

AUDIT COMMITTEE CHARTER OF CORNING NATURAL GAS CORPORATION

Introduction

This charter, approved by the Corning Natural Gas Corporation (the “Company”) Board of Directors, governs the operations of the Company’s Audit Committee (“the Committee”). The Committee shall review and reassess the charter from time to time.

Organization and Membership

The Committee shall be members of and appointed by the Board of Directors and shall be comprised of at least two directors each of whom are independent of management and the Company. Members of the Committee shall be considered independent as long as they do not accept any consulting, advisory or other compensatory fee from the Company (other than normal director’s fees), are not an affiliated person of the Company or its subsidiaries and satisfy the independence requirements of applicable rules of the Securities and Exchange Commission (“SEC”), including rule 10A-3 of the Securities Exchange Act of 1934, as amended, and regulations of the National Association of Securities Dealers. All Committee members shall be financially literate and at least one member shall be an “audit committee financial expert” as defined by SEC regulations.

The Chairman of the Committee shall be appointed from the Committee membership by the Board of Directors.

Purpose

The Committee shall provide assistance to the Board of Directors in fulfilling its oversight responsibility to the stockholders, potential stockholders, the investment community, regulators, vendors, customers and others relating to the:

- Integrity of the Company’s financial statements;
- Financial reporting process;
- Systems of internal accounting and financial control;
- Performance of the Company’s internal audit function and independent auditors;
- Independent auditor’s qualifications and independence;
- Company’s compliance with codes of conduct and ethics; and
- Company’s compliance with legal and regulatory requirements.

In so doing, it is the goal of the Committee to maintain free and open communication between the Committee, independent auditors, internal auditors, the Board of Directors and management of the Company.

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company and is granted the authority to engage independent counsel and other outside advisers as it determines necessary to carry out its duties.

Policy

The primary responsibility of the Committee is to oversee the Company's financial reporting process on behalf of the Board of Directors and to report the results of the Committee's activities to the Board. While the Committee has the responsibilities and powers set forth in this charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Management is responsible for the preparation, presentation and integrity of the Company's financial statements and for the appropriateness of the accounting principles and reporting policies that are used by the Company. The independent auditors are responsible for auditing the Company's financial statements and for reviewing the Company's unaudited interim financial statements.

The Committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible in order to best react to changing conditions and circumstances.

Duties and Responsibilities

The following shall be the principal duties and responsibilities of the Committee. These are set forth as a guide, with the understanding that the Committee may supplement them as appropriate.

Independent Auditor

The Committee shall be directly responsible for the appointment and termination, compensation and oversight of the work of the independent auditors, including resolution of disagreements, if any, between management and the auditor regarding financial reporting. The Committee shall pre-approve all audit and non-audit services provided by the independent auditors and shall not engage the independent auditors to perform the specific non-audit services proscribed by law or regulation.

At least annually, the Committee shall obtain and review a report by the independent auditors describing:

- The firm's internal quality control procedures;
- Any material issues raised by the most recent internal quality control review, or peer review of the firm or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm and any steps taken to deal with any such issues; and
- All relationships between the independent auditor and the Company (to assess the auditor's independence).

The Committee shall discuss with the internal auditors and the independent auditors the overall scope and plans for their respective audits, including the adequacy of staffing and compensation. Also, the Committee shall discuss with management, the internal auditors and the independent auditors the adequacy and effectiveness of the accounting and financial controls, including the Company's policies and procedures to assess, monitor and manage business risk and legal and ethical compliance programs.

The Committee shall periodically meet with management, the internal auditors and the independent auditors to discuss issues and concerns warranting Committee attention. The

Committee shall review with the independent auditor any audit problems or difficulties and management's response.

The Committee shall review all reports from the independent auditor on the critical policies and practices of the Company and all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management.

The Committee shall review management's assertion on its assessment of the effectiveness of internal controls as of the end of the most recent fiscal year and the independent auditors' report on management's assertion.

Public Communication

The Committee shall review and discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.

The Committee shall review with management and the independent auditors the financial statements and disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations to be included in the Company's Annual Report on Form 10-K. The Committee shall discuss with management and the independent auditors their judgment about the quality, not just the acceptability, of accounting principles; the reasonableness of significant judgments; and the clarity of the disclosures in the financial statements. Also, the Committee shall discuss the results of the annual audit and any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards.

The Committee shall review the interim financial statements and disclosures, under Management's Discussion and Analysis of Financial Condition and Results of Operations, with management and the independent auditors prior the filing of the Company's Quarterly Report on Form 10-Q. Also, the Committee shall discuss the results of the quarterly review and any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards. With the prior agreement of the Committee, the Chairman of the Committee may represent the entire Committee for the purposes of this review; but, as a general policy, the Committee shall meet as a whole to review the Company's interim financial statements. The Committee shall document the results of such meetings in formal minutes.

Risk Management

The Committee shall review and discuss with Company management the form and adequacy of the Company's risk management program and related business insurance policies and self-insurance programs.

Other Matters

The Committee shall also prepare a report on its activities to be included in the Company's annual proxy statement, as required by the SEC.

The Committee shall perform a self-evaluation of its own performance from time to time to determine whether it is functioning effectively.

The Board of Directors may request the Committee to evaluate accounting procedures and investigate business or legal risks related to a potential investment, acquisition or merger. The Committee will conduct such evaluations as special projects using the business knowledge of its own members, Company staff or outside independent consultants and attorneys.

Adoption

This charter supersedes and replaces the Company's prior Audit Committee Charter.

Amendments and Waivers to the Charter

The Committee shall review and reassess this charter at least annually and obtain the approval of the Board for any proposed changes to this charter. The Board reserves the right to accept the Committee's recommendation and reserves the right to alter, amend, modify, revoke, suspend, terminate or waive any or all of this charter at any time, in its discretion.

Limitation on use of the Charter

This charter is intended to be a description of certain policies that the Company has adopted as of this time, and is to be used solely as a source of information about the Committee as presently in effect. Nothing in this charter shall be deemed to or otherwise create for an employee or any other third party an enforceable right against the Company, the members of the Committee, its directors, officers or any other employee or third party. Except by the Company at the direction of the Board or executive officers, this charter may not be used as evidence or referred to in any other way in any action, claim, suit or other proceeding.