

As Amended, Restated and Approved by Board of Directors  
on July 25, 2016, effective as of July 25, 2016

**RGC RESOURCES, INC.**

**Charter of the Compensation Committee of  
The Board of Directors**

I. Purpose

The primary purpose of the Compensation Committee (Committee) of the Board of Directors (Board) is to assist the Board in fulfilling its oversight responsibilities relating to compensation of the Company's directors and executive officers. The Committee shall ensure that any report of the Committee that is required by the rules of the Securities and Exchange Commission (SEC) to be included in the Company's annual proxy statement or other filings is prepared and so included.

II. Committee Members

The Board appoints the members and Chair of the Committee considering the recommendations of the Governance and Nominating Committee. The Committee shall be composed of at least two independent directors as determined in accordance with the SEC and NASDAQ rules and regulations on independence.

III. Committee Meetings

The Committee will meet at least annually with authority to convene additional meetings as called by the Chair of the Committee or at the request of any two members of the Committee. Minutes will be prepared and the Committee will report to the Board the results of its meetings. A majority of members shall decide any question brought before any meeting of the Committee.

IV. Duties and Responsibilities

The Committee's basic responsibility is to assure that the executive officers of the Company and its wholly owned subsidiaries are compensated effectively in a manner consistent with the compensation strategy of the Company and the requirements of the appropriate regulatory bodies. More specifically, the duties and responsibilities of the Committee will include the following in addition to similar matters that may be referred to the Committee by the Board:

- A. Review annually and approve corporate goals and objectives relating to compensation of the Chief Executive Officer, evaluate the performance of the Chief Executive Officer in light of those goals and objectives, and determine the compensation levels

- of the Chief Executive Officer based on this evaluation. The Chief Executive Officer may not be present during voting or deliberations on his or her compensation.
- B. Review annually and approve the amount of annual base salary, annual incentive opportunity, and any other compensation issues for the Company's executive officers and report to the Board on such matters.
  - C. Review and make grants under the Company's equity incentive plans to employees (or make recommendations to the Board regarding such grants) and review and approve stock ownership guidelines (if any).
  - D. Review and approve the executive compensation information, including the Committee's report, for inclusion in the proxy statement, in accordance with applicable rules and regulations of the SEC and NASDAQ.
  - E. Evaluate outside director compensation and make recommendations to the Board regarding same, including compensation for service on Board committees and as chair of a committee or the Board, as applicable.
  - F. Meet separately and independently from management as deemed necessary and appropriate to carry out the Committee's responsibilities.
  - G. Update the full Board on Committee activities and significant decisions at least annually.
  - H. Review and periodically reassess the adequacy of this Charter and recommend changes to the Board for approval.
  - I. The Compensation Committee has the authority, in its sole discretion, to retain and obtain advice from compensation consultants, legal counsel or other outside advisers (Advisers), for whose reasonable compensation the Company will provide appropriate funding, as determined by the Committee. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any such Adviser. The Committee may select or receive advice from Advisers only after assessing the independence of (including any conflicts of interest related to) such Advisers taking into consideration the following factors: (i) the provision of other services to the Company by the Adviser and his or her employer; (ii) the fees received from the Company by the Adviser's employer, as a percentage of the total revenue of the Adviser's employer; (iii) the policies and procedures of the Adviser's employer that are designed to prevent conflicts of interest; (iv) any business or personal relationship of the Adviser with a member of the Compensation Committee; (v) any stock of the Company owned by the Adviser; and (vi) any relationship of the Adviser and his or her employer with an executive officer of the Company. However, the Adviser is not required to be independent, and the Committee may select or receive advice from any Adviser it prefers, including one that is not independent, after considering the factors set forth above. The foregoing assessment of

independence is not required for (a) consulting on any broad-based plan that does not discriminate in scope, terms, or operation, in favor of executive officers or directors of the Company, and that is available generally to all salaried employees; and/or (b) providing information that either is not customized for the Company or that is customized based on parameters that are not developed by the Adviser, and about which the Adviser does not provide advice.