

with copies to:

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Section 8.8 Disclosure Schedules. The Parties acknowledge and agree that (a) any reference in a particular Section of either the Company Disclosure Schedule or the Parent Disclosure Schedule shall be deemed to be an exception to (or, as applicable, a disclosure for purposes of) (i) the representations and warranties (or covenants, as applicable) of the relevant Party that are contained in the corresponding Section of this Agreement and (ii) any other representations and warranties of such Party that are contained in this Agreement (regardless of the absence of an express reference or cross-reference in a particular Section of this Agreement or a particular Section of either the Company Disclosure Schedule or Parent Disclosure Schedule), but only if the relevance of that reference as an exception to (or a disclosure for purposes of) such representations and warranties would be reasonably apparent and (b) the fact that any item of information is disclosed in the Company Disclosure Schedule or the Parent Disclosure Schedule shall not be construed to mean that such information is required to be disclosed by this Agreement, and such information and the dollar thresholds set forth herein shall not be used as a basis for interpreting the terms “material,” “material adverse effect” or other similar terms in this Agreement.

Section 8.9 Assignment; Binding Effect. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the Parties without the prior written consent of the other Parties. Subject to the preceding sentence, this Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective successors and assigns.

Section 8.10 Severability. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, such provision shall be interpreted to be only so broad as is enforceable.

Section 8.11 Entire Agreement; No Third-Party Beneficiaries. This Agreement (including the exhibits and schedules hereto) and the Confidentiality Agreement constitute the entire agreement, and supersede all other prior agreements and understandings, both written and oral, between the Parties, or any of them, with respect to the subject matter hereof and thereof and, except for the provisions of Section 5.11, is not intended to and shall not confer upon any person other than the Parties any rights or remedies hereunder.

Section 8.12 Amendments; Waivers. At any time prior to the Effective Time, any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by the Company, Parent and Merger Sub or, in the case of a waiver, by the Party against whom the waiver is to be effective; provided, however, that after receipt of the Company Shareholder Approval, if any such amendment or waiver shall be by applicable Law or in accordance with the rules and regulations of the NYSE require further approval of the shareholders of the Company, the effectiveness of such amendment or waiver shall be subject to the approval of the shareholders of the Company. Notwithstanding the foregoing, no failure or delay by the Company or Parent in exercising any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise of any other right hereunder.

Section 8.13 Headings. Headings of the Articles and Sections of this Agreement are for convenience of the Parties only and shall be given no substantive or interpretive effect whatsoever. The table of contents to this Agreement is for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

ARTICLE IX

DEFINITIONS AND INTERPRETATION

Section 9.1 Certain Defined Terms. For purposes of this Agreement, each of the following terms has the meaning specified in this Section 9.1:

“2016 Note Purchase Agreement” means that certain Note Purchase Agreement, dated as of November 3, 2016 (as amended, restated or otherwise modified from time to time), by and among the Company (f/k/a Aqua America, Inc.) and the note purchasers thereto, with respect to \$35,000,000 3.01% Senior Notes, Series A, due November 3, 2031, \$30,000,000 3.19% Senior Notes, Series B, due November 3, 2034, \$25,000,000 3.25% Senior Notes, Series C, due November 3, 2035, \$10,000,000 3.41% Senior Notes, Series D, due November 3, 2038 and \$25,000,000 3.57% Senior Notes, Series E, due November 3, 2041.

“Acceptable Confidentiality Agreement” means a confidentiality agreement that contains confidentiality provisions that are no less favorable in the aggregate to Parent or the Company, as applicable, than those contained in the Confidentiality Agreement; provided that such confidentiality agreement shall not include any provision calling for an exclusive right to negotiate with any Party to this Agreement or otherwise conflicting with the obligations of any Party under this Agreement and shall permit the disclosures contemplated by Section 5.4 or Section 5.5, as applicable.

“Affiliate” means, as to any Person, any other Person which, directly or indirectly, controls, or is controlled by, or is under common control with, such Person. As used in this definition, the term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, including the ability to elect the members of the board of directors or other governing body of a Person, and the terms “controlled” and “controlling” have correlative meanings.

“Anti-Corruption Laws” means any Laws concerning or relating to bribery or corruption (governmental or commercial), including the U.S. Foreign Corrupt Practices Act of 1977, the U.K. Bribery Act 2010, and all national and international Laws enacted to implement the Organisation for Economic Co-operation and Development’s Convention on Combating Bribery of Foreign Officials in International Business Transactions.

“Antitrust Laws” means the Sherman Act, the Clayton Act, the HSR Act, the Federal Trade Commission Act, all applicable state, foreign or supranational Laws that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or lessening of competition through merger or acquisition.

“Applicable PSCs” means collectively the state public utility commissions set forth in Section 9.1 of the Company Disclosure Schedule and Section 9.1 of the Parent Disclosure Schedule.

“Business Day” means a day, other than a Saturday or Sunday or other day on which commercial banks in New York, New York are authorized or required by Law to close.

“Change” means any fact, circumstance, effect, change, condition, occurrence, event or development.

“Claim” means any demand, claim, action, suit, proceeding, investigation, complaint or indictment (whether at law or in equity, civil, criminal, administrative or investigative) or any other arbitration, mediation or similar proceeding, in each case, by or before any Governmental Entity.

“Company 401(k) Plan” means the Essential Utilities, Inc. 401(k) Plan, as amended.

“Company Benefit Plan” means each “employee benefit plan” (as defined in Section 3(3) of ERISA), whether or not subject to ERISA, and each bonus, stock, stock purchase, stock option or other equity or equity-based compensation arrangement or plan, incentive compensation, deferred compensation, retirement or supplemental retirement, severance plan or policy, termination pay, employment, consulting, change-in-control, retention, transaction bonus, profit sharing, pension, retirement, vacation, cafeteria, dependent care, medical care, death and disability benefit, flexible benefits, supplemental unemployment benefit, employee assistance program, education or tuition assistance program, and each insurance and other fringe or employee benefit plan, program or arrangement, in each case, (a) that is sponsored, maintained, entered into, contributed to or required to be contributed to by the Company or any Company Subsidiary or any of their ERISA Affiliates, (b) for the benefit of current or former employees, directors, individual consultants or other individual service providers (or any dependent or beneficiary thereof) of the Company or any Company Subsidiary or any of their ERISA Affiliates or (c) with respect to which the Company, any Company Subsidiary has or may have any obligation or liability (whether actual or contingent), other than any plan to which the Company or any Company Subsidiary (or has an obligation to contribute) pursuant to applicable Law and that is sponsored or maintained by a Governmental Entity.

“Company DRIP” means the Company’s Dividend Reinvestment and Direct Stock Purchase Plan.

“Company ESPP” means the Aqua America, Inc. 2012 Employee Stock Purchase Program.

“Company Material Adverse Effect” means any Change that has, individually or in the aggregate with all other Changes, a material adverse effect on the business, condition (financial or otherwise), properties, results of operations, liabilities, assets or operations of the Company and the Company Subsidiaries, taken as a whole, or on the ability of the Company to consummate the Transactions, but shall not be deemed to include any Change resulting from or arising out of: (a)(i) Changes generally affecting the economy, legislative or political conditions; (ii) Changes generally affecting any financial, securities, commodities or other capital markets; or (iii) Changes in prevailing interest rates, in each case of the foregoing clauses (i), (ii) and (iii), whether in the U.S. or elsewhere in the world, (b) Changes generally affecting the industry or industries in which the Company or the Company Subsidiaries operate, (c) the execution and delivery of this Agreement or the public announcement, pendency or performance of the Merger or any of the other Transactions, including (x) any action taken by the Company or any Company Subsidiary that is expressly required pursuant to this Agreement, or the failure to take any action specifically prohibited by this Agreement (in each case, excluding any such actions required to be taken or not taken pursuant to Section 5.1) or (y) any adverse change in customer, supplier, employee, regulatory, partner or similar relationships resulting therefrom, (d) any taking of any action at the written request or with the written consent of Parent or Merger Sub, (e) any Claim brought or threatened by shareholders of the Company or stockholders of Parent asserting allegations of breach of fiduciary duty or other violation of applicable Law relating to this Agreement or the Transactions, (f) any change or proposed change after the date hereof in applicable Law, (g) any change or proposed change after the date hereof in GAAP or accounting standards or interpretations thereof, (h) geopolitical conditions, the outbreak or escalation of hostilities, any act of war, sabotage or terrorism, any civil unrest, or any escalation or worsening of any of the foregoing, (i) any public health emergency (including any epidemic or pandemic), (j) any hurricane, snow storm or blizzard, strong winds, ice event, fire, tornado, tsunami, flood, earthquake or other natural or manmade disaster or severe weather-related event, circumstance or development, (k) any reduction in the credit rating or outlook of the Company or any of the Company Subsidiaries (other than a change to a rating, or an outlook contemplating a change to a rating, below investment grade) (it being understood that the facts or occurrences giving rise to or contributing to such change may, if not otherwise excluded from being, or being taken into account in determining whether, a Company Material Adverse Effect has occurred or would reasonably be expected to occur, be deemed to constitute, or be taking into account in determining whether there has or will be, a Company Material Adverse Effect), (l) any failure in and of itself by the Company or any Company Subsidiary to meet any internal or public projection, budget, forecast, estimate or prediction in respect of revenues, earnings or other financial or operating metrics for any period (it being understood that the facts or occurrences giving rise to or contributing to such failure may, if not otherwise excluded from being, or being taken into account in determining whether, a Company Material Adverse Effect has occurred or would reasonably be expected to occur, be deemed to constitute, or be taken into account in determining whether there has or will be, a Company Material Adverse Effect), (m) any change in and of itself in the market price or trading volume of shares of Company Common Stock on the NYSE (it being understood that the facts or occurrences giving rise to or contributing to such change may, if not otherwise excluded from being, or being taken into account in determining whether, a Company Material Adverse Effect has occurred or would reasonably be expected to occur, be deemed to constitute, or be taking into account in determining whether there has or will be, a Company Material Adverse Effect), or (n) any Change arising from any requirements imposed by or commitment offered to any

Governmental Entities as a condition to obtaining the HSR Clearance, the Company Regulatory Approvals or the Parent Regulatory Approvals; provided, however, that any Change described in each of clauses (a), (b), (f), (g), (h), (i) or (j) above may be taken into account in determining whether a Company Material Adverse Effect has occurred solely to the extent such Change has had or would reasonably be expected to have a disproportionate adverse effect on the Company and the Company Subsidiaries, taken as a whole, relative to other participants in the industries in which the Company and the Company Subsidiaries operate (in which case, only the incremental disproportionate effect of such Change may be taken into account in determining whether there has been, or would be, a Company Material Adverse Effect, to the extent such Change is not otherwise excluded from being taken into account under this definition).

“Company Performance Share Award” means each restricted stock unit awarded under the Company Stock Plan that is outstanding as of immediately prior to the Effective Time and is subject to one or more performance-based vesting conditions.

“Company Personnel” means any current or former director, officer or employee of the Company or any Company Subsidiary.

“Company Restricted Share” means each share of Company Common Stock awarded under the Company Stock Plan that is outstanding as of immediately prior to the Effective Time that is subject to one or more vesting conditions.

“Company RSU Award” means each restricted stock unit awarded under the Company Stock Plan that is outstanding as of immediately prior to the Effective Time and is subject to solely time-based vesting conditions.

“Company Stock Option” means each stock option awarded under the Company Stock Plan that is outstanding immediately prior to the Effective Time.

“Company Stock Plan” means the Aqua America, Inc. Amended & Restated Omnibus Equity Compensation Plan.

“Company Subsidiary” means any Subsidiary of the Company.

“Company Termination Fee” means \$370,000,000.

“Contract” means any written or oral agreement, undertaking, contract, commitment, lease, license, permit, franchise, concession, deed of trust, contract, note, bond, mortgage, indenture, arrangement or other instrument or obligation.

“Environment” means any ambient air, surface water, drinking water, groundwater, land surface (whether below or above water), subsurface strata, sediment, plant or animal life and natural resources.

“Environmental Law” means any Law issued or entered by or with any Governmental Entity relating to (a) the protection of the Environment, including pollution, contamination, cleanup, preservation, protection and reclamation of the Environment, (b) any release or threatened release of any Hazardous Materials, including investigation, assessment, testing, monitoring, containment, removal, remediation and cleanup of any such release or threatened release, (c) the management of any Hazardous Materials, including the use, labeling, processing, disposal, storage, treatment, transport or recycling of any Hazardous Materials or (d) the presence of Hazardous Materials in any building, physical structure, product or fixture.

“ERISA” means the Employee Retirement Income Security Act of 1974.

“ERISA Affiliate” means with respect to any entity, trade or business, any other entity, trade or business that is, or was at the relevant time, a member of a group described in Section 414(b), (c), (m) or (o) of the Code or Section 4001(b)(1) of ERISA that includes or included the first entity, trade or business, or that is, or was at the relevant time, a member of the same “controlled group” as the first entity, trade or business pursuant to Section 4001(a)(14) of ERISA.

“Exchange Act” means the Securities Exchange Act of 1934.

“FCC” means the U.S. Federal Communications Commission.

“GAAP” means U.S. generally accepted accounting principles.

“Governmental Entity” means any U.S. or foreign federal, state, provincial or local governmental authority, court, government or self-regulatory organization, commission, tribunal or organization or any regulatory, administrative or other agency, or any political or other subdivision, department or branch of any of the foregoing, including any governmental, quasi-governmental or nongovernmental body administering, regulating, or having general oversight over any energy-related markets, or any court, arbitrator, arbitration panel or similar judicial body.

“Hazardous Materials” means any regulated pollutant or contaminant (including any constituent, raw material, product or by-product thereof), hazardous or toxic substance, petroleum, asbestos or asbestos-containing material, per- and poly-fluoroalkyl substances, polychlorinated biphenyls, lead paint, any hazardous, industrial or solid waste, and any other substance, material or agent regulated under Environmental Law due to its deleterious substances.

“HSR Act” means the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

“Indebtedness” means, with respect to any Person, without duplication, (a) all obligations of such Person for borrowed money (other than intercompany indebtedness), (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person evidenced by letters of credit, bankers’ acceptances or similar facilities to the extent drawn upon by the counterparty thereto, (d) all capitalized lease obligations of such Person and (e) all guarantees or other assumptions of liability for any of the foregoing.

“Information Privacy Requirements” means (a) with respect to the Company and the Company Subsidiaries, collectively, all of the following to the extent applicable to the Company and the Company Subsidiaries: (i) applicable privacy Laws and (ii) the Company’s and the Company Subsidiaries’ written notices, policies and procedures related to privacy, security or the Processing of Personal Data and (b) with respect to Parent and the Parent Subsidiaries, collectively, all of the following to the extent applicable to Parent and the Parent Subsidiaries: (i) applicable privacy Laws and (ii) Parent’s and the Parent Subsidiaries’ written notices, policies and procedures related to privacy, security or the Processing of Personal Data.

“Intellectual Property Rights” means all intellectual property rights in any jurisdiction, including all (a) patents and patent applications, (b) trademarks, service marks, trade dress, logos, slogans, brand names, trade names, Internet domain names and corporate names (whether or not registered), and other indicia of origin, and all applications and registrations in connection therewith, (c) all copyrights (whether or not published), and all applications and registrations in connection therewith, (d) mask works and industrial designs, and all applications and registrations in connection therewith and (e) trade secrets and other intellectual property rights in confidential and proprietary information (including intellectual property rights, if any, in inventions, research and development information, know how, formulas, compositions, technical data, designs, drawings, financial, marketing and business data, customer and supplier lists, algorithms, pricing and cost information, business and marketing plans and proposals, and databases and compilations of data).

“Joint Venture” means, as to any Person, any other Person or other entity which is not a Subsidiary of such Person and in which (a) such Person, directly or indirectly, owns or controls any shares of any class of the outstanding voting securities or other equity interests (other than the ownership of securities primarily for investment purposes as part of routine cash management or investments of two percent (2%) or less in publicly traded companies) or (b) such Person is a general partner.

“Judgment” means a judgment, order, decree, ruling, writ, assessment or arbitration award of a Governmental Entity.

“Knowledge” means (a) with respect to the Company, the actual knowledge of the individuals listed in Section 1.1 of the Company Disclosure Schedule and (b) with respect to Parent, the actual knowledge of the individuals listed in Section 1.1 of the Parent Disclosure Schedule, in the case of each of clause (a) and (b), after making reasonable inquiry of such individual’s direct reports having primary responsibility for such matter.

“Law” means any applicable federal, state, local or foreign law, statute, ordinance, rule, regulation, judgment, order, injunction, decree or agency requirement of any Governmental Entity, including common law or the interpretation thereof.

“Organizational Documents” means any corporate, partnership or limited liability organizational documents, including certificates or articles of incorporation, bylaws, certificates of formation, operating agreements (including limited liability company agreement and agreements of limited partnership), certificates of limited partnership, partnership agreements, shareholder agreements and certificates of existence, as applicable.

“Parent Benefit Plan” means each “employee benefit plan” (as defined in Section 3(3) of ERISA), whether or not subject to ERISA, and each bonus, stock, stock purchase, stock option or other equity or equity-based compensation arrangement or plan, incentive compensation, deferred compensation, retirement or supplemental retirement, severance plan or policy, termination pay, employment, consulting, change-in-control, retention, transaction bonus, profit sharing, pension,

retirement, vacation, cafeteria, dependent care, medical care, death and disability benefit, flexible benefits, supplemental unemployment benefit, employee assistance program, education or tuition assistance program, and each insurance and other fringe or employee benefit plan, program or arrangement, in each case, (a) that is sponsored, maintained, entered into, contributed to or required to be contributed to by Parent or any Parent Subsidiary or any of their ERISA Affiliates, (b) for the benefit of current or former employees, directors, individual consultants or other individual service providers (or any dependent or beneficiary thereof) of Parent or any Parent Subsidiary or any of their ERISA Affiliates or (c) with respect to which Parent or any Parent Subsidiary has or may have any obligation or liability (whether actual or contingent), other than any plan to which Parent or any Parent Subsidiary contributes (or has an obligation to contribute) pursuant to applicable Law and that is sponsored or maintained by a Governmental Entity.

“Parent DRIP” means Parent’s Dividend Reinvestment and Direct Stock Purchase Plan.

“Parent ESPP” means the Second Amended and Restated American Water Works Company, Inc. and its Designated Subsidiaries 2017 Nonqualified Employee Stock Purchase Plan, adopted on July 27, 2018, effective as of February 5, 2019.

“Parent Material Adverse Effect” means any Change that has, individually or in the aggregate with all other Changes, a material adverse effect on the business, condition (financial or otherwise), properties, results of operations, liabilities, assets or operations of Parent and the Parent Subsidiaries, taken as a whole, or on the ability of Parent to consummate the Transactions, but shall not be deemed to include any Change resulting from or arising out of: (a)(i) Changes generally affecting the economy, legislative or political conditions; (ii) Changes generally affecting any financial, securities, commodities or other capital markets; or (iii) Changes in prevailing interest rates, in each case of the foregoing clauses (i), (ii) and (iii), whether in the U.S. or elsewhere in the world, (b) Changes generally affecting the industry or industries in which Parent or the Parent Subsidiaries operate, (c) the execution and delivery of this Agreement or the public announcement, pendency or performance of the Merger or any of the other Transactions, including (x) any action taken by Parent or any Parent Subsidiary that is expressly required pursuant to this Agreement, or the failure to take any action specifically prohibited by this Agreement (in each case, excluding any such actions required to be taken or not taken pursuant to Section 5.2) or (y) any adverse change in customer, supplier, employee, regulatory, partner or similar relationships resulting therefrom, (d) any taking of any action at the written request or with the written consent of the Company, (e) any Claim brought or threatened by shareholders of the Company or stockholders of Parent asserting allegations of breach of fiduciary duty or other violation of applicable Law relating to this Agreement or the Transactions, (f) any change or proposed change after the date hereof in applicable Law, (g) any change or proposed change after the date hereof in GAAP or accounting standards or interpretations thereof, (h) geopolitical conditions, the outbreak or escalation of hostilities, any act of war, sabotage or terrorism, any civil unrest, or any escalation or worsening of any of the foregoing, (i) any public health emergency (including any epidemic or pandemic), (j) any hurricane, snow storm or blizzard, strong winds, ice event, fire, tornado, tsunami, flood, earthquake or other natural or manmade disaster or severe weather-related event, circumstance or development, (k) any reduction in the credit rating or outlook of Parent or any of the Parent Subsidiaries (other than a change to a rating, or an outlook contemplating a change to a rating, below investment grade) (it being understood that the facts or occurrences giving rise to or contributing to such change may, if not otherwise excluded from being, or being taken into account

in determining whether, a Parent Material Adverse Effect has occurred or would reasonably be expected to occur, be deemed to constitute, or be taking into account in determining whether there has or will be, a Parent Material Adverse Effect), (l) any failure in and of itself by Parent or any Parent Subsidiary to meet any internal or public projection, budget, forecast, estimate or prediction in respect of revenues, earnings or other financial or operating metrics for any period (it being understood that the facts or occurrences giving rise to or contributing to such failure may, if not otherwise excluded from being, or being taken into account in determining whether, a Parent Material Adverse Effect has occurred or would reasonably be expected to occur, be deemed to constitute, or be taken into account in determining whether there has or will be, a Parent Material Adverse Effect), (m) any change in and of itself in the market price or trading volume of shares of Parent Common Stock on the NYSE (it being understood that the facts or occurrences giving rise to or contributing to such change may, if not otherwise excluded from being, or being taken into account in determining whether, a Parent Material Adverse Effect has occurred or would reasonably be expected to occur, be deemed to constitute, or be taking into account in determining whether there has or will be, a Parent Material Adverse Effect), or (n) any Change arising from any requirements imposed by or commitment offered to any Governmental Entities as a condition to obtaining the HSR Clearance, the Company Regulatory Approvals or the Parent Regulatory Approvals; provided, however, that any Change described in each of clauses (a), (b), (f), (g), (h), (i) or (j) above may be taken into account in determining whether a Parent Material Adverse Effect has occurred solely to the extent such Change has had or would reasonably be expected to have a disproportionate adverse effect on Parent and the Parent Subsidiaries, taken as a whole, relative to other participants in the industries in which Parent and the Parent Subsidiaries operate (in which case, only the incremental disproportionate effect of such Change may be taken into account in determining whether there has been, or would be, a Parent Material Adverse Effect, to the extent such Change is not otherwise excluded from being taken into account under this definition).

“Parent Performance Share Award” means each restricted stock unit awarded under a Parent Stock Plan that is outstanding as of immediately prior to the Effective Time and is subject to one or more performance-based vesting conditions.

“Parent Restricted Share” means each share of Parent Common Stock awarded under a Parent Stock Plan that is outstanding as of immediately prior to the Effective Time that is subject to one or more vesting conditions.

“Parent RSU Award” means each restricted stock unit awarded under a Parent Stock Plan that is outstanding as of immediately prior to the Effective Time and is subject to solely time-based vesting conditions.

“Parent Stock Plan” means each of Parent’s 2017 Omnibus Equity Compensation Plan and Parent’s 2007 Omnibus Equity Compensation Plan.

“Parent Subsidiary” means any Subsidiary of Parent.

“Parent Termination Fee” means \$835,000,000.

“Permits” means any Consents, franchises, grants, easements, variances, exceptions, certificates, clearances, permissions, qualifications and registrations and orders of any Governmental Entity.

“Person” means an individual, firm, body corporate (wherever incorporated), partnership, limited liability company, association, joint venture, trust, works council or employee representative body (whether or not having separate legal personality) or other entity or organization, including a government, state or agency of a state or a Governmental Entity.

“Personal Data” means (a) any information relating to an identified or identifiable natural person or that is reasonably capable of being used to identify a natural person and (b) any data or information defined as “public data,” “personal information,” “personally identifiable information,” or similar phrases under any applicable Law relating to data protection, data transfer, data processing, data breach notification.

“Prime Rate” means, as of any determination date, the rate per annum published in *The Wall Street Journal* as the prime lending rate prevailing as of such date.

“Process,” “Processed” or “Processing” means any operation or set of operations which is performed on information, including Personal Data, such as the use, collection, processing, storage, recording, organization, adaption, alteration, transfer, retrieval, consultation, disclosure, dissemination, combination or disposal of such information, or is considered “processing” by any applicable Information Privacy Requirements.

“Regulatory Law” means any Antitrust Law and the rules and regulations of the Applicable PSCs.

“Representatives” means with respect to a Person, such Person’s Affiliates and any of such Person’s and such Person’s Affiliates’ respective officers, directors, principals, partners, managers, employees, consultants, service providers, attorneys, accountants, agents, financial advisors, or other authorized representatives.

“Sanctioned Jurisdiction” means any country or territory that is itself the subject or target of any comprehensive Sanctions (at the time of this Agreement, Cuba, Iran, North Korea, Syria, the Crimea region, the so-called Luhansk People’s Republic, the so-called Donetsk People’s Republic regions of Ukraine and the non-government controlled areas of Ukraine in the oblasts of Kherson and Zaporizhzhia).

“Sanctioned Person” means any Person that is the target of Sanctions, including (a) any Person appearing on any Sanctions-related list (including export-control-related lists of restricted parties), (b) any Person located, organized, or resident in a Sanctioned Jurisdiction or (c) any Person directly or indirectly owned fifty percent (50%) or more or controlled, individually or in the aggregate, by one or more Persons described in the foregoing clauses (a) or (b).

“Sanctions” means any economic or financial sanctions or trade embargoes imposed, administered or enforced by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, the government of Canada, Global Affairs Canada, Public Safety Canada, the Department of Justice Canada, the United Nations Security Council, the European Union, any European Union member state, or the United Kingdom.

“Sarbanes-Oxley Act” means the Sarbanes-Oxley Act of 2002.

“SEC” means the U.S. Securities and Exchange Commission.

“Securities Act” means the Securities Act of 1933.

“Specified Debt Agreement” means the agreement set forth in Section 5.23 of the Company Disclosure Schedule.

“Specified Debt Amendment” means an amendment, waiver or other modification to the Specified Debt Agreement, in form and substance reasonably satisfactory to Parent, the purpose of which is to waive a “Change in Control” (as defined in the Specified Debt Agreement) or similar event that would occur as a result of the consummation of the Transactions.

“Subsidiary” means, with respect to a Person, any other Person (a) of which fifty percent (50%) or more of the outstanding capital stock, voting securities, limited liability company or membership interests, partnership interests or other voting equity interests are owned, directly or indirectly, by such first Person, (b) of which such first Person is entitled to elect, directly or indirectly, at least a majority of the board of directors or other persons performing similar functions or (c) if such other Person is a limited partnership or limited liability company, of which such first Person or one of its Subsidiaries is a general partner or managing member of has the power to direct the policies, management or affairs of such other Person.

“Tax Return” means any return (including any information return), report, declaration, estimate, claim for refund, statement, notice, notification, form, election, certificate, or other document, information, or similar filing (including any elections, notifications, declarations, schedules or attachments thereto, and any amendment thereof) required to be filed or submitted to any Governmental Entity with respect to Taxes.

“Taxes” means any and all U.S. federal, state, local, non-U.S. or other taxes, fees, levies, duties, imposts, obligations and other charges or assessments of the same or similar nature (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed, imposable, collected or collectable by any Governmental Entity, including any income, franchise, windfall or other profits, net worth, gross receipts, occupation, real or personal property, transfer, sales, use, goods and services, license, stamp, fuel, production, capital stock, payroll, employment, unemployment, social security, workers’ compensation, unemployment compensation, disability, welfare, alternative or add-on minimum, severance, gift, estate, recording, premium, registration, environmental, excise, withholding, ad valorem, value added or estimated tax, whether disputed or not.

“Willful Breach” means a material breach of a covenant or agreement set forth in this Agreement that is a consequence of an act or failure to act by the breaching Party with knowledge that the taking of such act or failure to act would, or would reasonably be expected to, cause or constitute a material breach of such covenant or agreement.

Section 9.2 Index of Other Defined Terms

. Each of the following capitalized terms has the respective meaning specified on the page set forth opposite such term below:

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Section 9.3 Other Definitional and Interpretative Provisions. When a reference is made in this Agreement to an Article, Section or Exhibit, such reference shall be to an Article, Section or Exhibit of this Agreement unless otherwise indicated. Whenever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation.” The words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The word “or” shall have the inclusive meaning represented by the phrase “and/or.” All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant thereto unless otherwise defined therein. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such term. Any agreement, instrument or Law defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or Law as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of Laws) by succession of comparable successor laws and any rules or regulations promulgated thereunder, and references to all attachments thereto and instruments incorporated therein. Each of the Parties has participated in the drafting and negotiation of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement must be construed as if it is drafted by all the Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of authorship of any of the provisions of this Agreement. References to any Person include the successors and permitted assigns of that Person. Any reference in this Agreement to a “day” or a number of “days” (without explicit reference to “Business Days”) shall be interpreted as a reference to a calendar day or number of calendar days. If any action is to be taken or given on or by a particular calendar day, and such calendar day is not a Business Day, then such action may be deferred until the next Business Day. Any reference in this Agreement to “U.S.” means the United States of America. All documents or other materials that were uploaded to the Intralinks virtual data room titled “Project Summit” and the Firmex virtual data room titled “Project Summit – Epsilon’s VDR” as of 11:59 p.m. on the date that is two (2) Business Days immediately preceding the date hereof shall be deemed to have been “made available” to the Company and Parent, respectively, as for all purposes of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed and delivered as of the date first above written.

AMERICAN WATER WORKS COMPANY, INC.

By: /s/ JOHN C. GRIFFITH

Name: John C. Griffith

Title: President and Chief Executive Officer

ALPHA MERGER SUB, INC.

By: /s/ JOHN C. GRIFFITH

Name: John C. Griffith

Title: President and Chief Executive Officer

[Signature Page to Agreement and Plan of Merger]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed and delivered as of the date first above written.

ESSENTIAL UTILITIES, INC.

By: /s/ CHRISTOPHER H. FRANKLIN

Name: Christopher H. Franklin

Title: Chief Executive Officer

[Signature Page to Agreement and Plan of Merger]

Exhibit A

Form of Articles of Incorporation of the Surviving Corporation

COMMONWEALTH OF PENNSYLVANIA

AMENDED AND RESTATED

ARTICLES OF INCORPORATION

OF

ESSENTIAL UTILITIES, INC.

Dated as of []

The Amended and Restated Articles of Incorporation of Essential Utilities, Inc. (the "Corporation") are hereby amended and restated in their entirety to read as follows:

1. Name. The name of the Corporation is Essential Utilities, Inc.

2. Registered Office. The location and address of the registered office of the Corporation in this Commonwealth is 762 West Lancaster Avenue, Bryn Mawr, Montgomery County, Pennsylvania 19010.

3. Statute. The Corporation was incorporated under the provisions of the Pennsylvania Business Corporation Law of 1933, as amended (the "BCL").

4. Capital Stock. The aggregate number of shares of Common Stock which the Corporation shall have authority to issue is One Thousand (1,000) shares each with a par value of One Cent (\$0.01).

5. Term. The term for which the Corporation is to exist is perpetual.

6. Authority of Board of Directors. The Board of Directors shall have the full authority permitted by law to fix by resolution full, limited, multiple or fractional, or no voting rights, and such designations, preferences, qualifications, privileges, limitations, restrictions, options, conversion rights and other special or relative rights of any class or any series of any class that may be desired.

7. Cumulative Voting Rights. Shareholders of the Corporation shall not have the right to cumulate their votes for the election of Directors of the Corporation.

8. Bylaws. All conditions, qualifications, requirements, privileges and regulations regarding the Board of Directors and the shareholders, including voting rights, shall be fixed and governed by the Bylaws of the Corporation.

9. Personal Liability of Directors and Officers. To the fullest extent that the laws of the Commonwealth of Pennsylvania, as now in effect or as hereafter amended, permit elimination or limitation of the liability of directors, no director of the Corporation shall be personally liable for monetary damages as such for any action taken, or any failure to take any action, as a director. The provisions of this Article shall be deemed to be a contract with each director of the Corporation who serves as such at any time while this Article is in effect and each such director shall be deemed to be so serving in reliance on the provisions of this Article. Any amendment or repeal of this Article or adoption of any Bylaw or provision of the Articles of the Corporation which has the effect of increasing director liability shall operate prospectively only and shall not have any effect with respect to any action taken, or any failure to act, by a director prior thereto.

10. Indemnification of, and Advancement of Expenses.

(a) Except as prohibited by law, every director and officer of the Corporation shall be entitled as of right to be indemnified by the Corporation against expenses and any liabilities paid or incurred by such person in connection with any actual or threatened claim, action, suit or proceeding, civil, criminal, administrative, investigative or other, whether brought by or in the right of the Corporation or otherwise, in which he or she may be involved in any manner, as a party, witness or otherwise, or is threatened to be made so involved, by reason of such person being or having been a director or officer of the Corporation or of a subsidiary of the Corporation or by reason of the fact that such person is or was serving at the request of the Corporation as a director, officer, employee, fiduciary or other representative of another company, partnership, joint venture, trust, employee benefit plan or other entity (such claim, action, suit or proceeding hereinafter being referred to as an “Action”) to the fullest extent permitted under the BCL. Such right shall be a contract right and as such shall run to the benefit of any director or officer who is elected and accepts the position of director or officer of the Corporation or elects to continue to serve as a director or officer of the Corporation while this Article is in effect. Any repeal or amendment of this Article shall be prospective only and shall not limit the rights of any such director or officer or the obligations of the Corporation with respect to any claim arising from or related to the services of such director or officer in any of the foregoing capacities prior to any such repeal or amendment to this Article. Persons who are not directors or officers of the Corporation may be similarly indemnified in respect of service to the Corporation or to another such entity at the request of the Corporation to the extent the Board of Directors at any time denominates any of such persons as entitled to the benefits of this Article. Without limiting the generality of the foregoing, to the extent permitted by then applicable law, the grant of mandatory indemnification pursuant to this Article shall extend to proceedings involving the negligence of such person. As used in this Article, “indemnatee” shall include each director and officer of the Corporation and each other person denominated by the Board of Directors as entitled to the benefits of this Article, “expenses” shall mean all expenses actually and reasonably incurred, including fees and expenses of counsel selected by an indemnitee, and “liabilities” shall mean amounts of judgments, excise taxes, fines, penalties and amounts paid in settlement.

(b) Right to Advancement of Expenses. Every indemnitee shall be entitled as of right to have his or her expenses in investigating or defending any Action paid in advance by the Corporation prior to final disposition of such Action, provided that the Corporation receives a written undertaking by or on behalf of the indemnitee to repay the amount advanced if it should ultimately be determined that the indemnitee is not entitled to be indemnified for such expenses.

(c) Additional Rights. If a claim for indemnification or advancement of expenses hereunder is not paid in full by the Corporation within sixty (60) days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim, and if successful in whole or in part, the claimant shall also be entitled to be paid the expenses of prosecuting such claim. It shall be a defense to any such action that such indemnification or advancement of costs of defense is not permitted under the BCL, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors or any committee thereof, independent legal counsel, or shareholders) to have made its determination prior to the commencement of such action that indemnification of, or advancement of costs of defense to, the claimant is permissible in the circumstances nor an actual determination by the Corporation (including its Board of Directors or any committee thereof, independent legal counsel, or shareholders) that such indemnification or advancement is not permissible shall be a defense to the action or create a presumption that such indemnification or advancement is not permissible. In the event of the death of any person having a right of indemnification under the foregoing provisions, such right shall inure to the benefit of his or her heirs, executors, administrators, and personal representatives. The rights conferred above shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, bylaw, resolution of shareholders or directors, agreement, or otherwise.

IN TESTIMONY WHEREOF, the undersigned, being the sole shareholder of the Corporation, has signed these Amended and Restated Articles of Incorporation as of the date first written above.

AMERICAN WATER WORKS COMPANY, INC., as Sole
Shareholder

By: _____
Name:
Title:

Exhibit B

Form of Bylaws of the Surviving Corporation

AMENDED AND RESTATED BYLAWS

OF

ESSENTIAL UTILITIES, INC.

Dated as of []

(A Pennsylvania Business Corporation)

The Amended and Restated Bylaws of Essential Utilities, Inc. (the “Corporation”) are hereby amended and restated in their entirety to read as follows:

ARTICLE 1

OFFICES

Section 1.01 Registered Office. The registered office of the Corporation in the Commonwealth of Pennsylvania shall be located at 762 West Lancaster Avenue, Bryn Mawr, Montgomery County, Pennsylvania 19010 until otherwise established by an amendment of the Articles of Incorporation or by the Board of Directors of the Corporation (the “Board of Directors” or the “Board”), and a statement of such change is filed with the Department of State of the Commonwealth of Pennsylvania in the manner provided by law.

Section 1.02 Offices. The principal office of the Corporation and any other offices of the Corporation shall be located at such places, within and without the Commonwealth of Pennsylvania, as the Board of Directors may from time to time determine or as the business of the Corporation may require.

ARTICLE 2

MEETINGS OF SHAREHOLDERS

Section 2.01 Place of Meeting. Meetings of shareholders of Corporation shall be held at such place, within the Commonwealth of Pennsylvania or elsewhere, as may be fixed from time to time by the Board of Directors; *provided, however*, if a meeting is held by means of the Internet or other electronic communications technology in a fashion pursuant to which shareholders have the opportunity to read or hear the proceedings substantially concurrently with their occurrence, vote on matters submitted to the shareholders and pose questions to the directors, the meeting need not be held at a particular geographic location.

Section 2.02 Annual Meeting. There shall be an annual meeting of shareholders that shall be held at such time and place as the Board may determine, at which the shareholders shall elect directors and transact such other business as may properly be brought before the meeting.

Section 2.03 Special Meetings. Special meetings of the shareholders may be called at any time by the Board of Directors, any member of the Board or the President. Business transacted at all special meetings shall be confined to the objects stated in the call and matters germane thereto.

Section 2.04 Notice of Meetings. Except as provided in Section 1707 of the Pennsylvania Business Corporation Law of 1988, as amended (the “BCL”), written notice of every meeting of shareholders shall be given in any manner permitted by law or at the direction of the Secretary or such other person as is authorized by the Board of Directors to each shareholder of record entitled to receipt thereof, at least one day prior to the day named for the meeting, unless a greater period of notice is required by law in a particular case.

Section 2.05 Organization. At every meeting of the shareholders, the Chair of the Board, or in his or her absence, the President, or in their absence, a person chosen by the shareholders, shall act as chair of the meeting; and the Secretary, or in his or her absence, a person appointed by the chair of the meeting, shall act as secretary of the meeting.

Section 2.06 Quorum. Shareholders may take action on a matter at a meeting only if a quorum exists with respect to that matter. Except as otherwise provided by law, a majority of the outstanding shares of the Corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of shareholders. Once a share is represented for any purpose at a meeting (other than solely to object to the holding of the meeting), it is deemed present for quorum purposes for the remainder of the meeting and the shareholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of sufficient shareholders to leave less than a quorum. The holders of a majority of the outstanding shares represented at a meeting, whether or not a quorum is present, may adjourn the meeting from time to time.

Section 2.07 Voting. Except as otherwise provided herein or in the Articles of Incorporation of the Corporation, every shareholder shall have the right at every meeting of shareholders to one vote for every share standing in the name of such shareholder on the books of the Corporation which is entitled to vote at such meeting. Except as otherwise specified herein or in the Articles of Incorporation or provided by law, whenever any corporate action is to be taken by vote of shareholders, it shall be authorized by a majority of the votes cast, in person or by proxy, at a duly organized meeting of shareholders by the holders of shares entitled to vote thereon.

Section 2.08 Consent in Lieu of Meetings. Any action required to be taken or which may be taken at any meeting of shareholders, whether annual or special, may be taken without a meeting, without prior notice, and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to take such action at a meeting at which all shareholders entitled to vote were present and voted. Prompt notice of the taking of corporate action by less than unanimous written consent shall be given to those shareholders who have not consented in writing and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting. The action must be evidenced by one or more written consents, describing the action taken, signed and dated by the shareholders entitled to take action without a meeting, and delivered to the Corporation at its registered office or to the officer having charge of the Corporation’s minute book.

Section 2.09 Record Date. The Board of Directors may fix any time whatsoever prior to the date of any meeting of shareholders, or the date fixed for the payment of any dividend or distribution, or the date for the allotment of rights, or the date when any change or conversion or exchange of shares will be made or will go into effect, or for any other purpose, as a record date for the determination of the shareholders entitled to notice of, or to vote at any such meeting, or entitled to receive payment of any such dividend or distribution, or to receive any such allotment of rights, or to exercise the rights in respect to any such change, conversion or exchange of shares, except that in the case of a meeting of shareholders (other than an adjourned meeting) such record date may not be more than 90 days prior to the date of the meeting of shareholders.

ARTICLE 3

DIRECTORS

Section 3.01 Management by Board of Directors. The business and affairs of the Corporation shall be managed by its Board of Directors. The Board of Directors may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Articles of Incorporation or by these Bylaws directed or required to be exercised or done by the shareholders.

Section 3.02 Number. The Board of Directors of the Corporation shall consist of one or more members, as shall be designated from time to time by resolution of the Board of Directors. The directors of the Corporation shall be elected at each annual meeting of the shareholders to hold office until the next year's annual meeting of the shareholders. Each director shall serve until his or her successor is elected and qualified or until his or her earlier death, resignation or removal.

Section 3.03 Removal; Resignations. Any or all of the directors may be removed by the affirmative vote of holders of not less than a majority of the Common Stock then issued and outstanding and voting as a single class, and any of the directors may be removed by action of the Board of Directors. Any director may resign at any time by giving written notice to the Board of Directors, the President or the Secretary. The resignation shall be effective upon receipt thereof or at such subsequent time as may be specified in the notice of resignation. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 3.04 Regular Meetings. Regular meetings of the Board of Directors shall be held on such day and at such hour as the Board shall from time to time designate. Notice of regular meetings of the Board of Directors need not be given.

Section 3.05 Special Meetings. Special meetings of the Board of Directors may be called by the Chair of the Board, by the President or by two or more of the directors, and shall be held at such time and place as shall be designated in the call for the meeting. Notice of each special meeting shall be given by or at the direction of the person or persons authorized to call such meeting to each director at least one day prior to the day named for the meeting.

Section 3.06 Quorum. A majority of the total number of directors shall constitute a quorum for transaction of business. The act of a majority of directors present at any meeting at which a quorum is present shall be the act of the Board of Directors, except as provided by law, the Articles of Incorporation, or these Bylaws.

Section 3.07 Consent in Lieu of Meetings. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof, may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing, such writing or writings to be filed with the minutes or proceedings of the Board or committee.

Section 3.08 Organization. Every meeting of the Board of Directors shall be presided over by the Chair of the Board, if present, and, if not, the President, or in the absence of the Chair of the Board and the President, a chair of the meeting chosen by a majority of the directors present. The Secretary, or in his or her absence, a person appointed by the chair of the meeting, shall act as secretary of the meeting.

Section 3.09 Committees. The Board of Directors may, by resolution adopted by a majority of the whole Board of Directors, designate one or more committees, each committee to consist of two or more directors. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Any such committee, to the extent provided in the resolution of the Board of Directors, shall have and exercise the authority of the Board of Directors in the management of the business and affairs of the Corporation. Vacancies in the membership of any committee shall be filled by the Board of Directors at a regular or special meeting of the Board of Directors. Each Committee shall keep regular minutes of its proceedings and report the same to the Board of Directors when required.

Section 3.10 Vacancies. Newly created directorships resulting from an increase in the number of directors and vacancies occurring on the Board of Directors for any reason may be filled by vote the Board of Directors or by the shareholders. A director elected to fill a vacancy, unless elected by the shareholders, shall hold office until the next meeting of shareholders at which the election of directors is in the regular order of business, and until his or her successor has been elected and qualified, and any director elected by the shareholders to fill a vacancy shall hold office for the unexpired term of his or her predecessor unless, in either case, he or she shall sooner die, resign or be removed.

ARTICLE 4

OFFICERS

Section 4.01 Number. The officers of the Corporation shall be a President, a Secretary and a Treasurer, and may include one or more Vice Presidents, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers as the Board of Directors may authorize from time to time.

Section 4.02 Qualifications. The President, Secretary and Treasurer shall be natural persons of full age.

Section 4.03 Election and Term of Office. The officers of the Corporation shall be elected or appointed by the Board of Directors and each shall serve at the pleasure of the Board.

Section 4.04 Resignations. Any officer may resign at any time by giving written notice to the Board of Directors, the President or the Secretary. The resignation shall be effective upon receipt thereof or at such subsequent time as may be specified in the notice of resignation. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4.05 Chair of the Board. If there is a Chair of the Board, the Chair of the Board shall preside at the meetings of the Board of Directors and at meetings of shareholders. Such Chair of the Board shall also perform such other duties as may be specified by the Board of Directors from time to time and as do not conflict with the duties of the President.

Section 4.06 The President. Except as otherwise expressly directed by the Board of Directors, the President shall be the chief executive officer and shall have general supervision of all of the departments and business of the Corporation; he or she shall prescribe the duties of the other officers and employees and see to the proper performance thereof. The President shall be responsible for having all orders and resolutions of the Board of Directors carried into effect. As authorized by the Board of Directors, he or she shall execute on behalf of the Corporation and may affix or cause to be affixed a seal to all instruments requiring such execution, except to the extent that signing and execution thereof shall have been expressly delegated to some other officer or agent of the Corporation. The President shall perform such other duties as may be prescribed by the Board of Directors.

Section 4.07 The Vice Presidents. The Vice Presidents shall perform such duties and do such acts as may be prescribed by the Board of Directors or the President. Subject to the provisions of this Section, the Vice Presidents shall perform the duties and have the powers of the President in the event of his or her absence or disability.

Section 4.08 The Secretary. The Secretary shall act under the direction of the President. Unless a designation to the contrary is made at a meeting, the Secretary shall attend all meetings of the Board of Directors and all meetings of the shareholders and record all of the proceedings of such meetings, and shall perform like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the President or the Board of Directors. If one is obtained, the Secretary shall keep in safe custody the seal of the Corporation, and, when authorized by the President or the Board of Directors, cause it to be affixed to any instruments requiring it.

Section 4.09 Assistant Secretaries. In the absence or disability of the Secretary or when so directed by the Secretary, any Assistant Secretary may perform all the duties of the Secretary, and, when so acting, shall have all the powers of, and be subject to all the restrictions upon, the Secretary. The Assistant Secretaries shall perform such other duties as from time to time may be assigned to them respectively by the Board of Directors, the President, or the Secretary.

Section 4.10 The Treasurer. The Treasurer shall be the chief financial officer and shall act under the direction of the President. Subject to the direction of the President, he or she shall have custody or control of the Corporation funds and shall keep or cause to be kept full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit or cause to be deposited all moneys in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse or cause to be disbursed the funds of the Corporation as may be ordered by the President, taking appropriate vouchers for such disbursements, and shall on request render to the President and the Board of Directors, at its meetings, an account of all his or her transactions as Treasurer and of the financial condition of the Corporation.

Section 4.11 Assistant Treasurers. In the absence or disability of the Treasurer or when so directed by the Treasurer, any Assistant Treasurer may perform all the duties of the Treasurer, and, when so acting, shall have all the powers of, and be subject to all the restrictions upon, the Treasurer. The Assistant Treasurers shall perform such other duties as from time to time may be assigned to them respectively by the Board of Directors, the President, or the Treasurer.

ARTICLE 5

PERSONAL LIABILITIES OF DIRECTORS AND INDEMNIFICATION

Section 5.01 Personal Liabilities of Directors. A director of this Corporation shall not be personally liable, as such, for monetary damages for any action taken, or any failure to take any action, unless: (a) the director has breached or failed to perform the duties of his or her office under Chapter 17, Subchapter B of the BCL; and (b) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness. This Section shall not limit a director's liability for monetary damages to the extent prohibited by Section 1713(b) of the BCL.

Section 5.02 Indemnification. The Corporation shall indemnify any person who was or is a party to or witness in, or is threatened to be made a party to or a witness in, any threatened, pending or completed action, suit or proceeding, including actions by or in the right of the Corporation, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director or officer of the Corporation, or is or was serving while a director or officer of the Corporation at the request of the Corporation as a director, officer,

employee, agent, fiduciary or other representative of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against expenses (including attorneys' fees), judgments, fines, excise taxes and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding unless the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted self-dealing, willful misconduct or recklessness, subject to any limitations prescribed by state or federal law, rule or regulation or interpretations thereof.

Section 5.03 Advancement of Expenses. Expenses incurred by an officer or director of the Corporation in connection with participating in a civil or criminal action, suit or proceeding as described in Section 5.02 shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that the person is not entitled to be indemnified by the Corporation, subject to any limitations prescribed by state or federal law, rule or regulation or interpretations thereof.

Section 5.04 Other Rights. The indemnification and advancement of expenses provided by or pursuant to this Article shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the Corporation's Articles of Incorporation, any insurance or other agreement, vote of shareholders or directors or otherwise, both as to actions in their official capacity and as to actions in another capacity while holding an office, and shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such person.

Section 5.05 Insurance. The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of these Bylaws.

Section 5.06 Modification. The duties of the Corporation to indemnify and to advance expenses to a director or officer provided in this Article shall be in the nature of a contract between the Corporation and each such director or officer, and no amendment or repeal of any provision of this Article shall alter, to the detriment of such director or officer, the right of such person to the advance of expenses or indemnification related to a claim based on an act or failure to act which took place prior to such amendment, repeal or termination.

Section 5.07 Exception. Notwithstanding anything in this Article 5 to the contrary, the Corporation shall not be obligated to indemnify any person under Section 5.02 or advance expenses under Section 5.03 with respect to an action, suit or proceeding commenced by such person, other than mandatory counterclaims, affirmative defenses or to enforce the right to indemnification under Section 5.02 or advancement of expenses under Section 5.03.

ARTICLE 6

SHARE CERTIFICATES; TRANSFER

Section 6.01 Share Certificates. Shares of stock in the Corporation shall be uncertificated and shall not initially be represented by certificates, except to the extent as may be required by applicable law, as requested by a shareholder or as may otherwise be authorized by the Board of Directors. In the event shares of stock are represented by certificates, such share certificates shall be in the form prescribed by the Board of Directors and shall be signed by the President or a Vice President and by the Secretary or the Treasurer or an Assistant Secretary or an Assistant Treasurer of the Corporation, but such signatures may be facsimiles, engraved or printed. In case any officer who has signed, or whose facsimile signature has been placed upon any share certificate shall have ceased to be such officer because of death, resignation, or otherwise, before the certificate is issued, it may be issued by the Corporation with the same effect as if the officer had not ceased to be such at the date of its issue.

Section 6.02 Transfer of Shares. Transfers of stock shall be made on the books of the Corporation, and in the case of certificated shares of stock, the Corporation shall maintain books in which the ownership and transfer of the Corporation's shares shall be definitively registered. Transfer of share certificates and the shares represented thereby shall be made only on the books of the Corporation by the owner thereof or by the owner's attorney thereunto authorized, by a power of attorney duly executed and filed with the Secretary of the Corporation, and on surrender of the share certificates.

Section 6.03 Lost, Destroyed and Mutilated Certificates. The Board of Directors, by standing resolution or by resolutions with respect to particular cases, may authorize the issue of new share certificates in lieu of share certificates lost, destroyed or mutilated, upon such terms and conditions as the Board may direct.

Section 6.04 Record Owners. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise required by law.

ARTICLE 7

MISCELLANEOUS

Section 7.01 Fiscal Year. The fiscal year of the Corporation shall be the calendar year.

Section 7.02 Corporate Seal. If one is obtained, the corporate seal of the Corporation shall have inscribed thereon the name of the Corporation, the year of its organization, the words "Corporate Seal", and the name of the State of Incorporation. The seal may be used by any person authorized by the Board of Directors of the Corporation or by these Bylaws by causing the seal or a facsimile thereof to be impressed or affixed, or in any manner reproduced.

Section 7.03 Execution of Documents. Except as otherwise required by law, the Articles of Incorporation or these Bylaws, any contracts or other instruments may be executed and delivered in the name and on the behalf of the Corporation by such officer or officers of the Corporation as the Board of Directors may from time to time direct. Such authority may be general or confined to specific instances as the Board may determine.

Section 7.03 Notice. Whenever written notice is required to be given to any person, it may be given to such person, either personally or by sending a copy thereof through the United States mail, or by email or other electronic communication, or facsimile, charges prepaid, to his or her address appearing in the books of the Corporation, or supplied by him or her to the Corporation for the purpose of notice. If the notice is sent by mail it shall be deemed to have been given to the person entitled thereto when deposited in the United States mail. If the notice is sent by facsimile, e-mail or other electronic communication, it shall be deemed to have been given when sent at the date and time shown on the written transmission of such communication. If such notice is related to a meeting, the notice shall specify the place, day, and hour of the meeting, and, in the case of a special meeting of shareholders, the purpose of and general nature of the business to be transacted at such special meeting.

Section 7.04 Waiver of Notice. Whenever any written notice is required by law, or by the Articles of Incorporation or by these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Except in the case of a special meeting of shareholders, neither the business to be conducted at nor the purpose of the meeting need be specified in the waiver of notice of the meeting. Attendance of a person either in person or by proxy, at any meeting, shall constitute a waiver of notice of such meeting, except where a person attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully convened or called.

ARTICLE 8

AMENDMENTS

Section 8.01 Amendments. Except as otherwise provided by the BCL, these Bylaws may be altered, amended or repealed by the affirmative vote of the holders of at least a majority of the outstanding shares of common stock at any regular or special meeting duly convened after notice to the shareholders of that purpose, or by a majority vote of the members of the Board of Directors at any regular or special meeting thereof duly convened after notice to the directors of that purpose.

Exhibit C
Post-Closing Governance Matters

1. Parent Board Size. Prior to the Effective Time, Parent shall take all necessary action to increase the size of the Parent Board such that, at the Effective Time, the Parent Board shall be composed of fifteen (15) directors.
2. Parent Board Composition. All ten (10) of the directors on the Parent Board as of immediately prior to the Effective Time (the “Parent Designees”) shall continue as directors as of the Effective Time, subject to their ability and willingness to serve. The Company shall designate five (5) of the directors of the Company who are directors of the Company on the date hereof (the “Company Designees”) and, following reasonable consultation with Parent with respect to the selection of such directors, and subject to compliance by such directors with (i) the Parent Organizational Documents, (ii) Parent’s Corporate Governance Guidelines, (iii) Parent’s typical procedures with respect to new directors (including completion of Parent’s director questionnaire) and (iv) other than with respect to the Executive Vice Chair, the independence requirements of the NYSE listing standards, such individuals shall be added as directors to the Parent Board as of the Effective Time, subject to such individual’s ability and willingness to serve. One (1) of the Company Designees shall be the CEO of the Company as of immediately prior to the Effective Time (the “Company CEO”). If any Company Designee is unable or unwilling to serve as a director of Parent as of the Effective Time, the Company shall designate a replacement, following reasonable consultation with Parent, which replacement shall be deemed a Company Designee for all purposes of the Agreement.
3. Parent Board Committees. As of the Effective Time, the standing committees of the Parent Board shall consist of Parent’s existing committees. The allocation of the Parent Designees and the Company Designees on the committees of the Parent Board shall be approximately proportional in the aggregate to the representation of the Parent Designees and the Company Designees on the Parent Board.
4. Parent Board Chair. The chair of the Parent Board as of immediately prior to the Effective Time (the “Parent Board Chair”) shall continue in such position as of the Effective Time. If the individual designated as the Parent Board Chair is unable or unwilling to serve in such position as of the Effective Time, the Parent Board shall designate a replacement from among the Parent Designees.
5. Executive Vice Chair. For a period of two (2) years after the Effective Time, the Company CEO shall serve as Executive Vice Chair of the Parent (“Executive Vice Chair”). The Executive Vice Chair shall have such roles and responsibilities as described below.
 - a. *Parent Board Responsibilities*
 - i. The Executive Vice Chair shall support the Parent Board Chair in leading the Parent Board and maintaining effective governance.
 - ii. The Executive Vice Chair shall preside over meetings in the Parent Board Chair’s absence. In the Executive Vice Chair’s absence, such other director as the Parent Board may determine shall preside over meetings.

- iii. The Executive Vice Chair shall serve on the executive committee of the Parent Board, should one be created.
 - iv. The Executive Vice Chair may provide input to the Parent Board Chair and the Parent President and CEO (the “Parent CEO”) on the formulation of the Parent Board agenda.
 - v. The Executive Vice Chair may advise the Parent CEO as to the quality, quantity and timeliness of the information sent to the Parent Board by management.
 - vi. The Executive Vice Chair may assist in proposing to the Nominating/Corporate Governance Committee potential Parent Board candidates and mentoring future Parent Board leaders.
- b. *Strategic Oversight*
- i. The Executive Vice Chair shall provide input on long-term planning, including infrastructure upgrades, water resource management, mergers and acquisitions and sustainability initiatives.
 - ii. The Executive Vice Chair shall assist in monitoring performance metrics such as service reliability, water quality, customer satisfaction, rate strategy and financial health.
- c. *Limited Operating Responsibilities*
- i. The Executive Vice Chair and the Parent CEO shall work collaboratively to achieve integration of Parent’s and the Company’s board members, management teams and operating units.
 - ii. The Executive Vice Chair shall consult with the Parent CEO on regulatory and legislative matters and shall engage with regulators and legislators with approval of the Parent CEO.
 - iii. The Executive Vice Chair shall act as executive sponsor and shall oversee the Integration Task Force.
- d. *Reporting and Role*
- i. The Executive Vice Chair shall report to the Parent Board.
 - ii. In general, the Executive Vice Chair primarily would interface with: (i) the Parent Board with respect to matters included in Section 5(a) of this Exhibit C and (ii) the Parent CEO with respect to matters included in Sections 5(b) and 5(c) of this Exhibit C.
 - iii. It is intended that the Executive Vice Chair shall continue to serve as a director of the Parent Board after the initial two-year Executive Vice Chair assignment is completed. This is subject to the Parent Board governance and election process.

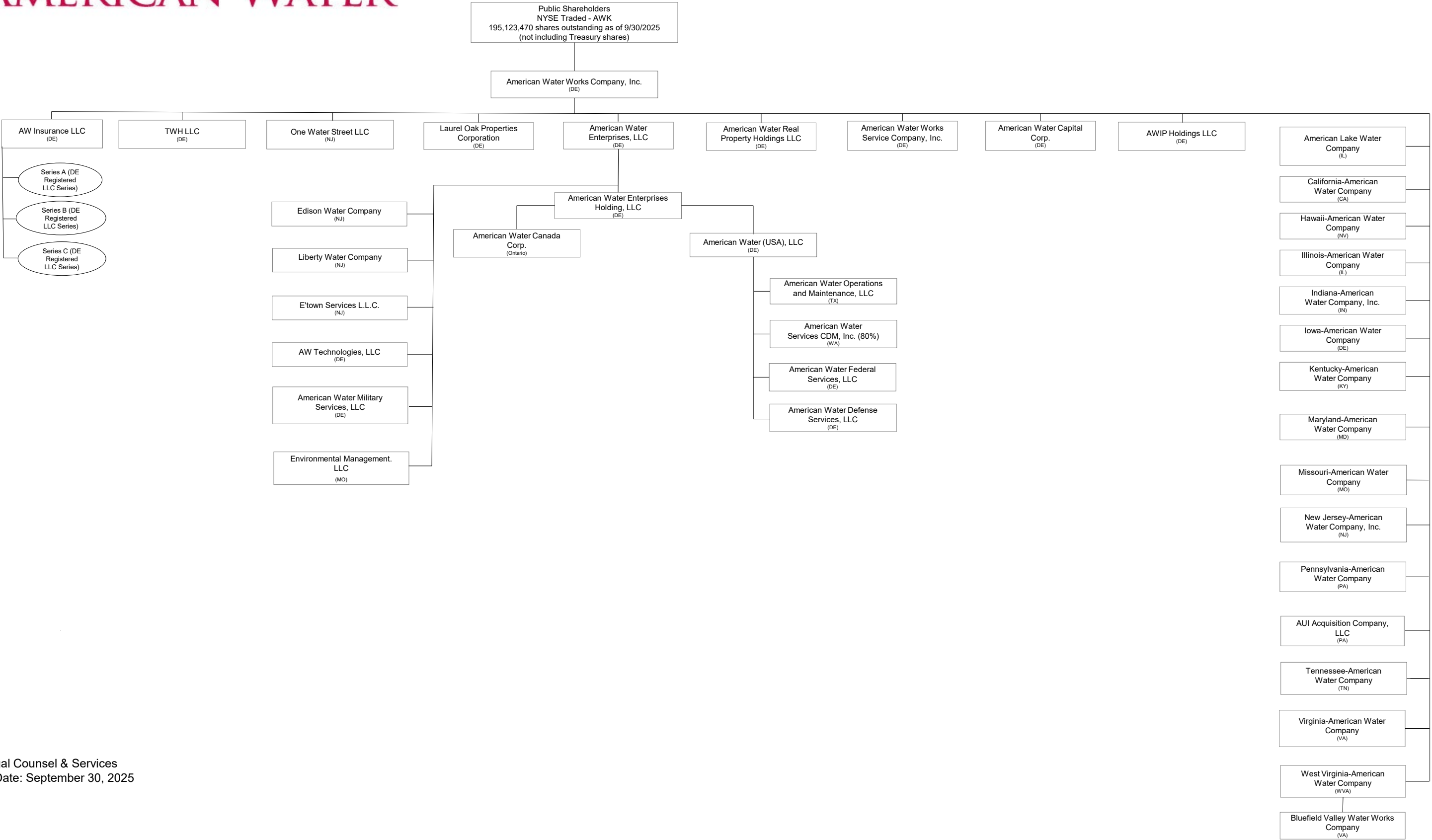
6. Integration Task Force. As of the Effective Time, Parent shall establish an Integration Task Force, which shall be comprised of a group of managers with equal representations from both Parties. The Integration Task Force shall evaluate and recommend the “best-in- breed” individuals, other than as described in the Agreement and organizational structures for Parent post-closing. The Integration Task Force shall operate for one (1) year after Closing, at which time it shall be dissolved, and all future decisions on management and organization shall be under the responsibility of the Parent CEO and his management team, with the exception of Named Executive Officers, which would continue to be recommended by the Parent CEO and approved by the Parent Board.

Exhibit D
Post-Closing Executive Officer Matters

Parent shall take all necessary action such that, as of the Effective Time, (i) Colleen Arnold shall hold a senior executive-level position with Parent as President, Regulated Operations, and (ii) Daniel Schuller shall hold a senior executive-level position with Parent as Executive Vice President and Chief Strategy Officer (each individual, an “Officer Designee”), in each case subject to compliance by such Officer Designee with Parent’s typical procedures with respect to new senior executives and subject to such Officer Designee’s ability and willingness to serve.



Organizational Chart – American Water Works Company, Inc.



Essential Utilities, Inc. Corporate Organizational Structure

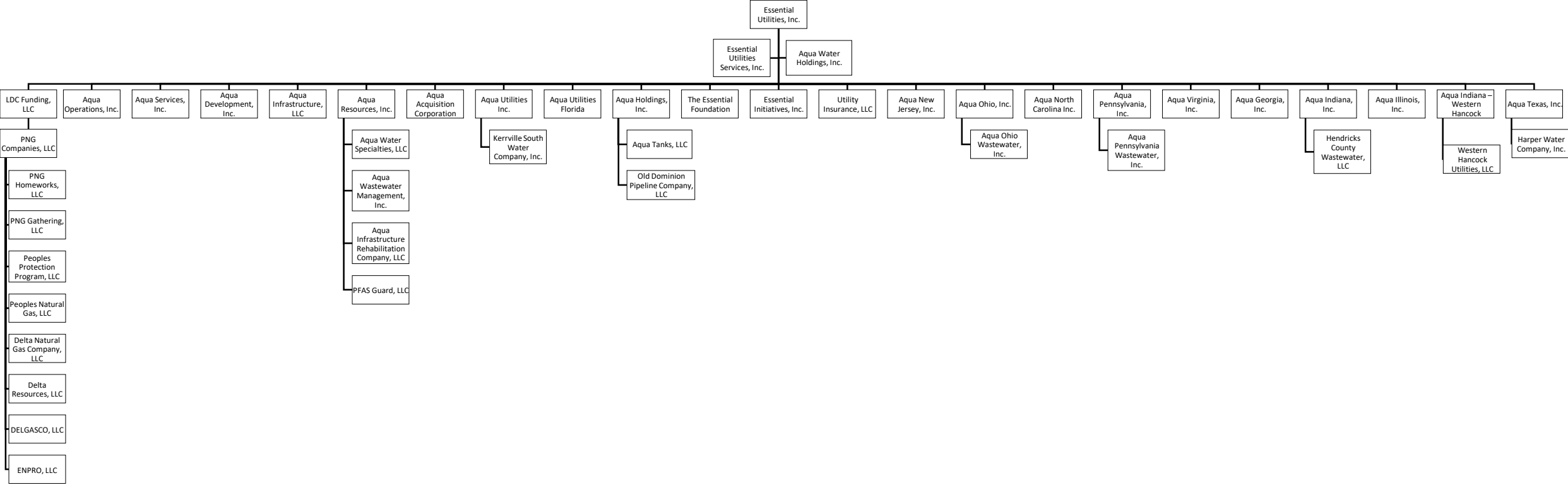


EXHIBIT C
JOINT APPLICANTS' MERGER COMMITMENTS

In furtherance of their shared mission to provide clean, safe, reliable, and affordable utility service, the Joint Applicants make the following commitments:

Merger Impact on Rates

- Delta Natural Gas Company, Inc. (“Delta”) will not seek recovery in rates of: (1) any transaction costs incurred in connection with the Merger by American Water Works Company, Inc. (“American Water”), Essential Utilities, Inc. (“Essential”) or their subsidiaries, or (2) any acquisition adjustment or “goodwill” associated with the Merger. As such, the goodwill associated with the Merger will not be recorded on Delta’s books.
- Delta’s Public Service Commission (“Commission”)-approved rates and tariffs in effect when the Merger closes will not change as a result of the Merger.

Quality of Service

- Delta will continue to devote the necessary resources to maintain, at a minimum, current service quality. American Water is committed to providing safe, reliable and affordable utility services to customers.
- American Water will continue to invest in infrastructure replacement, renewal, upgrades or additions to support the provision of safe, reliable and affordable service.

Local Presence and Commitments to Employees

- Delta’s day-to-day operations will continue to be locally managed by dedicated local employees serving our customers and living in and giving back to our communities. This includes retaining John Brown as President of Delta.

- American Water commits to maintaining sufficient workforce, operational facilities and offices to continue to provide safe, reliable and affordable utility services to customers. This includes honoring all Essential collective bargaining agreements under their current terms, as well as Delta's pension obligations to employees.

Charitable Contributions and Community Support

- American Water will continue to make charitable contributions at levels consistent with those historically provided by Delta in its service areas for the next two years after completion of the Merger, and thereafter, at levels consistent with American Water's contributions in the areas it serves.

Corporate Organization and Financial Integrity

- Delta will continue to maintain separate financial statements reflecting its own assets and liabilities.
- Delta has and will continue to have its own capital structure, which is a function of its own debt and equity.
- American Water will provide Delta with no less than the same access to short-term debt, commercial paper and other liquidity that Delta currently has in place. If this does not provide sufficient liquidity for day-to-day needs, additional short-term loans, at market rates, will be available. Neither American Water nor any of its affiliates will make any loan to Delta that bears interest at rates that are greater than the rates being paid at the time of such loan by American Water or such other affiliate on its own debt issued at the same time. Delta will not assume liability for debts issued by American Water or its financing subsidiary, American Water Capital Corp. ("AWCC"). Although Delta may become a party to a financing services agreement with AWCC and AWCC may issue debt for the benefit of

several operating companies, each company, including Delta, will be liable only for its individual borrowings or issuances under those arrangements.

- The Joint Applicants will not use Delta assets to secure debt for the benefit of utilities or operations in other states.
- Unless first approved by the Commission, Delta will not transfer any material asset to an affiliate except in an arm's length transaction and in compliance with Kentucky law.