



Aqua announces pricing of common stock and tangible equity unit offerings

April 18, 2019

Effort part of permanent financing for Peoples acquisition

BRYN MAWR, Pa.--(BUSINESS WIRE)--Apr. 18, 2019-- Aqua America Inc. (NYSE:WTR) today announced it has priced its [previously announced](#) public offering of 32,495,667 shares of its common stock at \$34.62 per share and its previously announced concurrent offering of 12,000,000 of its 6.00% tangible equity units, with a stated amount of \$50. The offerings are part of securing the permanent financing to close Aqua's pending acquisition of Peoples Natural Gas, first announced in October 2018. The offerings are expected to close April 23, 2019, subject to customary closing conditions.

Aqua has granted the underwriters in the common stock offering a 30-day option to purchase up to an additional 4,874,350 shares of its common stock. Aqua has also granted the underwriters in the tangible equity unit offering an option to purchase, within a 13-day period beginning on, and including, the initial issuance date for the tangible equity units, up to an additional 1,800,000 tangible equity units, solely to cover over-allotments, if any.

The common stock offering and the tangible equity unit offering are separate public offerings made by means of separate prospectus supplements and are not contingent on each other or upon the consummation of Aqua's acquisition of Peoples Natural Gas.

Each tangible equity unit will consist of a prepaid stock purchase contract and a senior amortizing note due April 30, 2022. Unless earlier settled or redeemed, each stock purchase contract will automatically settle on April 30, 2022 (subject to postponement in limited circumstances) for between 1.1790 and 1.4442 shares of common stock per purchase contract, subject to adjustment, based upon the applicable market value of the common stock, as described in the final prospectus supplement relating to the tangible equity unit offering. Each amortizing note will have an initial principal amount of \$8.62909 and bear interest at a rate of 3.00% per year. On each January 30, April 30, July 30 and October 30, commencing on July 30, 2019 and ending April 30, 2022, Aqua will pay equal quarterly cash installments of \$0.75000 per amortizing note (except for the July 30, 2019 installment payment, which will be \$0.80833 per amortizing note), which will constitute a payment of interest and a partial repayment of principal, and which cash payment in the aggregate will be equivalent to 6.00% per year with respect to each \$50 stated amount of tangible equity units. The amortizing notes will be unsecured senior obligations of Aqua.

Aqua expects the net proceeds from the common stock offering to be approximately \$1,098.3 million (or \$1,263.2 million if the underwriters for the common stock offering exercise their option to purchase additional shares of Aqua's common stock in full) and the net proceeds from the tangible equity unit offering to be approximately \$585.8 million (or \$673.7 million if the underwriters for the tangible equity unit offering exercise their over-allotment option in full), in each case after deducting underwriting discounts and estimated offering expenses. Aqua intends to use the net proceeds from these offerings, together with the net proceeds from future debt financings, which may include the issuance of debt securities and/or borrowings under its bridge facility, and proceeds from a private placement of common stock, to (1) fund the acquisition of Peoples Natural Gas, (2) complete the redemption of approximately \$314 million aggregate principal amount of certain of Aqua's outstanding notes and (3) pay related costs and expenses.

If for any reason the acquisition of Peoples Natural Gas is not consummated, Aqua intends to use the net proceeds from these offerings for general corporate purposes, which may include the redemption of certain of Aqua's outstanding notes or other securities issued in connection with the planned future debt financings, repurchases of Aqua's common stock, debt repayment, capital expenditures and investments. For example, if for any reason the acquisition of Peoples Natural Gas is not consummated, Aqua may redeem all, but not less than all, of the outstanding purchase contracts that are components of the tangible equity units, in which case, Aqua would pay a redemption price at that time in cash or shares of common stock in accordance with the terms of the purchase contracts. If Aqua elects to redeem the purchase contracts, it may be required by the holders thereof to repurchase the amortizing notes at the repurchase price set forth in the amortizing notes.

Aqua's common stock is listed on the New York Stock Exchange under the symbol "WTR," and Aqua has applied to list the tangible equity units on the New York Stock Exchange under the symbol "WTRU."

Goldman Sachs & Co. LLC, RBC Capital Markets, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. LLC and Wells Fargo Securities, LLC are acting as joint book-running managers for the common stock offering. RBC Capital Markets, LLC, Goldman Sachs & Co. LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. LLC and Wells Fargo Securities, LLC are acting as joint book-running managers for the tangible equity unit offering.

The offerings of common stock and tangible equity units (including the component stock purchase contracts and amortizing notes) are being made pursuant to an effective shelf registration statement on Form S-3 filed with the Securities and Exchange Commission.

Each offering may only be made by means of the prospectus supplement relating to such offering and the accompanying prospectus. A preliminary prospectus supplement related to each offering has been filed with the SEC and is available on the SEC's website. Copies of the preliminary prospectus supplement for each offering and the accompanying prospectus can be obtained by contacting Goldman Sachs & Co. LLC, 200 West Street, New York, New York 10282, Attention Prospectus Department; RBC Capital Markets, LLC, 200 Vesey Street, 8th Floor, New York, New York 10281-8098, Attn: Equity Syndicate.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of these securities

in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

About Aqua America

Aqua America is the second-largest publicly traded water utility based in the U.S., and serves more than 3 million people in Pennsylvania, Ohio, North Carolina, Illinois, Texas, New Jersey, Indiana and Virginia.

Cautionary Statement Regarding Forward-Looking Statements

This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, among others: the terms and timing of additional offerings or borrowings to be made by Aqua America to fund the acquisition of Peoples Natural Gas and the anticipated use of proceeds from these offerings. These statements involve risks and uncertainties that could cause actual results to differ materially, including, but not limited to, the ability to price and to satisfy customary closing conditions with respect to the offerings, prevailing market conditions, and the impact of general economic, industry or political conditions in the United States or internationally. There are important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements including: general economic business conditions; changes in regulations or regulatory treatment, including a change in federal tax policy; availability and access to capital; the cost of capital; disruptions in the credit markets; the ability of the company to successfully close and integrate the acquisition of Peoples Natural Gas; and other factors discussed in Aqua America's Annual Report on Form 10-K, which was filed with the SEC on February 26, 2019 and Aqua America's Current Report on Form 8-K/A, which was filed with the SEC on April 15, 2019. For more information regarding risks and uncertainties associated with Aqua America's business, please refer to Aqua America's annual, quarterly and other SEC filings. Aqua America is not under any obligation - and expressly disclaims any such obligation - to update or alter its forward-looking statements whether as a result of new information, future events or otherwise.

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