Appendix A

Commitment Letter

M&T Bank

68 Exchange Street, Binghamton, NY 13901

July 23, 2015 **Revised Commitment**

Mrs. Firouzeh Sarhangi, Chief Finance Officer
Corning Natural Gas Corporation.
330 West William Street
P.O. Box 58
Corning, NY 14830

Re: Refinancing Commitment

Dear Fi:

I am pleased to inform you that M&T Bank has approved your loan requests to provide a new $8,000,000 Line of Credit to replace the existing line at Community Bank, a $17,400,000 Debt consolidation loan, $4,200,000 2015 CAPEX Loan, and a $150,000 Multi-disbursement term loan for miscellaneous equipment purchases.

This commitment uses a grid pricing methodology to drive down your borrowing costs as your leverage metric improves. Although we traditionally quote fixed rates for term loan debt, the grid pricing will require the use of interest rate swaps to create an effective fixed rate.

If the loan facilities outlined in this commitment letter are accepted by the Borrower, the Bank has agreed to accept an amount significantly less than the approximate $500,000 in prepayment premiums outlined in the existing M&T Bank notes. The amount accepted will be the Bank's economic cost, currently estimated at less than $100,000, which will be determined at time of closing.

The general terms and conditions are outlined below.

<u>TERMS CONSISTENT FOR ALL DEBT FACILITIES</u>

BORROWER:	Corning Natural Gas Corporation
BANK:	Manufacturers and Traders Trust Company
COLLATERAL:	First security interest in all assets
GUARANTORS:	None

INTEREST RATE:

Tier	Funded Debt/ EBITDA	Spread over 1 mo LIBOR rate
IV	> 3.0	2.60%
III	>2.50 <= 3.0	2.30%
II	>2.0 <=2.50	2.00%
I	<=2.0	1.70%

SWAP: Borrower may enter into an interest rate SWAP rate derivative product with the Bank to mitigate interest rate risk for a term not to exceed the term of the loan. Any prepayment of the loans while a SWAP Agreement is in effect shall subject the Borrower to applicable SWAP breakage fees.

The Corning Natural Gas Board of Directors must provide documentation of written Board approval that the company is authorized to used uncleared swaps to hedge its interest rate risk. See attached Schedule A for more details on criteria and governance.

FINANCIAL STATEMENTS: Annual Audited statements on the Borrower within 120 days of Fiscal Year End.

Quarterly accountant prepared statements within 60 days of Quarter-ending.

FINANCIAL COVENANTS: In conjunction with all term debt, the following financial covenants are proposed to be measured quarterly based on Company's trailing twelve month operating performance and fiscal quarterly financial statements.

Debt Service Coverage 1.10 to 1.0.
Measured as net income after taxes, dividends/ distributions, plus depreciation/ amortization, plus interest expense, plus/ minus non-cash expenses/ income to the sum of CPLTD plus interest expense.

Maximum Total Funded Debt/ EBITDA of 3.75 to 1.0.
Funded debt includes the current and long term portion of term debt, but excludes the balance outstanding on revolver/line of credit debt.

CLOSING COSTS: The Borrower shall be responsible for all closing costs, including, but not limited to: Bank's attorney fees, filing and recording fees.

ADDITIONAL TERMS AND CONDITIONS: Borrower shall have delivered to M&T, sufficiently in advance of closing, all information and documentation required by M&T to evidence or facilitate both the Borrower's and M&T's compliance with all applicable laws and regulations, including, without limitation, all "know your customer" rules in effect from time to time pursuant to the Bank Secrecy Act, USA PATRIOT Act and other applicable laws. Any failure by Borrower or any necessary third party to deliver to M&T, in a timely manner, any material information or documentation requested, or any misrepresentation or inaccuracy with respect to such information or documentation, or if M&T reasonably determines that opening any account contemplated herein would potentially violate M&T's regulatory compliance policies or applicable law, shall permit M&T to withdraw or cancel this financing offer, without liability.

Facility #1 CONSOLIDATED TERM LOAN

AMOUNT OF LOAN: $17,400,000

TYPE OF LOAN: Term Loan

PURPOSE: Consolidate existing M&T Bank and other existing term debt identified at Community Bank and Five Star Bank.

LOAN TERM: 6 year term

REPAYMENT: Billed Interest only for one year from closing, then loan will automatically convert to monthly payment of principal and interest based a 5 year term and 7 year amortization.

PREPAYMENT PREMIUM: None on the proposed consolidated term loan.

Facility #2 **2015 CAPEX TERM LOAN**

AMOUNT OF LOAN:	$4,200,000
TYPE OF LOAN:	Multi-Disbursement Term Loan
PURPOSE:	Fund 2015 Capital Expenditures
LOAN TERM:	5 year term, consisting of 1 year draw period and 4 year repayment period
REPAYMENT:	During the draw period payment of interest due monthly. During the repayment period monthly payment of principal and interest in accordance with a 7 year amortization
PREPAYMENT PREMIUM:	None
OTHER CONDITIONS:	Evidence of 30% equity injection paid up front for PSC related capital expenditure projects prior to any Bank advance. Borrower to provide copy of PSC capital expenditure tracker report with any request for advance.

Facility #3	**REVOLVING LINE OF CREDIT**
AMOUNT OF LOAN:	$8,000,000
TYPE OF LOAN:	Revolving Credit
TERM:	1 year
PURPOSE:	Working Capital
REPAYMENT:	Interest due monthly
INTEREST RATE:	30 day Libor plus the appropriate spread from the rate table on page two.

The rates outlined for the various facilities are based on the assumption that Corning Natural Gas will consolidate all of its operating accounts and its treasury management functions with M&T Bank.

This commitment letter is not intended to set forth each and every requirement of the Bank with respect to these loan transactions. These loans shall be further contingent upon (i) the execution and delivery to the Bank of all agreements, instruments and other writings that the Bank or its counsel deems necessary or appropriate in connection with this loan; and (ii) there not having occurred or existed on or after the date of this letter and before the loan is closed any event or condition that we reasonably believe would or might have a material adverse affect on you or on your business, render any collateral less valuable than we had previously determined it to be or would cause us to deem ourselves insecure in making the loan.

This commitment letter, which is not assignable by you, shall automatically expire and be null and void if (i) we have not received an original of this letter executed by you, on or before July 31, 2015; or (ii) prior to any such receipt, we, orally or in writing, give notice of withdrawal hereof.

Thank you again for the opportunity. Glenn and I remain available to review this either in person or via the telephone. If you have any questions, please contact me at (607) 779-5909.

Sincerely,

MANUFACTURERS AND TRADERS TRUST COMPANY

By: ______________________
Edgar B. Parsons III
Vice President

Agreed to and accepted this ______ day of ________, 2015

Corning Natural Gas Corporation

By:______________________________
Title

Attachment A
Swap Criteria & Governance

Criteria for Relying on the End-User Exception

In order to rely on the end-user exception for a swap, a company must meet the following criteria, which are set forth in CFTC Regulation 50.50: [4]

1. it is not a "financial entity," as defined in Section 2(h)(7)(A) of the Commodity Exchange Act;

2. it is using a swap to hedge or mitigate commercial risk, as defined in CFTC Regulation 50.50(c);

3. it generally meets its financial obligations associated with entering into uncleared swaps;

4. it takes certain governance steps if it is a public company—specifically, if it is (a) an issuer of securities registered under Section 12 of the Securities Exchange Act of 1934 (Exchange Act) or (b) required to file reports under Section 15(d) of the Exchange Act (each a "reporting issuer"); and

5. it reports the information described above to a swap data repository (SDR), or to the CFTC if no SDR is available, through an annual filing that would cover swap transactions taking place over the upcoming year.

With respect to the fifth requirement, we expect most companies will make the annual filing, but CFTC rules offer the option of reporting the required information on a swap-by-swap basis, along with other information that must be reported in connection with every swap transaction. In that situation, typically the swap dealer (not the end-user) will report the information.

Governance Steps

For companies that are otherwise eligible to rely on the end-user exception, and that are reporting issuers, the governance steps that are a pre-requisite for relying on the exception are:

1. The board (or an "appropriate committee" of the board) review and approve the company's use of uncleared swaps. The approval must authorize the company to enter into swaps that will not be cleared, and will not be executed on a facility or exchange, due to the company's intention to rely on the end-user exception.

The CFTC has said that a committee is "appropriate" only if it is "specifically authorized to review and approve the . . . decision to enter into swaps." Board or committee approval can be done on a general basis, and if done on a general basis, it must occur at least annually because public companies must include confirmation of the approval each year as part of the annual filing discussed above under the heading "Criteria for Relying on the End-User Exception." Approval also can be done on a swap-by-swap basis and reported to an SDR in connection with each swap transaction.

Significantly, the CFTC indicated in adopting the end-user exception that the review/approval requirement applies to the reporting issuer *and* to any entities controlled by the issuer. The CFTC also stated that the reporting issuer's board "would have reasonable discretion to determine the appropriate committee for approving decisions on swaps for its subsidiaries or affiliates."

2. The board or committee must "set appropriate policies" governing the use of swaps subject to the end-user exception and review these policies at least annually, or more often if there is a significant change in the policies (such as implementing a new hedging strategy that was not contemplated in the original board or committee approval).

Companies could comply with this requirement by having the board or committee review and discuss with management policies that management has developed on the use of swaps. This review and discussion could occur as part of the process of approving the company's use of uncleared swaps.

If the company does not currently have written policies in place on the use of swaps, it should review its existing practices and document them. The CFTC has not issued guidance on what should be addressed in these policies. We anticipate that these policies will vary based on a company's circumstances, including the type of company and the reasons it uses swaps. At a minimum, a company's policies should address the types of swaps for which the company may rely on the end-user exception, although companies may wish to adopt broader policies that address their use of swaps more generally.