

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): May 2, 2024

Essential Utilities, Inc.  
(Exact Name of Registrant Specified in Charter)

Pennsylvania  
(State or Other Jurisdiction  
of Incorporation)

001-06659  
(Commission  
File Number)

23-1702594  
(I.R.S. Employer  
Identification No.)

762 West Lancaster Avenue  
Bryn Mawr, Pennsylvania  
(Address of Principal Executive Offices)

19010-3489  
(Zip Code)

Registrant's telephone number, including area code: (610) 527-8000

**Not Applicable**  
(Former Name or Former Address, if Changed Since Last Report)

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

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, \$.50 par value	WTRG	New York Stock Exchange

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

Emerging growth company

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

**Item 5.02      Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

**New Employment Agreement with CEO and President**

On May 2, 2024, upon a recommendation from the Corporate Governance Committee, the Board of Directors (the “Board”) of Essential Utilities, Inc. (the “Company”) approved a new employment agreement (the “Agreement”) with Christopher H. Franklin, the Company’s President and Chief Executive Officer. The parties will enter into the Agreement on July 1, 2024, to replace Mr. Franklin’s current employment agreement, which will expire on that date. This is the third renewal of Mr. Franklin’s original agreement.

The Agreement has a three year term beginning July 1, 2024. Mr. Franklin will have an option to extend the term of the Agreement for one additional year. He will have the right to exercise that option by providing notice to the Company at least 6 months before the term expires.

Under the Agreement, Mr. Franklin will continue to serve as the Company’s President and Chief Executive Officer. He is entitled to receive base salary, annual cash-based incentive compensation, at no less than 100% of base salary at target, and annual equity-based long term incentive compensation, at no less than 250% of base salary at target, all as determined by the Executive Compensation Committee on an annual basis and, for the equity-based awards, issued under a shareholder-approved equity plan. If Mr. Franklin continues to serve as Chairman of the Board of Directors of the Company during the term of the Agreement, he will do so for no additional compensation.

If, during the term of the Agreement, the Company terminates Mr. Franklin’s employment without Cause (as defined in the Agreement) or Mr. Franklin terminates his employment and the Agreement for Good Reason (as defined in the Agreement), Mr. Franklin will receive, subject to execution of a release of claims and compliance with restrictive covenants described below, severance equal to two times his base salary and target annual bonus in the year of termination, as well as, in the event Mr. Franklin is then eligible for “Retirement,” as defined in the Retirement Income Plan for Aqua America, Inc. and Subsidiaries, full vesting of all time-based equity as well as to any performance-based equity if any performance goal is achieved for the performance year that relates to that Retirement, and an amount equal to thirty-six (36) months of the COBRA rate in effect at the Executive’s termination of employment. If during a change in control period (beginning six months prior to the occurrence of a Change in Control (as defined in the Agreement) and continuing for two years after the Change in Control, the Company terminates Mr. Franklin’s employment without Cause (as defined in the Agreement) or Mr. Franklin terminates his employment and the Agreement for CIC Good Reason (as defined in the Agreement), Mr. Franklin will receive, subject to execution of a release of claims and compliance with restrictive covenants described below, severance equal to three times his base salary and target annual bonus for the year in which the termination occurs, an amount equal to thirty-six (36) months of the COBRA rate in effect at the termination of employment, and fully-paid executive level reasonable outplacement services from the provider of Mr. Franklin’s choice for thirty-six (36) months following the termination date as well as full vesting of all outstanding unvested equity, in whatever form. If any outstanding and unexercised stock options that are “out of the money” are not assumed by the Company or its successor following a Change in Control, then such options will be converted into restricted share units based upon the Black Scholes valuation method to determine how many restricted share units would have been granted at the time of grant of the applicable stock options.

Under the Agreement, Mr. Franklin is making non-solicitation and non-compete covenants that apply during his employment and for one year thereafter.

The foregoing summary of the Agreement is not complete. Reference is made to the text of the Agreement, attached as Exhibit 10.1 to this Current Report on Form 8-K, and incorporated by reference herein.

**Amendment to Change In Control Agreements with Named Executive Officers**

Also on May 2, 2024, the Board of Directors approved an amendment and restatement of the Company’s Change-in-Control Agreements (each, a “CIC Agreement”) with each of its Named Executive Officers, other than Mr. Franklin, to revise the compensation paid upon a Change in Control (as defined in the CIC Agreement). Under each new CIC Agreement, in the event an Executive’s employment is terminated by the Company for any reason other than Cause (as defined in the CIC Agreement) or by the Executive as a “Good Reason Termination” (as defined in the CIC Agreement) in connection with a Change in Control, if the Executive holds any outstanding stock options where the fair market value of a share does not exceed the exercise price to purchase that share and such options are not assumed by the surviving business as a result of the Change in Control, preserving the same economics and exercise period as the then outstanding stock options, then such options shall be converted into restricted stock units (“RSUs”) such that the number of RSUs resulting from the conversion shall equal the number of RSUs that would have been equivalent to the number of options granted using the Black-Scholes valuation method to determine how many RSUs would have been granted at the time of grant of the stock options.

The foregoing summary of the CIC Agreements is not complete. Reference is made to the text of the form of Amended and Restated CIC Agreement, attached as Exhibit 10.2 to this Current Report on Form 8-K and incorporated herein by reference.

**Item 9.01      Financial Statements and Exhibits.**

(d) Exhibits.

10.1      [Employment Agreement, dated July 1, 2024, between Essential Utilities, Inc. and Christopher Franklin.](#)

10.2      [Form of Amended and Restated of Change-in-Control Agreement of Essential Utilities, Inc.](#)

10.2.1    [List of Officers Party to Amended & Restated Change-in-Control Agreements.](#)

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**SIGNATURES**

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

ESSENTIAL UTILITIES, INC.

May 3, 2024

By: /s/ Christopher P. Luning

Name: Christopher P. Luning

Title: Executive Vice President, General Counsel

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## RENEWED EMPLOYMENT AGREEMENT

THIS RENEWED EMPLOYMENT AGREEMENT (the "Agreement") is entered into by and between CHRISTOPHER FRANKLIN ("Executive"), and ESSENTIAL UTILITIES, INC., a corporation organized and existing under the laws of the Commonwealth of Pennsylvania (the "Company") as of the 1st day of July, 2024.

WHEREAS, Executive and the Company were parties to an Employment Agreement dated July 1, 2021 with a term expiring on July 1, 2024 (the "2021 Agreement");

and

WHEREAS, the Board of Directors of Company ("Board of Directors") wishes to renew the 2021 Agreements and have the Company continue to employ Executive to serve as President and Chief Executive Officer ("CEO") of the Company on the terms set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, and intending to be legally bound, the parties, subject to the terms and conditions set forth herein, agree as follows:

1. **Employment and Term.** Executive hereby agrees to continue to serve as President and CEO from July 1, 2024 (the "Commencement Date") through July 1, 2027 (the "Term"), and the Company hereby employs Executive as President and CEO pursuant to the terms of this Agreement. Executive and Company agree that this Agreement replaces the 2021 Agreement and governs the terms of Executive's employment with the Company. By executing this Agreement, the Company confirms that the Board of Directors has approved this Agreement. At the end of the Term, unless terminated earlier as provided in this Agreement, Executive shall have the option, exercisable in his sole discretion and upon at least six (6) months' notice, to renew this Agreement on at least the same terms, for a period of twelve (12) months (the "Extended Term"). This Agreement shall terminate at the end of the Term, or the Extended Term, as applicable. In any event, during the Term and the Extended Term, as applicable, Executive shall be nominated by the Governance Committee of the Board of Directors as a member of the Board of Directors, and to election by the Company's Board of Directors as the Executive Chairman of the Board, subject to election as a member of the Board of Directors by the Company's shareholders at any subsequent annual meeting.

2. **Duties.** During the Term, and the Extended Term, if applicable, Executive will have the titles of President and CEO. Executive shall report exclusively to and receive instructions from the Board of Directors and shall have such reasonable and lawful duties and responsibilities customary for the positions of president and chief executive officer of public companies similarly situated. While serving as President and CEO, Executive shall have full authority and discretion relating to the general and day-to-day management of the affairs of the Company, including, but not limited to, finances and other financial matters, compensation matters (other than with respect to the compensation of Executive, himself, and the other executive officers of the Company, and other than long-term compensation of employees, which shall be determined by the Executive Compensation Committee of the Board of Directors (the "Executive Compensation Committee")), personnel matters (other than such matters that relate to Executive himself), operating and capital budgeting, operations, intellectual property, investor relations, retention of professionals and strategic planning and implementation. Executive will be the most senior executive officer of the Company and all other executives and businesses of the Company will report to Executive or his designee. The foregoing language shall not be construed so as to limit the duties and responsibilities of the Board of Directors as described in the Company's Articles of Incorporation, Bylaws, and Corporate Governance Guidelines. Executive is currently serving as Chairman of the Board of Directors for no additional compensation, having such duties as set forth in the Bylaws and Corporate Governance Guidelines.

3. **Other Business Activities.** Executive shall serve the Company faithfully and shall devote his reasonable best efforts and substantially all of his business time, attention, skill and efforts to the performance of the duties required by or appropriate for his position as President and CEO. In furtherance of the foregoing, and not by way of limitation, for so long as Executive remains President and CEO, Executive shall not directly or indirectly engage in any other business, except for those arising from positions held as of the date hereof as set forth on Appendix A or such other activities as would not materially interfere with Executive's ability to carry out his duties under this Agreement. Notwithstanding the foregoing, Executive shall be permitted to engage in activities in connection with (i) service as a volunteer, officer or director or in a similar capacity of any charitable or civic organization; (ii) managing personal investments; (iii) serving as a director, executor, trustee or in another similar fiduciary capacity for a non-commercial entity; or (iv) serving as a director of a business organization; provided, however, that Executive has disclosed his intention to engage in such activities to the Board of Directors and the Board of Directors reasonably concludes that such activities do not materially interfere with Executive's performance of his responsibilities and obligations pursuant to this Agreement.

4. **Base Salary.** The Company shall pay Executive a base salary (the "Base Salary") payable pursuant to the Company's normal practice, but no less frequently than monthly, at the annual rate in effect on the Commencement Date. The Base Salary shall be inclusive of all applicable income, Social Security and other taxes and charges which are required by law or requested to be withheld by Executive and which shall be withheld and paid in accordance with Company's normal payroll practice for its similarly situated executives as in effect from time to time. The Executive Compensation Committee, in consultation with Executive, shall periodically review Executive's Base Salary during the Term at least annually for increases based on Executive's performance and other relevant factors.

5. **Annual Incentive Compensation.** During the Term, and the Extended Term, of this Agreement, if applicable, Executive shall participate in incentive compensation programs which will enable Executive to earn bonus compensation in accordance with performance criteria developed and evaluated by the Executive Compensation Committee in consultation with Executive. Executive's target annual bonus shall not be less than one hundred percent (100%) of Executive's Base Salary ("Bonus").

6. **Annual Equity Incentives.** During the Term, and the Extended Term, if applicable, of this Agreement, Executive shall be granted annual, equity-based long term incentive compensation at the discretion of the Executive Compensation Committee under the Company's Omnibus Equity Compensation Plan (the "Omnibus Plan"), consistent with existing compensation practices ("LTI"); provided, however, that the target annual equity grant shall not be less than two hundred fifty percent (250%) of Executive's Base Salary. For the avoidance of doubt, any grant of equity, whether granted before, during or after the Term or the Extended Term, if applicable, shall permit Executive's service during the Term, during the Extended Term, if applicable, and any period thereafter of continued service as a member of the Board of Directors to be credited for vesting and exercise purposes.

7. **Other Benefits.** Nothing in this Agreement shall affect Executive's participation in standard Company benefit plans and the level of those benefits shall be at least as favorable as those provided to senior management generally. During the Term, and the Extended Term, if applicable, Executive shall be entitled to the automobile benefit to which he is entitled on June 30, 2024. In addition, Executive's reasonable legal fees and expenses incurred in the negotiation of this Agreement, and related agreements, shall be paid by the Company.

8. **Termination of Employment.**

(a) If the Company does not renew Executive's employment upon expiration of the Term unless Executive continues his service during the Extended Term and until the end of that Extended Term, or terminates Executive's employment and this Agreement for Cause, or if Executive terminates Executive's employment without Good Reason, without CIC Good Reason or Executive's employment is terminated due to his death or Disability, Executive shall receive (or his estate in the event of his death) any accrued but unpaid Base Salary and accrued vacation under this Agreement. Such payment shall be made in a lump sum and paid for the payroll period in which the termination date arises.

(b) If, during the Term, or the Extended Term, if applicable, the Company terminates Executive's employment and this Agreement without Cause or if Executive terminates Executive's employment for Good Reason, Executive shall receive any accrued but unpaid Base Salary pursuant to the Company's payroll practice, unpaid Bonus, unpaid LTI, and accrued but unused vacation under this Agreement in a lump sum payment within thirty (30) days of the effective date of the release referenced in clause (e) of this Section 8, Executive will also receive payment equal to (i) twenty four (24) months of his current Base Salary; (ii) an amount equal to thirty-six (36) months of the COBRA rate in effect at the Executive's termination of employment; and, (iii) two (2) times the target annual bonus for the year in which the date of termination arises as well as, in the event Executive is then eligible to for "Retirement," as defined in the Retirement Income Plan for Aqua America, Inc. and Subsidiaries, full vesting of all time-based equity as well as to any performance-based equity if any performance goal is achieved for the performance year that relates to that Retirement ("Severance Benefits"). Such cash severance payments shall be made consistent with the Company's payroll practice during the period which starts on the effective date of the release described in clause (e) of this Section 8 and continuing for the period for which the restrictive covenants continue under Section 10 of this Agreement, and the remainder in a lump sum, such lump sum payment to be paid on the thirtieth day following the date the restrictive covenants period ends.

(c) If during a Change in Control Period, where the Change in Control occurs during the Term, or the Extended Term, if applicable, the Company terminates Executive's employment and this Agreement without Cause or if Executive terminates Executive's employment for CIC Good Reason, Executive shall receive any accrued but unpaid Base Salary pursuant to the Company's payroll practice, unpaid Bonus, unpaid LTI, and accrued but unused vacation under this Agreement in a lump sum payment within thirteen (13) days of the effective date of the release referenced in clause (e) of this Section 8, as well as a lump sum payment equal to (i) thirty-six (36) months of his current Base Salary; (ii) three (3) times the target annual Bonus for the year in which the date of termination arises; (iii) an amount equal to thirty-six (36) months of the COBRA rate in effect at the Executive's termination of employment, and (iv) fully-paid executive level reasonable outplacement services from the provider of Executive's choice for thirty-six (36) months following the termination date as well as full vesting of all outstanding unvested equity, in whatever form ("CIC Severance Benefits"); provided, however, that in the event that Executive holds any outstanding options, whether vested or unvested, where the fair market value of a share does not exceed the exercise price to purchase that share and such options are not assumed by the surviving business as a result of the Change in Control, preserving the same economics and exercise period as the then outstanding options, then such options shall be converted into restricted stock units ("RSUs") such that the number of RSUs resulting from the conversion shall equal the number of RSUs that would have been equivalent to the number of options granted using the Black-Scholes valuation method to determine how many RSUs would have been granted at the time of grant. Any lump sum payment under this Section 8(c) shall be paid on or before the thirteenth (13<sup>th</sup>) day following the date of termination; provided, that the release contemplated by Section 8(e) is effective.

(d) For the avoidance of doubt, if Executive receives CIC Severance Benefits under clause (c) of this Section 8, he shall not be entitled to receive Severance Benefits under clause (b) of this Section 8. The Company does not intend for Executive to be eligible for any duplicate payments upon termination of employment. (e) For the avoidance of doubt, the payment of Severance Benefits or CIC Severance Benefits under this Agreement shall be conditioned upon Executive executing a general release of all claims in the form attached hereto as Exhibit A, with such changes as counsel opines are necessary to comply with then applicable law, and not revoking such release during the seven (7) day period following Executive's execution.

(f) The Company sponsors an irrevocable trust fund pursuant to a trust agreement to hold assets to satisfy its obligations to, among others, Executive under this Agreement. Funding of such trust fund shall be subject to the discretion of the officer designated by the Company, as set forth in the agreement pursuant to which the fund has been established.

9. **Defined Terms.** For purposes of this Agreement:

(a) "Affiliate" and "Associate" have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Exchange Act.

(b) "Beneficial Owner" A Person shall be deemed a "Beneficial Owner" of any securities: (i) that such Person or any of such Person's Affiliates or Associates, directly or indirectly, has the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding (whether or not in writing) or upon the exercise of conversion rights, exchange rights, rights, warrants or options, or otherwise; provided, however, that a Person shall not be deemed the "Beneficial Owner" of securities tendered pursuant to a tender or exchange offer made by such Person or any of such Person's Affiliates or Associates until such tendered securities are accepted for payment, purchase or exchange; (ii) that such Person or any of such Person's Affiliates or Associates, directly or indirectly, has the right to vote or dispose of or has "beneficial ownership" of (as determined pursuant to Rule 13d-3 of the General Rules and Regulations under the Exchange Act), including without limitation pursuant to any agreement, arrangement or understanding, whether or not in writing; provided, however, that a Person shall not be deemed the "Beneficial Owner" of any security under this clause (ii) as a result of an oral or written agreement, arrangement or understanding to vote such security if such agreement, arrangement or understanding (A) arises solely from a revocable proxy given in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable provisions of the General Rules and Regulations under the Exchange Act, and (B) is not then reportable by such Person on Schedule 13D under the Exchange Act (or any comparable or successor report); or (iii) that are beneficially owned, directly or indirectly, by any other Person (or any Affiliate or Associate thereof) with which such Person (or any of such Person's Affiliates or Associates) has any agreement, arrangement or understanding (whether or not in writing) for the purpose of acquiring, holding, voting (except pursuant to a revocable proxy as described in the proviso to clause (ii) above) or disposing of any voting securities of the Company; provided, however, that nothing in this definition shall cause a Person engaged in business as an underwriter of securities to be the "Beneficial Owner" of any securities acquired through such Person's participation in good faith in a firm commitment underwriting until the expiration of forty days after the date of such acquisition.

(c) “Cause” shall mean that the Board reasonably determines that Executive engaged in: (i) fraud, misappropriation, embezzlement or willful misconduct by Executive; (ii) willful failure by Executive to perform any of his reasonable and lawful duties after a written notification by the Board which identifies such failure and permits thirty (30) days to rectify such failure; (iii) Executive being convicted of a felony, or any crime or offense involving the Company; (iv) pleading guilty or nolo contendere or being convicted of any other criminal act, not including traffic offenses; (v) failure to follow the lawful and reasonable directions of the Board which, if curable in the judgement of the Board, is not cured within thirty (30) days after Executive’s receipt of written notice of his failure to follow such lawful directions; (vi) a material breach of this Agreement; which is not cured within ten (10) days after Executive’s receipt of written notice of such material breach; or (vii) a determination by the Board that Executive has materially violated a written policy of the Company against unlawful discrimination or harassment. No act, or failure to act, on the Executive’s part shall be deemed “willful” unless committed or omitted by the Executive in bad faith and without reasonable belief that the Executive’s act or failure to act was in, or not opposed to, the best interest of the Company.

(d) “Change in Control” shall be deemed to have occurred if: (i) any Person, together with all Affiliates and Associates of such Person, shall become the Beneficial Owner in the aggregate of 20% or more of the Company Stock then outstanding; (ii) during any twenty-four (24) month period, individuals who at the beginning of such period constitute the Board cease for any reason to constitute a majority thereof, unless the election, or the nomination for election by the Company’s shareholders, of at least seventy-five percent of the directors who were not directors at the beginning of such period was approved by a vote of at least seventy-five percent of the directors in office at the time of such election or nomination who were directors at the beginning of such period; or (iii) there occurs a sale of 50% or more of the aggregate assets or earning power of the Company and its subsidiaries, or its liquidation is approved by a majority of its shareholders or the Company is merged into or is merged with an unrelated entity such that following the merger, the shareholders of the Company no longer own more than 50% of the resultant entity. Notwithstanding anything in this definition to the contrary, a Change in Control shall not be deemed to have taken place under clause (i) above if (A) such Person becomes the Beneficial Owner in the aggregate of 20% or more of the Company Stock then outstanding as a result, in the determination of a majority of those members of the Board of Directors in office prior to the acquisition, of an inadvertent acquisition by such Person if such Person, as soon as practicable, divests itself of a sufficient amount of its Company Stock so that it no longer owns 20% or more of the Company Stock then outstanding, or (B) such Person becomes the Beneficial Owner in the aggregate of 20% or more of the Company Stock outstanding as a result of an acquisition of Company Stock by the Company which, by reducing the number of shares of Company Stock outstanding, increases the proportionate number of shares of Company Stock beneficially owned by such Person to 20% or more of the shares of Company Stock then outstanding; provided, however that if a Person shall become the Beneficial Owner of 20% or more of the shares of Company Stock then outstanding by reason of Company Stock purchased by the Company and shall, after such share purchases by the Company become the Beneficial Owner of any additional shares of Company Stock, then the exemption set forth in this clause shall be inapplicable.



(e) “Change in Control Period” means the time period that begins six (6) months immediately prior to, and continues until the elapse of twenty-four (24) months immediately following a Change in Control of the Company.

(f) “CIC Good Reason” for termination by the Executive of the Executive’s employment means the occurrence (without the Executive’s express written consent) during any Change in Control Period, of any one of the following acts by the Company, or failures by the Company to act, unless such act or failure to act is corrected prior to the date of termination specified in the notice of termination given in respect thereof:

(i) a significant adverse change or diminution in the Executive’s authority, duties, responsibilities or reporting requirements as in effect immediately prior to the Change in Control Period or the assignment to the Executive of any duties or responsibilities which are inconsistent with such role or position(s) (including status, offices, titles, public company status and reporting requirements), or any removal of the Executive from, or any failure to reappoint or reelect the Executive to, such position(s), including as a member and Chair of the Board, but excluding for this purpose an isolated, insubstantial, inadvertent and immaterial action not taken in bad faith and that is remedied promptly after receipt of notice thereof given by the Executive;

(ii) a reduction of more than ten percent (10%) in the Executive’s total annual target compensation (as compared to the Executive’s total annual target compensation immediately prior to the Change in Control), other than pursuant to an across-the-board reduction in total annual target compensation which applies to all similarly situated executives of the Company and any acquirer;

(iii) the failure to continue to provide the Executive with employee benefits substantially similar to those enjoyed by the Executive under any pension, life insurance, medical, health, accident and disability plans, or any retirement plan for which the Executive is eligible immediately prior to the time of the Change in Control Period; or

(iv) the Company requiring the Executive to be based at an office that is greater than 50 miles from where the Executive's office is located immediately prior to the Change in Control Period except for required travel on the Company's business to an extent substantially consistent with the business travel obligations which the Executive undertook on behalf of the Company prior to the Change in Control Period; provided, however, that the Executive's termination of employment shall not be deemed to be for CIC Good Reason unless (A) the Executive has delivered to the Company written notice describing the occurrence of one or more CIC Good Reason events within sixty (60) days of such occurrence, (B) the Company fails to cure such CIC Good Reason event or events within thirty (30) days after its receipt of such written notice and (C) the Executive delivers to the Company a notice of termination of employment for CIC Good Reason within thirty (30) days after the expiration of the 30-day cure period.

(g) "Disability" means Executive's mental or physical incapacity that entitles Executive to long-term disability benefits under the Company's long-term disability plan applicable to Executive after reasonable accommodation.

(h) “Good Reason” means a termination of employment initiated by Executive upon one or more of the following occurrences after the Commencement Date: (i) a significant adverse change or diminution in Executive’s authority, title, duties, responsibilities or reporting lines, or the assignment to the Executive of any duties or responsibilities which are inconsistent with such role or position(s) (including status, offices, titles, public company status and reporting requirements), or any removal of the Executive from, or any failure to reappoint or reelect the Executive to, such position(s) including as a member and Chair of the Board, but excluding for this purpose an isolated, insubstantial, inadvertent and immaterial action not taken in bad faith and that is remedied promptly after receipt of notice thereof given by the Executive; (ii) relocation of Executive’s principal place of employment, to a location that is more than fifty (50) miles from the location on the Commencement Date; or (iii) a reduction of more than ten percent (10%) in Base Salary or the target annual bonus; or (iv) the failure to continue to provide the Executive with employee benefits substantially similar to those enjoyed by the Executive under any pension, life insurance, medical, health, accident and disability plans, or any retirement plan for which the Executive is eligible as of the Commencement Date Executive must provide written notice of termination for Good Reason to the Company within sixty (60) days after the event constituting Good Reason. The Company shall have a period of thirty (30) days in which it may correct the act or failure to act that constitutes the grounds for Good Reason as set forth in Executive’s notice of termination. If the Company does not correct the act or failure to act, Executive must terminate his employment for Good Reason within thirty (30) days after the end of the cure period, in order for the termination to be considered a Good Reason termination.

(i) “Person” means any individual, firm, corporation, partnership or other entity except the Company, any subsidiary of the Company, any employee benefit plan of the Company or of any subsidiary, or any Person or entity organized, appointed or established by the Company for or pursuant to the terms of any such employee benefit plan.

10. **Restrictive Covenants.**

(a) Executive agrees that on and after the Commencement Date, for a period of twelve (12) months after termination of his employment under this Agreement, Executive will not, directly or indirectly, individually, or in association or in combination with any other person or entity, whether as a shareholder of a corporation, or a manager or member of a limited liability company, or as an employee, agent, independent contractor, consultant, advisor, joint venturer, partner or otherwise:

(i) employ, engage or solicit for employment any person who is, or was, at any time during the twelve (12) months after termination of his employment under this Agreement and the immediately preceding twelve (12) month period, an employee of the Company or otherwise seek to adversely influence or alter such person’s relationship with the Company (without written consent of the Board); or

(ii) solicit, entice, broker or encourage any person or entity that is, or was, at any time during the twelve (12) months after termination of his employment under this Agreement and the immediately preceding twelve (12) month period, a prospective Affiliate of the Company or a customer, client or vendor or prospective customer, client or vendor of the Company, to terminate or otherwise alter his, her or its relationship with Company.

(b) Executive agrees that on and after the Commencement Date and for a period of twelve (12) months after termination of his employment under this Agreement, Executive agrees that he will not, unless acting pursuant with the prior written consent of the Board of Directors, which consent will not be unreasonably withheld, directly or indirectly, own, manage, operate, join, control, finance or participate in the ownership, management, operation, control or financing of, or be connected as an officer, director, employee, partner, principal, agent, representative, consultant or otherwise with or use or permit his name to be used in connection with, any Competing Business located in the Geographic Area. For purposes of this Agreement, a “Competing Business” is any business or enterprise actively engaged (i) in a business from which the consolidated Company (the Company and its subsidiaries), taken as a whole, derived at least ten percent of its annual gross revenues for the twelve (12) months immediately preceding the date of termination, or (ii) in any strategic initiative of the Company commenced in the twelve (12) months immediately preceding the date of termination, or actively being considered by the Company in writing on the date of termination, and “Geographic Area” means the states in which the Company and its subsidiaries are operating as of the date of termination. It is recognized by Executive that the business of the Company and its subsidiaries and Executive’s connection therewith is or will be involved in activity throughout the Geographic Area, and that more limited geographical limitations on this non-competition covenant are therefore not appropriate. The foregoing restriction shall not be construed to prohibit the ownership by Executive of less than one percent of any class of securities of any corporation which is engaged in any of the foregoing businesses having a class of securities registered pursuant to the Securities Exchange Act of 1934, provided that such ownership represents a passive investment and that neither Executive nor any group of persons including Executive in any way, either directly or indirectly, manages or exercises control of any such corporation, guarantees any of its financial obligations, otherwise takes any part in its business, other than exercising his rights as a shareholder, or seeks to do any of the foregoing.

(c) Executive acknowledges that the restrictions contained in paragraph (a) and (b) are reasonable and necessary to protect the legitimate interests of the Company and its subsidiaries and Affiliates, and that any violation of those provisions will result in irreparable injury to the Company. Executive represents that his experience and capabilities are such that the restrictions contained in paragraphs (a) and (b) will not prevent Executive from obtaining employment or otherwise earning a living at the same general level of economic benefit as is the case as of the date hereof. Executive agrees that the Company shall be entitled to preliminary and permanent injunctive relief, without the necessity of proving actual damages, which right shall be cumulative and in addition to any other rights or remedies to which the Company may be entitled. In the event that any of the provisions of paragraph (a) or (b) should ever be adjudicated to exceed the time, geographic, service, or other limitations permitted by applicable law in any jurisdiction, then such provisions shall be deemed reformed in such jurisdiction to the maximum time, geographic, service, or other limitations permitted by applicable law. Executive further agrees that he shall reimburse Company for its expenses incurred in enforcing this Agreement, if Company prevails in any suit under this Agreement or if he is found to have breached or threatened to breach any term of this Agreement, including without limitation, Company’s attorneys’ fees and costs. Executive agrees that in the event that the Company finds it necessary to enforce this Agreement in a court of law or equity, the twelve (12) month restriction referred to in clauses (a) and (b) above shall begin from the date of entry of the final order of the court.

11. **Other Agreements.** Executive represents and warrants to Company that:

(a) Executive has informed the Company in writing of any restrictions, agreements or understandings whatsoever to which Executive is a party or by which he is bound that could prevent or make unlawful Executive's execution of this Agreement or Executive's employment hereunder, or which could be inconsistent or in conflict with this Agreement or Executive's employment hereunder, or could prevent, limit or impair in any way the performance by Executive of his obligations hereunder.

(b) Executive shall disclose the existence and terms of the restrictive covenants set forth in Section 10 to any employer by whom Executive may be employed during the Term (which employment is not hereby authorized) or any period during which his activities are restricted by virtue of the covenants described in Section 10 hereof.

12. **Survival of Provisions.** The provisions of this Agreement shall survive the termination of Executive's employment hereunder and the payment of all amounts payable and delivery of all post-termination compensation and benefits pursuant to this Agreement incident to any such termination of employment.

13. **Successors and Assigns.** This Agreement shall inure to the benefit of and be binding upon Company and its successors or permitted assigns and Executive and his executors, administrators or heirs. The Company shall require any successor or successors expressly to assume the obligations of Company under this Agreement. For purposes of this Agreement, the term "successor" shall include the ultimate parent corporation of any corporation involved in a merger, consolidation, or reorganization with or including the Company that results in the stockholders of Company immediately before such merger, consolidation or reorganization owning, directly or indirectly, immediately following such merger, consolidation or reorganization, securities of another corporation. Executive may not assign any obligations or responsibilities under this Agreement or any interest herein, by operation of law or otherwise, without the prior written consent of Company. If a successor or assign of the Company refused to accept this Agreement, Executive shall be entitled to receive CIC Severance Benefits from the Company.

14. **Notices.** All notices required to be given to any of the parties of this Agreement shall be in writing and shall be deemed to have been sufficiently given, subject to the further provisions of this Section 14, for all purposes when presented personally to such party, or sent by any national overnight delivery service, or certified or registered mail, to such party at its address set forth below:

(a) If to Executive:

Christopher Franklin  
xxxxxx  
xxxxx Pennsylvania 19301

(b) If to the Company:

Essential Utilities, Inc.  
762 W. Lancaster Avenue  
Bryn Mawr, PA 19010-3489  
Attn: Lead Independent Director  
c/o Corporate Secretary

Such notice shall be deemed to be received when delivered if delivered personally, upon electronic or other confirmation of receipt if delivered by electronic mail or facsimile transmission, the next business day after the date sent if sent by a national overnight delivery service, or three (3) business days after the date mailed if mailed by certified or registered mail. Any notice of any change in such address shall also be given in the manner set forth above. Whenever the giving of notice is required, the giving of such notice may be waived in writing by the party entitled to receive such notice.

15. **Entire Agreement; Amendments.** This Agreement and any other documents, instruments or other writings delivered or to be delivered in connection with this Agreement as specified herein constitute the entire agreement among the parties with respect to the subject matter of this Agreement and supersede all prior and contemporaneous agreements, understandings, and negotiations, whether written or oral, with respect to the terms of Executive's employment by Company (including the Prior Employment Agreements and any restrictive covenants against competition contained in the Non-Competition provision of Executive's Restricted Share Agreements). This Agreement may be amended or modified only by a written instrument signed by all parties hereto.

16. **Waiver.** The waiver of the breach of any term or provision of this Agreement shall not operate as or be construed to be a waiver of any other or subsequent breach of this Agreement.

17. **Governing Law.** This Agreement shall be governed and construed as to its validity, interpretation and effect by the laws of the Commonwealth of Pennsylvania.

18. **Severability.** Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement or such provisions, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

19. **Section Headings.** The section headings in this Agreement are for convenience only; they form no part of this Agreement and shall not affect its interpretation.

20. **Counterparts.** This Agreement may be executed in any number of counterparts, and each such counterpart, including in .pdf format, shall be deemed to be an original instrument, but all such counterparts together shall constitute one and the same instrument.

21. **Indemnification.** During the Term and thereafter, the Company agrees to indemnify and hold Executive harmless in connection with actual, potential or threatened actions or investigations related to Executive's services for or employment by the Company and/or its subsidiaries in the same manner as other officers and directors to the extent provided in the Company's Bylaws. In addition, Executive shall be covered by a reasonable amount of directors and officers liability insurance in an amount typical for companies of the size and public nature of the Company.

22. **Taxes.** Any payment required under this Agreement shall be subject to all requirements of the law with regard to the withholding of taxes, filing, making of reports and the like, and Company shall use its best efforts to satisfy promptly all such requirements.

23. **Coordination with Release and Delay Required by the Internal Revenue Code.**

(a) Notwithstanding anything to the contrary in this Agreement, if the Executive is a “disqualified individual” (as defined in Internal Revenue Code Section 280G(c)), and the payments and benefits provided for in this Agreement or any other payments and benefits which the Executive has the right to receive from the Company (collectively, the “Payments”), would constitute a “parachute payment” (as defined in Internal Revenue Code Section 280G(b)(2)), then the Payments shall be either (a) reduced (but not below zero) so that the present value of such total amounts and benefits received by the Executive from the Company will be one dollar (\$1.00) less than three (3) times Executive’s “base amount” (as defined in Internal Revenue Code Section 280G(b)(3)) and so that no portion of such amounts and benefits received by the Executive shall be subject to the excise tax imposed by Internal Revenue Code Section 4999 or (b) paid in full, after taking into account the applicable federal, state and local income taxes and the excise tax imposed by Internal Revenue Code Section 4999, whichever produces the better net-after-tax position to the Executive. The reduction of Payments, as applicable, shall be made by (a) first, reducing any severance payments due pursuant to Section 4 paid in cash, with later payments being reduced first; (b) next, the waiver of accelerated vesting of equity awards, with awards having a later vesting date being reduced first; and (d) lastly, reducing all other Payments, with later payments being reduced first, in each case, in accordance with Internal Revenue Code Section 409A. The determination as to whether any such reduction in the amount of the payments and benefits provided hereunder is necessary shall be made by the Board of Directors in good faith. If a reduced Payment is made or provided and through error or otherwise that Payment, when aggregated with other Payments from the Company used in determining if a parachute payment exists, exceeds one dollar (\$1.00) less than three (3) times the Executive’s base amount, then the Executive shall immediately repay such excess to the Company upon notification that an overpayment has been made. In the event any reduction under this Agreement is disputed by the Executive, then determinations required to be made under this Section 19, including the assumptions to be utilized in arriving at such determination, shall be made by an outside nationally recognized accounting or consulting firm mutually selected by the Executive and the Company or the Board of Directors, in their reasonable discretion (the “Accounting Firm”), which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the receipt of notice from the Executive that there has been a payment hereunder, or such earlier time as is requested by the Company or the Board of Directors, as applicable. In no event shall the Accounting Firm be an accounting firm that was, or is, serving as accountant or auditor for the individual, entity or group affecting the change of ownership or effective control of the Company. Nothing in this Section 19 shall require the Company to be responsible for, or have any liability or obligation with respect to, the Executive’s excise tax liabilities under Internal Revenue Code Section 4999.

(b) To the maximum extent possible, all amounts payable hereunder are intended to be exempt from the requirements of Section 409A of the Internal Revenue Code ("Code Section 409A") and this Agreement shall be construed and administered in accordance with such intention. Severance benefits under this Agreement are intended to be exempt from section 409A of the Code under the "short-term deferral" exception, to the maximum extent applicable, and then under the "separation pay" exception, to the maximum extent applicable. To the extent any continuing benefit (or reimbursement thereof) to be provided is not "deferred compensation" for purposes of Code Section 409A, then such benefit shall commence or be made immediately after the date the release of claims required under Section 8(e) of this Agreement becomes effective. To the extent any continuing benefit (or reimbursement thereof) to be provided is "deferred compensation" for purposes of Code Section 409A, then such benefits shall be reimbursed or commence upon the earliest later date as may be required in order to comply with the requirements of Code Section 409A. The delayed benefits shall in any event expire at the time such benefits would have expired had the benefits commenced immediately upon Executive's termination of employment.

(c) Notwithstanding any other payment schedule provided herein to the contrary, if the Executive is deemed on the date of termination to be a Specified Employee, then, once the release required by Section 8(e) is executed and delivered and no longer subject to revocation, any payment that is considered deferred compensation under Code Section 409A payable on account of a "separation from service" shall be made on the date which is the earlier of (A) the expiration of the six (6)-month period measured from the date of such "separation from service" of Executive, and (B) the date of Executive's death (the "Delay Period") to the extent required under Code Section 409A. Upon the expiration of the Delay Period, all payments delayed pursuant to this Section 23 (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid to Executive in a lump sum, and any remaining payments due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein. If Executive dies during the Delay Period prior to the payment of benefits, the amounts withheld on account of section 409A of the Code shall be paid to the personal representative of Executive's estate within 60 days after the date of Executive's death.

(d) All reimbursements and in-kind benefits provided under this Agreement shall be made or provided in accordance with the requirements of section 409A of the Code, including, where applicable, the requirement that (i) any reimbursement be for expenses incurred during the period specified in this Agreement, (ii) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a fiscal year not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other fiscal year, (iii) the reimbursement of an eligible expense be made no later than the last day of the fiscal year following the year in which the expense is incurred, and (iv) the right to reimbursement or in-kind benefits not be subject to liquidation or exchange for another benefit.

**IN WITNESS WHEREOF**, the parties have caused this Agreement to be executed the day and year first written above.

Attest: ESSENTIAL UTILITIES, INC.

By: By: /s/ Daniel J. Hilferty  
Name: Daniel J. Hilferty  
Title: Lead Independent Director

Attest: CHRISTOPHER FRANKLIN

By: /s/ Christopher Franklin



**Appendix A**

**Business and Charitable Activities**

**Charitable/Civic**

- Trustee, University of Pennsylvania Board of Trustees, Philadelphia, PA
  - Trustee, West Chester University's Council of Trustees, West Chester, PA
  - Director, Franklin Institute, Philadelphia, PA
- Member, Board of Directors and Executive Committee – The Chamber of Commerce for Greater Philadelphia

## AGREEMENT

THIS Agreement (the "Agreement") made as of the \_\_\_\_\_ day of \_\_\_\_\_, 2024, is by and between, Essential Utilities, Inc., a Pennsylvania corporation ("Essential"), and [Executive]\_\_\_\_\_ (the "Executive").

WHEREAS, the Executive is a direct report to Essential's Chief Executive Officer and a Section 16 officer;

WHEREAS, Essential considers it essential to foster the employment of well-qualified, key management personnel and, in this regard, the Board of Directors of Essential recognizes that, as is the case with many publicly-held corporations such as Essential, the possibility of a change of control of Essential may exist and that such possibility, and the uncertainty and questions which it may raise among management, may result in the departure or distraction of key management personnel to the detriment of Essential;

WHEREAS, the Board of Directors of Essential has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of key members of management of Essential to their assigned duties without distraction in the face of potentially disturbing circumstances arising from the possibility of a change of control of Essential, although no such change is now contemplated;

WHEREAS, the Executive is party to a change in control severance agreement dated \_\_\_\_\_ (the "Prior Agreement");

WHEREAS, Essential and the Executive wish to amend and restate the Prior Agreement; and

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements hereinafter set forth and intending to be legally bound hereby, the parties hereto agree as follows:

1. Definitions. For all purposes of this Agreement, the following terms shall have the meanings specified in this Section unless the context clearly otherwise requires:

(a) "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

(b) "Base Compensation" shall mean the sum of (i) Executive's then-current base annual salary (or, if greater, the Executive's base annual salary immediately prior to the consummation of the Change in Control), plus (ii) the greater of (A) the Executive's Target Bonus, or (B) the last actual bonus paid to the Executive under the Annual Cash Incentive Compensation Plan (or any successor plan maintained by Essential), in all capacities with Essential and its Subsidiaries or Affiliates. For the avoidance of doubt, the Executive's Base Compensation shall be determined prior to reduction for salary and annual bonus deferred by the Executive under any deferred compensation plan, tax-qualified retirement plan, or welfare benefit plan of Essential and its Subsidiaries or Affiliates, or otherwise.

(c) A Person shall be deemed the “Beneficial Owner” of any securities: (i) that such Person or any of such Person’s Affiliates or Associates, directly or indirectly, has the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding (whether or not in writing) or upon the exercise of conversion rights, exchange rights, rights, warrants or options, or otherwise; provided, however, that a Person shall not be deemed the “Beneficial Owner” of securities tendered pursuant to a tender or exchange offer made by such Person or any of such Person’s Affiliates or Associates until such tendered securities are accepted for payment, purchase or exchange; (ii) that such Person or any of such Person’s Affiliates or Associates, directly or indirectly, has the right to vote or dispose of or has “beneficial ownership” of (as determined pursuant to Rule 13d-3 of the General Rules and Regulations under the Exchange Act), including without limitation pursuant to any agreement, arrangement or understanding, whether or not in writing; provided, however, that a Person shall not be deemed the “Beneficial Owner” of any security under this clause (ii) as a result of an oral or written agreement, arrangement or understanding to vote such security if such agreement, arrangement or understanding (A) arises solely from a revocable proxy given in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable provisions of the General Rules and Regulations under the Exchange Act, and (B) is not then reportable by such Person on Schedule 13D under the Exchange Act (or any comparable or successor report); or (iii) that are beneficially owned, directly or indirectly, by any other Person (or any Affiliate or Associate thereof) with which such Person (or any of such Person’s Affiliates or Associates) has any agreement, arrangement or understanding (whether or not in writing) for the purpose of acquiring, holding, voting (except pursuant to a revocable proxy as described in the proviso to clause (ii) above) or disposing of any voting securities of Essential; provided, however, that nothing in this Section 1(c) shall cause a Person engaged in business as an underwriter of securities to be the “Beneficial Owner” of any securities acquired through such Person’s participation in good faith in a firm commitment underwriting until the expiration of forty days after the date of such acquisition.

(d) “Board” shall mean the Board of Directors of Essential.

(e) "Cause" shall mean 1) misappropriation of funds, 2) habitual insobriety or substance abuse, 3) conviction of a felony (other than a vehicular offense), or 4) willful misconduct in the performance of duties, which willful misconduct has had a material adverse effect on the business, operations, assets, properties, or financial condition of Essential or its Subsidiaries and Affiliates.

(f) "Change in Control" shall mean:

(i) any Person (including any individual, firm, corporation, partnership or other entity except Essential, any subsidiary of Essential, any employee benefit plan of Essential or of any subsidiary, or any Person or entity organized, appointed or established by Essential for or pursuant to the terms of any such employee benefit plan), together with all Affiliates and Associates of such Person, shall become the Beneficial Owner in the aggregate of 20% or more of the Common Stock of Essential then outstanding;

(ii) during any twenty-four month period, individuals who at the beginning of such period constitute the Board cease for any reason to constitute a majority thereof, unless the election, or the nomination for election by Essential's shareholders, of at least seventy-five percent of the directors who were not directors at the beginning of such period was approved by a vote of at least seventy-five percent of the directors in office at the time of such election or nomination who were directors at the beginning of such period; or

(iii) there occurs a sale of 50% or more of the aggregate assets or earning power of Essential and its Subsidiaries, or its liquidation approved by a majority of its shareholders is consummated, or Essential is merged into or is merged with an unrelated entity such that following the merger the shareholders of Essential no longer own more than 50% of the resultant entity.

Notwithstanding anything in this subsection 1(f) to the contrary, a Change in Control shall not be deemed to have taken place under clause 1(f)(i) above if (i) such Person becomes the beneficial owner in the aggregate of 20% or more of the Common Stock of Essential then outstanding as a result, in the determination of a majority of those members of the Board of Directors in office prior to the acquisition, of an inadvertent acquisition by such Person if such Person, as soon as practicable, divests itself of a sufficient amount of its Common Stock so that it no longer owns 20% or more of the Common Stock then outstanding, or (ii) such Person becomes the beneficial owner in the aggregate of 20% or more of the Common Stock of Essential outstanding as a result of an acquisition of common stock by Essential which, by reducing the number of common stock outstanding, increases the proportionate number of shares of common stock beneficially owned by such Person to 20% or more of the shares of common stock then outstanding; provided, however that if a Person shall become the beneficial owner of 20% or more of the shares of common stock then outstanding by reason of common stock purchased by Essential and shall, after such share purchases by Essential become the beneficial owner of any additional shares of common stock, then the exemption set forth in this clause shall be inapplicable.

(g) "Equity Compensation Plan" shall mean Essential's Amended and Restated Omnibus Equity Compensation Plan, and its predecessors and successors.

(h) "Good Reason Termination" shall mean, except as otherwise provided in the last paragraph of this subsection (h), a Termination of Employment as a result of one or more of the following events, without the Executive's written consent to the event:

- (i) any action or inaction that constitutes a material breach by Essential (or any successor thereto) of this Agreement;
- (ii) a material diminution of the authority, duties, or responsibilities of the Executive held immediately prior to the Change in Control;
- (iii) a diminution in the Executive's base salary or Target Bonus; or
- (iv) a requirement that the Executive be principally based at any office or location which is located more than fifty (50) miles from the Executive's primary place of employment immediately prior to the Change in Control.
- (v) a material diminution in the authority, duties, or responsibilities of the supervisor to whom the Executive is required to report, including a requirement that the Executive report to a corporate officer or employee instead of reporting directly to the board of directors of a corporation (or similar governing body with respect to an entity other than a corporation).
- (vi) a material diminution in the budget over which the Executive retains authority.

A Termination of Employment after any of the foregoing events shall be a Good Reason Termination only if (A) the Executive provides written notice to Essential of the existence of such event within ninety (90) days after the initial occurrence of such event, and (B) Essential fails to remedy the event within thirty (30) days following the receipt of such notice (the "Cure Period").

(i) “Normal Retirement Date” shall mean the first day of the calendar month coincident with or next following the Executive’s 65th birthday.

(j) “Subsidiary” shall mean any corporation in which Essential, directly or indirectly, owns at least a 50% interest or an unincorporated entity of which Essential, directly or indirectly, owns at least 50% of the profits or capital interests.

(k) “Target Bonus” shall mean the Executive’s target annual bonus under the Annual Cash Incentive Compensation Plan (or any successor plan maintained by Essential) as of the date of the Executive’s Termination of Employment or, if higher immediately prior to the consummation of the Change in Control.

(l) “Termination Date” shall mean the date of receipt of the Notice of Termination described in Section 2 hereof or any later date specified therein, as the case may be.

(m) “Termination of Employment” shall mean the involuntary termination of the Executive’s actual employment relationship with Essential and any of its Subsidiaries that actually employs the Executive.

2. Notice of Termination. Any Termination of Employment following a Change in Control shall be communicated by a Notice of Termination to the other party hereto given in accordance with Section 15 hereof. For purposes of this Agreement, a “Notice of Termination” means a written notice which (i) indicates the specific provision in this Agreement relied upon, (ii) briefly summarizes the facts and circumstances deemed to provide a basis for the Executive’s Termination of Employment under the provision so indicated, and (iii) if the Termination Date is other than the date of receipt of such notice, specifies the Termination Date (which date shall not be more than 15 days after the giving of such notice for a termination other than a Good Reason Termination, or, in the event of a Good Reason Termination, not more than 15 days after the end of the Cure Period.)

3. Severance Compensation upon Termination. Subject to the provisions of Section 12 and Section 24 hereof, in the event of the Executive’s involuntary Termination of Employment for any reason other than Cause or in the event of a Good Reason Termination, in either event within 90 days preceding or two years after the consummation of a Change in Control, Essential shall pay to the Executive, upon the execution of a release in the form attached as Exhibit A, a single lump sum cash payment in an amount equal to **two (2) times** the Executive’s Base Compensation, plus a pro-rata share of the Executive’s Target Bonus based on the portion of the calendar year elapsed at the time of the Executive’s Termination of Employment as well as full vesting of all outstanding unvested equity, in whatever form (“CIC Severance Benefits”). The number of performance-based restricted stock units that so vest shall be as determined pursuant to the applicable award agreement. Any lump sum payment under this Section 3 shall be paid on or before the thirteenth (13<sup>th</sup>) day following the date of termination; provided, that the release contemplated by Section 3 is effective.

4. Other Payments and Benefits. The payment due under Section 3 hereof shall be in addition to and not in lieu of any payments or benefits, due to the Executive under any other plan, policy or program of Essential, and its Subsidiaries or Affiliates; provided, however, that an Executive shall not be eligible for benefits under any severance plan, program or arrangement maintained by Essential, or any of its Subsidiaries or Affiliates, if the Executive is entitled to receive benefits under this Agreement as a result of a Termination of Employment within 90 days preceding or two years following a Change in Control. In addition, if the Executive is entitled to a payment under Section 3 hereof, the Executive shall be entitled to:

(a) a cash amount equal to (i) **twenty-four (24) months** of the COBRA rate in effect at the Executive's Termination of Employment, plus (ii) an additional amount which, after reduction for applicable income and employment taxes owed with respect to such additional amount, equals the income and employment taxes payable with respect to the amount described in clause (i), which shall be paid in a single lump sum at the time the benefit under Section 3 is paid; and

(b) fully-paid executive level reasonable outplacement services from the provider or the Executive's choice for **six (6) months** following the Termination Date. All reimbursements paid to the Executive for purposes of outplacement services shall be made or provided in accordance with Treas. Reg. §1.409A-1(b)(9)(v)(A).

5. Treatment of Options in Change in Control. In the event that Executive holds any outstanding options where the fair market value of a share does not exceed the exercise price to purchase that share and such options are not assumed by the surviving business as a result of the Change in Control, preserving the same economics and exercise period as the then outstanding options, then such options shall be converted into restricted stock units ("RSUs") such that the number of RSUs resulting from the conversion shall equal the number of RSUs that would have been equivalent to the number of options granted using the Black-Scholes valuation method to determine how many RSUs would have been granted at the time of grant, and such RSUs shall continue to vest on the same basis as the underlying options would have vested, subject to acceleration as provided in Section 3.

6. Trust Fund. Essential sponsors an irrevocable trust fund pursuant to a trust agreement to hold assets to satisfy its obligations to the Executive under this Agreement. Funding of such trust fund shall be subject to the discretion of certain Essential's executives, as set forth in the agreement pursuant to which the fund has been established.

7. Enforcement.

(a) In the event that Essential shall fail or refuse to make payment of any amounts due the Executive under Sections 3 and 4 hereof within the respective time periods provided therein, Essential shall pay to the Executive, in addition to the payment of any other sums provided in this Agreement, interest, compounded daily, on any amount remaining unpaid from the date payment is required under Section 3 or 4, as appropriate, until paid to the Executive, at the rate from time to time announced by PNC Bank, or its successor, as its "prime rate" plus 1%, each change in such rate to take effect on the effective date of the change in such prime rate.

(b) It is the intent of the parties that the Executive not be required to incur any expenses associated with the enforcement of his rights under this Agreement by arbitration, litigation or other legal action because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Executive hereunder. Accordingly, Essential shall pay the Executive the amount necessary to reimburse the Executive in full for all reasonable expenses (including all attorneys' fees and legal expenses) incurred by the Executive in enforcing any of the obligations of Essential under this Agreement within five business days following the Executive's request for the reimbursement.

8. No Mitigation. The Executive shall not be required to mitigate the amount of any payment or benefit provided for in this Agreement by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for herein be reduced by any compensation earned by other employment or otherwise.

9. Non-exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in or rights under any benefit, bonus, incentive or other plan or program provided by Essential, or any of its Subsidiaries or Affiliates, and for which the Executive may qualify, other than any severance plan, policy or arrangement of Essential or its Subsidiaries or Affiliates. The provisions of this Agreement may require a variance from the terms and conditions of certain compensation or bonus plans under circumstances where such plans would not provide for payment thereof in order to obtain the maximum benefits for the Executive. It is the specific intention of the parties that the provisions of this Agreement shall supersede any provisions to the contrary in such plans, and such plans shall be deemed to have been amended to correspond with this Agreement without further action by Essential.



10. No Set-Off. Essential's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any circumstances, including, without limitation, any set-off, counterclaim, recoupment, defense or other right which Essential, or any of its Subsidiaries or Affiliates have or may have against the Executive or others.

11. Taxes. Any payment required under this Agreement shall be subject to all requirements of the law with regard to the withholding of taxes, filing, making of reports and the like, and Essential shall use its best efforts to satisfy promptly all such requirements.

12. Certain Reduction of Payments.

(a) In the event that it shall be determined that any payment or distribution in the nature of compensation (within the meaning of section 280G(b)(2) of the Code) to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (a "Payment"), would constitute an "excess parachute payment" within the meaning of section 280G of the Code, the aggregate present value of the Payments under the Agreement and any other arrangement shall be reduced (but not below zero) to the Reduced Amount (defined below), provided that the reduction shall be made only if the Accounting Firm (described below) determines that the reduction will provide the Executive with a greater net after-tax benefit than would no reduction. The "Reduced Amount" shall be an amount expressed in present value which maximizes the aggregate present value of Payments under this Agreement and any other arrangement without causing any Payment under this Agreement to be subject to the Excise Tax (defined below), determined in accordance with section 280G(d)(4) of the Code. The term "Excise Tax" means the excise tax imposed under section 4999 of the Code, together with any interest or penalties imposed with respect to such excise tax. The Company shall reduce the Payments by first reducing Payments that are not payable in cash and then by reducing cash Payments. Any Payment reductions made pursuant to this subsection (a) shall be nondiscretionary and made in the manner that (i) least reduces economic value to the Executive and (ii) amounts payable at different times with the same value shall be reduced pro-rata. Only amounts payable under this Agreement shall be reduced pursuant to this subsection (a). All determinations to be made under this subsection (b) shall be made by an independent certified public accounting firm or other expert selected by Essential no later than immediately prior to the consummation of the Change in Control (the "Accounting Firm"), which shall provide its determinations and any supporting calculations both to Essential and the Executive no later than 60 days of the Change in Control. Any such determination by the Accounting Firm shall be binding upon Essential and the Executive. All of the fees and expenses of the Accounting Firm in performing the determinations referred to in this subsection (b) shall be borne solely by Essential.

(b) All of the fees and expenses of the Accounting Firm in performing the determinations referred to in subsection (a) above shall be borne solely by Essential.

13. Term of Agreement. The term of this Agreement shall be indefinite until Essential notifies the Executive in writing that this Agreement will not be renewed at least 12 months prior to the proposed termination; provided, however, that (i) after a Change in Control during the term of this Agreement, this Agreement shall remain in effect until all of the obligations of the parties hereunder are satisfied or have expired, and (ii) this Agreement shall terminate if, prior to a Change in Control, the employment of the Executive with Essential or one or more of its Subsidiaries, as the case may be, shall terminate for any reason except to the extent benefits would be payable hereunder (*i.e.*, in connection with certain terminations within 60 days preceding the Change in Control).

14. Successor Company. Essential shall require any successor or successors (whether direct or indirect, by purchase, merger or otherwise) to all or substantially all of the business and/or assets of Essential, by agreement in form and substance satisfactory to the Executive, to acknowledge expressly that this Agreement is binding upon and enforceable against the successor or successors, in accordance with the terms hereof, and to become jointly and severally obligated with Essential to perform this Agreement in the same manner and to the same extent that Essential would be required to perform if no such succession or successions had taken place. Failure of Essential to notify the Executive in writing as to such successorship, to provide the Executive the opportunity to review and agree to the successor's assumption of this Agreement or to obtain such agreement prior to the effectiveness of any such succession shall be a breach of this Agreement. As used in this Agreement, Essential means Essential and any successor or successors to its business and/or assets, jointly and severally.

15. Notice. All notices and other communications required or permitted hereunder or necessary or convenient in connection herewith shall be in writing and shall be delivered personally or mailed by registered or certified mail, return receipt requested, or by overnight express courier service, as follows:

If to Essential, to:

Essential Utilities, Inc.  
c/o General Counsel  
762 W. Lancaster Avenue  
Bryn Mawr, PA 19010-3489

If to the Executive, to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

or to such other names or addresses as Essential or the Executive, as the case may be, shall designate by notice to the other party hereto in the manner specified in this Section; provided, however, that if no such notice is given by Essential following a Change in Control, notice at the last address of Essential or to any successor pursuant to Section 14 hereof shall be deemed sufficient for the purposes hereof. Any such notice shall be deemed delivered and effective when received in the case of personal delivery, five days after deposit, postage prepaid, with the U.S. Postal Service in the case of registered or certified mail, or on the next business day in the case of overnight express courier service.

16. Governing Law. This Agreement shall be governed by and interpreted under the laws of the Commonwealth of Pennsylvania without giving effect to any conflict of laws provisions.

17. Contents of Agreement, Amendment and Assignment. This Agreement supersedes all prior agreements, sets forth the entire understanding between the parties hereto with respect to the subject matter hereof (including, without limitation, the Prior Agreement), and cannot be changed, modified, extended or terminated except upon written amendment executed by the Executive and Essential. The provisions of this Agreement may require a variance from the terms and conditions of certain compensation or bonus plans under circumstances where such plans would not provide for payment thereof in order to obtain the maximum benefits for the Executive. It is the specific intention of the parties that the provisions of this Agreement shall supersede any provisions to the contrary in such plans, and such plans shall be deemed to have been amended to correspond with this Agreement without further action by Essential.

18. No Right to Continued Employment. Nothing in this Agreement shall be construed as giving the Executive any right to be retained in the employ of Essential or any of its Subsidiaries.

19. Successors and Assigns. All of the terms and provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective heirs, representatives, successors and assigns of the parties hereto, except that the duties and responsibilities of Essential hereunder shall not be assignable in whole or in part.

20. Severability. If any provision of this Agreement or application thereof to anyone or under any circumstances shall be determined to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions or applications of this Agreement which can be given effect without the invalid or unenforceable provision or application.

21. Remedies Cumulative; No Waiver. No right conferred upon the Executive by this Agreement is intended to be exclusive of any other right or remedy, and each and every such right or remedy shall be cumulative and shall be in addition to any other right or remedy given hereunder or now or hereafter existing at law or in equity. No delay or omission by the Executive in exercising any right, remedy or power hereunder or existing at law or in equity shall be construed as a waiver thereof.

22. Miscellaneous. All section headings are for convenience only. This Agreement may be executed in several counterparts, each of which is an original. It shall not be necessary in making proof of this Agreement or any counterpart hereof to produce or account for any of the other counterparts.

23. Arbitration. In the event of any dispute under the provisions of this Agreement other than a dispute in which the sole relief sought is an equitable remedy such as an injunction, the parties shall be required to have the dispute, controversy or claim settled by arbitration in Bryn Mawr, Pennsylvania, in accordance with the JAMS employment arbitration rules, before one arbitrator who shall be an executive officer or former executive officer of a publicly traded corporation, selected by the parties. Any award entered by the arbitrator shall be final, binding and nonappealable and judgment may be entered thereon by either party in accordance with applicable law in any court of competent jurisdiction. This arbitration provision shall be specifically enforceable. The arbitrator shall have no authority to modify any provision of this Agreement or to award a remedy for a dispute involving this Agreement other than a benefit specifically provided under or by virtue of the Agreement. Essential shall be responsible for all of the fees of the American Arbitration Association and the arbitrator and any expenses relating to the conduct of the arbitration (including reasonable attorneys' fees and expenses).

24. Section 409A of the Code.

(a) Compliance. This Agreement shall be interpreted to avoid any penalty sanctions under section 409A of the Code. If any payment or benefit cannot be provided or made at the time specified herein without incurring sanctions under section 409A, then such benefit or payment shall be provided in full at the earliest time thereafter when such sanctions will not be imposed. For purposes of section 409A of the Code, all payments to be made upon a Termination of Employment under this Agreement may only be made upon a "separation from service" under section 409A of the Code, each payment made under this Agreement shall be treated as a separate payment and the right to a series of installment payments under this Agreement is to be treated as a right to a series of separate payments. In no event shall the Executive, directly or indirectly, designate the calendar year of any payments to be made to him under this Agreement. All reimbursements and in-kind benefits provided under this Agreement shall be made or provided in accordance with the requirements of Treas. Reg. §1.409A-3(i)(1)(iv), including, where applicable, the requirement that (i) any reimbursement is for expenses incurred during the Executive's lifetime (or during a shorter period of time specified in this Agreement), (ii) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year, (iii) the reimbursement of an eligible expense will be made on or before the last day of the calendar year following the year in which the expense is incurred, and (iv) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(b) Payment Delay. To the maximum extent permitted under section 409A of the Code, severance payments payable under this Agreement are intended to comply with the "short-term deferral exception" under Treas. Reg. §1.409A-1(b)(4), and any remaining amount is intended to comply with the "separation pay exception" under Treas. Reg. §1.409A-1(b)(9)(iii); provided, however, any amount payable to the Executive during the six-month period following the Executive's Termination of Employment that does not qualify within either of the foregoing exceptions and is deemed as deferred compensation subject to the requirements of section 409A of the Code, then such amount shall hereinafter be referred to as the "Excess Amount." If at the time of the Executive's Termination of Employment, the Executive is a "specified employee" (as defined in section 409A of the Code), then Essential shall postpone the commencement of the payment of the portion of the Excess Amount that is payable within the six-month period following the Executive's Termination of Employment for six months following the Executive's Termination of Employment. The delayed Excess Amount shall be paid in a lump sum to the Executive within thirty (30) days following the date that is six (6) months following the Executive's Termination of Employment, and any amount payable to the Executive after the expiration of such six (6) month period under this Agreement shall continue to be paid to the Executive in accordance with the terms of this Agreement. If the Executive dies during such six-month period and prior to the payment of the portion of the Excess Amount that is required to be delayed on account of section 409A of the Code, such Excess Amount shall be paid to the personal representative of the Executive's estate within thirty (30) days after the Executive's death, and any amounts not delayed shall be paid to the personal representative of the Executive's estate in accordance with the terms of this Agreement.

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have executed this Agreement as of the date first above written.

ATTEST:

ESSENTIAL UTILITIES, INC.

\_\_\_\_\_  
Secretary

By: \_\_\_\_\_

\_\_\_\_\_  
Witness

By: \_\_\_\_\_

List of Officers Party to Amended & Restated Change-in-Control Agreements

Colleen Arnold  
Michael Huwar  
Christopher Luning  
Matthew Rhodes  
Daniel Schuller

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