

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE VERIFIED APPLICATION OF AMERICAN)
WATER WORKS COMPANY, INC., ALPHA)
MERGER SUB, INC., ESSENTIAL UTILITIES,)
INC., LDC FUNDING, LLC, PNG COMPANIES) CASE NO. 2025-00408
LLC, AND DELTA NATURAL GAS COMPANY,)
INC. FOR APPROVAL OF THE TRANSFER OF)
CONTROL OF DELTA NATURAL GAS)
COMPANY, INC.

VERIFIED JOINT APPLICATION

Pursuant to KRS 278.020(6) and (7), American Water Works Company, Inc. (“American Water”), Alpha Merger Sub, Inc. (“Merger Sub”), Essential Utilities, Inc. (“Essential”), LDC Funding LLC (“LDC Funding”), PNG Companies LLC (“PNG”), and Delta Natural Gas Company, Inc. (“Delta”) (collectively “Joint Applicants”) apply to the Public Service Commission (“the Commission”) for approval of a change of control of Delta to be effected by the merger of Essential and Merger Sub, a wholly owned subsidiary of American Water (the “Merger”). If approved, American Water will become the indirect parent of Delta. The Joint Applicants request that the Commission enter a decision upon the Application by April 21, 2026.

In support of their Application, the Joint Applicants state:

A. General Information

1. American Water is a corporation organized and existing under the laws of the state of Delaware with its principal office and place of business at One Water Street, Camden, New Jersey 08102. Its electronic mail address for purposes of this proceeding is its counsel’s electronic mail address as set forth below. American Water was incorporated on August 28, 1936, and is currently in good standing in the state of Delaware. It does not transact business in the

Commonwealth of Kentucky and is not authorized to transact business in the Commonwealth of Kentucky.

2. Merger Sub is a Pennsylvania corporation and a wholly owned subsidiary of American Water that was formed for the sole purpose of effecting the Merger. Upon completion of the Merger, Merger Sub will cease to exist. Its electronic mail address for purposes of this proceeding is its counsel's electronic mail address as set forth below. Merger Sub was incorporated on October 23, 2025, and is currently in good standing in the state of Pennsylvania. It does not transact business in the Commonwealth of Kentucky and is not authorized to transact business in the Commonwealth of Kentucky.

3. Essential is a corporation organized and existing under the laws of the Commonwealth of Pennsylvania with its principal office and place of business at 762 W. Lancaster Avenue Bryn Mawr, PA 19010. Its electronic mail address for purposes of this proceeding is its counsel's electronic mail address as set forth below. Essential was incorporated on November 14, 1968, as the Philadelphia Suburban Corporation, later changing its name to Aqua America, Inc., and then to Essential Utilities, Inc. Essential is currently in good standing in the Commonwealth of Pennsylvania. It does not transact business in the Commonwealth of Kentucky and is not authorized to transact business in the Commonwealth of Kentucky.

4. LDC Funding is a Delaware limited liability company organized and existing under the laws of the Commonwealth of Delaware with a with a principal office and place of business at 375 North Shore Drive, Suite 600, Pittsburgh, PA 15212. Its electronic mail address for purposes of this proceeding is its counsel's electronic mail address as set forth below. LDC Funding was organized on September 9, 2008, and is in good standing under the laws of Delaware. It does not

transact business in the Commonwealth of Kentucky and is not authorized to transact business in the Commonwealth of Kentucky. LDC Funding is a wholly owned subsidiary of Essential.

5. PNG is a Delaware limited liability company organized and existing under the laws of the Commonwealth of Delaware with a principal office and place of business at 375 North Shore Drive, Suite 600, Pittsburgh, PA 15212. Its electronic mail address for purposes of this proceeding is its counsel's electronic mail address as set forth below. PNG was organized on September 9, 2008, and is in good standing under the laws of Delaware. It does not transact business in Kentucky and is not authorized to do so. PNG is a wholly owned subsidiary of LDC Funding.

6. Delta is a Kentucky corporation organized and existing under the laws of the Commonwealth of Kentucky with a principal office and place of business at 3617 Lexington Road, Winchester, Kentucky 40391. Its electronic mail address for purposes of this proceeding is its counsel's electronic mail address as set forth below. Delta was incorporated in Kentucky on October 7, 1949, and is in good standing under the laws of Kentucky. Delta is a wholly owned subsidiary of PNG. Delta is a utility engaged in the natural gas business. Delta purchases, sells, stores, and transports natural gas in Bath, Estill, Montgomery, Menifee, Madison, Powell, Garrard, Jackson, Lee, Bourbon, Jessamine, Rowan, Bell, Knox, Whitley, Laurel, Clay, Leslie, Lincoln, Fayette, Fleming, Clark, Robertson, Mason, Lawrence, Johnson, Martin, Magoffin, Floyd, Pike, Perry, Knott, and Letcher Counties, Kentucky.

7. Copies of all orders, pleadings and other communications related to this proceeding should be directed to:

Lindsey W. Ingram III
Monica H. Braun
Stoll Keenon Ogden PLLC
300 West Vine Street, Ste 2100

Lexington, KY 40507-1801
(859) 231-3000
l.ingram@skofirm.com
monica.braun@skofirm.com

M. Todd Osterloh
Rebecca C. Price
Sturgill, Turner, Barker, And Moloney, PLLC
333 W. Vine Street, Suite 1500
Lexington, Kentucky 40507
Telephone No.: (859) 255-8581
Fax No.: (859) 231-0851
tosterloh@sturgillturner.com
rprice@sturgillturner.com

B. Description of the Joint Applicants

8. American Water, a publicly traded company, is the largest and most geographically diverse investor-owned water and wastewater utility company in the United States. American Water and its subsidiaries employ more than 6,700 dedicated professionals who provide water and wastewater services to 3.5 million customer connections, or more than 14 million people in 14 states, including the Commonwealth of Kentucky, through its regulated operating subsidiaries and on 18 military installations. American Water utilities' primary operating assets include approximately 80 surface water treatment plants, 520 groundwater treatment plants, 190 wastewater treatment plants, 54,500 miles of transmission, distribution, and collection mains and pipes, 1,200 groundwater wells, 1,800 water and wastewater pumping stations, 1,100 treated water storage facilities, and 75 dams.

9. American Water's customer-focused company culture is grounded in its five core values: (1) safety first; (2) trust, dignity, and respect; (3) one team; (4) environmental leadership; and (5) high performance. American Water plans to invest nearly \$18 billion over the next five years, including \$3.3 billion in 2025, to replace pipes and pumps, upgrade plants, and otherwise

support the resiliency of utility systems, as well as for acquisitions of systems to provide needed quality and delivery improvements to additional communities. American Water utilities across the country support customer affordability by leveraging technology, working efficiently, and focusing on day-to-day operations.

10. American Water is a publicly traded company (NYSE: AWK) and has a strong financial track record with broad access to capital markets. As of December 31, 2024, American Water's enterprise-wide rate base totaled approximately \$22 billion. In 2024, American Water added \$417 million in rate base and about 69,500 customers through acquisitions and has binding commitments to add another \$600 million of acquisitions representing approximately 107,000 customer connections.

11. American Water has significant experience owning and managing public utility infrastructure in Kentucky through its wholly owned subsidiary Kentucky-American Water Company ("KAWC"). KAWC is the largest investor-owned water utility in the Commonwealth of Kentucky, currently serves more than 138,000 customers, and provides wholesale water service to ten public water systems.

12. Essential is a publicly traded public utility holding company organized under the laws of the Commonwealth of Pennsylvania and headquartered in Bryn Mawr, Pennsylvania. Essential provides water, wastewater, and natural gas service to approximately 5.5 million people through its operating subsidiaries in Kentucky, Pennsylvania, Ohio, North Carolina, Illinois, Indiana, New Jersey, Texas, and Virginia.

13. Delta provides natural gas service to approximately 40,000 customers in 33 Kentucky counties. It is subject to the Commission's jurisdiction and regulation. For the year ending December 31, 2024, it reported total natural gas sales of \$46,706,469 and a net utility plant

of \$97,156,696. Delta is an indirect subsidiary of Essential. Essential owns 100% of the membership interests of LDC Funding, which owns 100% of the ownership interests in PNG. PNG owns 100% of the ownership interests in Delta.

C. Proposed Transaction

14. The Merger will combine the industry-leading water, wastewater and natural gas utilities of American Water and Essential and their shared mission to provide clean, safe, reliable, and affordable essential utility service to customers. The enhanced scale and operational efficiency of the combined company will support continued investment in Kentucky and across the country.

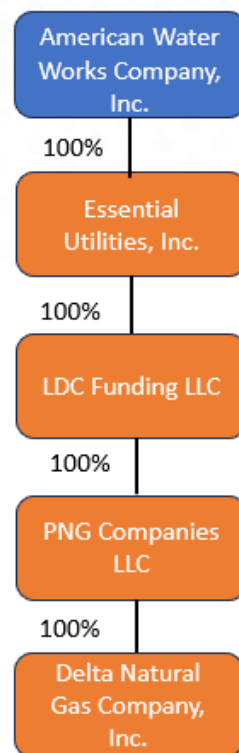
15. The combined company will leverage operational and financial expertise from complementary platforms and deeper resources and capabilities to deliver high-quality service and superior customer experience. The Merger unites two highly skilled and experienced teams in the regulated utility space with a greater ability to attract, develop, and retain water, wastewater, and natural gas utility employees and create long-term opportunities for career growth.

16. Pursuant to the terms of an Agreement and Plan of Merger dated October 26, 2025 (the “Merger Agreement”), a copy of which is provided as Exhibit A hereto, and subject to regulatory approvals, Merger Sub will be merged with and into Essential and will cease to exist, and Essential will continue as the surviving corporation. When the Transaction is complete, Essential will be a wholly owned subsidiary of American Water. Upon consummation of the Merger, Essential shareholders will receive 0.305 shares of American Water common stock for each share of Essential common stock that they hold. Following the Merger, the existing shareholders of American Water will own approximately 69% of the combined company, and the

former shareholders of Essential will own approximately 31% of the combined company on a fully diluted basis.

17. American Water will become the ultimate corporate parent of Essential and all its subsidiaries, including Delta. Charts illustrating the pre-Merger organization structures of American Water and Essential are attached hereto as Exhibit B. A simplified chart showing the planned post-Merger corporate organization of the combined company is below:

Post-Closing Structure



18. The corporate headquarters of the combined company will be in Camden, New Jersey. Essential's offices in Bryn Mawr and Pittsburgh, Pennsylvania will each continue to maintain a strong operational presence. Delta's principal office will remain in Winchester, Kentucky.

19. Following completion of the Merger, American Water will increase the size of its board of directors from 10 to 15 members. The combined company's 15-member board of

directors will include the 10 directors serving on American Water's board of directors prior to the closing of the Merger, including John C. Griffith, American Water's President and Chief Executive Officer ("CEO"), and five directors designated by Essential, including Christopher H. Franklin, Essential's current Chairman and CEO. Karl Kurtz, independent Chair of the American Water board of directors, will continue to serve in that role after the Merger.

20. Mr. Griffith will serve as CEO and President of the combined company following the Merger. Mr. Franklin will become the Executive Vice Chair of the board of directors of the combined company.

21. In connection with the Merger, the Joint Applicants are offering a suite of commitments set forth in Exhibit C hereto. These commitments provide protections and benefits for Delta customers.

22. Upon consummation of the Merger, Delta will continue to operate as a Kentucky public utility subject, as it has been, to the continuing jurisdiction of the Commission and without any reduction in the existing oversight or any diminishment in the authority of the Commission over Delta. The Merger will not adversely impact any of Delta's day-to-day operations. Indeed, as set forth in more detail below, the Merger will enhance Delta's capabilities to fulfill its obligations of providing safe, reliable, and affordable service to its customers.

D. Applicable Law

23. KRS 278.040 provides the Commission with exclusive jurisdiction to regulate the rates and services of a utility. KRS 278.010 defines terms used in Chapter 278; based on these definitions, Delta is a “utility” and American Water and Essential are “persons.”

24. KRS 278.020 requires Commission approval when a person acquires ownership or control of a utility. Specifically, subsections (6) and (7) provide:

(6) No person shall acquire or transfer ownership of, or control, or the right to control, any utility under the jurisdiction of the commission by sale of assets, transfer of stock, or otherwise, or abandon the same, without prior approval by the commission. The commission shall grant its approval if the person acquiring the utility has the financial, technical, and managerial abilities to provide reasonable service.

(7) No individual, group, syndicate, general or limited partnership, association, corporation, joint stock company, trust, or other entity (an “acquirer”), whether or not organized under the laws of this state, shall acquire control, either directly or indirectly, of any utility furnishing utility service in this state, without having first obtained the approval of the commission. . . . The commission shall approve any proposed acquisition when it finds that the same is to be made in accordance with law, for a proper purpose and is consistent with the public interest. . . .

25. Accordingly, the proposed transaction must be approved if it is shown that American Water has the “financial, technical, and managerial abilities to provide reasonable service” and the proposed transaction is “in accordance with law, for a proper purpose, and is consistent with the public interest.”

26. To demonstrate that a transfer of control is in the public interest, an acquiring party seeking approval of such transfer:

must show that the proposed transfer will not adversely affect the existing level of utility service or rates *or* that any potentially adverse effects can be avoided through the Commission’s imposition of reasonable conditions on the acquiring party. The acquiring party should also demonstrate that the proposed transfer is likely to benefit the public through improved service quality, enhanced service reliability, the availability of additional services,

lower rates, or a reduction in utility expenses to provide present services. Such benefits, however, need not be immediate or readily quantifiable.¹

The proposed transfer need not “produce readily quantifiable benefits to be in the public interest.”

The Commission has previously recognized that “most transfers of control . . . would be unable to meet . . . [such a] standard.”²

**E. American Water possesses the requisite
abilities to provide reasonable service**

27. American Water has the financial, technical, and managerial expertise to become the indirect owner of Delta. As stated above, American Water serves 3.5 million customer connections in fourteen states through its regulated operating subsidiaries.

28. Delta’s management will continue to have day-to-day responsibility, authority and resources to provide safe, reliable, and affordable natural gas distribution service. Delta will continue to develop its own budgets and business plans.

29. Delta’s existing employees will be retained, thus ensuring the continuity of existing service and management. These dedicated employees include John Brown, who will continue to serve as President of Delta. Delta’s operations will remain unchanged, with its customers receiving the same reliable, high quality natural gas service at a reasonable cost. Employee compensation and benefits are expected to stay the same following completion of the Merger.

¹ *Application for Approval of the Transfer of Control of Kentucky-American Water Company to RWE Aktiengesellschaft and Thames Water Aqua Holdings GMBH*, Case No. 2002-00018 at 8-9 (Ky. PSC May 30, 2002); *see also Application of DLR Enterprises, Inc. And Cow Creek Gas, Inc. for Approval of the Transfer of Certain Assets Formerly Owned and Controlled by Sigma Gas Corporation*, Case No. 2007-00419 at 6 (Ky. PSC Nov. 21, 2007) (“The Commission has previously held that a transfer is in the ‘public interest’ if it does not adversely affect the existing level of utility service or rates or that any potentially adverse effects can be avoided through the Commission’s imposition of reasonable conditions on the acquiring party.”).

² Case No. 2002-00018, Order of July 10, 2002 at 9-10.

Further, consistent with the terms of the Merger Agreement, American Water has agreed to honor all Essential collective bargaining agreements and pension obligations.

30. The Merger will not result in multiple tiers of management that will have to be penetrated to access decision makers in the combined company. Delta's office will be maintained in Winchester, Kentucky, and the Commission and stakeholders will enjoy the same access to Delta personnel as they do today.

31. As a publicly traded company, American Water can readily access the equity and bond markets to obtain additional capital. The increased scale and scope of the combined company will deliver operational efficiencies, enhanced customer service, broader customer reach, and a financially stronger parent company that is well-positioned to compete for and attract capital on reasonable terms for its public utility subsidiaries, including Delta. The combined company benefits from diversified service areas and regulatory exposure, as well as a broader customer and revenue base that should provide more stable cash flow. In addition, the all-stock transaction is expected to improve the financial metrics of the combined company. The Joint Applicants are also confident that the Merger will generate synergies and result in overall aggregate cost avoidance or cost saving opportunities for the combined company over the long-term.

32. The combined company will be able to draw upon the intellectual capital, technical expertise, and experience of a deeper and more diverse workforce with particular skills in continuously improving infrastructure to provide safe, reliable, and affordable essential utility

services. The combined company should also be better able to invest in and deploy new processes and technologies.

F. The Proposed Transaction is in the Public Interest

33. The Merger will produce benefits arising from the advantages of a larger, more diversified company; allow for greater access to capital needed to support further investment in facilities and systems that currently serve Delta's customers; and generate operational benefits for Delta customers.

34. The Merger will not have any adverse impact on Delta's rates for two reasons. First, its Commission-approved rates, rules and regulations, and the terms and conditions of service in effect when the Merger closes will not change as a result of the Merger. The Joint Applicants do not request any changes to Delta's rates in this proceeding. Second, Delta will not seek rate recovery of any acquisition adjustment or "goodwill" associated with the Merger or of transaction costs incurred by the Joint Applicants or their affiliates. In fact, the Joint Applicants anticipate that the Merger may enable them to achieve efficiencies in the future, the benefit of which will accrue to Delta and ultimately flow to customers in future rate cases. Those economies would help to offset future increase in the costs of providing regulated natural gas service and, thus, would yield, over time, lower rates than would otherwise be the case.

G. The Proposed Transaction is in Accordance with Law and for a Proper Purpose

35. The Merger will be in accordance with the law because the Merger will not be consummated until all necessary regulatory approvals are obtained, including approval by this Commission pursuant to KRS 278.020(6) and (7).

36. The Merger is also for a proper purpose because it is intended to transition the ownership of Delta and other Essential subsidiaries to American Water, an experienced and highly

capable utility provider. Moreover, the Merger allows for the continued delivery of safe and reliable gas service to Delta's customers. The terms of the Merger contain numerous provisions that are intended to maintain the day-to-day operations of Delta. For example, Delta will maintain its current management, which has decades of institutional knowledge and experience. These are proper purposes for the acquisition of control of a utility,

H. Conclusion

37. American Water has the financial, technical, and managerial abilities to become the indirect parent of Delta. The proposed transfer of control and ownership of Essential and its subsidiaries, including Delta, to American Water as set forth in the Agreement and Plan of Merger is in accordance with law, for a proper purpose and is consistent with the public interest and should be approved.

WHEREFORE, the Joint Applicants respectfully request that the Commission

1. Place their Application at the head of its docket of the commission and enter an Order on their Application by April 21, 2026;
2. Authorize the transfer of control and ownership of Delta to American Water as set forth in the Agreement and Plan of Merger; and
3. All other appropriate relief.

Dated: December 22, 2025

Respectfully submitted,

/s/ Monica H. Braun

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monica.braun@skofirm.com

*Counsel for American Water Works Company and
Alpha Merger Sub, Inc.*

/s/ M. Todd Osterloh (with permission)

M. Todd Osterloh
Rebecca C. Price
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Telephone No.: (859) 255-8581
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tosterloh@sturgillturner.com
rprice@sturgillturner.com
*Counsel for Essential Utilities, Inc., LDC Funding
LLC, PNG Companies LLC, and Delta Natural Gas
Company, Inc.*

CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, and the Commission's Order of July 22, 2021 in Case No. 2020-00085, I certify that this document was submitted electronically to the Public Service Commission on December 22, 2025, and that there are currently no parties that the Public Service Commission has excused from participation by electronic means in this proceeding

/s/ Monica H. Braun

*Counsel for American Water Works
Company, Inc. and Alpha Merger Sub, Inc.*

VERIFICATION

STATE OF NEW JERSEY)
) SS:
COUNTY OF CAMDEN)

The undersigned, Stacy Mitchell being duly sworn, deposes and says that she is the Executive Vice President, General Counsel of American Water Works Company, Inc., that she has personal knowledge of the matters set forth in this Joint Application, and that they are true and correct to the best of her information, knowledge and belief.


Stacy A. Mitchell

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 17th day of December 2025.


Notary Public

6/5/2030
Commission Expiration Date

50234296
Notary ID Number

Olivia A Hughes
NOTARY PUBLIC
State of New Jersey
ID # 50234296
My Commission Expires 6/5/2030

VERIFICATION

STATE OF NEW JERSEY)
) SS:
COUNTY OF CAMDEN)

The undersigned, Stacy Mitchell being duly sworn, deposes and says that she is the Executive Vice President, General Counsel of Alpha Merger Sub, Inc., that she has personal knowledge of the matters set forth in this Joint Application, and that they are true and correct to the best of her information, knowledge and belief.



Stacy A. Mitchell

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 18th day of December 2025.



Notary Public

Olivia A Hughes
NOTARY PUBLIC
State of New Jersey
ID # 50234296
My Commission Expires 6/5/2030

6/5/2030

Commission Expiration Date


50234296

Notary ID Number

VERIFICATION

COMMONWEALTH OF PENNSYLVANIA)
) SS:
COUNTY OF MONTGOMERY)

The undersigned, Daniel J. Schuller, being duly sworn, deposes and says that he is the Executive Vice President and Chief Financial Officer of Essential Utilities, Inc., that he has personal knowledge of the matters set forth in this Joint Application, and that they are true and correct to the best of his information, knowledge and belief.


Daniel J. Schuller

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 18 day of December 2025.

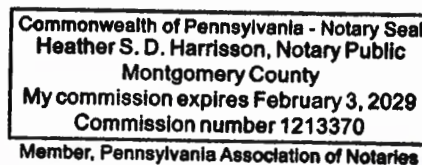
Notary Public in and before said County and State, this

Heather S. Harrison

Notary Public

February 3, 2029
Commission Expiration Date

1213370
Notary ID Number



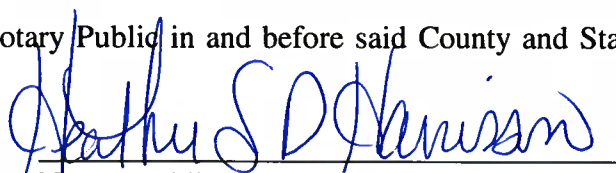
VERIFICATION

COMMONWEALTH OF PENNSYLVANIA)
) SS:
COUNTY OF MONTGOMERY)

The undersigned, Daniel J. Schuller, being duly sworn, deposes and says that he is the Executive Vice President and Chief Financial Officer of LDC Funding LLC, that he has personal knowledge of the matters set forth in this Joint Application, and that they are true and correct to the best of his information, knowledge and belief.

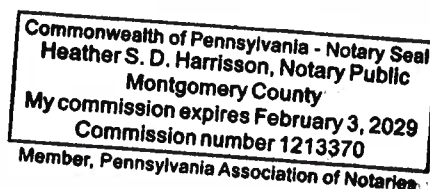

Daniel J. Schuller

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 18 day of December 2025.


Notary Public

February 3, 2029
Commission Expiration Date

1213370
Notary ID Number



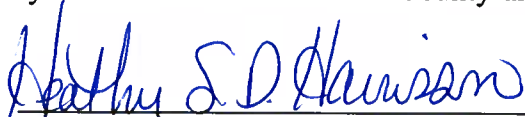
VERIFICATION

COMMONWEALTH OF PENNSYLVANIA)
) SS:
COUNTY OF MONTGOMERY)

The undersigned, Daniel J. Schuller, being duly sworn, deposes and says that he is the Executive Vice President and Chief Financial Officer of PNG Companies LLC, that he has personal knowledge of the matters set forth in this Joint Application, and that they are true and correct to the best of his information, knowledge and belief.

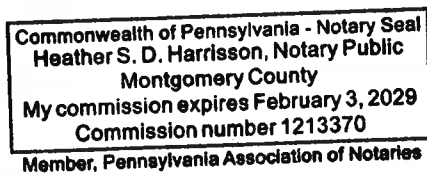

Daniel J. Schuller

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 18 day of December 2025.


Notary Public

February 3, 2029
Commission Expiration Date

1213370
Notary ID Number



VERIFICATION

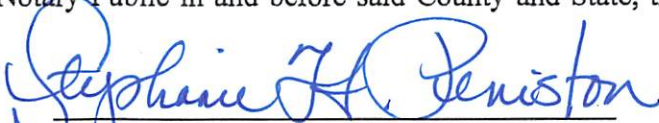
COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF FAYETTE)

The undersigned, John B. Brown, being duly sworn, deposes and says that he is the President of Delta Natural Gas Company, Inc., that he has personal knowledge of the matters set forth in this Joint Application, and that they are true and correct to the best of his information, knowledge and belief.



JOHN B. BROWN

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 18th day of December 2025.


Notary Public

STEPHANIE H. PENISTON
NOTARY PUBLIC
STATE AT LARGE KENTUCKY
COMM. # KYNP82080
MY COMMISSION EXPIRES NOVEMBER 2, 2027

November 2, 2027
Commission Expiration Date

KYNP82080
Notary ID Number

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

Form 8-K

**Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): October 26, 2025

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware
(State or other jurisdiction
of incorporation)

51-0063696
(IRS Employer
Identification No.)

**1 Water Street
Camden, NJ 08102-1658**
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☒ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| Title of Each Class | Trading Symbol | Name of Each Exchange on Which Registered |
|--|-------------------|--|
| Common stock, par value \$0.01 per share | AWK | New York Stock Exchange |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 1.01. Entry into a Material Definitive Agreement.**Execution of Agreement and Plan of Merger with Essential Utilities, Inc.**

On October 26, 2025, American Water Works Company, Inc. (“American Water” or the “Company”), Alpha Merger Sub, Inc., a direct wholly owned subsidiary of the Company (“Merger Sub”), and Essential Utilities, Inc. (“Essential”), entered into an Agreement and Plan of Merger (the “Merger Agreement”). The Merger Agreement, which has been unanimously approved by the present members of the Board of Directors of each of American Water and Essential, provides that, upon the terms and subject to the conditions set forth in the Merger Agreement, Merger Sub will merge with and into Essential (the “Merger”), with Essential surviving the Merger as a wholly owned subsidiary of American Water. Subject to the terms and conditions of the Merger Agreement, at the time at which the Merger becomes effective (the “Effective Time”), each share of common stock, par value \$0.50 per share, of Essential (“Essential Common Stock”), issued and outstanding immediately prior to the Effective Time, other than any shares of Essential Common Stock owned by American Water or Merger Sub or by Essential as treasury stock (in each case, other than restricted shares), will be converted into the right to receive 0.305 shares (the “Exchange Ratio”) of validly issued, fully paid and nonassessable common stock, par value \$0.01 per share, of American Water (“American Water Common Stock”) (the aggregate number of such shares of American Water Common Stock to be issued in the Merger, the “Merger Consideration”).

The Merger Agreement provides for the treatment of outstanding equity awards of Essential, depending on the type of award. Under the Merger Agreement, at the Effective Time, (i) each outstanding option to acquire Essential Common Stock, whether vested or unvested, will be converted into an adjusted option to acquire a number of shares of American Water Common Stock determined by applying the Exchange Ratio to the number of shares of Essential Common Stock that may be acquired thereunder, with an adjusted exercise price determined by applying the Exchange Ratio to the exercise price of such option, and otherwise on the same terms and conditions as the original option to acquire Essential Common Stock, except that any performance-based vesting conditions will no longer apply to the adjusted option; (ii) each outstanding restricted share of Essential Common Stock will be converted into a number of adjusted restricted shares of American Water Common Stock as determined by applying the Exchange Ratio and otherwise on the same terms and conditions as the original restricted share of Essential Common Stock; (iii) each outstanding time-based restricted stock unit (“RSU”) award in respect of Essential Common Stock will be converted into an adjusted number of time-based RSU awards in respect of American Water Common Stock as determined by applying the Exchange Ratio and otherwise on the same terms and conditions as the original time-based RSU award in respect of Essential Common Stock; and (iv) each outstanding performance-based restricted stock unit award (“PSU”) in respect of Essential Common Stock (for ongoing performance periods, as determined based on the greater of target and actual performance through the Effective Time) will be converted into an adjusted number of time-based RSU awards in respect of American Water Common Stock by applying the Exchange Ratio and otherwise on the same terms and conditions as the original PSU award in respect of Essential Common Stock, except that any performance-based vesting conditions will no longer apply to the adjusted RSU awards.

American Water, Merger Sub and Essential have each made customary representations, warranties and covenants in the Merger Agreement, including covenants not to solicit alternative transactions and, subject to certain exceptions, not to participate in discussions or negotiations regarding, or furnish non-public information in connection with, a proposal or offer with respect to an alternative transaction. Until the Effective Time, each of American Water, Merger Sub and Essential has agreed to operate its business in the ordinary course of business consistent with past practice in all material respects and has agreed to certain other restrictive covenants. Additionally, American Water’s Board of Directors and Essential’s Board of Directors are each required to recommend the approval of the applicable Merger-related proposals to its respective shareholders, subject to certain exceptions.

Consummation of the Merger is subject to certain customary conditions, including, without limitation: (i) approval by American Water’s shareholders of the issuance of the shares of American Water Common Stock to be issued as Merger Consideration in the Merger; (ii) approval of the Merger Agreement by Essential’s shareholders; (iii) the authorization for listing of shares of American Water Common Stock to be issued as Merger Consideration in the Merger on the New York Stock Exchange; (iv) receipt of certain governmental approvals, including (a) the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, (b) the approval of certain public utility commissions, in each case on such terms and conditions that would not, individually or in the aggregate, result in a “Burdensome Effect” (as defined in the Merger Agreement); (v) the absence of any law or judgment prohibiting the consummation of the Merger; (vi) the effectiveness of a registration statement on Form S-4 to be filed by American Water to register the shares of American Water Common Stock to be issued as Merger Consideration in the Merger; (vii) the accuracy of the representations and warranties of the parties (subject to customary materiality qualifiers); (viii) each party’s performance in all material respects of its obligations contained in the Merger Agreement; and (ix) the absence of any “Parent Material Adverse Effect” or “Company Material Adverse Effect” (in each case, as defined in the Merger Agreement) on American Water or Essential, as applicable, since the date of the Merger Agreement.

The Merger Agreement contains certain customary termination rights for American Water and Essential, including, without limitation, if the Merger is not consummated on or before April 26, 2027, which date may be extended for a period of three months up to two times, until October 26, 2027 at the latest, in specified circumstances and subject to certain conditions and if necessary to obtain required regulatory approvals. Upon termination of the Merger Agreement under specified circumstances, including a change in the recommendation of Essential's or American Water's Board of Directors, the termination by Essential or American Water in order to accept a superior proposal with respect to an alternative transaction, or Essential or American Water entering into a definitive agreement in respect of a competing transaction within 12 months of termination of the Merger Agreement in certain circumstances involving a potential competing transaction proposal, Essential will be required to pay American Water a cash termination fee of \$370 million or American Water will be required to pay Essential a cash termination fee of \$835 million.

The Merger Agreement provides that, upon consummation of the Merger, American Water's Board of Directors shall be comprised of 15 directors, including the 10 directors serving on American Water's Board of Directors at the Effective Time and five directors selected by Essential from directors on Essential's Board of Directors as of the date of the Merger Agreement, and following reasonable consultation with American Water. American Water's Board Chair will continue to serve in such role following the consummation of the Merger. Upon the consummation of the Merger, John C. Griffith will continue to serve as a director and President and Chief Executive Officer of American Water, and Christopher H. Franklin, Essential's current Chairman of the Board of Directors and Chief Executive Officer, will serve as Executive Vice Chair of American Water's Board of Directors for a period of two years following the Effective Time. The foregoing reflects expected changes to the Company's directors and officers as reflected in terms of the Merger Agreement, which changes are proposed to occur upon the Effective Time; however, these provisions do not constitute the removal, resignation, appointment or election of a director or any officer, and no approval of these expected changes has occurred.

The Merger Agreement provides that American Water will retain its current name, maintain its headquarters and principal corporate office in Camden, New Jersey, and maintain substantial operations in Pennsylvania.

The foregoing description of the Merger Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Merger Agreement, which is attached hereto as [Exhibit 2.1](#) and the terms of which are incorporated herein by reference.

Item 7.01. Regulation FD Disclosure.

On October 27, 2025, American Water and Essential issued a joint press release announcing the execution of the Merger Agreement. A copy of the joint release is furnished as [Exhibit 99.1](#). On October 27, 2025, American Water and Essential also released a joint investor presentation relating to the Merger. A copy of the investor presentation is furnished as [Exhibit 99.2](#).

The information furnished in response to this Item 7.01, including [Exhibit 99.1](#) and [Exhibit 99.2](#), shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall such information be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been filed herewith (except as noted below):

| Exhibit No. | Description |
|-------------|---|
| 2.1* | <u>Agreement and Plan of Merger, dated as of October 26, 2025, by and among American Water Works Company, Inc., Alpha Merger Sub, Inc., and Essential Utilities, Inc.</u> |
| 99.1** | <u>Joint Press Release, dated October 27, 2025, issued by American Water Works Company, Inc. and Essential Utilities, Inc.</u> |
| 99.2** | <u>Joint Investor Presentation of American Water Works Company, Inc. and Essential Utilities, Inc., as of October 27, 2025.</u> |
| 104 | Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL). |

* Filed herewith. Certain schedules and exhibits to this agreement have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company will furnish the omitted schedules and exhibits to the Securities and Exchange Commission (the “SEC”) upon request.

** Furnished herewith.

The Merger Agreement filed as [Exhibit 2.1](#) herewith has been included to provide investors and security holders with information regarding its terms. It is not intended to provide any other factual information about American Water or Essential, or any of their respective subsidiaries or affiliates. The representations, warranties and covenants contained in the Merger Agreement (i) were made by the parties thereto only for purposes of that agreement and as of specific dates; (ii) were made solely for the benefit of the parties to the Merger Agreement; (iii) may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosure schedules exchanged between the parties in connection with the execution of the Merger Agreement (such disclosure schedules having included information in each party’s public disclosures, as well as additional non-public information); (iv) may have been made for the purposes of allocating contractual risk between the parties to the Merger Agreement instead of establishing these matters as facts; and (v) may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to investors.

Investors should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of American Water or Essential, or any of their respective subsidiaries or affiliates. Additionally, the representations, warranties, covenants, conditions and other terms of the Merger Agreement may be subject to subsequent waiver or modification. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the Merger Agreement, which subsequent information may or may not be fully reflected in American Water’s public disclosures. The Merger Agreement should not be read alone, but should instead be read in conjunction with the other information regarding American Water that is or will be contained in, or incorporated by reference into, the reports and other documents that are or to be filed by American Water with the SEC.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K (or the exhibits thereto) are forward-looking statements within the meaning of Section 27A of the Securities Act, Section 21E of the Exchange Act and the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by words with prospective meanings such as “intend,” “plan,” “estimate,” “believe,” “anticipate,” “expect,” “predict,” “project,” “propose,” “assume,” “forecast,” “outlook,” “future,” “pending,” “goal,” “objective,” “potential,” “continue,” “seek to,” “may,” “can,” “will,” “should” and “could,” or the negative of such terms or other variations or similar expressions. Forward-looking statements may relate to, among other things: statements about the benefits of the proposed merger, including future financial and operating results; the parties’ respective plans, objectives, expectations and intentions; the expected timing and likelihood of completion of the merger and related transactions; the results of any strategic review; expected synergies of the proposed merger; the timing and result of various regulatory proceedings related to the proposed merger, and other general rate cases, filings for infrastructure surcharges and other governmental agency authorizations and proceedings, and filings to address regulatory lag; the combined company’s ability to execute its current and long-term business, operational, capital expenditures and growth plans and strategies; the amount, allocation and timing of projected capital expenditures and related funding requirements; the future impacts of increased or increasing transaction and financing costs associated with the proposed merger or otherwise, as well as inflation and interest rates; each party’s ability to finance current and projected operations, capital expenditure needs and

growth initiatives by accessing the debt and equity capital markets and sources of short-term liquidity; impacts of the proposed merger on the future settlement or settlements of a party's forward sale agreements, including potential adjustments to the forward sale price or other economic terms thereunder, and the amount of and the intended use of net proceeds from any such future settlement or settlements; the outcome and impact on other governmental and regulatory investigations; the filing of class action lawsuits and other litigation and legal proceedings related to the proposed merger; the ability to complete, and the timing and efficacy of, the design, development, implementation and improvement of technology and other strategic initiatives; each party's ability to comply with new and changing environmental regulations; regulatory, legislative, tax policy or legal developments; and impacts that future significant tax legislation may have on each such party and on its business, results of operations, cash flows and liquidity.

These forward-looking statements are predictions based on currently available information, the parties' current respective expectations and assumptions regarding future events that American Water and Essential believe to be reasonable. They are not, however, guarantees or assurances of any outcomes, performance or achievements, and readers are cautioned not to place undue reliance upon them. You should not regard any forward-looking statement as a representation or warranty by American Water, Essential or any other person that the expectation, plan or objective expressed in such forward-looking statement will be successfully achieved in any specified time frame, or at all. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may differ materially from those discussed in the forward-looking statements included in this Current Report on Form 8-K as a result of the factors discussed in [American Water's Annual Report on Form 10-K for the year ended December 31, 2024](#), as filed with the SEC on February 19, 2025 (available at: ir.amwater.com), Essential's [Annual Report on Form 10-K for the year ended December 31, 2024](#), as filed with the SEC on February 27, 2025 (available at: essential.co), and each party's other filings with the SEC, and additional risks and uncertainties, including with respect to (1) the parties' ability to consummate the proposed merger pursuant to the terms of the definitive merger agreement or at all; (2) the ability to timely or at all obtain the requisite shareholder approvals with respect to each party; (3) each party's requirement to obtain required governmental and regulatory approvals required for the proposed merger (and/or that such approvals may result in the imposition of burdensome or commercially undesirable conditions, including required dispositions, that could adversely affect the combined company or the expected benefits of the proposed merger); (4) an event, change or other circumstance that could give rise to the termination of the merger agreement; (5) the failure to satisfy or waive a condition to closing of the proposed merger on a timely basis or at all; (6) a delay in the timing to consummate the proposed merger; (7) the failure to integrate the parties' businesses successfully; (8) the failure to fully realize cost savings and any other synergies from the proposed merger or that such benefits may take longer to realize than expected; (9) negative or adverse impacts of the announcement of the proposed merger on the market price of American Water's or Essential's common stock; (10) the risk of litigation related to the proposed merger; (11) disruption from the proposed merger making it more difficult to maintain relationships with customers, employees, contractors, suppliers, regulators, vendors, elected officials, governmental agencies, or other stakeholders; (12) the diversion of each party's management's time and attention from operations of such party; (13) the challenging macroeconomic environment, including disruptions in the water and wastewater utility industries; (14) the ability of each party to manage its respective existing operations and financing arrangements on favorable terms or at all, including with respect to future capital expenditures and investments, operation and maintenance costs; (15) changes in environmental laws and regulations regarding each party's respective operations that may adversely impact such party's businesses or increase the cost of operations; (16) changes in each party's key management and personnel; (17) changes in tax laws that could adversely affect beneficial tax treatment of the proposed merger; (18) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect the parties' respective utility subsidiaries; and (19) other economic, business and other factors, including inflation and interest rate fluctuations. The foregoing factors should not be construed as exhaustive.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors included in American Water's and Essential's respective annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. Neither American Water nor Essential has any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for American Water or Essential to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on American Water's or Essential's businesses, viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

Important Additional Information about the Proposed Merger and Where to Find It

In connection with the proposed merger, American Water will file a registration statement on Form S-4, which will include a document that serves as a prospectus of American Water with respect to the shares of American Water's common stock to be issued in the proposed merger and a joint proxy statement of American Water and Essential for their respective shareholders (the "joint proxy statement/prospectus"), and each party will file other documents regarding the proposed merger

with the SEC. This communication is not a substitute for the registration statement, the joint proxy statement/prospectus or any other document that American Water or Essential may file with the SEC or mail to their respective shareholders in connection with the proposed merger. **BEFORE MAKING ANY VOTING OR INVESTMENT DECISION, INVESTORS AND SECURITY HOLDERS OF EACH PARTY ARE URGED TO READ CAREFULLY AND IN THEIR ENTIRETY THE REGISTRATION STATEMENT, THE JOINT PROXY STATEMENT/PROSPECTUS, ANY AMENDMENTS OR SUPPLEMENTS THERETO AND OTHER RELEVANT DOCUMENTS FILED WITH THE SEC OR INCORPORATED BY REFERENCE INTO THE REGISTRATION STATEMENT AND JOINT PROXY STATEMENT/PROSPECTUS WHEN THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.** A definitive joint proxy statement/prospectus will be sent to American Water's and Essential's shareholders. Investors and security holders will be able to obtain the registration statement, the joint proxy statement/prospectus and the other documents filed regarding the proposed merger free of charge from the SEC's website or from American Water or Essential. The documents filed by American Water with the SEC may be obtained free of charge at American Water's investor relations website at ir.amwater.com or at the SEC's website at www.sec.gov. The documents filed by Essential with the SEC may be obtained free of charge at Essential's website at essential.co or at the SEC's website at www.sec.gov. The information included on, or accessible through, American Water's or Essential's respective websites is not incorporated by reference into, and does not form a part of, this Current Report on Form 8-K.

Participants in the Solicitation

American Water, Essential and certain of their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from American Water's and Essential's respective shareholders in connection with the proposed merger. Information about the directors and executive officers of American Water, including a description of their direct or indirect interests, by security holdings or otherwise, is set forth in American Water's [definitive proxy statement for its 2025 Annual Meeting of Shareholders](#), which was filed with the SEC on March 27, 2025, including under the headings "Compensation Discussion and Analysis," "Director Compensation," "Equity Compensation Plan Information," and "Certain Beneficial Ownership Matters." To the extent holdings of American Water's common stock by the directors and executive officers of American Water have changed or do change from the amounts of American Water's common stock held by such persons as reflected therein, such changes have been or will be reflected on Initial Statements of Beneficial Ownership of Securities on Form 3 ("Form 3"), Statements of Changes in Beneficial Ownership on Form 4 ("Form 4") or Annual Statements of Changes in Beneficial Ownership of Securities on Form 5 ("Form 5"), in each case filed with the SEC. Information about the directors and executive officers of Essential, including a description of their direct or indirect interests, by security holdings or otherwise, is set forth in [Essential's definitive proxy statement for its 2025 Annual Meeting of Shareholders](#), which was filed with the SEC on March 25, 2025, including under the headings "Director Compensation" and "Compensation Discussion and Analysis." To the extent holdings of Essential's common stock by the directors and executive officers of Essential have changed or do change from the amounts of Essential's common stock held by such persons as reflected therein, such changes have been or will be reflected on Forms 3, Forms 4 or Forms 5, in each case filed with the SEC. Additionally, information regarding the respective directors and executive officers of American Water and Essential and other participants in each respective proxy solicitation and a description of their direct and indirect interests in the proposed merger, by security holdings or otherwise, will be contained in the registration statement and joint proxy statement/prospectus and other relevant materials to be filed with the SEC regarding the proposed merger when such materials become available. Investors and security holders should read the registration statement and joint proxy statement/prospectus carefully when it becomes available before making any voting or investment decisions. Investors may obtain free copies of these documents from American Water and Essential as indicated above.

No Offer or Solicitation

This Current Report on Form 8-K is not intended to, and shall not, constitute an offer to sell or the solicitation of an offer to buy any securities, or a solicitation of any vote for approval, nor shall there be any offer or sale of securities or solicitation of any vote or approval in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: October 27, 2025

By: /s/ JOHN C. GRIFFITH

John C. Griffith

President and Chief Executive Officer

AGREEMENT AND PLAN OF MERGER

by and among

AMERICAN WATER WORKS COMPANY, INC.,

ALPHA MERGER SUB, INC.

and

ESSENTIAL UTILITIES, INC.

Dated as of October 26, 2025

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Exhibit C – Post-Closing Governance Matters

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AGREEMENT AND PLAN OF MERGER

This AGREEMENT AND PLAN OF MERGER, dated as of October 26, 2025 (this “Agreement”), is by and among American Water Works Company, Inc., a Delaware corporation (“Parent”), Alpha Merger Sub, Inc., a Pennsylvania corporation and a wholly owned subsidiary of Parent (“Merger Sub”), and Essential Utilities, Inc., a Pennsylvania corporation (the “Company” and, together with Parent and Merger Sub, the “Parties” and each, a “Party”).

WITNESSETH:

WHEREAS, the Parties intend that Merger Sub be merged with and into the Company (the “Merger”), with the Company surviving the Merger as a wholly owned subsidiary of Parent;

WHEREAS, the Board of Directors of the Company (the “Company Board”) has unanimously adopted resolutions (a) determining that it is advisable, fair to and in the best interests of the Company and its shareholders to enter into this Agreement and to consummate the transactions contemplated hereby, including the Merger (collectively, the “Transactions”), (b) approving, adopting and declaring advisable this Agreement and the Transactions, including the Merger, (c) directing that this Agreement be submitted to a vote of the Company’s shareholders entitled to vote thereon at a duly held meeting of the Company’s shareholders for such purpose (the “Company Shareholder Meeting”) and (d) recommending that the Company’s shareholders adopt and approve this Agreement;

WHEREAS, the Board of Directors of Parent (the “Parent Board”) has, by the affirmative vote of all directors present, adopted resolutions (a) determining that the Transactions, including the Merger and the Parent Common Stock Issuance, are advisable, fair to and in the best interests of Parent and its stockholders, (b) approving, adopting and declaring advisable this Agreement and the Transactions, including the Merger and the Parent Common Stock Issuance, (c) directing that the Parent Common Stock Issuance be submitted to Parent’s stockholders for approval and (d) recommending that Parent’s stockholders approve the Parent Common Stock Issuance;

WHEREAS, the board of directors of Merger Sub has unanimously approved and declared advisable this Agreement and the Transactions, including the Merger, and Parent has executed and not revoked or withdrawn a shareholder consent which adopts and approves this Agreement and the Transactions, including the Merger, as the sole shareholder of Merger Sub;

WHEREAS, for U.S. federal income tax purposes, it is intended that the Merger will constitute a “reorganization” within the meaning of Section 368(a) of the Internal Revenue Code (the “Code”); and

WHEREAS, the Parties desire to make certain representations, warranties, covenants and agreements specified herein in connection with the Transactions and also to prescribe certain conditions to the Transactions.

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties, covenants and agreements contained herein, and intending to be legally bound hereby, the Parties agree as follows:

ARTICLE I

THE MERGER

Section 1.1 The Merger. At the Effective Time, upon the terms and subject to the conditions set forth in this Agreement and in accordance with the applicable provisions of the Pennsylvania Business Corporation Law of 1988 (the “PBCL”), the Pennsylvania Entity Transactions Law (the “PETL”) and the other applicable parts of the Pennsylvania Associations Code (together with the PBCL and the PETL, the “Pennsylvania Entity Laws”), Merger Sub shall be merged with and into the Company, whereupon the separate existence of Merger Sub shall cease, and the Company shall continue its existence under the Pennsylvania Entity Laws as the surviving corporation in the Merger (the “Surviving Corporation”) and a wholly owned subsidiary of Parent.

Section 1.2 Closing. Unless this Agreement has been terminated in accordance with Section 7.1, the closing of the Merger (the “Closing”) shall take place at 10:00 a.m. Eastern Time on a date no later than the third (3rd) Business Day after the satisfaction or waiver (to the extent permitted under applicable Law) of all of the conditions to the Closing set forth in Article VI (except for those conditions that by their terms are to be satisfied at the Closing but subject to the satisfaction or waiver of such conditions), unless another time, date or place is mutually agreed to in writing by the Company and Parent. The Closing shall be effected remotely via telecommunication and, to the maximum extent practical, the digital exchange of documents and instruments. The date on which the Closing occurs is referred to herein as the “Closing Date.”

Section 1.3 Effective Time. Subject to the provisions of this Agreement, on the Closing Date, the Company and Merger Sub shall file a statement of merger providing for the Merger (the “Statement of Merger”), in each case in a form mutually agreed upon by Parent and the Company (acting reasonably), executed in accordance with, and containing such information as is required by, the relevant provisions of the Pennsylvania Entity Laws, with the Department of State of the Commonwealth of Pennsylvania (the “Pennsylvania DOS”). The Merger shall become effective at the time and on the date the Statement of Merger is duly filed with and accepted by the Pennsylvania DOS, or at such later time as is agreed by the Parties and specified in the Statement of Merger in accordance with the relevant provisions of the Pennsylvania Entity Laws (such date and time is hereinafter referred to as the “Effective Time”).

Section 1.4 Effects of the Merger. The effects of the Merger shall be as provided in this Agreement and in the applicable provisions of the Pennsylvania Entity Laws. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, all property, rights, privileges, immunities, powers, franchises, licenses and authority of the Company and Merger Sub shall vest in the Surviving Corporation, and all debts, liabilities, obligations, restrictions and duties of each of the Company and Merger Sub shall become the debts, liabilities, obligations, restrictions and duties of the Surviving Corporation, all as provided under the Pennsylvania Entity Laws.

Section 1.5 Organizational Documents of the Surviving Corporation.

(a) Articles of Incorporation. As of the Effective Time, by virtue of the Merger and without any action by any Party or any other Person, the articles of incorporation of the Company in effect immediately prior to the Effective Time shall be amended and restated in their entirety in the form set forth on Exhibit A (with, to the fullest extent permitted by applicable Law, such changes as Parent and the Company may agree in writing prior to the Effective Time), and as so amended and restated, shall be the articles of incorporation of the Surviving Corporation until thereafter amended as provided therein or by applicable Law.

(b) Bylaws. The Parties shall take all necessary action such that, as of the Effective Time, the bylaws of the Company in effect immediately prior to the Effective Time shall be amended and restated in their entirety in the form set forth on Exhibit B (with, to the fullest extent permitted by applicable Law, such changes as Parent and the Company may agree in writing prior to the Effective Time), and as so amended and restated, shall be the bylaws of the Surviving Corporation until thereafter amended as provided therein or by applicable Law.

Section 1.6 Directors and Officers of the Surviving Corporation.

(a) Directors. The Parties shall take all necessary action such that, as of the Effective Time, the directors of Merger Sub as of immediately prior to the Effective Time shall be the directors of the Surviving Corporation, until the earlier of their resignation or removal or until their respective successors are duly elected and qualified, as the case may be.

(b) Officers. The Parties shall take all necessary action such that, as of the Effective Time, the officers of Merger Sub as of immediately prior to the Effective Time shall be the officers of the Surviving Corporation, until the earlier of their resignation or removal or until their respective successors are duly elected or qualified or appointed, as the case may be.

Section 1.7 Organizational Documents of Parent.

(a) Certificate of Incorporation. The certificate of incorporation of Parent in effect immediately prior to the Effective Time shall remain in effect and not be amended, restated, supplemented or otherwise modified as a result of the Merger or the other Transactions, until thereafter amended as provided therein or by applicable Law.

(b) Bylaws. The bylaws of Parent in effect immediately prior to the Effective Time shall remain in effect and not be amended, restated, supplemented or otherwise modified as a result of the Merger or the other Transactions, until thereafter amended as provided therein or by applicable Law.

Section 1.8 Directors and Officers of Parent.

(a) Directors. Prior to the Effective Time, Parent shall take all necessary action to implement the Parent Board, Parent Board committee and other related matters set forth in Exhibit C, in each case, in accordance with the provisions of Exhibit C.

(b) Officers. Unless otherwise mutually agreed in writing by Parent and the Company after the date of this Agreement:

(i) the chief executive officer of Parent as of immediately prior to the Effective Time (the “Parent CEO”); and

(ii) the individuals serving in executive vice president and senior executive positions of Parent who report to the Parent CEO as of immediately prior to the Effective Time,

in the case of (i) and (ii), shall continue in such positions as of the Effective Time until the earlier of such individual’s resignation or removal or until their respective successors are duly elected or qualified or appointed, as the case may be. Parent shall take all necessary action such that, as of the Effective Time, the individuals set forth on Exhibit D shall hold senior executive-level positions of Parent as of the Effective Time, in accordance with the provisions of Exhibit D.

ARTICLE II

CONVERSION OF SHARES; EXCHANGE OF CERTIFICATES AND BOOK-ENTRY SHARES

Section 2.1 Effect on Capital Stock. At the Effective Time, by virtue of the Merger and without any action on the part of any Party or any other Person:

(a) Conversion of Company Common Stock. Subject to Sections 2.1(b), 2.1(d) and 2.3, each share of common stock, par value \$0.50 per share, of the Company issued and outstanding immediately prior to the Effective Time (such shares, collectively, “Company Common Stock”), other than any Canceled Shares, shall thereupon be converted automatically into and shall thereafter represent the right to receive 0.305 (the “Exchange Ratio”) validly issued, fully paid and nonassessable shares of common stock, par value \$0.01 per share, of Parent (“Parent Common Stock,” and such per-share amount, the “Merger Consideration”). As a result of the Merger, at the Effective Time, each holder of shares of Company Common Stock shall cease to have any rights with respect thereto, except the right to receive the Merger Consideration payable in respect of such shares of Company Common Stock which are issued and outstanding immediately prior to the Effective Time, any cash in lieu of fractional shares of Parent Common Stock payable pursuant to Section 2.1(d) and any dividends or other distributions payable pursuant to Section 2.2(c), all to be issued or paid, without interest, in consideration therefor upon the surrender of such shares of Company Common Stock in accordance with Section 2.2(b).

(b) Cancellation of Shares of Common Stock. Each share of Company Common Stock that is owned by Parent or Merger Sub, if any, immediately prior to the Effective Time or owned by the Company as treasury stock, if any, immediately prior to the Effective Time (in each case, other than the Company Restricted Shares) (the “Canceled Shares”) shall no longer be outstanding and shall automatically be canceled and shall cease to exist, and no consideration shall be delivered in exchange for such cancellation.

(c) Conversion of Merger Sub Common Stock. Each share of common stock, par value \$0.01 per share, of Merger Sub issued and outstanding immediately prior to the Effective Time shall be converted into and become one (1) validly issued, fully paid and nonassessable share of common stock, par value \$0.01 per share, of the Surviving Corporation and shall constitute the only outstanding shares of capital stock of the Surviving Corporation.

(d) Fractional Shares.

(i) No fractional shares of Parent Common Stock shall be issued upon the conversion of Company Common Stock pursuant to Section 2.1(a). In lieu of receiving any such fractional share interests, each holder of shares of Company Common Stock otherwise entitled to a fractional share of Parent Common Stock will be entitled to receive, from the Exchange Agent in accordance with the provisions of this Section 2.1(d), a cash payment in lieu of such fractional share of Parent Common Stock representing such holder's proportionate interest, if any, in the proceeds from the sale by the Exchange Agent (reduced by any fees of the Exchange Agent attributable to such sale) in one or more transactions of shares of Parent Common Stock equal to the excess of (A) the aggregate number of shares of Parent Common Stock to be delivered to the Exchange Agent by Parent pursuant to Section 2.2(a) representing the Merger Consideration over (B) the aggregate number of whole shares of Parent Common Stock to be distributed to the holders of shares of Company Common Stock pursuant to Section 2.2(b) (such excess being herein called the "Excess Shares"). The Parties acknowledge that payment of the cash consideration in lieu of issuing fractional shares of Parent Common Stock was not separately bargained-for consideration but merely represents a mechanical rounding off for purposes of avoiding the expense and inconvenience to Parent that would otherwise be caused by the issuance of fractional shares of Parent Common Stock. As soon as practicable after the Effective Time, the Exchange Agent, as agent for the holders of shares of Company Common Stock that would otherwise receive fractional shares of Parent Common Stock, shall sell the Excess Shares at the then-prevailing prices on the New York Stock Exchange (the "NYSE") in the manner provided in the following paragraph.

(ii) The sale of the Excess Shares by the Exchange Agent shall be executed on the NYSE through one or more member firms of the NYSE and shall be executed in round lots to the extent reasonably practicable. Until the net proceeds of such sale or sales have been distributed to the holders of shares of Company Common Stock, the Exchange Agent shall hold such net proceeds in trust for the holders of shares of Company Common Stock that would otherwise receive fractional shares of Parent Common Stock (the "Common Shares Trust"). The Exchange Agent shall determine the portion of the Common Shares Trust to which each holder of shares of Company Common Stock shall be entitled, if any, by multiplying the amount of the aggregate net proceeds comprising the Common Shares Trust (after the sale of all Excess Shares) by a fraction, the numerator of which is the amount of the fractional shares to which such holder of shares of Company Common Stock would otherwise be entitled and the denominator of which is the aggregate amount of fractional shares to which all holders of shares of Company Common Stock would otherwise be entitled.

(iii) As soon as reasonably practicable after the determination of the amount of cash, if any, to be paid to holders of shares of Company Common Stock in lieu of any fractional shares of Parent Common Stock, the Exchange Agent shall make available such amounts to such holders of shares of Company Common Stock without interest, subject to and in accordance with Section 2.2.

(e) Adjustments to the Exchange Ratio. If at any time during the period between the date of this Agreement and the Effective Time the outstanding shares of capital stock of the Company or Parent shall have been changed into a different number of shares or a different class by reason of any reclassification, recapitalization, stock split (including a reverse stock split) or combination, exchange or readjustment of shares, or any stock dividend or stock distribution with a record date during such period, or any other similar event, other than pursuant to the Transactions, then the Exchange Ratio, the Merger Consideration and any other similarly dependent items shall be appropriately adjusted to provide to the holders of Company Common Stock and Parent Common Stock the same economic effect as contemplated by this Agreement prior to such action; provided that nothing in this Section 2.1(e) shall be construed to permit any Party to take any action that is otherwise prohibited or restricted by any other provision of this Agreement.

Section 2.2 Exchange of Shares.

(a) Exchange Agent. Prior to the Effective Time, Parent shall enter into an exchange agreement with the transfer agent of Parent or such other exchange agent determined by Parent and reasonably acceptable to the Company (the “Exchange Agent”) for the purpose of exchanging shares of Company Common Stock for the Merger Consideration. At or prior to the Effective Time, Parent shall deposit, or shall cause to be deposited, with the Exchange Agent, in trust for the benefit of holders of the shares of Company Common Stock, certificates representing the shares of Parent Common Stock issuable pursuant to Section 2.1(a) (or appropriate alternative arrangements shall be made by Parent if the shares of Parent Common Stock issuable will be uncertificated). Following the Effective Time, Parent agrees to make available to the Exchange Agent, from time to time as needed, cash sufficient to pay any dividends and other distributions pursuant to Section 2.2(c). All certificates representing shares of Parent Common Stock (including the amount of any dividends or other distributions payable with respect thereto pursuant to Section 2.2(c)) and cash in lieu of fractional shares of Parent Common Stock to be paid pursuant to Section 2.1(d) are hereinafter referred to as the “Exchange Fund.”

(b) Exchange Procedures. As soon as reasonably practicable after the Effective Time and in any event not later than the fourth (4th) Business Day following the Effective Time, Parent shall cause the Exchange Agent to send to each holder of record of shares of Company Common Stock represented by certificates as of the Effective Time (i) a letter of transmittal (which shall specify that delivery shall be effected, and that risk of loss and title to the shares of Company Common Stock shall pass, only upon delivery of the shares of Company Common Stock to the Exchange Agent and which shall be in form and substance reasonably satisfactory to Parent and the Company) and (ii) instructions for use in effecting the surrender of the shares of Company Common Stock in exchange for certificates representing whole shares of Parent Common Stock (or appropriate alternative arrangements made by Parent if uncertificated shares of Parent Common Stock will be issued), cash in lieu of any fractional shares of Parent Common Stock pursuant to Section 2.1(d) and any dividends or other distributions payable pursuant to Section 2.2(c). Exchange of any shares of Company Common Stock held in book-entry form shall be effected in accordance with the Exchange Agent’s customary procedures with respect to securities held in book-entry form. Notwithstanding anything to the contrary in this Agreement,

no holders of shares of Company Common Stock held in book-entry form shall be required to deliver a share certificate or an executed letter of transmittal to the Exchange Agent to receive the Merger Consideration in respect of such book-entry shares. Upon (A) in the case of shares of Company Common Stock represented by certificates, surrender of shares for cancellation to the Exchange Agent, together with such letter of transmittal, duly completed and validly executed in accordance with the instructions thereto, and (B) in the case of shares of Company Common Stock held in book-entry form, receipt by the Exchange Agent of an “agent’s message” in customary form (it being understood that the holders of such book-entry shares shall be deemed to have surrendered such book-entry shares upon receipt by the Exchange Agent of such “agent’s message” or such other evidence, if any, as the Exchange Agent may reasonably request), in each case together with such other customary documents as may reasonably be required by the Exchange Agent or Parent, the holder of such shares of Company Common Stock shall be entitled to receive in exchange therefor that number of whole shares of Parent Common Stock (after taking into account all shares of Company Common Stock surrendered by such holder) to which such holder is entitled pursuant to Section 2.1 (which shall be in uncertificated book-entry form), payment by cash or check in lieu of fractional shares of Parent Common Stock which such holder is entitled to receive pursuant to Section 2.1(d) and any dividends or distributions payable pursuant to Section 2.2(c), and the shares of Company Common Stock so surrendered shall forthwith be canceled. If any portion of the Merger Consideration is to be registered in the name of a Person other than the Person in whose name the applicable surrendered share of Company Common Stock is registered, it shall be a condition to the registration thereof that the surrendered share of Company Common Stock be in proper form for transfer and that the Person requesting such delivery of the Merger Consideration pay any and all transfer and other similar Taxes required to be paid as a result of such registration in the name of a Person other than the registered holder of such share of Company Common Stock or establish to the satisfaction of the Exchange Agent that such Taxes have been paid or are not payable. Until surrendered as contemplated by this Section 2.2(b), each share of Company Common Stock shall be deemed at any time after the Effective Time to represent only the right to receive the Merger Consideration (and any amounts to be paid pursuant to Section 2.1(d) or Section 2.2(c)) upon such surrender. No interest shall be paid or shall accrue on or with respect to the Merger Consideration or on or with respect to any amount payable pursuant to Section 2.1(d) or Section 2.2(c).

(c) Distributions with Respect to Unexchanged Shares. No dividends or other distributions with respect to shares of Parent Common Stock with a record date after the Effective Time shall be paid to the holder of any unsurrendered share of Company Common Stock with respect to the shares of Parent Common Stock represented thereby, and no cash payment in lieu of fractional shares of Parent Common Stock shall be paid to any such holder pursuant to Section 2.1(d), until such share of Company Common Stock has been surrendered in accordance with this Article II. Subject to applicable Laws, following surrender of any such share of Company Common Stock, there shall be paid to the recordholder thereof, without interest, (i) promptly after such surrender, the number of whole shares of Parent Common Stock issuable in exchange therefor pursuant to this Article II, together with any cash payable in lieu of a fractional share of Parent Common Stock to which such holder is entitled pursuant to Section 2.1(d) and the amount of dividends or other distributions with a record date after the Effective Time theretofore paid with respect to such whole shares of Parent Common Stock and (ii) at the appropriate payment date, the amount of dividends or other distributions with a record date after the Effective Time and a payment date subsequent to such surrender payable with respect to such whole shares of Parent Common Stock.

(d) Withholdings. Each of the Parties, the Surviving Corporation and the Exchange Agent shall be entitled to deduct and withhold (or cause to be deducted and withheld), from any consideration payable or otherwise deliverable under this Agreement to any holder of record of a share of Company Common Stock immediately prior to the Effective Time or any other Person who is entitled to receive the Merger Consideration pursuant to this Article II, such amounts as are required to be withheld or deducted under the Code or any applicable Tax Law with respect to the making of such payment. To the extent that amounts are so withheld or deducted, such withheld or deducted amounts shall be treated for all purposes of this Agreement as having been paid to the Person(s) to whom such amounts would otherwise have been paid.

(e) No Further Ownership Rights in Company Common Stock; Closing of Transfer Books. All shares of Parent Common Stock issued upon the surrender or exchange of shares of Company Common Stock in accordance with the terms of this Article II and any cash paid pursuant to Section 2.1(d) or Section 2.2(c) shall be deemed to have been issued (or paid) in full satisfaction of all rights pertaining to the shares of Company Common Stock. After the Effective Time, the stock transfer books of the Company shall be closed with respect to the shares of Company Common Stock that were outstanding immediately prior to the Effective Time, and there shall be no further registration of transfers on the stock transfer books of the Surviving Corporation of the shares of Company Common Stock that were outstanding immediately prior to the Effective Time. If, after the Effective Time, shares of Company Common Stock are presented to the Surviving Corporation or the Exchange Agent for any reason, they shall be canceled and exchanged as provided in this Article II.

(f) Termination of Exchange Fund. Any portion of the Exchange Fund (including the proceeds of any investments thereof) that remains undistributed to the former holders of shares of Company Common Stock for one (1) year after the Effective Time shall be delivered to Parent upon demand, and any holders of shares of Company Common Stock who have not theretofore complied with this Article II shall thereafter look only to Parent for payment of such holder's claim for the Merger Consideration, any cash in lieu of fractional shares of Parent Common Stock pursuant to Section 2.1(d) and any dividends or distributions pursuant to Section 2.2(c).

(g) No Liability; Unclaimed Property. Notwithstanding anything in this Agreement to the contrary, none of the Parties, the Surviving Corporation, the Exchange Agent or any other Person shall be liable to any holder of shares of Company Common Stock for any portion of the Merger Consideration (or any portion of the Common Shares Trust or any dividends or distributions to which such holders are entitled pursuant to Section 2.2(c)) delivered to a public official pursuant to any applicable abandoned property, escheat or similar Law. Notwithstanding any other provision of this Agreement to the contrary, any portion of the Merger Consideration (and any associated dividends or distributions to which such holders are entitled pursuant to Section 2.2(c)) that remains unclaimed as of immediately prior to the date on which any portion of such property would otherwise escheat to or become the property of any Governmental Entity shall, to the extent permitted by applicable Law, become the property of Parent free and clear of any claims or interest of any Person previously entitled thereto.