements of the New York Stock Exchange, Section 10A(m)(3) of the
and the Federal Deposit Insurance Act and implementing regulations, as such may be in effect from time
"financially literate" (as such term is interpreted by the Board of Directors in its business judgment). No
Committee shall be an "Audit Committee Financial Expert" as defined by the Securities Exchange Com
members of this Committee shall have "banking or related financial management expertise" (as determin
accordance with guidelines of the Federal Deposit Insurance Corporation (12 CFR 363, Appendix A)).
simultaneously serve on the audit committees of more than two other public companies, unless the Board o
service is not otherwise prohibited and will not impair the effectiveness and ability of Committee members
members of the Committee shall be appointed by the Board on recommendation of the Compensation,
Committee. Committee members may be replaced by the Board.

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3.
Responsibilities and Authority.

This Committee shall also function as the Audit Committee of the Corporation's wholly owned subs
permitted by the Federal Deposit Insurance Act and implementing regulations (12 USC 1831m(i)

The Committee shall have the sole authority to appoint or replace the independent auditor (subjec
shareholder approval). The Committee shall be directly responsible for the compensation and oversight o
auditor, including resolution of disagreements between management and the independent auditor regarding
the preparation or issuance of an audit report or related work. The independent auditor shall report o

This Committee shall have the authority to investigate any matter brought to its attention and shall hav
facilities and personnel of the Corporation and any subsidiaries of the Corporation, including City Natio

independent auditors and the power to retain independent legal, accounting, or other advisors or experts fo
shall provide for appropriate funding, as determined by the Audit Committee, for the payment of compens
the Committee, and for the payment of compensation to the independent auditor for the purpose of rende

This Committee shall review and reassess the adequacy of this charter at least annually and shall obtai
charter from the Board of Directors. This Committee shall report the results of its activities to the Board of
Committee shall annually review the Committee's own performance.

4.
Guidelines for Performing Responsibilities.

a.
This Committee is responsible for ensuring that the independent auditor subn

(i)
a formal written statement, as required by the Independence Standards Board
relationships between the independent auditor and the Co

(ii)
a formal written statement of the fees billed by the independent auditor for ea
services: (A) the audit of the Corporation's annual financial statements for th
reviews of the financial statements included in the Corporation's Quarterly Re
year; (B) audit related services, (C) tax compliance fees, and (D) all other
non-financial statement audit services such as capital or debt issuance and tax
design and acquisition related issues, among oth

b.
This Committee shall pre-approve the retention of the independent auditor for any au
services (including the fees and terms thereof), subject to the de minimus exceptions fo
Section 10A(i)(1)(B) of the Securities Exchange Act which are approved by the Commi
audit. This Committee will be responsible for actively engaging in a dialogue with the
to any disclosed relationships or services that may impact the objectivity or independen
for recommending action by the Board of Directors to satisfy itself of the independen
Committee shall consider the effect on the independent auditor's independence of th
services (it being recognized that, in connection with such consideration, this Committe
information provided by the independent auditor as to the services provided and the fees
of management).

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c.
This Committee shall discuss with management, the internal auditors and the indepen
effectiveness of the Corporation's and subsidiaries' internal controls regarding financial,
compliance and conformity with the Corporation's Code of Conduct, including disclosu
transactions.

d.
This Committee shall review with management and the independent auditors financia
earnings and interim financial statements prior to the filing of the Corporation's quarterl
of this Committee (or in his or her absence, another member of this Committee) may re
the purposes of this review.

e.
This Committee shall review with management and the independent auditors the finan
the Corporation's annual report on Form 10-K (or the annual report to stockholders if di
Form 10-K), including the independent auditors' judgment about the quality of accounti
of significant judgments and the clarity of disclosures.

f.

This Committee will discuss with management and the independent auditor significar
judgments made in connection with the preparation of the Corporation's financial state
changes in the Corporation's selection of application of accounting principles, any ma
internal controls and any special steps adopted in light of identified material

g.
This Committee will periodically review with management and the inde

(i)
All critical accounting policies and practices to be

(ii)
All alternative treatments of financial information within generally accepted
been discussed with management, ramifications of the use of such alternative
the treatment preferred by the independent audi

(iii)
Other material written communications between the independent auditor a
management letter or schedule of unadjusted differ

h.
This Committee will discuss with management the Corporation's earnings press releases
or "adjusted" non-GAAP information, as well as financial information and earnings gu
rating agencies.

i.
This Committee will discuss with management and the independent auditor the effec
initiatives as well as off-balance sheet structures on the Corporation's fin

j.
This Committee will discuss with management the Corporation's major financial r
management has taken to monitor and control such exposures, including the Corpora
management policies.

k.
This Committee will discuss with the independent auditor the matters required to be dis
Standards No. 61 relating to the conduct of the audit, including any difficulties encou
work, any restrictions on the scope of activities or access to requested information, an
with management.

l.
This Committee will review disclosures made by the Corporation's CEO and CFO duri
the Form 10-K and Form 10-Q about any significant deficiencies in the design or op
material weaknesses therein and any fraud involving management or other employees w
Corporation's internal controls.

m.
With respect to the oversight of the Corporation's independent auditor, th

(i)
Review and evaluate the lead partner of the independent a

(ii)
Obtain and review a report from the independent auditor at least

the independent auditor's internal quality-contro

any material issues raised by the most recent internal quality-contr
firm, or by any inquiry or investigation by governmental or prof
preceding five years respecting one or more independent aud

any steps taken to deal with any such issu

all relationships between the independent auditor an

(iii)
Evaluate the qualifications, performance and independence of the independe
whether the auditor's quality controls are adequate and the provision of p
compatible with maintaining the auditor's independence, and taking into acc
and internal auditors.

(iv)
Ensure the rotation of the lead (or coordinating) audit partner having primar
the audit partner responsible for reviewing the audit as required by law. Con
continuing auditor independence, it is appropriate to adopt a policy of rotating
a regular basis.

(v)
Recommend to the Board policies for the Corporation's hiring of employe
independent auditor who participated in any capacity in the audi

(vi)
Discuss with the national office of the independent auditor issues on whic
Corporation' s audit team and matters of audit quality and consistency, to th
appropriate by the Committee.

(vii)
Meet with the independent auditor prior to the audit to discuss the planni

n.
With respect to oversight of the Corporation's internal audit function, thi

(i)
Review the appointment and replacement of the senior internal

(ii)
Review the significant reports to management prepared by the internal auditi
responses.

(iii)
Discuss with the independent auditor and management the internal audit dep
and staffing and any recommended changes in the planned scope

o.
This Committee will obtain from the independent auditor assurance that Section 10A(
been triggered.

p.
This Committee will obtain reports from management, including as appropriate the ma
Management, Internal Audit, Compliance and Loan Review, that the Corporation and it
are in conformity with applicable legal and regulatory requirements and the Corp

q.
This Committee will review reports and disclosures of insider and affiliated party transa
respect to the Corporation's policies and procedures regarding compliance with applica

the Corporation's Code of Conduct.

r.
This Committee will establish and maintain procedures for the receipt, retention and tre
the Corporation regarding accounting, internal accounting controls or auditing matters,
submission by employees of concerns regarding questionable accounting

s.
This Committee will discuss with management and the independent auditor any corr
governmental agencies and any published reports which raise material issues regardi
statements or accounting policies.

t.
This Committee will review with the Corporation's General Counsel legal matters that n
financial statements, the Corporation's compliance policies and any material reports or i
or governmental agencies.

u.
This Committee will prepare, or cause to be prepared subject to this Committee's revi
included in the Corporation's proxy statement relating to the annual meeting stating
(1) reviewed and discussed the audited financial statements with management, (2) d
auditors the matters required to be discussed by Statement on Accounting Standards
independent auditors the disclosures regarding the auditors' independence required by
Statement No. 1, and (4) based upon its review and discussions, recommended to the B
financial statements be included in the Corporation's annual report o

v.
This Committee will meet separately in executive session at least annually with 1) m
auditor, and 3) the managers of Risk Management, Internal Audit, and Loan Review,
Committee or any of these persons believes should be discussed in the interest of fulfilli
authority of the Committee or any of these persons. This Committee will also conduct s
necessary and appropriate in addition to regular meeting

CITY NATIONAL CORPORATION
PROXY FOR ANNUAL MEETING OF STOCKHOLDERS APRIL 23, 2003
THIS PROXY IS BEING SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF TH

The undersigned hereby acknowledges receipt of the Notice of Annual Meeting and Proxy Statement, each dated M
Frank P. Pekny, Michael B. Cahill and Heng W. Chen, or each of them acting individually, and each with power of substi
attend the Annual Meeting of Stockholders of CITY NATIONAL CORPORATION on April 23, 2003, at 4:30 p.m., and
thereof, and to vote the number of shares the undersigned would be entitled to vote if personally prese

(1)
ELECTION OF DIRECTORS

- o FOR all the nominees listed below to serve as Class I directors for a term of three years (EXCEP TO THE CONTRARY BELOW)
- o WITHHOLD AUTHORITY to vote for all nominees listed below

INSTRUCTION: TO WITHHOLD AUTHORITY TO VOTE FOR ANY INDIVIDUAL NOMINEE, WR
NOMINEE'S NAME ON THE SPACE PROVIDED BELOW.

(2)
In their discretion, upon all other matters as may properly be brought before the annual meeting or

THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS AND WILL BE VOTED AS SPECIFIED AB
MADE, THIS PROXY WILL BE VOTED "FOR" THE NOMINEES FOR ELECTION AS DIRECT

(CONTINUED, AND TO BE SIGNED, ON THE OTHER SIDE)

Please complete, sign and mail this Proxy promptly in the enclosed addressed envelope which requires no posta

Dated

Signature
(Please sign your name exa
case of stock held in joint t
Fiduciaries should indicate

QuickLinks