

CITY NATIONAL CORP
Form DEF 14A
March 30, 2012

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[TABLE OF CONTENTS](#)

[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

City National Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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(1) Amount Previously Paid:

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Table of Contents

CITY NATIONAL CORPORATION

NOTICE OF 2012 ANNUAL MEETING OF STOCKHOLDERS

TO OUR STOCKHOLDERS:

We invite you to attend the 2012 Annual Meeting of Stockholders of City National Corporation to be held on *May 9, 2012 at 4:30 p.m., PDT at City National Plaza, 555 South Flower Street, Thirteenth Floor, Los Angeles, California.*

At the meeting you will be asked to:

1. Elect four directors;
2. Ratify the selection of KPMG LLP as our independent registered public accounting firm for fiscal year 2012;
3. Approve and adopt an amendment to our 2008 Omnibus Plan;
4. Approve and adopt an amendment to our Restated Certificate of Incorporation to declassify our Board of Directors;
5. Approve an advisory vote to approve named executive officer compensation;
6. Transact such other business as may properly come before the meeting or any postponement or adjournment of the meeting.

Stockholders of record at the close of business on March 12, 2012 are entitled to notice of, and to vote at, the annual meeting or any postponement or adjournment of the meeting.

YOUR VOTE IS IMPORTANT. EVEN IF YOU PLAN TO ATTEND THE ANNUAL MEETING IN PERSON, WE ENCOURAGE YOU TO CAST YOUR VOTE ON THE INTERNET, BY TELEPHONE, OR IF YOU PREFER, BY COMPLETING AND RETURNING YOUR PROXY CARD IN THE ENCLOSED RETURN ENVELOPE. SPECIFIC INSTRUCTIONS FOR VOTING ON THE INTERNET OR BY TELEPHONE ARE ATTACHED TO THE PROXY CARD.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be held on May 9, 2012: This Notice of Annual Meeting and Proxy Statement are also available at www.cnb.com/investor-relations/investor-kit.asp.

We appreciate your continuing support and look forward to seeing you at City National Corporation's annual meeting.

Sincerely,

BRAM GOLDSMITH
Chairman of the Board

RUSSELL GOLDSMITH
Chief Executive Officer and President

Los Angeles, California

April 4, 2012

Table of Contents**TABLE OF CONTENTS**

<u>QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING, PROXY MATERIALS AND VOTING</u>	<u>1</u>
<u>PROPOSAL 1: Election of Directors</u>	<u>6</u>
<u>PROPOSAL 2: Ratification of Selection of Independent Registered Public Accounting Firm</u>	<u>11</u>
<u>PROPOSAL 3: Amendment of the 2008 Omnibus Plan</u>	<u>12</u>
<u>PROPOSAL 4: Amendment of the Restated Certificate of Incorporation</u>	<u>18</u>
<u>COMPANY CORPORATE GOVERNANCE</u>	<u>19</u>
<u>Corporate Governance Guidelines</u>	<u>19</u>
<u>Codes of Conduct</u>	<u>19</u>
<u>Board Committee Charters</u>	<u>19</u>
<u>Organizational Documents</u>	<u>19</u>
<u>Majority Vote Standard for Election of Directors</u>	<u>19</u>
<u>Board Leadership Structure: Executive Sessions</u>	<u>19</u>
<u>Director Independence</u>	<u>19</u>
<u>Board Meetings and Committees: Annual Meeting Attendance</u>	<u>20</u>
<u>Board of Directors' Role in Risk Oversight</u>	<u>21</u>
<u>Contacting the Board of Directors</u>	<u>22</u>
<u>The Compensation, Nominating & Governance Committee</u>	<u>22</u>
<u>Compensation Matters</u>	<u>22</u>
<u>Role of Compensation Consultants</u>	<u>22</u>
<u>Board Diversity</u>	<u>23</u>
<u>Nomination and Director Qualifications</u>	<u>23</u>
<u>Compensation Committee Interlocks and Insider Participation</u>	<u>24</u>
<u>The Audit & Risk Committee</u>	<u>24</u>
<u>Audit & Risk Committee Report</u>	<u>24</u>
<u>Additional Governance Matters</u>	<u>26</u>
<u>Transactions with Related Persons</u>	<u>26</u>
<u>Review, Approval or Ratification of Transactions with Related Persons</u>	<u>27</u>
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	<u>27</u>
<u>Proxy Statement Proposals</u>	<u>27</u>
<u>Other Proposals and Nominations</u>	<u>27</u>
<u>DIRECTOR COMPENSATION</u>	<u>28</u>
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	<u>30</u>
<u>Certain Beneficial Owners</u>	<u>30</u>
<u>Directors and Executive Officers</u>	<u>32</u>
<u>EXECUTIVE COMPENSATION</u>	<u>33</u>
<u>Compensation Discussion and Analysis</u>	<u>33</u>
<u>Compensation Committee Report</u>	<u>48</u>
<u>Summary Compensation Table</u>	<u>49</u>
<u>2011 Grants of Plan-Based Awards</u>	<u>51</u>
<u>2011 Outstanding Equity Awards at Fiscal Year-End</u>	<u>52</u>
<u>2011 Option Exercises and Stock Vested</u>	<u>53</u>
<u>2011 Pension Benefits</u>	<u>53</u>
<u>2011 Nonqualified Deferred Compensation</u>	<u>54</u>
<u>Potential Payments Upon Termination or Change in Control</u>	<u>56</u>
<u>PROPOSAL 5: Advisory Vote to Approve Named Executive Officer Compensation</u>	<u>60</u>
<u>APPENDIX A 2008 OMNIBUS PLAN, AS AMENDED AND RESTATED</u>	<u>A-1</u>
<u>APPENDIX B DECLASSIFICATION AMENDMENT TO RESTATED CERTIFICATE OF INCORPORATION</u>	<u>B-1</u>

Table of Contents

CITY NATIONAL CORPORATION

555 South Flower Street
Los Angeles, California 90071
(213) 673-7700

ANNUAL MEETING OF STOCKHOLDERS ON MAY 9, 2012

PROXY STATEMENT

**QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING,
PROXY MATERIALS AND VOTING**

Q. Why did you send me this proxy statement?

A. We sent you this proxy statement because the Board of Directors of City National Corporation (Corporation or Company) is soliciting your proxy to vote at the 2012 Annual Meeting of Stockholders to be held on Wednesday, May 9, 2012 at 4:30 p.m., PDT. You are cordially invited to attend the annual meeting and are requested to vote on the Proposals described in this proxy statement. The annual meeting is being held this year at City National Plaza at 555 South Flower Street, Thirteenth Floor, Los Angeles, California, 90071.

Q. When is this proxy statement being mailed to stockholders?

A. This proxy statement and the accompanying proxy card are first being mailed to stockholders on or about April 4, 2012.

Q. What am I voting on?

A. The election of directors;

Ratification of the selection of KPMG LLP as our independent registered public accounting firm for 2012;

Amendment of the 2008 Omnibus Plan;

Amendment of our Restated Certificate of Incorporation to declassify our Board of Directors;

An advisory vote to approve named executive officer compensation.

We will also consider any other business that properly comes before the meeting.

Q. How does the Board of Directors recommend I vote?

A.

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The Board of Directors recommends you vote "FOR" each of the proposals.

Q.

Who can vote at the annual meeting?

A.

Stockholders of record on the Record Date, which was Monday, March 12, 2012, may vote at the annual meeting. At the close of business on the Record Date, there were 53,215,924 shares of the Corporation's common stock outstanding, each of which is entitled to one vote with respect to each matter to be voted on at the annual meeting.

Table of Contents

Q. *How many votes are needed to hold the annual meeting?*

A. The presence at the meeting, in person or by proxy, of the holders of a majority of the aggregate voting power of the common stock outstanding on the Record Date will constitute a quorum, permitting us to hold the meeting and conduct business. Proxies received but marked as abstentions and broker non-votes will be included in the calculation of the number of votes considered to be present at the meeting for purposes of determining a quorum.

Q. *What do I have to do to vote?*

A. You may vote by granting a proxy, or for shares held in "street name" through a broker or other nominee, by submitting voting instructions to your broker or other nominee. If your shares are held in street name, you will receive instructions that you must follow to have your shares voted. See below for more information on voting your shares if held in street name.

If you hold your shares as the stockholder of record, follow the instructions on each proxy card you receive to vote either on the Internet, by telephone, OR by mailing your signed proxy card in the enclosed return envelope. Your shares will be voted as you direct. If you do not tell us how you want to vote your shares, and we are permitted to vote on your behalf, your shares will be voted **FOR** each of the Board of Directors' nominees for election as director, **FOR** ratification of KPMG LLP (KPMG) as our independent registered public accounting firm, **FOR** amendment of the 2008 Omnibus Plan, **FOR** amendment of the Restated Certificate of Incorporation, and **FOR** an advisory vote to approve named executive officer compensation.

If you are the record holder of the shares, you may change or revoke your vote at any time before it is counted at the annual meeting by (i) notifying our Secretary at the address shown above; (ii) attending the annual meeting and voting in person; or (iii) submitting a later dated proxy card. Unless you decide to attend the meeting and vote your shares in person after you have submitted voting instructions to the proxies, we recommend that you revoke or amend your prior instructions in the same way you initially gave them that is, by telephone, Internet or in writing. This will help to ensure that your shares are voted the way you have finally determined you wish them to be voted. If you revoke by mail, or by using the telephone or Internet voting options, we must receive the revocation several hours before the annual meeting begins. If you choose to revoke by mail, please make sure you have provided enough time for the replacement proxy to reach us. Once the annual meeting begins you can only revoke your proxy in person. Once the polls close at the annual meeting, the right to revoke ends. If you have not properly revoked your proxy, we will vote your shares in accordance with your most recent valid proxy.

In addition, if other matters are properly presented for voting at the annual meeting, the proxy holders are also authorized to vote on such matters as they shall determine in their sole discretion. As of the date of this proxy statement, we have not received notice of any other matters that may be properly presented for voting at the annual meeting.

Q. *What do I have to do to vote my shares if they are held in the name of my broker?*

A. If your shares are held by your broker or other nominee, you must vote your shares through your broker or other nominee. You should receive a form from your broker or other nominee asking how you want to vote your shares. Follow the instructions on that form to give voting instructions to your broker or other nominee, including instructions for voting by telephone or on the Internet. You may change your vote by submitting new voting instructions to your broker or other nominee.

If you do not give instructions to your broker or other nominee, the broker or other nominee will determine if it has the discretionary authority to vote on the particular matter. Under the rules of the New York Stock Exchange (NYSE), brokers and other nominees have the discretion to vote on

Table of Contents

routine matters such as Proposal 2, but do not have discretion to vote on non-routine matters such as Proposals 1 and 3-5. Therefore, if you do not provide voting instructions to your broker or other nominee, your broker or other nominee may only vote your shares on Proposal 2 and any other routine matters properly presented for a vote at the Annual Meeting. A broker non-vote occurs when a broker has not received voting instructions from the customer and the broker cannot vote the shares because the matter is not considered a routine matter under NYSE rules. Broker non-votes will be counted for purposes of calculating whether a quorum is present at the Annual Meeting, but will not be counted for purposes of determining the number of votes present in person or represented by proxy and entitled to vote with respect to a particular proposal.

Q.

How do I vote my shares that I hold in the City National Corporation Profit Sharing Plan?

A.

If you hold shares in your account under the City National Corporation Profit Sharing Plan (Profit Sharing Plan), you will receive directions on how to submit your voting instructions as part of your proxy mailing. For any shares you hold in the Profit Sharing Plan, if your voting instructions are not received by Friday, May 4, 2012, your shares will be voted in proportion to the way the other Profit Sharing Plan participants voted their shares. If your shares are held in our Profit Sharing Plan, you may change your vote by following the voting instructions as part of your proxy mailing, except that any changes to your voting instructions must be provided by Friday, May 4, 2012. You will not be able to change your vote after this deadline.

Q.

What is the vote required for each proposal?

A.

Proposal	Vote Required	Broker Discretionary Voting
1. Election of directors	Votes cast "For" the nominee must exceed the number of votes cast "Against"	No
2. Ratification of auditors for Fiscal Year 2012	Affirmative Vote of Majority of the Shares Entitled to Vote and Present in Person or Represented by Proxy	Yes
3. Amendment of the 2008 Omnibus Plan	Affirmative Vote of Majority of the Shares Entitled to Vote and Present in Person or Represented by Proxy	No
4. Amendment of the Restated Certificate of Incorporation	Affirmative Vote of Majority of the Shares Entitled to Vote	No
5. Advisory vote to approve named executive officer compensation	Affirmative Vote of Majority of the Shares Entitled to Vote and Present in Person or Represented by Proxy	No

With respect to each Proposal, you may vote For, Against or Abstain. With regard to Proposal 1, pursuant to our bylaws, we will not count abstentions or broker non-votes as either for or against a director, so abstentions and broker non-votes have no effect on the election of a director. If you Abstain from voting on any of Proposals 2-5, the abstention will have the same effect as an Against vote. With respect to Proposal 3, under NYSE rules, the total votes cast on the proposal must represent over 50% of all shares entitled to vote on the proposal. Proposal 5 is an advisory vote and is

Table of Contents

non-binding on our Board. Broker non-votes have no effect on Proposals 2, 3 and 5, but will be the same as an Against vote on Proposal 4.

Q.

How may I obtain a separate set of proxy materials or request a single set for my household? What should I do if I receive more than one set of voting materials?

A.

If you share an address with another stockholder, you may receive only one set of proxy materials (including our 2011 Summary Annual Report, Form 10-K for the year ended December 31, 2011, and proxy statement) unless you have provided contrary instructions. If you wish to receive a separate set of proxy materials now or in the future, please request the additional copies by e-mail to investor_relations@cnb.com, by facsimile to (213) 673-7622 or by calling (213) 673-7615. Similarly, if you share an address with another stockholder and have received multiple copies of our proxy materials, you may contact us in the same manner or write us at the address set forth below in the last question to request delivery of a single copy of these materials.

Q.

Why may I receive multiple voting instruction forms and/or proxy cards?

A.

If you hold your shares in more than one brokerage account, you may receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a stockholder of record and your shares are registered in more than one name, you will receive more than one proxy card. If you are an employee of City National Bank, you will receive a voting instruction card for all the shares you hold in the Profit Sharing Plan and you will receive a proxy card for any restricted shares of our common stock you hold. In each case, please follow the voting instructions on the card or form you receive to vote your shares on the Internet, by telephone or by completing and returning each proxy card and voting instruction form that you receive.

Q.

Who is paying for this solicitation?

A.

The Corporation will pay the cost of this proxy solicitation. In addition to soliciting proxies by mail, proxies may be solicited personally or by telephone, facsimile, the Internet or other means by certain directors, officers and employees who will receive no additional compensation for their services. We have engaged Innisfree M&A Incorporated, 501 Madison Avenue, 20th Floor, New York, NY 10022, to assist in the solicitation of proxies at an estimated fee of \$20,000 plus disbursements. We will pay brokers and others who hold our common stock in their name for the expenses of forwarding the proxy materials to the beneficial owners of the common stock.

Q.

What are the guidelines for attending the meeting?

A.

Any stockholder entitled to vote at the annual meeting may attend the annual meeting. If you plan to attend the annual meeting, please bring the admission ticket attached to your proxy card and photo identification. If your shares are held in the name of a broker or other nominee, please bring with you a letter (and a legal proxy if you wish to vote your shares) from the broker or nominee confirming your ownership as of the record date, which is March 12, 2012. Failure to bring such a letter may prevent you from attending the meeting.

Q.

How do I get more information about the Corporation?

A.

With this proxy statement, we are also sending you our 2011 Summary Annual Report and our Form 10-K for the year ended December 31, 2011, which includes our financial statements. At your request, we will send you additional copies of these reports without charge, and we also make these items available on our website at www.cnb.com/investor-relations/investor-kit.asp. The Form 10-K includes a list of exhibits filed with the Securities and Exchange Commission (SEC) but not the exhibits. If you wish to receive copies of the exhibits, you may request them from us by mail, facsimile

Table of Contents

or e-mail at the following contact information. We will send the exhibits to you upon payment of our expenses for doing so.

Investor Relations
City National Corporation
555 S. Flower Street, 9th Floor
Los Angeles, California 90071
Facsimile: (213) 673-7622
E-mail: investor_relations@cnb.com

Our website is available for information purposes only and should not be relied upon for investment purposes, nor is it incorporated by reference into this proxy statement. The other materials available in the online investor kit include our annual reports on Form 10-K and quarterly reports on Form 10-Q. The SEC also maintains a website at www.sec.gov that contains reports, proxy statements and other information regarding SEC registrants, including City National Corporation.

Table of Contents

PROPOSAL 1: ELECTION OF DIRECTORS

Our Restated Certificate of Incorporation currently provides for a Board of Directors divided into three classes, with the term of office of one class expiring each year, meaning that our stockholders elect approximately one-third of our Directors at each annual meeting. Each class of Directors is currently elected for a term of three years. Our Board of Directors presently has 11 members. The term of office of our Class I directors will expire at this year's annual meeting. As discussed below, pursuant to Proposal 4, the shareholders are being asked to approve and adopt an amendment to our Restated Certificate of Incorporation to declassify our Board of Directors. On the nomination of our Board, Kenneth L. Coleman, Bruce Rosenblum, Peter M. Thomas and Christopher J. Warmuth, will each stand for re-election as Class I directors at this year's annual meeting to serve (i) for a one year term expiring at our annual meeting in 2013 or until their successors have been elected and qualified if Proposal 4 is approved by the stockholders, or (ii) for a three year term expiring at our annual meeting in 2015 or until their successors have been elected and qualified if Proposal 4 is not approved by the stockholders.

Unless otherwise directed, the persons named as proxies in the enclosed proxy card intend to vote "**FOR**" the election of the nominees. If one or more of the nominees unexpectedly becomes unavailable to serve as a director, the proxies may be voted for one or more substitute nominees selected by our Board of Directors, or the authorized number of directors may be reduced. If the authorized number of directors is reduced for any reason, the proxies will be voted for the election of the remaining nominees named in this proxy statement. To the best of our knowledge, all nominees are and will be available to serve as directors.

Set forth below is information as of February 1, 2012 about each nominee for election as a Class I director, and each of the Class II and Class III directors whose terms have not yet expired and who will continue to serve as directors after this year's annual meeting. Each of the current directors is also a director of City National Bank (Bank), a wholly owned subsidiary of City National Corporation (collectively, Corporation and Bank are referred to in this Proxy Statement as the Company). The biographies of each of the nominees and continuing directors below includes information about the person's age, principal occupation, business experience, director positions held currently or at any time during the last five years, information regarding involvement in certain legal or administrative proceedings, if applicable, and the specific experiences, qualifications, attributes or skills that led the Compensation, Nominating & Governance Committee (CN&G Committee or Compensation Committee) of the Company and the Board to determine that the person should serve as a director. In addition, the CN&G Committee believes that each nominee and continuing director satisfies the director qualification criteria and factors set forth in our Corporate Governance Guidelines, including diversity, as described below under Company Corporate Governance.

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "*FOR*" THE
ELECTION OF KENNETH L. COLEMAN, BRUCE ROSENBLUM,
PETER M. THOMAS AND CHRISTOPHER J. WARMUTH.**

Table of Contents**Nominees for election as Class I Directors with Terms Expiring in 2013(1):**

Name	Age	Principal Occupation and Other Directorships/Qualifications	Director of Bank Since	Director of Corporation Since
Kenneth L. Coleman	69	<p>Non-executive Chairman of the Board, MIPS Technologies since November 2010 and Director since January 1998. Director United Online, Inc. since September 2001. Non-executive Chairman of the Board, Accelrys, Inc. from February 2006 to December 2011 and Director since May 2003.</p> <p>Mr. Coleman contributes to the Board his highly successful executive and entrepreneurial experience in the computer and technology industry, knowledge about the Northern California economy, extensive experience in human resources; strong skills in evaluating business issues and making strategic business judgments; and understanding the impact of science and technology on consumers, companies and the economy. Mr. Coleman also has unique experience in the management of the Information Technology function to ensure that it maximizes its impact on the enterprise.</p>	2003	2003
Bruce Rosenblum	53	<p>President, Warner Bros. Television Group since September 2005; Chairman and CEO, Academy of Television Arts & Sciences, effective January 2012.</p> <p>Mr. Rosenblum contributes to the Board his significant achievement and experience in the entertainment business and knowledge regarding the entertainment industry and clients, as well as skills in evaluating business and legal issues, handling personnel, compensation and operational matters and strategic planning.</p>	2007	2007
Peter M. Thomas	61	<p>Managing Partner, Thomas & Mack Co., LLC, a commercial real estate development company, for more than the past five years. From 1992 to 1995, President and Chief Operating Officer of Bank of America-Nevada; and from 1982 to 1992, President and Chief Operating Officer of Valley Bank of Nevada. Director of Boyd Gaming Corporation since April 2004.</p> <p>Mr. Thomas contributes to the Board his extensive experience in the banking, finance and commercial real estate industries, including service on other public company boards, as well as strong management skills, financial sophistication and expertise, and the ability to make strategic decisions and provide valuable insight into the Nevada economy and competitive landscape.</p>	2003	2003

Table of Contents

Name	Age	Principal Occupation and Other Directorships/Qualifications	Director of Bank Since	Director of Corporation Since
Christopher J. Warmuth	57	Executive Vice President, City National Corporation and President, City National Bank since May 2005. Mr. Warmuth contributes to the Board his broad based knowledge of the banking and real estate industries, an in-depth understanding of the Company, its businesses and operations, including credit policy and risk management; and valuable and strategic insight into the Company's challenges and opportunities.	2005	2005

Class II Directors (Terms Expire at 2013 Annual Meeting):

Name	Age	Principal Occupation and Other Directorships/Qualifications	Director of Bank Since	Director of Corporation Since
Russell Goldsmith(2)	61	Chief Executive Officer of City National Corporation and Chairman of the Board and Chief Executive Officer, City National Bank since October 1995. President of City National Corporation since May 2005. Representative of the Twelfth District to the Federal Reserve's Federal Advisory Council (FAC) from 2008 through 2011 and Vice President of the FAC for 2010 and 2011. Director of Wynn Resorts, Limited since May 2008. Mr. Goldsmith contributes to the Board his broad knowledge of the banking, legal and entertainment industries; a deep understanding of the Company and its personnel, clients, and communities, as well as its operations, strategy, value proposition and history; and strong management and leadership skills from his extensive experience as a community, business and industry leader, including his service as the former Chairman and CEO of Republic Pictures, vice chairman of the San Diego Padres, as an attorney, and on other public company boards.	1978	1979

Table of Contents

Name	Age	Principal Occupation and Other Directorships/Qualifications	Director of Bank Since	Director of Corporation Since
Ronald L. Olson	70	<p>Partner, Munger, Tolles & Olson, law firm, for more than the past five years. Director, Edison International since 1995, Berkshire Hathaway, Inc. since 1997, The Washington Post Company since 2003 and Western Asset Funds, Inc. since 2005, including serving as a Director of Western Asset Income Fund and as a Trustee of Western Asset Premier Bond Fund.</p> <p>Mr. Olson contributes to the Board his insight, sophisticated decision-making skills and counsel as a prominent and well-respected attorney, with extensive experience in securities and other complex litigation matters and transactional and corporate governance issues, as well as wide-ranging contacts in the community developed through his years of industry leadership and service on other public company boards.</p>	2001	2001
Robert H. Tuttle	68	<p>Co-managing Partner, Tuttle-Click Automotive Group since November 2009 and from 1989 to July 2005. From July 2005 to February 2009, U.S. Ambassador to the Court of St. James's, London, England. From 1988 to 1989, Assistant to the President and Director of Presidential Personnel, The White House, from 1985 to 1988, Deputy Assistant to the President and Director of Presidential Personnel, The White House, and from 1982 to 1985, Special Assistant to the President, The White House. Director, City National Corporation from 2002 to 2005 and Arizona Bank from 1989 to 1998. From 1994 to 1998, Chairman of the Executive Committee of Arizona Bank.</p> <p>Mr. Tuttle contributes to the Board his experience as a business leader, former bank director and distinguished public servant, with extensive knowledge of international relations and markets, and strong relationships within the global community. Mr. Tuttle has extensive experience with human resources, business operations, sales, service and marketing, and the ability to make complex, sophisticated decisions.</p>	2010	2010

Table of Contents**Class III Directors (Terms Expire at 2014 Annual Meeting):**

Name	Age	Principal Occupation and Other Directorships/Qualifications	Director of Bank Since	Director of Corporation Since
Richard L. Bloch	82	President, Piñon Farm, Inc. and Co-management Partner of CLB Partners for more than the past five years. Mr. Bloch contributes to the Board his entrepreneurial skills and abilities as an experienced business leader in the real estate and entertainment industries and as a public servant, with extensive knowledge of and contacts in the San Diego community and a broad-based understanding of the Company from his years of service on the Company's Board.	1974	1979
Bram Goldsmith(2)	88	Chairman of the Board, City National Corporation, for more than the past five years. Mr. Goldsmith contributes to the Board his many years of experience as a successful real estate developer and as a leader of both the banking industry and the Company. He brings to the Board his unique perspective as one of the earliest clients of the Bank, his 47 years as a director of the Company, his service as the Chairman of the Company since 1975, and as the Chief Executive Officer of the Company from 1975 to 1995.	1964	1969
Ashok Israni	64	President and Chairman, Pacifica Companies for more than the past five years. Mr. Israni contributes to the Board his significant knowledge in real estate development and investment, in-depth knowledge of the economy in San Diego and Southern California, and the ability to analyze complex business problems and develop creative solutions arising from his substantial success as an entrepreneur.	2007	2007
Kenneth Ziffren	71	Partner, Ziffren Brittenham LLP, law firm, for more than the past five years. Mr. Ziffren contributes to the Board his extensive experience as a leading entertainment lawyer and law professor at UCLA with deep knowledge of the entertainment and media businesses and sophisticated experience in evaluating business issues, negotiating contracts, advising clients, resolving disputes and making strategic decisions.	1989	1989

(1) Class I directors are nominated to serve (i) for a one year term expiring at our annual meeting in 2013 if Proposal 4 is approved by the stockholders or (ii) for a three year term expiring at our annual meeting in 2015 if Proposal 4 is not approved by the stockholders.

(2) Russell Goldsmith is the son of Bram Goldsmith.

Table of Contents

**PROPOSAL 2: RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM**

Our Board of Directors has ratified the decision of the Audit & Risk Committee to appoint KPMG to serve as our independent registered public accounting firm for the fiscal year ending December 31, 2012. Although we are not required to do so, it has been our practice to seek stockholder ratification of this appointment as a matter of good corporate governance. KPMG has audited our financial statements since 1993. Representatives of KPMG will be present at our annual meeting to make a statement, if they desire to do so, and to respond to appropriate questions.

If the stockholders fail to ratify the selection, the Board of Directors may reconsider whether or not to retain KPMG and reserves the discretion to retain KPMG as our independent registered public accounting firm. Even if the selection is ratified, the Board of Directors in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if the Board of Directors determines that such change would be in the best interests of the Corporation and its stockholders.

We incurred the following fees in 2011 and 2010 for professional services provided by KPMG:

	2011	2010
Audit Fees(1)	\$ 1,832,000	\$ 1,798,244
Audit-Related Fees(2)	287,000	217,300
Tax Fees(3)	53,131	16,401
All Other Fees(4)	45,000	
Total Fees	\$ 2,217,131	\$ 2,031,945

- (1) Audit Fees represented fees for professional services provided in connection with the integrated audit of the Company's financial statements and review of our quarterly financial statements and audit services provided in connection with other statutory or regulatory filings.
- (2) Audit-Related Fees consisted of professional services related to audits of employee benefit plans, internal control reviews of wealth management department operations, AIMR performance attestations regarding the wealth management department and other audit services requested by management, which are in addition to the scope of the financial statement audit.
- (3) Tax Fees included tax return review and tax compliance advice.
- (4) All Other Fees represented fees for other professional services that are not included in Audit Fees, Audit-Related Fees or Tax Fees.

The Audit & Risk Committee's policy is to pre-approve all audit and non-audit services to be provided by our independent registered public accounting firm. Pre-approvals are generally provided for up to one year, are detailed as to the particular service or category of services, and are subject to a specific budget. The Audit & Risk Committee has delegated pre-approval authority to its Chairman when expedited approval of services is necessary. All of the services provided by KPMG in 2011 and 2010 were pre-approved by the Committee.

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR"
THE RATIFICATION OF THE SELECTION OF KPMG AS OUR
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.**

Table of Contents

PROPOSAL 3: AMENDMENT OF THE 2008 OMNIBUS PLAN

We are asking stockholders to approve an amendment to the Corporation's 2008 Omnibus Plan (2008 Plan) to reserve 750,000 additional shares for issuance under the 2008 Plan. There were 1,394,422 Shares (Existing Shares) available for issuance under the 2008 Plan as of December 31, 2011. In order to ensure that we have sufficient shares of common stock of the Corporation (Shares) available under the 2008 Plan to retain equity based awards as a core element of our compensation program, the Board of Directors recommends adoption of the amendment to the 2008 Plan.

The objective of the 2008 Plan is to promote the success and enhance the value of the Corporation by providing an additional means to attract, motivate, retain, reward and recognize employees of the Corporation and its subsidiaries. The Board of Directors has found equity based awards to be an effective means of compensating employees to motivate them to achieve strong future performance for the Company and to align their interests with the Corporation's stockholders to build long term stockholder value. The Board of Directors believes that the additional shares are consistent with the purposes of the 2008 Plan and desirable in order to service the needs of the plan. In the event stockholder approval of the amendment is not obtained, the Corporation will continue to grant awards available from Existing Shares pursuant to the 2008 Plan, and subject to applicable laws, but the Corporation would lose much of the alignment and retention value relied on today to deliver effective long term compensation.

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR"
THE PROPOSAL TO AMEND THE 2008 OMNIBUS PLAN.**

Plan Features and Grant Practices That Protect Stockholder Interests:

The 2008 Plan provides for grants of Restricted Stock Units settled solely in cash (CS-RSUs), which the Company has determined to grant in conjunction with other types of awards (Awards) under the 2008 Plan to reduce the Company's dilution to other stockholders while continuing to retain equity based awards as a core element of long term compensation. The long term compensation grants made in 2012 to our executives include approximately 25% CS-RSUs. CS-RSUs track to our common stock price, align executive interests with stockholders and emphasize our performance based culture. Dividend equivalents on CS-RSUs are paid only if and when the underlying Award vests.

For each Award of Restricted Stock (RS), Restricted Stock Units (RSUs), Performance Shares (PS), Performance Share Units (PSUs), or Performance Units (PRUs) actually paid in Shares under the 2008 Plan, 2 Shares (3.3 Shares for Awards made prior to April 21, 2010) will be subtracted from the maximum number of Shares available for Awards under the Plan.

The 2008 Plan does not include "liberal share counting" provisions. Only Shares subject to any unexercised, unvested or undistributed portion of any expired, canceled, terminated or forfeited Award (provided the participant did not receive dividends during the period in which the participant's ownership was unvested) or Shares which are subject to any Award, or portion of any Award, that is settled for cash, will be available for Awards as additional Shares under the 2008 Plan. Shares withheld or tendered as payment of the exercise price or for taxes in connection with an Award will not be added back to the available Shares.

The 2008 Plan prohibits the use of discounted stock options or Stock Appreciation Rights (SARs), or the repricing of stock or SARs, without stockholder approval, including the repurchase of underwater options or SARs for cash.

Awards may generally be exercised only by the person to whom they were granted, and unless otherwise permitted by the Corporation, cannot be sold, pledged, assigned or otherwise transferred, except to the Corporation, by a designation of beneficiary, or according to the grantee's will or the laws of descent and distribution or according to the terms of certain court orders.

Table of Contents

PS, PSUs and PRUs may not vest sooner than twelve months from the date of the Award subject to earlier lapse in the case of death, total disability or a change in control; and restrictions on RS and RSUs may not lapse sooner than a period of thirty-six months from the date of the Award subject to earlier lapse in the case of death, total disability or a change in control.

Grants of RSUs denominated in Shares and payable in Shares, cash or a combination thereof and of PRUs valued by reference to a designated amount of cash or property other than Shares and payable as the CN&G Committee determines, including in Shares, cash or a combination thereof, are authorized based upon achievement of specified performance goals.

The following table summarizes information, as of December 31, 2011, relating to equity compensation plans of the Company pursuant to which equity securities of the Company are authorized for issuance.

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	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in first column)
Equity compensation plans approved by security holders	5,650,811(1)(2)	\$ 52.77(2)	1,394,422(3)
Equity compensation plans not approved by security holders(4)	319,761	\$ 50.34	
Total	5,970,572(2)	\$ 52.61(2)	1,394,422(3)

- (1) Includes 382 shares assumed in the acquisition of Business Bank Corporation (BBC) with a weighted-average exercise price of \$38.72. BBC stockholders had approved these stock option plans.
- (2) Includes 875,197 shares of outstanding RS and RSUs, and 105,379 shares of vested RSUs where shares have not yet been issued. The weighted-average exercise price does not take into account awards that have no exercise price such as RS and RSUs.
- (3) The 2008 Plan provides for the reduction in the maximum number of shares available for Awards of 2 shares (3.3 shares for Awards made prior to April 21, 2010) for every share of RS or RSU issued.
- (4) In March 2001, the Board of Directors adopted the 2001 Stock Option Plan (2001 Plan), under which options were only granted to employees of the Company who were neither directors nor executive officers. The 2001 Plan contains a change in control provision similar to the 2008 Plan. The 2001 Plan was not submitted to the stockholders for their approval, and no further awards can be issued under the 2001 Plan. Equity compensation plans not approved by stockholders include the Company's Executive Deferred Compensation Plan and Director Deferred Compensation Plan (collectively, the Plans). The Plans allow eligible employees and non-employee directors to defer specified portions of their compensation (e.g., salaries, bonuses and commissions for employees and annual retainers, annual awards, committee chair retainers and meeting fees for directors) into the Plans. Participants of the Plans can allocate their deferrals among a number of investment options, including investing in units that correlate to shares of the Company's common stock (CNC Stock Fund). The portion of deferred compensation invested in the CNC Stock Fund is payable in shares of the Company's common stock following termination of employment or board service. As of December 31, 2011, the CNC Stock Fund held 48,406 units that correlate to shares of the Company's common stock.

Description of the 2008 Omnibus Plan

The following summary of the 2008 Plan sets forth its material terms. It is, however, a summary and qualified in its entirety by reference to the 2008 Plan. For stockholder convenience, the 2008 Plan has been restated to incorporate all amendments made to the 2008 Plan since adoption, and also to incorporate the amendment increasing the number of Shares that may be granted under the 2008 Plan. The complete amended and restated 2008 Plan is attached as Appendix A.

Table of Contents

Administration and Eligibility

The 2008 Plan is administered by the CN&G Committee. Except for any amendment requiring stockholder approval under applicable law or the NYSE listing standards, the Board of Directors may amend, suspend or discontinue the 2008 Plan in its discretion. Termination of the 2008 Plan will not affect any Awards then outstanding.

Officers at the level of Vice President or above and other officers who provide substantial services to the Corporation and non-employee directors are eligible to participate as well as other persons who perform or agree to perform substantial services for the Corporation of a nature similar to those performed by key employees, including significant agents and consultants, except that Incentive Stock Options (ISOs) may only be granted to employees. The CN&G Committee determines which employees will receive Awards and the terms of the Awards. As of January 1, 2012, approximately 283 officers and 8 non-employee directors are eligible to participate in the 2008 Plan. The Company does not currently have a practice of issuing Awards from the 2008 Plan to non-employee directors. No determination has been made as to the number of agents, consultants and other persons who are neither employees nor directors, but who might have been, or may be, eligible to participate in the 2008 Plan.

No determination has been made as to the types or amounts of awards that will be granted to specific individuals under the 2008 Plan if the amendment is approved. All current executive officers as a group have received an aggregate of 1,393,969 stock options, 155,020 RSUs and 375,680 awards of RS under the 2008 Plan, and all of our other current employees as a group (including our current officers who are not executive officers) have received an aggregate of 815,613 stock options, 0 RSUs and 315,656 awards of RS under the 2008 Plan. Our current non-employee directors have not received any awards under the 2008 Plan.

Kinds of Awards

The following types of Awards are authorized by the 2008 Plan:

Stock Options: Stock options (Options), either ISOs or Nonqualified Stock Options (NSOs), may be granted to eligible employees. ISOs are subject to certain limitations not applicable to NSOs. NSOs may be granted to non-employee directors. The exercise price of all Options may not be less than the fair market value of the Corporation's common stock on the date of grant (for an ISO granted to any eligible employee owning more than 10% of the Corporation's stock the exercise price may not be less than 110% of the fair market value). The aggregate fair market value (determined at the date of grant) of the stock subject to all ISOs held by an optionee that vest in any single calendar year cannot exceed \$100,000.

Stock Appreciation Rights: SARs may be granted to eligible employees or non-employee directors, either in tandem with Options or freestanding. Upon exercise, the holder receives a specified amount in cash, Shares, or a combination of the two. The exercise price of SARs may not be less than the fair market value of a Share on the date of grant. Each SAR entitles the holder to receive the excess of the fair market value of a Share on the exercise date over the fair market value of such Share on the date the SAR was awarded, subject to any maximum determined by the CN&G Committee. If SARs are granted in tandem with Options, they may be exercised only during the time and to the extent that the related Options may be exercised, and the number of Options held by the optionee is decreased by the number of SARs exercised by the optionee.

The CN&G Committee may not reduce the exercise price of any Option or SAR granted under the 2008 Plan.

Restricted Stock Awards: RS Awards may be granted to eligible employees or non-employee directors. The CN&G Committee shall determine the consideration to be paid. Except in the case of death, total disability, or change in control, the restrictions may not lapse with respect to any RS Award,

Table of Contents

including RSUs, over a period of less than three years following the date of the Award, and unless otherwise provided in the applicable award agreement, recipients of a RS Award shall be entitled to cash dividend and voting rights for all RS issued even though not vested, provided that such rights shall terminate immediately as to any RS which ceases to be eligible for vesting. An award agreement may provide that cash dividends shall be automatically deferred and reinvested in additional RS, held subject to the vesting of the underlying RS. RSUs may be granted to any eligible employee or non-employee director which may be payable in Shares, cash or a combination thereof. Recipients of CS-RSUs will not be entitled to voting rights, but will be credited with Dividend Equivalent Units (DEUs) based on dividends paid on the Corporation's stock. Recipient's rights to DEUs terminate immediately as to any CS-RSUs that cease to be eligible for vesting.

Performance Share Awards: PS Awards may be granted based on criteria determined by the CN&G Committee which, if achieved, result in the Corporation's issuing to the employee or non-employee director an amount in Shares, cash or a combination equal to the fair market value of the number of Shares specified in the Award Agreement, subject to any maximum determined by the Committee. The financial criteria include those outlined in Section 1.2(x) of the 2008 Plan attached as Appendix A, which criteria may be applied to any Award. The Committee may provide for full or partial credit for the satisfaction of criteria before the end of the period of time specified or the attainment of the specified goal under such circumstances as the Committee may determine, subject to Section 162(m) of the Internal Revenue Code (Code); provided that except in the case of the employee's death, total disability, or in the case of a change in control, the restrictions on the PSUs may not lapse sooner than twelve months from the date of the Award. PSUs may be granted to any eligible employee or non-employee director.

Performance Unit Awards: PRUs may be granted to eligible employees valued by reference to a designated amount of cash or property other than Shares, which value may be paid by delivery of such property as the CN&G Committee shall determine, including, without limitation, Shares, cash or a combination thereof, upon achievement of such performance goals during the performance period as the CN&G Committee shall establish at the time of such grant or thereafter.

Maximum Shares

The maximum number of shares for which Options and freestanding SARs may be granted to a single employee in any three calendar year period may not exceed 2,400,000 Options or SARs, or in the case of RS, RSUs, PS, or PSUs, their equivalent at the ratio of 1:3.3 for Awards made prior to April 21, 2010 and 1:2 for Awards made subsequent to April 21, 2010. The limitations are subject to adjustment in the event of changes in the capitalization or corporate structure of the Corporation. Upon termination, cancellation, forfeiture or expiration of any unexercised Award under the Existing Plan, the number of shares with respect to which Awards may be granted under the 2008 Plan will be increased by the number of shares to which such unexercised Award pertained. In addition, the maximum value of the property, including cash or shares, that may be paid or distributed to any eligible employee or non-employee director pursuant to a grant of PRUs with respect to any three calendar year period is \$15 million dollars.

Terms of Awards

The CN&G Committee determines the vesting (subject to the vesting limitations set forth in the 2008 Plan, as described immediately above under Kinds of Awards) and, where applicable, the expiration date of Awards, but Awards that provide for the right to acquire stock may not remain outstanding more than 10 years after the grant date, and any ISO Award granted to any eligible employee owning more than 10% of the Corporation's stock must not be for a term longer than five years. Except as otherwise provided in the Plan, Awards do not vest or become exercisable until at least six months after the date of grant.

Awards may generally be exercised only by the person to whom they were granted, and, unless otherwise permitted by the Corporation, cannot be sold, pledged, assigned or otherwise transferred, except

Table of Contents

to the Corporation, by a designation of beneficiary or according to the grantee's will or the laws of descent and distribution or according to the terms of certain court orders.

The CN&G Committee will determine the effect of the termination of employment on Awards, depending on the nature of the termination, including changing the exercise period or the number of shares for which an Award is vested or exercisable at the time of termination or thereafter.

Adjustments and Extraordinary Events

In the event of an extraordinary corporate transaction, the Committee shall proportionately adjust the 2008 Plan and outstanding Awards as to the number or kind of shares to which they relate, the price payable upon the exercise of Awards or the applicable performance standards or criteria. If a Change in Control Event, as defined in the 2008 Plan, takes place, then all outstanding Options and SARs become exercisable, all RS and RSU restrictions lapse and all PS, PSUs and PRUs shall become vested, unless the CN&G Committee determines otherwise, in which event the CN&G Committee will make provision for continuation and, if required, assumption of the 2008 Plan and outstanding Awards or for the substitution of new Awards therefor.

Federal Income Tax Consequences

Stock Options: Grants of NSOs and ISOs do not create taxable income at the time of the grant. Optionees will realize ordinary income at the time of exercise of a NSO equal to the difference between the exercise price and the fair market value of the stock on the date of exercise. Optionees will not realize income at the time of a qualified exercise of an ISO. If the shares of stock acquired in the exercise of an ISO are retained for a period of at least two years after the Option is granted and one year after the Option is exercised, any gain upon the subsequent sale of the stock will be taxed as a long term capital gain. An optionee who disposes of shares acquired by exercise of an ISO prior to the expiration of two years after the Option is granted or one year after the Option is exercised will realize ordinary income as of the date of disposition up to the difference between the exercise price and fair market value of the stock on the date of exercise. To the extent ordinary income is recognized by the optionee, the Corporation may deduct a like amount as compensation.

Restricted Stock: Grants of RS and RSUs settled solely in cash will not be subject to taxation until the restrictions lapse. At that time, the employee's ordinary income will be the difference between the fair market value at the time the restrictions lapse and the amount employees pay, if anything, for the Shares. Employees may be entitled to make an election within thirty (30) days of the RS Award, excluding RSUs, which will cause tax to be due on the value of the Shares at the time of the grant. Taxable income on RSUs settled in shares of Company stock will be deferred until the time of actual distribution at termination of service.

A discussion of the tax consequences of other types of Awards under the 2008 Plan is beyond the scope of this disclosure.

Section 162(m) Limits: Section 162(m) of the Code (Section 162(m)) and the regulations thereunder can result in compensation that exceeds \$1,000,000 in any year paid to the principal executive officer or any of the three other most highly compensated executive officers, other than the principal financial officer, being non-deductible by the Corporation unless the compensation is exempt. The rules contain an exemption for performance based compensation plans that includes the requirement, among other things, that the material terms of the plan be approved by stockholders. Although the Corporation believes that Options and SARs granted under the 2008 Plan should be exempt under the rules, and consequently deductible to the Corporation as discussed above, RS and RSUs may not be exempt if the aggregate compensation of the executive officer would exceed such limit. PS, PSUs and PRUs are intended to be classified as performance based compensation which is exempt from the Section 162(m) limitation. In the

Table of Contents

event of a further change in the applicable law or rules, the continued deductibility of Options, SARs and PS, PSUs and PRUs cannot be assured.

Section 409A: Except to the extent specifically provided otherwise by the CN&G Committee, it is intended that the 2008 Plan and Awards issued under the 2008 Plan will comply with Section 409A of the Code (and any Treasury Regulations and related guidance) to the extent the Awards are subject thereto, and the 2008 Plan and such Awards shall be interpreted on a basis consistent with such intent. The 2008 Plan and any Award Agreements issued under the 2008 Plan may be amended in any respect deemed by the CN&G Committee to be necessary in order to seek to preserve compliance with Section 409A of the Code.

Table of Contents

PROPOSAL 4: AMENDMENT OF THE RESTATED CERTIFICATE OF INCORPORATION

Our Restated Certificate of Incorporation currently provides that the Board will be divided into three classes, as nearly equal in size as possible, with one class to be elected by the stockholders every year, thereby making the term of each class of Directors three years. Upon the recommendation of the CN&G Committee, the Board has approved, and recommends to the stockholders for approval, an amendment to the Restated Certificate of Incorporation to require that all Directors be elected annually, thereby declassifying the Board. As discussed below, because the transition to annual election of Directors will be phased in over time, the Board will not be fully declassified until after the 2014 annual meeting. The proposal is a result of our ongoing review of corporate governance matters. The Board, assisted by the CN&G Committee, considered the advantages and disadvantages of maintaining the current classified board structure. In reaching its recommendation to the Board to amend the Restated Certificate of Incorporation, the CN&G Committee considered a number of factors, including the vote of the stockholders at the 2011 Annual Stockholders Meeting in favor of a stockholder non-binding advisory proposal requesting the Board of Directors to declassify the Board.

Under this proposed amendment, all directors standing for election would be elected for one year terms as follows:

All directors elected at the 2012 Annual Stockholders Meeting would be elected for one year terms and until their successors are elected;

Directors previously elected for three year terms ending in 2013 and 2014 will continue to serve out these terms so that no director previously elected to a three year term would have his term shortened;

Directors standing for election after the 2012 Annual Meeting will be elected for a term ending at the next Annual Meeting and until their successors are elected;

Beginning at the 2014 Annual Meeting, all directors whose terms expire at that meeting will be elected for terms expiring at the next Annual Meeting and until their successors are elected, and the Board will be fully declassified; and

Any director elected to fill a vacancy on the Board of Directors (whether by reason of an increase in the number of authorized directors or due to the death, resignation or removal of a director) will hold office until the next Annual Meeting of Stockholders and until his or her successor is elected.

If the proposed amendment is not approved by stockholders, the Board will retain its current classified structure, and the directors elected at the 2012 Annual Meeting will be elected for a three year term expiring in 2015. All other directors will continue in office for the remainder of their full three year terms, subject to their early retirement, resignation, removal or death. The proposed amendment to the Company's Restated Certificate of Incorporation is set forth in Appendix B to this Proxy Statement with deletions indicated by strikeouts and additions indicated by underlining.

Approval of this proposal would require the affirmative vote of a majority of the outstanding shares of the Company's common stock entitled to vote on the proposal.

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE PROPOSAL
TO AMEND THE RESTATED CERTIFICATE OF INCORPORATION.**

Table of Contents

COMPANY CORPORATE GOVERNANCE

We are committed to maintaining the highest standards of business conduct and corporate governance. We regularly review our governance practices and update them, as appropriate, based upon applicable state law, NYSE rules and listing standards, SEC regulations, and best practices recommended by recognized governance authorities. Our corporate governance program includes robust risk management and compliance policies, practices and programs.

Our framework for corporate governance includes the following:

Corporate Governance Guidelines: Our Corporate Governance Guidelines (Guidelines) establish significant corporate governance policies and practices for our Company.

Codes of Conduct: Our Codes of Conduct include our Code of Ethics for Senior Financial Officers and our Principles of Business Conduct and Ethics for our directors, officers and colleagues (Codes).

Board Committee Charters: Each standing committee of our Board operates pursuant to a written charter (Charter) which states each committee's functions and duties. Each committee's Charter is reviewed, revised, as appropriate, and reaffirmed annually. Further information regarding our Board committees is set forth below.

Organizational Documents: Our Restated Certificate of Incorporation and Bylaws set forth basic rights and duties for our Company's corporate governance.

Please visit our website at www.cnb.com/investor-relations/corporate-governance (CNC Corporate Governance Web Page) to view our Guidelines, Codes and Charters as well as additional information about our Board, committees and corporate governance. We will post on this website any amendments to the Guidelines, Codes or Charters, and any waivers of the Codes for directors and executive officers. There were no waivers in 2011.

Majority Vote Standard for Election of Directors: Consistent with our commitment to review and update our governance practices, in 2011 our Board updated our Bylaws to provide a majority voting standard in uncontested elections and plurality voting in any election that is contested. Our Board also updated our Guidelines to provide that any director who fails to receive a sufficient number of votes for reelection at the annual meeting of stockholders must offer to resign. Our CN&G Committee and Board have 90 days to act on the tendered offer to resign.

Board Leadership Structure; Executive Sessions: We separate the roles of CEO and Chairman with Bram Goldsmith serving as the Chairman of the Board of the Corporation and Russell Goldsmith serving as the CEO of the Corporation. Bram Goldsmith, as our Chairman, provides guidance, continuing strong leadership, energy and passion to the Board from his perspective as one of the earliest clients of the Bank, his experience as a successful real estate developer, and years of experience as an executive of the Company. Russell Goldsmith, as our CEO, is responsible for setting the strategic direction for the Company and the day to day leadership and performance of the Company. Since our Chairman is not "independent," the Chairman of our Special Matters Committee, Kenneth Ziffren, serves as the Lead Independent Director, and leads all Executive Sessions of the independent directors. Our Lead Independent Director also advises on board agendas, meeting materials, and schedules. In 2011, our independent directors had three executive sessions without management and three executive sessions with our CEO.

Director Independence: Our Corporate Governance Guidelines provide that a majority of our directors will be independent. We have long maintained a Board with a substantial majority of directors who are not Company employees. Currently, independent directors comprise more than two-thirds of our Board and 100% of our Audit & Risk Committee and CN&G Committee. Our Board has adopted independence standards to assist in determining each director's independence (Independence Standards). The Independence Standards are included as part of our Guidelines and are available on the CNC Corporate

Table of Contents

Governance Web Page. Our Independence Standards are structured to provide a framework for Board decisions that is free of relationships that may impair, or appear to impair, our Board's ability to make independent collective judgments, and to ensure that all permitted transactions between the Company and a director or his/her immediate family or their respective primary business affiliations will be on arms-length market terms. The Independence Standards include a combination of economic tests and confirmation that relationships are maintained on substantially the same terms as those prevailing at the time for comparable transactions with non-affiliated persons.

At its meeting on February 22, 2012, our CN&G Committee, Audit & Risk Committee, and Board reviewed the relationship of the Company with each of our non-employee directors and determined that each of the following persons is an independent director as defined by the NYSE listing standards and our Independence Standards: Richard L. Bloch, Kenneth L. Coleman, Ashok Israni, Ronald L. Olson, Bruce Rosenblum, Peter M. Thomas, Robert H. Tuttle and Kenneth Ziffren. In early 2011, the Board also determined that Alison Davis, who resigned effective July 21, 2011, was also an independent director for these purposes.

In making its independence determinations, the CN&G Committee, the Audit & Risk Committee, and the Board considered the following ordinary course, non-preferential relationships in 2011 between us and our subsidiaries and our independent directors, director nominees, their immediate family members, and any entity of which the independent director (or their immediate family member) is a principal, executive officer, or greater than 5% equity holder:

The Bank and other subsidiaries had ordinary course banking, financial services, and wealth management relationships with certain members of the Board, some of their respective immediate family members and some of the entities affiliated with such directors and their immediate family members.

The Corporation or its subsidiaries received legal services in the ordinary course from the law firm of Munger, Tolles & Olson LLP in which Ronald L. Olson, a director of the Corporation, is a Partner. The amounts paid for the legal services are below the thresholds in our Independence Standards and the NYSE listing standards.

The Bank is party to an ordinary course commercial transaction for data storage services with Switch Communications Group, LLC (Switch) negotiated on arms-length, market terms. Switch owns and operates high security data centers. Peter M. Thomas, a director of the Corporation, owns, either directly or indirectly, a 6% equity interest as a passive investor in Switch without any active oversight or management control. The payments to be made to Switch for the services are based on competitive rates made on substantially the same terms as those prevailing at the time for comparable transactions with non-affiliated entities. The amounts paid in 2011 (and amounts that are expected to be paid in 2012) to Switch are below the thresholds in our Independence Standards and the NYSE listing standards.

The CN&G Committee, Audit & Risk Committee and the Board have each determined that, based on the information available, none of these relationships was material.

Board Meetings and Committees; Annual Meeting Attendance: Directors are expected to attend our annual meeting of stockholders, regular and special meetings of the Board and meetings of the committees on which they serve. In 2011, there were 10 meetings of the Board, and each current director attended at least 75% of the total number of meetings of the Board and Board committees on which that director then served. In addition, all directors serving on the Board at the time of the 2011 annual meeting of stockholders attended our 2011 annual meeting.

The table below lists the names of our directors who were serving as directors as of December 31, 2011. The table also lists each Board committee on which that person served during 2011 and the number of meetings held by the full Board and each standing committee. As it deems appropriate, our Board may

Table of Contents

form new committees or disband committees, other than the Audit & Risk Committee and the CN&G Committee. The chair of each committee determines the frequency and agenda of committee meetings. (Members are designated with a "ü".)

Name(1)	Board of Directors	Audit & Risk Committee	CN&G Committee	Special Matters Committee	Wealth Management & Fiduciary Committee	Community Reinvestment Act Committee
Richard L. Bloch	ü	ü	ü			
Kenneth L. Coleman	ü		ü			Chair
Bram Goldsmith	Chair					ü
Russell Goldsmith	ü			ü		
Ashok Israni	ü				ü	ü
Ronald L. Olson	ü				Chair	
Bruce Rosenblum	ü		Chair			
Peter M. Thomas	ü	Chair(1)		ü	ü	
Robert H. Tuttle	ü		ü			
Christopher J. Warmuth	ü				ü	ü
Kenneth Ziffren	ü	ü		Chair		
Number of 2011 Meetings	10	13	6	0	4	4

(1) Identified as the Audit & Risk Committee "Financial Expert."

Board of Directors' Role in Risk Oversight: The Board is actively involved in oversight of risks that could affect the Company. This oversight is conducted primarily through committees of the Board, as disclosed in the charters of the each of the committees.

The Audit & Risk Committee monitors the Company's overall risk profile, as established by the Board of Directors, including all credit, market, liquidity, operational and regulatory risk management activities, and reviews and approves the activities of key management governance committees that regularly evaluate risks and internal controls for the Company. These management committees include the Asset Liability Management Committee, Credit Policy Committee, Senior Operations Risk Committee, Risk Council, Disclosure Committee, and Product Review Committee. The Risk Council reviews the development, implementation and maintenance of risk management processes from a Company-wide perspective, and assesses the adequacy and effectiveness of the Company's risk management policies and the Enterprise Risk Management Program. Other management committees, with representatives from the Company's various lines of business and affiliates, address and monitor specific risk types and report periodically to the key management committees. The Senior Risk Management Officer (SRMO) and the Internal Audit and Credit Risk Review Departments provide the Audit & Risk Committee with independent assessments of the Company's internal control and related systems and processes. The SRMO also regularly presents to the Audit & Risk Committee an assessment of "emerging risks" which is a dynamic view of both internal and external risks that the Company faces. The Wealth Management & Fiduciary Committee reviews and assesses all key risk issues related to the wealth management and fiduciary activities of the Company and reports regularly to the Board on its activities. Together with the SRMO of the Company, the CN&G Committee engages in a risk assessment of the employee compensation plans of the Company and reports its findings and conclusions to the Board.

Each of these Board committees makes regular reports to the full Board regarding their deliberations and actions. Managers from each of the primary functional lines of business make presentations to the Board throughout the year summarizing key business issues and challenges. The CEO schedules longer "focus" presentations to the Board regarding strategic planning, annual budget, capital plan, compensation, products and technology, among other areas. The SRMO makes a regular report directly to the Board regarding enterprise risk management of the Company and provides the Board with annual and periodic supervisory examination reports from the Company's primary regulators. The primary regulators

Table of Contents

of the Bank and the Corporation also make annual presentations to the Board. Finally, the CFO provides monthly financial reporting packages to the Board.

Contacting the Board of Directors: Individuals can contact the Board, any Committee, or select Board members (including the independent directors as a group) by sending an email to bdofdirectors@cnb.com or by writing to: Board of Directors, Attention: Corporate Secretary, City National Corporation, 555 S. Flower Street, 18th Floor, Los Angeles, California 90071. This contact information is also provided on the CNC Corporate Governance Web Page. The Audit & Risk Committee has also established procedures for the receipt, retention and treatment of so-called "Whistleblower" complaints regarding accounting and auditing matters or actual or potential corporate fraud or violation of applicable law, which procedures are stated on the CNC Corporate Governance Web Page.

The Compensation, Nominating & Governance Committee:

The CN&G Committee is appointed by the Board to assist with director and officer compensation matters, recommend director nominees, and review and recommend appropriate policies and guidelines for governance matters. Each member of the CN&G Committee is an independent director as defined by the requirements of the NYSE and our Independence Standards.

Compensation Matters: The CN&G Committee's responsibilities with respect to compensation matters, as discussed in detail in its charter, include reviewing and approving:

Annually, management's recommendations and criteria for the overall annual compensation to be paid to or accrued for all officers in the aggregate;

Annually, management's recommendations for compensation of members of the Strategy and Planning Committee (S&P Committee) other than the CEO, and all other officers earning an annual base salary of \$300,000 or more. (The S&P Committee is a management committee that includes the Chairman of the Board, the CEO, the Chief Financial Officer and the President of the Bank);

The terms of employment of the CEO and other members of the S&P Committee and all other officers earning an annual base salary of \$300,000 or more, including terms of employment contracts, termination agreements, change in control agreements, and recommendations of management to promote any person to an officer position of Executive Vice President or higher;

Corporate goals and objectives relevant to CEO compensation, including evaluating the CEO's performance in light of those goals and objectives, and recommending to the Board the CEO's compensation in light of those goals and objectives;

Recommendations to the Board for approval, subject as necessary or appropriate to stockholder approval, regarding stock option plans and other equity based compensation plans that permit payment in or based on the Corporation's stock in connection with the CN&G Committee's administration of such plans; other compensation plans (and material amendments) in which the directors, the CEO, other members of the S&P Committee or any other officer earning an annual base salary of \$300,000 or more participate; and other broadly-based compensation plans (and material amendments) which are available to employees, officers or directors;

Changes to the compensation and benefits provided to the Board, including as members of Board committees and recommending such changes to the Board for approval;

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The Compensation Discussion and Analysis (CD&A) section of the proxy statement; and

Reports to the Board regarding compensation matters.

Role of Compensation Consultants: The CN&G Committee has the sole authority to retain and terminate any compensation consultant directly assisting it in the evaluation of director, CEO or senior executive compensation. The CN&G Committee also has the sole authority to approve fees and other

Table of Contents

engagement terms. In 2011, the CN&G Committee retained the services of Frederic W. Cook as its independent consultant to provide advice and recommendations on senior executive compensation, including the terms and agreement for the CEO's compensation. The CN&G Committee also retained the services of Frederic W. Cook to work with the Company's senior risk officers to conduct a comprehensive risk review of the Company's incentive compensation plans. See below under *CD&A, Risk Management*. In its absolute discretion, the CN&G Committee may also seek advice and assistance from internal or external legal, accounting or other advisors. The CN&G Committee may also form and delegate authority to subcommittees when appropriate.

Our management team retains separate compensation consultants. In 2011, we utilized the services of Semler Brossy Consulting Group (SBCG), Towers Watson and McLagan. We retained SBCG to analyze and provide recommendations with regard to the Company's equity program and key non-equity incentive plans, to analyze the competitiveness of certain compensation programs (including the compensation for our outside directors (see below under *Director Compensation*)), and to provide other general compensation services. We utilized McLagan and Towers Watson to provide surveys of competitive pay practices and to consult on refinements of key incentive and bonus plans. Towers Watson also prepared specific change in control calculations for disclosure in the Company's annual proxy statement.

Board Diversity: We are committed to creating a culture and workplace that values individuals' similarities and differences. We continually strive to build a diverse base of clients, colleagues and vendors to promote the diversity of our communities in the markets we serve. This commitment to diversity plays an important role in achieving our objective to become the most recommended financial provider. Similarly, we value diversity among our Board members. As provided in our Guidelines, when reviewing the qualifications of director nominees, the CN&G Committee considers, among other factors, whether the nominee will assist in achieving a mix of Board members that represents a diversity of skills, background, viewpoints, experiences, industry knowledge, and community contacts, including with respect to age, gender, demographics, race and specialized experience. The CN&G Committee instructs search firms to identify candidates reflecting diversity, including with regard to race, gender and specialized experience. The CN&G Committee assesses the effectiveness of this approach to diversity as part of its annual review of its charter and the Guidelines.

Nomination and Director Qualifications: Our CN&G Committee is responsible for recommending to our Board candidates for nomination. In carrying out its responsibility to recommend and identify nominees for election to the Board, the CN&G Committee is authorized to retain search firms, as well as obtain advice and assistance from internal or external legal, accounting or other advisors. Nominations for the election of directors may be made by a stockholder of record entitled to vote for the election of directors by complying with the procedures set forth in the Corporation's bylaws for nominations of persons for election to the board of directors. The Corporation did not receive any stockholder nominations for the 2012 annual meeting. The CN&G Committee will consider recommendations for director candidates submitted by stockholders in the same manner as it considers other candidates. A stockholder may recommend a director candidate by submitting the candidate's name and qualifications to us in care of our Secretary at the address for our principal executive office listed on the first page of this Proxy Statement.

The CN&G Committee identifies, screens and recommends to the Board candidates for membership on the Board, including nominees proposed by stockholders, if any, on the basis of candidate guidelines established by the CN&G Committee and approved by the Board as well as those qualifications for directors set forth in the Guidelines. These criteria and factors include whether the candidate (i) has demonstrated notable or significant achievements in business, education, or public service; (ii) has the requisite intelligence, education and experience to make a significant contribution to the membership of the Board of Directors; (iii) will serve as a significant and active resource for referrals and business development for the Company; (iv) will assist in achieving a mix of Board members that represents a diversity of skills, background, viewpoints, experiences, industry knowledge and community contacts,

Table of Contents

including with respect to age, gender, demographics, race and specialized experience; and (v) has the highest ethical standards, a strong sense of professionalism and dedication to serving the interests of all the stockholders and will be available to the Board of Directors in the fulfillment of director duties. In addition to the particular experiences, qualifications, attributes and skills discussed with respect to each director in Proposal 1, *Election of Directors*, the CN&G Committee believes that all of the members of the Board satisfied or met the foregoing criteria and factors.

The director candidates and the foregoing criteria, including diversity, are considered by the CN&G Committee in light of the contribution and responsibility that the Board of Directors has to provide guidance and oversight to management, including reviewing the Corporation's business strategies and financial performance, providing advice and insight into general and local economic and business conditions that may affect the Company's business, reviewing key risks in the Company's business, reviewing and approving major transactions, ensuring processes are in place for promoting integrity in the conduct of management and other colleagues, and ensuring processes are in place for mandating integrity and transparency in financial reporting.

The CN&G Committee facilitates the annual assessment of the Board's performance and each of its standing committees. The CN&G Committee also reviews the adequacy of the Guidelines and the Codes and recommends and proposes changes to the Board for approval.

Compensation Committee Interlocks and Insider Participation: None of the current members of the CN&G Committee are officers or former officers of the Corporation or any of its subsidiaries. None of our executive officers or employee-directors served as a director of an entity in which a member of the CN&G Committee or any other independent Director of the Corporation is an executive officer.

The Audit & Risk Committee:

Each member of the Audit & Risk Committee is an independent director as defined by the requirements of the NYSE and our Independence Standards, and is "financially literate" as determined by the Board of Directors in its business judgment. Under the Guidelines, Committee members are expected to not serve simultaneously on the audit committees of more than two other public companies, unless the Board determines that such service is (i) not otherwise prohibited and (ii) will not impair the effectiveness and ability to serve effectively on the Audit & Risk Committee. The Committee also functions as the Audit & Risk Committee of the Bank and the Trust Audit Committee with audit oversight responsibility for audit, risk and compliance related wealth management and fiduciary activities of the Company.

The following "Audit & Risk Committee Report" shall not be deemed "soliciting material" or incorporated by reference by any general statement incorporating this proxy statement into any filing under the Securities Act of 1933, as amended, or under the Securities Exchange Act of 1934 Act, as amended (1934 Act) except to the extent that the Corporation specifically incorporates this information by reference, and shall not otherwise be deemed filed under such Acts.

Audit & Risk Committee Report

The charter of the Audit & Risk Committee ("we" or "the Committee") states that the Committee's purpose is to assist the Board in fulfilling its oversight responsibilities regarding monitoring and oversight of:

The integrity of the Corporation's financial statements and financial accounting practices;

The effectiveness of the Corporation's internal control over financial reporting;

The Corporation's compliance with legal and regulatory requirements;

The qualifications and independence of the Corporation's internal auditors and independent registered public accounting firm;

Table of Contents

The performance of the Corporation's internal audit function and independent registered public accounting firm; and

All risk management activities, including audit, credit risk review and Enterprise Risk Management functions, as well as all risk management functions, and Enterprise Risk Management activities of the Company performed by management, all management committees, as well as other Board Committees.

In carrying out these responsibilities, the Committee, among other things:

Discusses with management, the internal auditors and the independent registered public accounting firm the adequacy and effectiveness of the Corporation's and subsidiaries' internal controls regarding financial, accounting, regulatory and legal compliance;

Reviews and discusses with management and the Corporation's independent registered public accounting firm financial results prior to the release of earnings and quarterly and annual financial statements, including Management's Discussion and Analysis of Financial Condition and Results of Operations and the results of the independent registered public accounting firm's quarterly review and annual audit of the financial statements, prior to the filing of the Corporation's quarterly and annual reports on Forms 10-Q and 10-K;

Reviews disclosures made by the Corporation's Chief Executive Officer and Chief Financial Officer related to their certification process for the annual and quarterly reports concerning any significant deficiencies in the design or operation of internal controls or any material weaknesses therein and any fraud involving management or other employees who have a significant role in the Corporation's internal controls;

Reviews reports from management, including, as appropriate, the senior officers of Risk Management, Internal Audit, Compliance and Credit Risk Review, to monitor and oversee the Corporation and its subsidiaries' conformity with internal controls, applicable legal and regulatory requirements, and reviews material reports received from regulators or governmental agencies;

Discusses with management the Corporation's risk assessment and risk management policies; and

Reviews management's report on its assessment of the effectiveness of internal control over financial reporting as of the end of each fiscal year, and the independent registered public accounting firm's report on the effectiveness of internal control over financial reporting.

During 2011, the Audit & Risk Committee conducted meetings in a manner designed to facilitate effective and complete communication among the committee members, management, internal auditors, risk management and compliance officers and the Corporation's independent registered public accounting firm, KPMG. Among the matters discussed with the Corporation's internal audit, risk management and compliance officers, as well as KPMG, was the overall scope and plans for their respective audits and controls assessments. During 2011, the Committee met in executive session with the internal auditors, the SRMO, the general counsel, and KPMG, to discuss the result of their examinations, observations and recommendations regarding financial reporting practices, the effectiveness of the Corporation's internal controls and significant risks affecting the Company.

In performing its function, during the year ended December 31, 2011, the Committee has:

Reviewed and discussed with the Corporation's management the audited financial statements of the Corporation as of and for the year ended December 31, 2011;

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Discussed with the Corporation's independent registered public accounting firm all matters required to be discussed by Auditing Standards No. 61 (as amended by Auditing Standards, Section 380, Communications with Audit Committees), as adopted by the Public Accounting Oversight Board;

Table of Contents

Received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the Public Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence, and has discussed with the independent accountant the independent accountant's independence; and

Reviewed and approved all fees paid to KPMG for all audit and non-audit related services in accordance with the Committee's policy on Pre-Approval of Audit and Non-Audit Related Services.

The Committee has also reviewed and overseen the Corporation's and KPMG's review and assessment process related to Section 404 of the Sarbanes-Oxley Act of 2002, including the Public Company Accounting Oversight Board's Auditing Standard No. 5 regarding the audit of internal control over financial reporting. Based on the foregoing review and discussions, the Audit & Risk Committee recommended to the Board of Directors that the Corporation's audited financial statements be included in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2011 for filing with the SEC.

THE AUDIT & RISK
COMMITTEE

PETER M. THOMAS,
CHAIRMAN
RICHARD L. BLOCH
KENNETH ZIFFREN

Additional Governance Matters:

Transactions with Related Persons: A number of our directors and executive officers, their immediate family members, and certain business organizations associated with them, have been, and expect to continue to be, depositors, borrowers or clients of the Bank. All extensions of credit to these persons have been made in the ordinary course of business on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with persons not related to the Bank and did not involve more than the normal risk of collectibility or present other unfavorable features. Other transactions were in the ordinary course of business and on non-preferential terms and conditions.

Ronald L. Olson, a director of the Corporation, is a Partner with the law firm of Munger, Tolles & Olson LLP which provides legal services to the Corporation and its subsidiaries. The Corporation and its subsidiaries paid fees of \$359,382 to Munger, Tolles & Olson LLP during 2011. The Company believes that the transactions described above are comparable to those which would have been undertaken under similar circumstances with nonaffiliated entities or persons.

Bram Goldsmith currently serves as the Chairman of the Board of the Corporation and as an untitled officer of the Bank pursuant to an employment agreement approved by our Board of Directors on May 15, 2003 for an initial two year term, which was extended for two additional years, and subsequently extended for six additional one year terms, with the most recent extension to May 14, 2013, as approved by the CN&G Committee and the independent members of the Board of Directors. The agreement provides for an annual base salary of \$350,000 and an annual incentive bonus not to exceed \$150,000, with total amount of base and bonus not to exceed \$500,000. For fiscal year 2011, Bram Goldsmith received base and incentive bonus in the amount of \$500,000. Bram Goldsmith is a participant in the Strategy & Planning Committee Change in Control Severance Plan which provides that following a defined change in control event, cash severance payments are made upon an involuntary or good reason termination.

Peter M. Thomas, a director of the Corporation, owns, either directly or indirectly, a 6% equity interest as a passive investor in Switch without any active oversight or management control. Mr. Thomas' sibling is a member of the Board of Managers of Switch, but is not involved in day to day operations. Mr. Thomas' family members, together with the family members of another member of the Board, own collectively, either directly or indirectly, an approximate 16% interest in Switch. The Bank is party to an arm's length negotiated, ordinary course commercial transaction with Switch to provide data storage services. In 2011, the Bank paid Switch a total of approximately \$920,219, and expects to pay an aggregate

Table of Contents

of approximately \$804,000 in fiscal 2012. The Bank's transactions with Switch represent less than the greater of \$1 million or 2% of Switch's revenues in 2011, and are expected to be less than the greater of \$1 million or 2% of Switch's revenues in 2012.

Review, Approval or Ratification of Transactions with Related Persons: We have adopted written policies to implement the requirements of Regulation O of the Federal Reserve Board, which restricts the extension of credit to directors and executive officers and their family members and other related interests. Under these policies, extensions of credit that exceed regulatory thresholds must be approved by our Board of Directors.

With respect to other transactions involving the Corporation in which a director or executive officer or immediate family member may have a direct or indirect material interest, pursuant to its Charter, the Audit & Risk Committee has the authority to review insider and affiliated person transactions ("related person transactions") and advise the Board with respect to these related person transactions. The CN&G Committee also has the authority to consider for approval any related party transactions pursuant to its Charter. If a related party transaction involves compensation or is otherwise related to an employment relationship with the Corporation, the related party transaction will be reviewed by the CN&G Committee.

Prior to the Company entering into any related person transactions, either the Audit & Risk Committee or the CN&G Committee, as applicable, reviews the terms of the transaction to ensure that they are fair and reasonable, on market terms, on an arm's length basis and comply with the Company's Codes. The applicable Board Committee then reports to the Board on the related person transaction, and the disinterested members of the Board vote on whether to approve the transaction.

Section 16(a) Beneficial Ownership Reporting Compliance: Section 16(a) of the 1934 Act requires directors and executive officers of the Corporation and persons who own more than 10% of the Corporation's common stock (10% Owners) to file reports of initial ownership of the Corporation's common stock and subsequent changes in ownership with the SEC and to provide us with copies of such reports. Based solely on a review of the copies of such reports and written representations that no other reports were required to be filed during 2011, the Corporation's directors, officers and 10% Owners complied with all Section 16(a) filing requirements in a timely manner in 2011, other than one late filing of a Form 4 for Russell Goldsmith reporting the mandatory distribution of a minority membership interest in California Quintet LLC for no consideration. None of the underlying shares of the Corporation held by California Quintet LLC were transferred. The Form 4 was filed late due to an administrative error.

Proxy Statement Proposals: To be considered for inclusion in the Corporation's proxy statement for the 2013 Annual Meeting of Stockholders, a stockholder proposal must be received in writing by the Corporation's Secretary at its principal executive offices on or before November 30, 2012 and must satisfy the other requirements of Rule 14a-8 under the 1934 Act.

Other Proposals and Nominations: The Corporation's bylaws establish advance notice procedures as to (i) business to be brought before an annual meeting of stockholders other than by or at the direction of the Corporation's board of directors, and (ii) the nomination, other than by or at the direction of the Corporation's board of directors, of candidates for election as directors. Under the Corporation's bylaws, nominations for director or other business proposals to be addressed at our next annual meeting may be made by a stockholder entitled to vote who has delivered a notice to the Secretary of the Corporation no later than the close of business on February 8, 2013 and not earlier than January 9, 2013. The notice must contain the information required by the bylaws. Copies of our bylaws may be obtained by written request addressed to the Secretary at the Corporation's principal executive offices.

These advance notice provisions are in addition to, and separate from, the requirements that a stockholder must meet in order to have a proposal included in the proxy statement under the rules of the SEC. A proxy granted by a stockholder will give discretionary authority to the proxies to vote on any matters introduced pursuant to the above advance notice bylaw provisions, subject to applicable rules of the SEC.

Table of Contents**DIRECTOR COMPENSATION**

For director compensation, we use a combination of cash fees and compensation tied to our common stock to attract and retain qualified candidates to serve on our Board. In setting director compensation, we consider the amount of time that directors expend in fulfilling their duties as well as the skill required for members of our Board. In 2011, we retained SBCG to review the compensation for outside directors for continued competitiveness within the market. The Board considered the results of SBCG's assessment in confirming the compensation for outside directors for 2011 and approving the recommendations of the CN&G Committee to implement a Board Annual Retainer and to increase the retainer fee for the chairs of the Audit & Risk Committee and the CN&G Committee by \$2,500 and for the other committee chairs by \$2,000, as described below. The following table summarizes annual compensation for non-employee directors, as adjusted:

Type of Fees	Amount
Board of Director Meetings	\$ 2,000
Committee Meetings	\$ 1,500
Board Annual Retainer(1)	\$ 20,000
Annual Retainer for Chair of Board Committees(2)	
Audit & Risk Committee	\$ 12,500
CN&G Committee	\$ 7,500
Community Reinvestment Act Committee	\$ 5,000
Special Matters Committee	\$ 5,000
Wealth Management & Fiduciary Committee	\$ 5,000
Annual Award(3)	\$ 35,000

- (1) The Board Annual Retainer is paid on the date of the annual stockholders meeting. Non-employee directors may elect to defer all or part of the Board Annual Retainer to the Deferred Compensation Plan (Director DCP) and allocate the retainer to one or more investment options including the CNC Stock Fund.
- (2) The retainers are paid bi-annually in January and July. For 2011, the increase in the retainer was pro-rated; 50% of the increase was paid in July.
- (3) The Annual Award is paid on the date of the annual stockholders meeting and deferred into the CNC Stock Fund in furtherance of the director stock ownership requirement.

Director Stock Ownership Requirement: Within three years after joining our Board, non-employee directors are required to own at least \$100,000 worth of our common stock. Each current non-employee director exceeds this ownership requirement. Ownership may be achieved in several ways, including directly owned stock, Stock Fund Units in the CNC Stock Fund, and, due to the nominal \$1.00 exercise price, 100% of any in-the-money exercisable director stock options. The higher of the actual spot date price or the one year simple moving average price for the Company's stock may be used in determining compliance with these ownership requirements. See *Security Ownership of Management* table below for further detail.

CNC Stock Fund and Deferred Compensation Program: The Director DCP allows non-employee directors to elect each year to defer up to 100% of the Annual Award, Board Annual Retainer, committee chair retainers and meeting fees, instead of receiving these amounts as cash payments taxable in the year of receipt. Under the Director DCP, Directors may designate select investment options in which the deferred director payments are deemed to be invested. The investment options include the CNC Stock Fund and non-publicly traded mutual funds, which are only available through variable insurance products. The CNC Stock Fund is measured in number of shares of CNC Common Stock (Stock Fund Units). The value of the Stock Fund Units is based on the market price of the Company's common stock together with dividend equivalents on that stock. All of each Annual Award, and any percentage amount or dollar amount of the Board Annual Retainer designated by the director, is allocated to the CNC Stock Fund. No meeting fees or committee chair retainers may be deferred by the directors to the CNC Stock Fund. Directors have no

Table of Contents

ownership interest in the investment options they select; and the options are used to measure gains or losses. Share equivalents allocated to the CNC Stock Fund have no voting rights. Investment results are credited to the directors' accounts daily, net of all investment option related expenses. There is no guaranteed investment return on any deferred payment amounts. Amounts in a director's deferral account represent unsecured claims against our assets. Other than the CNC Stock Fund, directors may change investment allocation elections as often as daily. Directors may not subsequently change their investment elections (or diversify out of the CNC Stock Fund) for amounts invested in the CNC Stock Fund. All deferred amounts together with any credited investment returns are paid out to participating directors in accordance with their advance written election either in a lump sum or in installments commencing upon termination of service, except that years 2007 and earlier may be paid during the director's services on the Board if so elected in advance. Directors are not permitted to receive distributions during the director's service for any Plan Year in which any deferral has been allocated to the CNC Stock Fund. Distributions from the CNC Stock Fund will be in shares of the Company's common stock following the director's termination of service. This unfunded, non-qualified plan structure is required in order to preserve the beneficial tax deferral treatment for participating directors.

The table below summarizes the compensation we paid to non-employee directors for the fiscal year ended December 31, 2011.

Name(1)	Fees Earned or Paid in Cash \$(2)	Stock Awards (\$)	Option Award (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Non-qualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Richard L. Bloch	91,000						91,000
Kenneth L. Coleman	94,000						94,000
Alison Davis	56,500						56,500
Ashok Israni	87,000						87,000
Ronald L. Olson	83,500						83,500
Bruce Rosenblum	90,250						90,250
Peter M. Thomas	107,250						107,250
Robert H. Tuttle	82,500						82,500
Kenneth Ziffren	92,500						92,500

(1) See *Summary Compensation Table* for compensation of Russell Goldsmith and Christopher J. Warmuth. See discussion under *Transactions with Related Persons* for compensation of Bram Goldsmith. Directors who are employees of the Company receive no compensation for services as Directors. Alison Davis resigned as a director effective July 21, 2011.

(2) Fees include the 2011 Annual Award, which was deferred by each non-employee director to the Director DCP and allocated to the CNC Stock Fund. Each director was allocated 622 Stock Fund Units. For board committee chairs, fees include 50% of the increase in the committee chair retainer.

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT*****Certain Beneficial Owners:***

The following table sets forth information as of February 1, 2012 regarding the beneficial owners of more than 5% of the outstanding shares of our common stock. Except as otherwise noted in the footnotes below, each of these persons or entities had sole voting and investment power with respect to our common stock beneficially owned by them.

Name and Address of Beneficial Owner	Number of Shares/Restricted Shares of Common Stock Beneficially Owned(1)	Percent of Class(2)
Bram Goldsmith:		
400 North Roxbury Drive Beverly Hills, CA 90210		
Bram and Elaine Goldsmith, Trustees of the Bram and Elaine Goldsmith Family Trust	1,718,022	
Elaine and Bram Goldsmith, Trustees of the Elaine Goldsmith Revocable Trust	567,989	
Bram Goldsmith	46,108(3)	
Goldsmith Family Foundation	242,695(4)	
Bram Goldsmith, Trustee of Oak Trust A-2	43,736(5)	
Total	2,618,550(16)	4.9%
Russell Goldsmith:		
400 North Roxbury Drive Beverly Hills, CA 90210		
Goldsmith Family Partnership	2,860,000(6)	
The Russell Goldsmith Trust	262,392(7)	
ELM 2006 Charitable Annuity Lead Trust	14,385(8)	
Russell Goldsmith, Trustee of certain family trusts	7,046(9)	
B.A. Quintet LLC	76,222(10)	
Maple-Pine Limited Partnership	304,930(11)	
Goldsmith Family Foundation	242,695(4)	
Russell Goldsmith	1,106,376(12)	
Russell Goldsmith, Trustee of the West LA Investment Trust No. 1-R	8	
B.N. Maltz Foundation	51,874(13)	
CDG 2009 IDIT	180,000(14)	
BCG 2009 IDIT	180,000(14)	
MKB Co. Ltd.	7,500(15)	
Total	5,293,428(16)	9.9%
Blackrock, Inc.:		
40 East 52 nd Street New York, New York 10022	2,982,399	5.6%
Eaton Vance Management:	2,676,003	5.0%
2 International Place Boston, Massachusetts 02110		
FMR LLC:	3,023,591(17)	5.7%
82 Devonshire Street Boston, Massachusetts 02109		
Lord, Abbett & Co. LLC:	2,930,662(18)	5.5%
90 Hudson Street Jersey City, New Jersey 07302		

(1)

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Includes shares subject to employee stock options which are presently exercisable or which will become exercisable within 60 days after February 1, 2012. Does not include RSUs issued pursuant to the 2008 Plan or under the Company's previous stock plans (together, Company Omnibus Plans). RSUs do not have voting rights and do not convert to shares until termination of employment. Does not include stock fund units issued pursuant to the Company's executive deferred compensation plan, which stock fund units do not have

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Table of Contents

voting rights and do not convert to shares until termination of employment. See below under *Security Ownership of Management* for further information on vested RSUs and stock fund units held at February 1, 2012.

- (2) Based on 53,210,273 shares of common stock outstanding at February 1, 2012.
- (3) Shares allocated to Bram Goldsmith's account under the Profit Sharing Plan.
- (4) The Goldsmith Family Foundation is a tax-exempt charitable foundation of which Bram Goldsmith and Russell Goldsmith are directors and officers. Bram Goldsmith and Russell Goldsmith each disclaim beneficial ownership of these shares.
- (5) Shares held in a trust for the benefit of a family member for which Bram Goldsmith is the sole trustee.
- (6) The Goldsmith Family Partnership is a limited partnership whose general partners include the Russell Goldsmith Trust, of which Russell Goldsmith is the sole trustee, and the West LA Investment Trust No. 1-R, of which Russell Goldsmith is the sole trustee. Russell Goldsmith disclaims beneficial ownership of the shares held by the Goldsmith Family Partnership except to the extent of Russell Goldsmith's respective pecuniary interest in the partnership.
- (7) Excludes the 2,860,000 shares identified as being held by the Goldsmith Family Partnership which the Russell Goldsmith Trust may be deemed to beneficially own as a general partner of the Goldsmith Family Partnership.
- (8) ELM 2006 Charitable Annuity Lead Trust is a charitable trust for which Russell Goldsmith is the sole trustee.
- (9) Shares held in trusts for the benefit of family members for which Russell Goldsmith is the sole trustee.
- (10) B.A. Quintet LLC is a limited liability company whose managing members are Russell Goldsmith and his spouse. Russell Goldsmith disclaims beneficial ownership of the shares held by B.A. Quintet LLC except to the extent of his pecuniary interest therein.
- (11) Maple-Pine Limited Partnership is a limited partnership of which Russell Goldsmith is the General Partner. Russell Goldsmith disclaims beneficial ownership of the shares held by Maple-Pine Limited Partnership except to the extent of his pecuniary interest therein.
- (12) Includes 37,215 restricted shares solely owned by Russell Goldsmith, 2,809 shares allocated to Russell Goldsmith's account under the Profit Sharing Plan, and 1,066,352 stock options exercisable within 60 days after February 1, 2012.
- (13) The B.N. Maltz Foundation is a tax-exempt charitable foundation of which Russell Goldsmith is a director. Russell Goldsmith disclaims beneficial ownership of these shares.
- (14) Shares held in trust for the benefit of a family member for which Russell Goldsmith is the special trustee with voting power but no investment control and no pecuniary interest in any transaction involving shares of the Company held by the trust.
- (15) MKB Co. Ltd. is a limited liability company whose managing members include Russell Goldsmith's spouse. The number of shares of City National Corporation held by MKB Co. Ltd. exceeds her pecuniary interest therein. Russell Goldsmith disclaims beneficial ownership of these shares.
- (16) Separate beneficial ownership information provided for Bram Goldsmith (although not required) to provide specific information regarding duplicate ownership. After appropriate elimination of duplicate ownership attributable to both Russell Goldsmith and Bram Goldsmith under the Goldsmith Family Foundation (see footnote 4), Bram Goldsmith and Russell Goldsmith and their related interests beneficially own 7,669,283 shares which constitutes 14.4% of the outstanding shares.
- (17) Based solely upon information contained in a Form 13G filing with the SEC. Of the 3,023,591 shares beneficially owned by FMR LLC, it has sole voting power as to 115,201 shares and sole dispositive power as to 3,023,591 shares.
- (18)

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Based solely upon information contained in a Form 13G filing with the SEC. Of the 2,930,662 shares beneficially owned by Lord, Abbett & Co. LLC, it has sole voting power as to 2,733,092 shares and sole dispositive power as to 2,930,662 shares.

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Table of Contents

Directors and Executive Officers:

The following table sets forth the number of Shares beneficially owned as of February 1, 2012 by each of the current directors, the nominees for director, each executive officer named in the Summary Compensation Table below, and all current directors, nominees and executive officers as a group. Except as otherwise noted in the footnotes below, each of these persons had sole voting and investment power with respect to the Shares beneficially owned by that person.

Name or Number of Persons in Group	(a) Number of Shares/ Restricted Shares Beneficially Owned(1)	(b) Options Exercisable within 60 days of 2/1/2012	(c) Total Beneficial Ownership	(d) Percent of Class* Vested RSUs(2)	(e) Stock Fund Units (EDCP / DDCP)(3)
Richard L. Bloch	61,455(4)		61,455	*	2,703
Michael B. Cahill	26,351(5)	80,279	106,630	*	
Christopher J. Carey	28,156(6)	145,041	173,197	*	25,481 9,902
Kenneth L. Coleman	871(7)	1,000	1,871	*	2,703
Brian Fitzmaurice	57,291(8)	50,779	108,070	*	1,648
Bram Goldsmith	2,618,550(9)		2,618,550	4.9%	14,796
Russell Goldsmith	4,227,076(9)	1,066,352	5,293,428	9.9%	90,402
Ashok Israni	2,987		2,987	*	2,703
Ronald L. Olson	30,500(10)	1,500	32,000	*	2,703
Bruce Rosenblum	2,450(11)		2,450	*	2,703
Peter M. Thomas	5,750	1,000	6,750	*	4,054
Robert H. Tuttle	2,000(12)		2,000	*	1,226
Christopher J. Warmuth	41,421(13)	191,736	233,157	*	17,018
Kenneth Ziffren	14,548		14,548	*	2,703
All Directors, Nominees and Executive Officers as a group (15 persons)	6,878,619(1)(4 - 14)	1,544,693(2)(14)	8,423,312(1 - 14)	15.8%	

*

Percentage information is omitted for those individuals whose beneficially owned shares represent less than 1% of the outstanding shares of the Corporation's common stock. Percentage information is based on 53,210,273 shares of common stock outstanding at February 1, 2012.

- (1) Includes RS issued pursuant to the Company Omnibus Plans which has voting rights but not dispositive power. Excludes shares subject to stock options listed in column (b), RSUs issued pursuant to the Company Omnibus Plans listed in column (d), and stock fund units issued pursuant to the Company's deferred compensation plans listed in column (e).
- (2) Represents vested RSUs issued pursuant to the Company Omnibus Plans, including RSUs that will vest within 60 days of February 1, 2012. These units do not have voting rights and do not convert to shares until six months after termination of employment. Value is based on market price of the Company's common stock together with dividend equivalents on that stock.
- (3) Represents units held in the CNC Stock Fund under the Executive Deferred Compensation Plan for executive officers and under the Director Deferred Compensation Plan for outside directors. Units held in the CNC Stock Fund do not have voting rights. Distributions from the CNC Stock Fund are in shares of the Company's common stock following termination of employment, in the case of an officer, or termination of service, in the case of a director.
- (4) Richard Bloch has shared voting and investment power in these shares that are held in a trust of which he is a co-trustee. These shares have been pledged to the Bank to secure a line of credit made by the Bank to Mr. Bloch.
- (5) Includes 1,977 shares allocated to Michael B. Cahill's account under our Profit Sharing Plan. Includes 12,777 shares of restricted stock.
- (6)

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Includes 5,739 shares allocated to Christopher J. Carey's account under our Profit Sharing Plan. Includes 15,250 shares of restricted stock.

(7) Kenneth L. Coleman has shared voting and investment power in these shares that are held in a trust of which he is a co-trustee.

(8) Includes 3,640 shares allocated to Brian Fitzmaurice's account under our Profit Sharing Plan. Includes 49,003 shares of restricted stock.

(9) See notes following *Certain Beneficial Owners* above for detail regarding beneficial ownership.

(10) Ronald L. Olson has shared voting and investment power in these shares that are held in a trust of which he is a co-trustee.

(11) Bruce Rosenblum has shared voting and investment power in these shares that are held in a trust of which he is a co-trustee.

(12) Robert Tuttle has shared voting and investment power in these shares that are held in a trust of which he is a co-trustee.

(13) Christopher J. Warmuth has shared voting and investment power in 13,812 of these shares that are held in a trust of which he is a co-trustee. Includes 9,559 shares allocated to Christopher J. Warmuth's account under our Profit Sharing Plan. Includes 18,050 shares of restricted stock.

(14) The number of shares beneficially owned by all of our directors and executive officers as a group includes 133,958 shares of restricted stock and 69,382 shares allocated to executive officers' accounts under our Profit Sharing Plan. The sum total for column (c) reflects appropriate elimination of duplicates attributable to both Russell and Bram Goldsmith under the Goldsmith Family Foundation.

Table of Contents

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis (CD&A)

This CD&A describes our executive compensation program and the 2011 compensation decisions made for our named executive officers (NEOs or Named Executives) identified in the Summary Compensation Table following this CD&A.

Executive Summary

The Company's strong 2011 performance demonstrates the strength, capabilities and momentum that the Company has built over the past three years. The Company has emerged from the past three years well positioned for 2012. The Company's solid results for 2011 include the following:

Increased net income available for common stockholders in 2011 by 37% year over year to \$172.4 million or \$3.21 per share from \$125.5 million or \$2.36 per share in 2010.

Increased quarterly common stock cash dividend to \$0.25 per share, up from \$0.20 per share, effective beginning with the February 15, 2012 payment, and remained well-capitalized.

Increased average deposits by 8% relative to 2010, for a total of \$19.3 billion, and grew average core deposits by 10% relative to 2010, with core deposits accounting for 96% of average deposit balances.

Increased average loans, excluding loans covered by FDIC loss-sharing agreements, to \$11.7 billion for 2011, up 1% from 2010, with average commercial loans increasing 10% year over year.

Increased net interest income for 2011 to \$773 million, up 6% from 2010.

Increased total assets at December 31, 2011 to a record \$23.7 billion.

Improved credit quality (excluding loans and other real estate owned covered by FDIC loss-sharing agreements) as net charge-offs fell by 96%, nonperforming assets decreased 42% from 2010, and the provision for credit losses for 2011 decreased to \$12.5 million, a decline of 88% from 2010.

Our Compensation Program is Closely Aligned with Our Performance

Our executive compensation programs are vital to achieving our objective to become the most recommended financial provider and to build sustainable long term growth in stockholder value. We design our compensation programs based on a pay for performance philosophy to reward our NEOs both for recent performance and to motivate them to achieve strong future performance for the Company and long term value for our stockholders. As a result, our compensation program for our NEOs is guided by the following principles:

Challenge and motivate our executives, their teams and the entire organization to achieve results that support our business and financial strategies.

Design our compensation plans and programs to encourage sustained and consistent performance while incorporating checks, balances and controls to promote a culture of risk management consistent with our value proposition, and to discourage executives from taking unnecessary and excessive risks that threaten the value of our Company.

Align our Named Executives' interests with the interests of our stockholders by including equity and other long term awards in our compensation package together with stock ownership requirements to motivate our Named Executives to create long term stockholder value.

Attract, motivate, retain, and reward our executives by providing a competitive total compensation opportunity.

Table of Contents

Consistent with our pay for performance philosophy, we designed the CEO's target compensation mix to be heavily weighted towards performance based compensation. As depicted in the chart below, 84% of our CEO's target compensation is provided in the form of performance based variable compensation the value of which is tied to the Company's performance. The target compensation of our other NEOs is also weighted towards performance based variable compensation. On average, 51% of their compensation is performance based with another 16% tied to time-vested RS/RsUs, the value of which will move up and down with our stock price thereby aligning with long term stockholder interests.

CEO Target Compensation Mix

Average Other NEOs Target Compensation Mix

Table of Contents

The CEO's annual incentive award under the Variable Bonus Plan (VBP) is based on Net Income (NI) performance goals. As such, in years where NI performance is below our internal goals, our CEO receives little or no annual incentive payout. Notably, as reflected in the graph below, our CEO received \$0 actual bonus for performance years 2008 and 2009 despite the Company maintaining positive net income in both years during the worst financial crisis in the United States in the last 70 years.

CEO Actual Bonus as Percentage of Target vs. Net Income

Table of Contents

The value received from equity grants is highly dependent on stockholder return. The chart below shows the grant date fair value as disclosed in the grants of plan based awards table and the current intrinsic value of all equity grants from 2007-2011. The current intrinsic value (as further defined below) of equity grants is based on the closing share price as of December 31, 2011 of \$44.18 (FYE share price). The current intrinsic value for each option is calculated as the FYE share price less the option exercise price and for each RS/RSU as the value of the share at FYE share price. In total, the CEO has been granted equity awards with an original grant date fair value of \$15.7 million over the past five years. The current intrinsic value of those awards is \$11.0 million, representing approximately 70% of the original grant date fair value.

CEO Equity Grants

Grant Date Fair Value vs. Intrinsic Value as of 12/31/2011

This pattern of pay for performance is generally consistent for all the NEOs receiving annual incentive payouts and equity awards during this period.

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Table of Contents

Additionally, a large portion of our CEO's total stock option award is strongly performance based, and determined based on our relative three year total shareholder return (TSR) against a published index of other regional banks. The Company's three year TSR has been above median of the index in three of the past five years. The grant date value of our CEO's performance option grant is directly aligned with relative TSR performance as shown below.

Year	Index	Percentile Rank
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