

Compensation Committee Charter

Compensation Committee

A. Purpose

The Compensation Committee (the "Committee") of the Board of Directors (the "Board") of The York Water Company (the "Company") is appointed by, and generally acts on behalf, of the Board. The Committee's purposes shall be:

To carry out the responsibilities delegated by the Board relating to executive and director compensation, including considering and recommending to the Board the compensation of the executive officers, and compensation for directors as directors and for service on committees of the Board.

B. Membership

The Committee shall be composed of at least three directors, each of whom shall satisfy all the "independence" tests of applicable laws, rules and regulations, including those of The NASDAQ Stock Market, Inc.

C. Appointment and Removal

The members of the Committee and the Committee Chairman shall be appointed by the Board based on recommendations by the Board Chairman with advice from the President and shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. The members of the Committee may be removed, with or without cause, by a majority vote of the Board.

D. Meetings and Procedures

The Committee shall meet, in person or telephonically, as often as it may deem necessary and appropriate in its judgment, but in no case less than two times a year. A majority of the members of the Committee shall constitute a quorum.

The Chairperson of the Committee or a majority of the members of the Committee may call a special meeting of the Committee.

The Committee may delegate authority to one or more members of the Committee when appropriate, but no such delegation shall be permitted if the authority is required by a law, regulation, or listing standard to be exercised by the Committee as a whole.

The Committee may request that any directors, officers, or employees of the Company, or other persons whose advice and counsel are sought by the Committee, attend any meeting to provide such information as the Committee requests, but no such persons shall have the right to vote. No such person may be present during any discussions and deliberations of the Committee regarding the compensation of any such person.

The Committee shall fix its own rules of procedure, which shall be consistent with the By-laws of the Company and the Committee Charter.

The Committee shall keep written minutes of its meetings, which minutes shall be maintained with the books and records of the Company.

The Committee shall report to the Board on the matters discussed at each meeting of the Committee, including describing all actions taken by the Committee at the meeting.

E. Duties and Responsibilities

The Committee shall have the following duties and responsibilities:

- Develop executive compensation philosophy and strategy, including determining appropriate levels of executive compensation, including the mix between fixed and incentive compensation, but without encouraging excessive risk-taking. The Chief Executive Officer may not be present for voting or deliberations about his or her salary.
- Review annually the corporate goals and objectives applicable to the compensation of the Company's executive officers and the

principals upon which such compensation is determined. Evaluate, at least annually, the executive officers' performance in light of those goals and objectives and recommend to the Board the compensation of all executive officers based on this evaluation. In this regard, Company management should report annually as to how the Company's executive officer compensation practices compare with those of similarly situated public corporations.

- To review, and make recommendations to the Board regarding, or approve and, when appropriate, recommend to the Board for approval, incentive compensation plans and equity-based plans, if any, and where appropriate or required, recommend such plans for approval by the shareholders of the Company, which includes the ability to adopt, amend and terminate such plans. The Committee shall also have authority to administer the Company's incentive compensation plans and equity-based plans, if any, including the designation of the employees to whom the awards are to be granted, the amount of the award or equity to be granted and the terms and conditions applicable to each award or grants, subject to the provisions of each plan.
- To review and discuss with management the Company's Compensation Discussion and Analysis (the "CD&A") and the related executive compensation information, recommend that the CD&A be included in the Company's annual report on Form 10-K and proxy statement and produce the compensation committee report on executive officer compensation required to be included in the Company's proxy statement or annual report on Form 10-K.
- To review and approve any employment agreements, severance arrangements, agreements or plans, or change in control agreements between the Company and the executive officers,

which includes the ability to adopt, amend and terminate such agreements, arrangements or plans.

- To review the Company's compensation policies and practices in order to determine whether such policies and practices encourage excessive risk-taking and to evaluate and implement policies and practices that could mitigate any such risk.
- Review annually the compensation of Board members and the principles upon which such compensation is determined and to recommend to the Board any changes to director compensation as may be necessary. In this regard, Company management should report annually as to how the Company's non-employee director compensation practices compare with those of other similarly situated public corporations.
- Consult with the CEO, as appropriate, and other Board members to assure that its decisions are consistent with the sound relationship between and among the Board, Board committees, individual directors and management.
- Have the sole authority to select, retain and obtain the advice of a compensation consultant as necessary to assist with the execution of the Committee's duties as set forth in this Charter. The Committee shall set the compensation, and oversee the work, of the compensation consultant. The Committee shall have the authority, in its sole discretion, to retain and obtain the advice and assistance of outside counsel and such other advisors as it deems necessary to fulfill its duties and responsibilities under this Charter, at the Company's expense. The Committee shall set the compensation, and oversee the work, of its outside counsel and other advisors. Any compensation consultant, outside counsel and any other advisors retained by the Committee shall be independent

as determined in the discretion of the Committee after considering the six independence factors listed in NASDAQ Listing Rules under 5605(d).

- Review and reassess the adequacy of the Committee Charter annually and recommend any proposed changes to the Board for its approval.
- Review internal controls items (COSO 2013) relating to compensation.
- Oversee the Company's compliance with regulatory requirements associated with the compensation programs under its purview.
- Conduct a self evaluation of the performance of its duties under this Charter as required by the Nomination and Corporate Governance Committee's annual director survey with the results presented to the Board.
- Perform any other activities consistent with the Committee Charter, the Company's Articles of Incorporation, the Company's By-laws, and governing law, as the Committee or the Board deems necessary or appropriate.