Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON DC 20549

FORM 10-Q

(Mark One)
☒ QUARTERLY REPORT PURSUANT TO SECTION 13 or 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934.
For the quarterly period ended June 30, 2018

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.
For the transition period from_____ to _____

Commission File Number 1-6659

AQUA AMERICA, INC.
(Exact name of registrant as specified in its charter)

Pennsylvania	23-1702594
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
762 W. Lancaster Avenue, Bryn Mawr, Pennsylvania	19010 -3489
(Address of principal executive offices)	(Zip Code)

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

(Former Name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12(b)-2 of the Exchange Act.:

Large accelerated filer ☒ Accelerated filer ☐
Non-accelerated filer ☐ (do not check if a smaller reporting company) Smaller reporting company ☐
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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of July 24, 2018: 177,913,909

AQUA AMERICA, INC. AND SUBSIDIARIES

TABLE OF CONTENTS

AQUA AMERICA, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In thousands of dollars, except per share amounts)
(UNAUDITED)

Assets	June 30, 2018	December 31, 2017
Property, plant and equipment, at cost	$ 7,191,574	$ 7,003,993
Less: accumulated depreciation	1,649,601	1,604,133
Net property, plant and equipment	5,541,973	5,399,860
Current assets:		
Cash and cash equivalents	52,948	4,204
Accounts receivable and unbilled revenues, net	103,931	98,596
Inventory, materials and supplies	16,046	14,361
Prepayments and other current assets	14,891	12,542
Assets held for sale	1,558	1,543
Total current assets	189,374	131,246
Regulatory assets	750,826	713,971
Deferred charges and other assets, net	38,648	38,485
Investment in joint venture	7,474	6,671
Goodwill	42,050	42,230
Total assets	$ 6,570,345	$ 6,332,463
Liabilities and Equity		
Stockholders' equity:		
Common stock at $.50 par value, authorized 300,000,000 shares, issued 180,971,159 and 180,700,251 as of June 30, 2018 and December 31, 2017	$ 90,486	$ 90,350
Capital in excess of par value	811,763	807,135
Retained earnings	1,177,874	1,132,556
Treasury stock, at cost, 3,058,248 and 2,986,308 shares as of June 30, 2018 and December 31, 2017	(75,771)	(73,280)
Accumulated other comprehensive income	-	860
Total stockholders' equity	2,004,352	1,957,621
Long-term debt, excluding current portion	2,202,363	2,029,358
Less: debt issuance costs	21,002	21,605
Long-term debt, excluding current portion, net of debt issuance costs	2,181,361	2,007,753
Commitments and contingencies (See Note 14)		
Current liabilities:		
Current portion of long-term debt	118,540	113,769
Loans payable	-	3,650
Accounts payable	42,450	59,165
Book overdraft	15,567	21,629
Accrued interest	22,283	21,359
Accrued taxes	17,373	23,764
Other accrued liabilities	37,769	41,152
Total current liabilities	253,982	284,488
Deferred credits and other liabilities:		
Deferred income taxes and investment tax credits	808,711	769,073
Customers' advances for construction	93,342	93,186
Regulatory liabilities	542,525	541,910
Other	104,325	107,341
Total deferred credits and other liabilities	1,548,903	1,511,510
Contributions in aid of construction	581,747	571,091
Total liabilities and equity	$ 6,570,345	$ 6,332,463

See notes to consolidated financial statements beginning on page 9 of this report.

AQUA AMERICA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF NET INCOME
(In thousands, except per share amounts)
(UNAUDITED)

	Three Months Ended June 30,	
	2018	2017
Operating revenues	$ 211,860	$ 203,418
Operating expenses:		
Operations and maintenance	73,515	69,615
Depreciation	36,613	33,407
Amortization	149	127
Taxes other than income taxes	14,829	14,419
Total operating expenses	125,106	117,568
Operating income	86,754	85,850
Other expense (income):		
Interest expense, net	23,723	21,387
Allowance for funds used during construction	(2,577)	(3,463)
Gain on sale of other assets	(141)	(10)
Equity (earnings) loss in joint venture	(911)	161
Other	437	1,238
Income before income taxes	66,223	66,537
Provision for income tax (benefit) expense	(367)	5,569
Net income	$ 66,590	$ 60,968
Net income per common share:		
Basic	$ 0.37	$ 0.34
Diluted	$ 0.37	$ 0.34
Average common shares outstanding during the period:		
Basic	177,901	177,609
Diluted	178,273	178,045
Cash dividends declared per common share	$ 0.2047	$ 0.1913

See notes to consolidated financial statements beginning on page 9 of this report.

AQUA AMERICA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF NET INCOME
(In thousands, except per share amounts)
(UNAUDITED)

	Six Months Ended June 30,	
	2018	2017
Operating revenues	$ 406,207	$ 391,205
Operating expenses:		
Operations and maintenance	147,461	137,505
Depreciation	72,580	67,244
Amortization	279	316
Taxes other than income taxes	29,796	29,156
Total operating expenses	250,116	234,221
Operating income	156,091	156,984
Other expense (income):		
Interest expense, net	47,194	42,713
Allowance for funds used during construction	(5,444)	(6,656)
Gain on sale of other assets	(337)	(279)
Equity (earnings) loss in joint venture	(1,293)	191
Other	1,040	2,476
Income before income taxes	114,931	118,539
Provision for income tax (benefit) expense	(2,498)	8,499
Net income	$ 117,429	$ 110,040
Net income per common share:		
Basic	$ 0.66	$ 0.62
Diluted	$ 0.66	$ 0.62
Average common shares outstanding during the period:		
Basic	177,852	177,545
Diluted	178,299	178,042
Cash dividends declared per common share	$ 0.4094	$ 0.3826

See notes to consolidated financial statements beginning on page 9 of this report.

AQUA AMERICA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands of dollars)
(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net income	$ 66,590	$ 60,968	$117,429	$110,040
Other comprehensive income, net of tax:				
Unrealized holding gain on investments, net of tax expense of $20 for the three months, and $51 for the six months ended June 30, 2017, respectively	-	37	-	95
Comprehensive income	$ 66,590	$ 61,005	$117,429	$110,135

See notes to consolidated financial statements beginning on page 9 of this report.

AQUA AMERICA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CAPITALIZATION
(In thousands of dollars, except per share amounts)
(UNAUDITED)

		June 30, 2018	December 31, 2017
Stockholders' equity:			
Common stock, $.50 par value		$ 90,486	$ 90,350
Capital in excess of par value		811,763	807,135
Retained earnings		1,177,874	1,132,556
Treasury stock, at cost		(75,771)	(73,280)
Accumulated other comprehensive income		-	860
Total stockholders' equity		2,004,352	1,957,621
Long-term debt of subsidiaries (substantially collateralized by utility plant):			
Interest Rate Range	Maturity Date Range		
0.00% to 0.99%	2023 to 2033	3,876	4,196
1.00% to 1.99%	2019 to 2035	12,343	12,914
2.00% to 2.99%	2019 to 2033	18,377	19,254
3.00% to 3.99%	2019 to 2056	498,841	475,232
4.00% to 4.99%	2020 to 2057	706,431	631,599
5.00% to 5.99%	2019 to 2043	205,311	205,578
6.00% to 6.99%	2018 to 2036	44,000	44,000
7.00% to 7.99%	2022 to 2027	31,955	32,335
8.00% to 8.99%	2021 to 2025	5,842	6,092
9.00% to 9.99%	2018 to 2026	20,700	25,700
10.00% to 10.99%	2018	6,000	6,000
		1,553,676	1,462,900
Notes payable to bank under revolving credit agreement, variable rate, due 2021		157,000	60,000
Unsecured notes payable:			
Bank notes at 2.48% and 3.5% due 2019 and 2020		100,000	100,000
Notes at 3.01% and 3.59% due 2027 and 2041		245,000	245,000
Notes ranging from 4.62% to 4.87%, due 2018 through 2024		122,800	122,800
Notes ranging from 5.20% to 5.95%, due 2018 through 2037		142,427	152,427
Total long-term debt		2,320,903	2,143,127
Current portion of long-term debt		118,540	113,769
Long-term debt, excluding current portion		2,202,363	2,029,358
Less: debt issuance costs		21,002	21,605
Long-term debt, excluding current portion, net of debt issuance costs		2,181,361	2,007,753
Total capitalization		$ 4,185,713	$ 3,965,374

See notes to consolidated financial statements beginning on page 9 of this report.

AQUA AMERICA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF EQUITY
(In thousands of dollars)
(UNAUDITED)

	Common Stock	Capital in Excess of Par Value	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income	Total
Balance at December 31, 2017	$ 90,350	$ 807,135	$1,132,556	$ (73,280)	$ 860	$1,957,621
Net income	-	-	117,429	-	-	117,429
Dividends	-	-	(72,802)	-	-	(72,802)
Issuance of common stock under dividend reinvestment plan (22,170 shares)	11	709	-	-	-	720
Repurchase of stock (71,940 shares)	-	-	-	(2,491)	-	(2,491)
Equity compensation plan (185,639 shares)	93	(93)	-	-	-	-
Exercise of stock options (63,099 shares)	32	987	-	-	-	1,019
Stock-based compensation	-	3,428	(169)	-	-	3,259
Cumulative effect of change in accounting principle - financial instruments	-	-	860	-	(860)	-
Other	-	(403)	-	-	-	(403)
Balance at June 30, 2018	$ 90,486	$ 811,763	$1,177,874	$ (75,771)	$ -	$2,004,352

Refer to Note 16 - *Recent Accounting Pronouncements* for a discussion of the cumulative effect of change in accounting principle - financial instruments
See notes to consolidated financial statements beginning on page 9 of this report.

AQUA AMERICA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOW
(In thousands of dollars)
(UNAUDITED)

	Six Months Ended June 30,	
	2018	2017
Cash flows from operating activities:		
Net income	$ 117,429	$ 110,040
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	72,859	67,560
Deferred income taxes	(4,602)	6,299
Provision for doubtful accounts	2,213	2,052
Stock-based compensation	3,432	2,810
Loss on sale of market-based business unit	-	324
Gain on sale of other assets	(337)	(279)
Net change in receivables, inventory and prepayments	(11,110)	(7,417)
Net change in payables, accrued interest, accrued taxes and other accrued liabilities	(6,165)	(10,969)
Pension and other postretirement benefits contributions	(8,692)	(15,421)
Other	4,658	2,262
Net cash flows from operating activities	169,685	157,261
Cash flows from investing activities:		
Property, plant and equipment additions, including the debt component of allowance for funds used during construction of $1,613 and $1,543	(216,614)	(208,472)
Acquisitions of utility systems and other, net	(190)	(5,765)
Net proceeds from the sale of market-based business unit and other assets	398	1,102
Other	(152)	(144)
Net cash flows used in investing activities	(216,558)	(213,279)
Cash flows from financing activities:		
Customers' advances and contributions in aid of construction	4,068	3,629
Repayments of customers' advances	(1,818)	(1,774)
Net (repayments) proceeds of short-term debt	(3,650)	60,921
Proceeds from long-term debt	218,037	222,780
Repayments of long-term debt	(41,001)	(145,499)
Change in cash overdraft position	(6,062)	(12,616)
Proceeds from issuing common stock	720	715
Proceeds from exercised stock options	1,019	2,327
Repurchase of common stock	(2,491)	(2,093)
Dividends paid on common stock	(72,802)	(67,920)
Other	(403)	(404)
Net cash flows from financing activities	95,617	60,066
Net change in cash and cash equivalents	48,744	4,048
Cash and cash equivalents at beginning of period	4,204	3,763
Cash and cash equivalents at end of period	$ 52,948	$ 7,811
Non-cash investing activities:		
Property, plant and equipment additions purchased at the period end, but not yet paid for	$ 26,010	$ 32,770
Non-cash customer advances and contributions in aid of construction	10,468	11,488

See notes to consolidated financial statements beginning on page 9 of this report.

AQUA AMERICA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of dollars, except per share amounts)
(UNAUDITED)

Note 1 – *Basis of Presentation*

The accompanying consolidated balance sheets and statements of capitalization of Aqua America, Inc. and subsidiaries (the "Company") at June 30, 2018, the consolidated statements of net income and comprehensive income for the three and six months ended June 30, 2018 and 2017 the consolidated statements of cash flow for the six months ended June 30, 2018 and 2017, and the consolidated statement of equity for the six months ended June 30, 2018 are unaudited, but reflect all adjustments, consisting of only normal recurring accruals, which are, in the opinion of management, necessary to present a fair statement of its consolidated financial position, consolidated changes in equity, consolidated results of operations, and consolidated cash flow for the periods presented. Because they cover interim periods, the statements and related notes to the financial statements do not include all disclosures and notes normally provided in annual financial statements and, therefore, should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2017. The results of operations for interim periods may not be indicative of the results that may be expected for the entire year. The December 31, 2017 consolidated balance sheet data presented herein was derived from the Company's December 31, 2017 audited consolidated financial statements, but does not include all disclosures and notes normally provided in annual financial statements. Certain prior period amounts have been reclassified to conform to the current period presentation in the consolidated statements of net income as a result of the adoption, in the first quarter of 2018, of the Financial Accounting Standards Board's ("FASB") accounting guidance on the presentation of net periodic pension and postretirement benefit cost (refer to Note 16 – *Recent Accounting Pronouncements*).

The preparation of financial statements often requires the selection of specific accounting methods and policies. Further, significant estimates and judgments may be required in selecting and applying those methods and policies in the recognition of the assets and liabilities in its consolidated balance sheets, the revenues and expenses in its consolidated statements of net income, and the information that is contained in its summary of significant accounting policies and notes to consolidated financial statements. Making these estimates and judgments requires the analysis of information concerning events that may not yet be complete and of facts and circumstances that may change over time. Accordingly, actual amounts or future results can differ materially from those estimates that the Company includes currently in its consolidated financial statements, summary of significant accounting policies, and notes.

There have been no changes to the summary of significant accounting policies, other than as described in Note 2 – *Revenue Recognition* as a result of the adoption of a new accounting pronouncement adopted on January 1, 2018, previously identified in the Company's Annual Report on Form 10-K for the year ended December 31, 2017.

(In thousands of dollars, except per share amounts)

Note 2 – *Revenue Recognition*

The Company recognizes revenue as water and wastewater services are provided to our customers, which happens over time as the service is delivered and the performance obligation is satisfied. The Company's utility revenues recognized in an accounting period include amounts billed to customers on a cycle basis and unbilled amounts based on estimated usage from the last billing to the end of the accounting period. Unbilled amounts are calculated by deriving estimates based on average usage of the prior month. The Company's actual results could differ from these estimates, which would result in operating revenues being adjusted in the period that the revision to our estimates is determined. Unbilled amounts are included in accounts receivable and unbilled revenues, net on the consolidated balance sheet.

Generally, payment is due within 30 days once a bill is issued to a customer. Sales tax and other taxes we collect on behalf of government authorities, concurrent with our revenue-producing activities, are primarily excluded from revenue. The Company has determined that its revenue recognition is not materially different under the FASB's new accounting standard for revenue from contracts with customer, and has not made any changes to our accounting policy. The Company's revenues are being reported identical in the consolidated statements of net income to how they were reported under the FASB's former accounting standard for revenue recognition. The following table presents our revenues disaggregated by major source and customer class:

	Three Months Ended June 30,2018			Six Months Ended June 30,2018		
	Water Revenues	Wastewater Revenues	Other Revenues	Water Revenues	Wastewater Revenues	Other Revenues
Regulated:						
Residential	$ 122,530	$ 17,583	$ -	$ 236,367	$ 35,115	$ -
Commercial	33,456	2,975	-	63,798	5,863	-
Fire protection	7,970	-	-	15,908	-	-
Industrial	7,309	498	-	13,669	961	-
Other water	14,220	-	-	25,241	-	-
Other wastewater	-	1,920	-	-	2,711	-
Alternative revenue program	(120)	164	-	(120)	164	-
Other utility	-	-	2,319	-	-	4,654
Regulated segment total	185,365	23,140	2,319	354,863	44,814	4,654
Other and eliminations	-	-	1,036	-	-	1,876
Consolidated	$ 185,365	$ 23,140	$ 3,355	$ 354,863	$ 44,814	$ 6,530

Regulated Segment Revenues – These revenues are composed of three main categories: water, wastewater, and other. Water revenues represent revenues earned for supplying customers with water service. Wastewater revenues represent revenues earned for treating wastewater and releasing it into the water supply. Other revenues are associated fees that relate to the regulated business but are not water and wastewater revenues. See description below for a discussion on the performance obligation for each of these revenue streams.

Tariff Revenues **–** These revenues are categorized by customer class: residential, commercial, fire protection, industrial, and other water and other wastewater. The rates that generate these revenues are approved by the respective state utility commission, and revenues are billed cyclically and accrued for when unbilled. Other water and other wastewater revenues consist primarily of fines, penalties, surcharges, and availability lot fees. Our performance obligation for tariff revenues is to provide potable water or wastewater treatment service to customers. This performance obligation is satisfied over time as the services are rendered.

Alternative Revenue Program **–** These revenues represent the difference between the actual billed utility water and wastewater revenues for Aqua Illinois and the revenues set in the last Aqua Illinois rate case. We recognize revenues based on the target amount established in the last rate case, and then record either a regulatory asset or liability based on the cumulative difference between the target and actual, which results in either a refund due to customers or a payment from customers. This revenue program represents a contract between the utility and its regulators, not customers, and therefore is not within the scope of the FASB's accounting guidance for recognizing revenue from contracts with customers.

Other Utility Revenues **–** Other utility revenues represent revenues earned primarily from: antenna revenues, which represent fees received from telecommunication operators that have put cellular antennas on our water towers, operation and maintenance and billing contracts, which represent fees earned from municipalities for our operation of their water or wastewater treatment services or performing billing services, and fees earned from developers for accessing our water mains. The performance obligations vary for these revenues, but all are primarily recognized over time as the service is delivered.

Other and Eliminations **–** Other and eliminations consist of our market-based revenues, which comprises: Aqua Infrastructure and Aqua Resources (described below), and intercompany eliminations for revenue billed between our subsidiaries.

Aqua Infrastructure is the holding company for our 49% investment in a joint venture that operates a private pipeline system to supply raw water to natural gas well drilling operations in the Marcellus Shale of north central Pennsylvania. The joint venture earns revenues through providing non-utility raw water supply services to natural gas drilling companies which enter into water supply contracts. The performance obligation is to deliver non-potable water to the joint venture's customers. Aqua Infrastructure's share of the revenues recognized by the joint venture is reflected, net, in equity earnings in joint venture on our consolidated statements of net income.

Aqua Resources earns revenues by providing non-regulated water and wastewater services through operating and maintenance contracts, and third-party water and sewer service line repair. The performance obligations are performing agreed upon services in the contract, most commonly operation of third-party water or wastewater treatment services, or billing services, or allowing the use of our logo to a third-party water and sewer service line repair. Revenues are primarily recognized over time as service is delivered.

AQUA AMERICA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(In thousands of dollars, except per share amounts)
(UNAUDITED)

Note 3 – *Goodwill*

The following table summarizes the changes in the Company's goodwill, by business segment:

	Regulated Segment	Other	Consolidated
Balance at December 31, 2017	$ 37,389	$ 4,841	$ 42,230
Goodwill acquired	25	-	25
Reclassification to utility plant acquisition adjustment	(25)	-	(25)
Other	(180)	-	(180)
Balance at June 30, 2018	$ 37,209	$ 4,841	$ 42,050

The reclassification of goodwill to utility plant acquisition adjustment results from a mechanism approved by the applicable utility commission. The mechanism provides for the transfer over time, and the recovery through customer rates, of goodwill associated with some acquisitions upon achieving specific objectives.

Note 4 – *Acquisitions*

During the first six months of 2018, the Company completed three acquisitions of water and wastewater utility systems in various states adding 448 customers. The total purchase price of these utility systems consisted of $190 in cash. The purchase price allocation for these acquisitions consisted primarily of acquired property, plant and equipment. The pro forma effect of the businesses acquired is not material either individually or collectively to the Company's results of operations.

In July 2018, the Company entered into a purchase agreement to acquire the wastewater utility system assets of Cheltenham Township, Pennsylvania, which serves approximately 10,500 customers for $50,250. The purchase price for this pending acquisition is subject to certain adjustments at closing, and is subject to regulatory approval, including the final determination of the fair value of the rate base acquired.

In addition to the Company's pending acquisition in Cheltenham Township, Pennsylvania, as part of the Company's growth-through-acquisition strategy, the Company entered into purchase agreements to acquire the water or wastewater utility system assets of seven municipalities for a total combined purchase price in cash of $152,800, which we plan to finance by the issuance of debt. The purchase price for these acquisitions is subject to certain adjustments at closing, and the acquisitions are subject to regulatory approvals, including the final determination of the fair value of the rate base acquired. In July 2018, we closed on the following acquisitions:

- Manteno, Illinois for $25,000 in cash, which serves approximately 3,800 wastewater customers, and
- Limerick, Pennsylvania for $75,100 in cash, which serves approximately 5,400 wastewater customers.

Closings for our remaining acquisitions are expected to occur by the end of 2019, subject to the timing of the regulatory approval process. In total, these acquisitions will add approximately 16,750 customers in two of the states in which the Company operates in.

During 2017, the Company completed four acquisitions of water and wastewater utility systems in various states adding 1,003 customers. The total purchase price of these utility systems consisted of $5,860 in cash, which resulted in $72 of goodwill being recorded. The pro forma effect of the businesses acquired is not material either individually or collectively to the Company's results of operations.

Note 5 – *Assets Held for Sale*

In the first quarter of 2017, the Company decided to market for sale a water system that serves approximately 265 customers. This water system is reported as assets held for sale in the Company's consolidated balance sheet. The Company has been in discussions with a potential buyer for the water system and is currently negotiating the terms of a sale, which will require regulatory approval.

Note 6 – *Capitalization*

In June 2018, the Company amended its unsecured revolving credit facility, to extend the expiration from February 2021 to June 2023, and to increase the facility from $250,000 to $500,000. Funds borrowed under this facility are classified as long-term debt and are used to provide working capital as well as support for letters of credit for insurance policies and other financing arrangements. Interest under this facility is based at the Company's option, on the prime rate, an adjusted Euro-Rate, an adjusted federal funds rate or at rates offered by the banks. A facility fee is charged on the total commitment amount of the agreement.

In June 2018, Aqua Pennsylvania issued $100,000 of first mortgage bonds, of which $25,000 is due in 2042, $10,000 is due in 2045, and $65,000 is due in 2048 with interest rates of 3.99%, 4.04%, and 4.09%, respectively. The proceeds from these bonds were used to repay existing indebtedness and for general corporate purposes.

In July 2018, Aqua Pennsylvania redeemed $49,660 of tax-exempt bonds at 5.25% that were originally maturing in 2042 and 2043, respectively.

Note 7 –*Financial Instruments*

The Company follows the FASB's accounting guidance for fair value measurements and disclosures, which defines fair value and establishes a framework for using fair value to measure assets and liabilities. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1: unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access;
- Level 2: inputs other than Level 1 that are observable, either directly or indirectly, such as quoted market prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in non-active markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or
- Level 3: inputs that are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the valuation techniques used to measure fair value, or asset or liability transfers between the levels of the fair value hierarchy for the quarter ended June 30, 2018.

Financial instruments are recorded at carrying value in the financial statements and approximate fair value as of the dates presented. The fair value of these instruments is disclosed below in accordance with current accounting guidance related to financial instruments.

(In thousands of dollars, except per share amounts)

The fair value of loans payable is determined based on its carrying amount and utilizing Level 1 methods and assumptions. As of December 31, 2017, the carrying amount of the Company's loans payable was $3,650, which equates to their estimated fair value. The fair value of cash and cash equivalents, which is comprised of uninvested cash, is determined based on the net asset value per unit utilizing Level 1 methods and assumptions. As of June 30, 2018 and December 31, 2017, the carrying amounts of the Company's cash and cash equivalents was $52,948 and $4,204, respectively, which equates to their fair value. The Company's assets underlying the deferred compensation and non-qualified pension plans are determined by the fair value of mutual funds, which are based on quoted market prices from active markets utilizing Level 1 methods and assumptions. As of June 30, 2018 and December 31, 2017, the carrying amount of these securities was $21,759 and $21,776, which equates to their fair value, and is reported in the consolidated balance sheet in deferred charges and other assets.

Unrealized gain and losses on equity securities held in conjunction with our non-qualified pension plan is as follows:

	Three Months Ended June 30, 2018	Six Months Ended June 30, 2018
Net gain (loss) recognized during the period on equity securities	$ 19	$ (2)
Less: net gain / loss recognized during the period on equity securities sold during the period	-	-
Unrealized gain (loss) recognized during the reporting period on equity securities still held at the reporting date	$ 19	$ (2)

The net gain (loss) recognized on equity securities is presented on the consolidated statements of net income on the line item "Other." Additionally, the unrealized gain (loss) recognized during the three and six months ended June 30, 2017, was reported on the consolidated statements of comprehensive income.

The carrying amounts and estimated fair values of the Company's long-term debt is as follows:

	June 30, 2018	December 31, 2017
Carrying amount	$ 2,320,903	$ 2,143,127
Estimated fair value	2,322,759	2,262,785

The fair value of long-term debt has been determined by discounting the future cash flows using current market interest rates for similar financial instruments of the same duration utilizing Level 2 methods and assumptions.

The Company's customers' advances for construction have a carrying value of $93,342 as of June 30, 2018, and $93,186 as of December 31, 2017. Their relative fair values cannot be accurately estimated because future refund payments depend on several variables, including new customer connections, customer consumption levels, and future rates. Portions of these non-interest bearing instruments are payable annually through 2028 and amounts not paid by the respective contract expiration dates become non-refundable. The fair value of these amounts would, however, be less than their carrying value due to the non-interest bearing feature.

Note 8 – *Net Income per Common Share*

Basic net income per common share is based on the weighted average number of common shares outstanding. Diluted net income per common share is based on the weighted average number of common shares outstanding and potentially dilutive shares. The dilutive effect of employee stock-based compensation is included in the computation of diluted net income per common share. The dilutive effect of stock-based compensation is calculated using the treasury stock method and expected proceeds upon exercise or issuance of the stock-based compensation. The treasury stock method assumes that the proceeds from stock-based compensation are used to purchase the Company's common stock at the average market price during the period. The following table summarizes the shares, in thousands, used in computing basic and diluted net income per common share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Average common shares outstanding during the period for basic computation	177,901	177,609	177,852	177,545
Dilutive effect of employee stock-based compensation	372	436	447	497
Average common shares outstanding during the period for diluted computation	178,273	178,045	178,299	178,042

For the three months ended June 30, 2017 and the six months ended June 30, 2018 and 2017, all of the Company's employee stock options were included in the calculations of diluted net income per share as the calculated cost to exercise the stock options was less than the average market price of the Company's common stock during these periods. For the three months ended June 30, 2018, employee stock options to purchase 159,244 shares of common stock were excluded from the calculation of diluted net income per share as the calculated cost to exercise the stock options was greater than the average market price of the Company's common stock during this period.

Note 9 – *Stock-based Compensation*

Under the Company's 2009 Omnibus Equity Compensation Plan, as amended as of February 27, 2014 (the "2009 Plan"), as approved by the Company's shareholders to replace the 2004 Equity Compensation Plan (the "2004 Plan"), stock options, stock units, stock awards, stock appreciation rights, dividend equivalents, and other stock-based awards may be granted to employees, non-employee directors, and consultants and advisors. No further grants may be made under the 2004 Plan. The 2009 Plan authorizes 6,250,000 shares for issuance under the plan. A maximum of 3,125,000 shares under the 2009 Plan may be issued pursuant to stock awards, stock units and other stock-based awards, subject to adjustment as provided in the 2009 Plan. During any calendar year, no individual may be granted (i) stock options and stock appreciation rights under the 2009 Plan for more than 500,000 shares of Company stock in the aggregate or (ii) stock awards, stock units or other stock-based awards under the 2009 Plan for more than 500,000 shares of Company stock in the aggregate, subject to adjustment as provided in the 2009 Plan. Awards to employees and consultants under the 2009 Plan are made by a committee of the Board of Directors of the Company, except that with respect to awards to the Chief Executive Officer, the

(In thousands of dollars, except per share amounts)

committee recommends those awards for approval by the non-employee directors of the Board of Directors. In the case of awards to non-employee directors, the Board of Directors makes such awards. At June 30, 2018, 3,413,103 shares were still available for issuance under the 2009 Plan.

Performance Share Units – A performance share unit ("PSU") represents the right to receive a share of the Company's common stock if specified performance goals are met over the three-year performance period specified in the grant, subject to exceptions through the respective vesting period, generally three years. Each grantee is granted a target award of PSUs, and may earn between 0% and 200% of the target amount depending on the Company's performance against the performance goals. The following table provides compensation costs for stock-based compensation related to PSUs:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Stock-based compensation within operations and maintenance expenses	$ 1,339	$ 971	$ 2,198	$ 1,841
Income tax benefit	373	394	614	747

The following table summarizes the PSU transactions for the six months ended June 30, 2018:

	Number of Share Units	Weighted Average Fair Value
Nonvested share units at beginning of period	452,333	$ 26.16
Granted	87,593	37.65
Performance criteria adjustment	9,505	31.89
Forfeited	(7,780)	30.61
Share units vested in prior period and issued in current period	9,400	26.54
Share units issued	(136,081)	31.70
Nonvested share units at end of period	414,970	26.83

A portion of the fair value of PSUs was estimated at the grant date based on the probability of satisfying the market-based conditions using the Monte Carlo valuation method, which assesses probabilities of various outcomes of market conditions. The other portion of the fair value of the PSUs is based on the fair market value of the Company's stock at the grant date, regardless of whether the market-based condition is satisfied. The per unit weighted-average fair value at the date of grant for PSUs granted during the six months ended June 30, 2018 and 2017 was $37.65 and $30.79, respectively. The fair value of each PSU grant is amortized monthly into compensation expense on a straight-line basis over their respective vesting periods, generally 36 months. The accrual of compensation costs is based on the Company's estimate of the final expected value of the award, and is adjusted as required for the portion based on the performance-based condition. The Company assumes that forfeitures will be minimal, and recognizes forfeitures as they occur, which results in a reduction in compensation expense. As the payout of the PSUs includes dividend equivalents, no separate dividend yield assumption is required in

(In thousands of dollars, except per share amounts)

calculating the fair value of the PSUs. The recording of compensation expense for PSUs has no impact on net cash flows.

Restricted Stock Units – A restricted stock unit ("RSU") represents the right to receive a share of the Company's common stock. RSUs are eligible to be earned at the end of a specified restricted period, generally three years, beginning on the date of grant. The Company assumes that forfeitures will be minimal, and recognizes forfeitures as they occur, which results in a reduction in compensation expense. As the payout of the RSUs includes dividend equivalents, no separate dividend yield assumption is required in calculating the fair value of the RSUs. The following table provides the compensation cost and income tax benefit for stock-based compensation related to RSUs:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Stock-based compensation within operations and maintenance expenses	$ 355	$ 322	$ 706	$ 603
Income tax benefit	100	133	201	249

The following table summarizes the RSU transactions for the six months ended June 30, 2018:

	Number of Stock Units	Weighted Average Fair Value
Nonvested stock units at beginning of period	116,787	$ 29.46
Granted	54,073	34.91
Stock units vested in prior period and issued in current period	1,467	31.47
Stock units vested and issued	(42,836)	26.39
Forfeited	(322)	34.91
Nonvested stock units at end of period	129,169	32.77

The per unit weighted-average fair value at the date of grant for RSUs granted during the six months ended June 30, 2018 and 2017 was $34.91 and $30.37, respectively.

AQUA AMERICA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(In thousands of dollars, except per share amounts)
(UNAUDITED)

Stock Options – A stock option represents the option to purchase a number of shares of common stock of the Company as specified in the stock option grant agreement at the exercise price per share as determined by the closing market price of our common stock on the grant date. Stock options are exercisable in installments of 33% annually, starting one year from the grant date and expire 10 years from the grant date. The fair value of each stock option is amortized into compensation expense using the graded-vesting method, which results in the recognition of compensation costs over the requisite service period for each separately vesting tranche of the stock options as though the stock options were, in substance, multiple stock option grants. The following table provides the compensation cost and income tax benefit for stock-based compensation related to stock options:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Stock-based compensation within operations and maintenance expenses	$ 154	$ 74	$ 248	$ 104
Income tax benefit	42	33	101	125

The fair value of options was estimated at the grant date using the Black-Scholes option-pricing model. The following assumptions were used in the application of this valuation model:

	2018	2017
Expected term (years)	5.46	5.45
Risk-free interest rate	2.72%	2.01%
Expected volatility	17.2%	17.7%
Dividend yield	2.37%	2.51%
Grant date fair value per option	$ 5.10	$ 4.07

Historical information was the principal basis for the selection of the expected term and dividend yield. The expected volatility is based on a weighted-average combination of historical and implied volatilities over a time period that approximates the expected term of the option. The risk-free interest rate was selected based upon the U.S. Treasury yield curve in effect at the time of grant for the expected term of the option.

AQUA AMERICA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(In thousands of dollars, except per share amounts)
(UNAUDITED)

The following table summarizes stock option transactions for the six months ended June 30, 2018:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Life (years)	Aggregate Intrinsic Value
Outstanding at beginning of period	364,932	$ 19.83		
Granted	160,859	34.51		
Forfeited	(4,489)	31.92		
Expired / Cancelled	(107)	30.47		
Exercised	(63,099)	16.14		
Outstanding at end of period	458,096	$ 25.37	5.9	$ 4,494
Exercisable at end of period	225,117	$ 17.23	2.4	$ 4,040

Stock Awards – Stock awards represent the issuance of the Company's common stock, without restriction. The issuance of stock awards results in compensation expense which is equal to the fair market value of the stock on the grant date, and is expensed immediately upon grant. The following table provides the compensation cost and income tax benefit for stock-based compensation related to stock awards:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Stock-based compensation within operations and maintenance expenses	$ 140	$ 131	$ 280	$ 262
Income tax benefit	41	54	81	109

The following table summarizes stock award transactions for the six months ended June 30, 2018:

	Number of Stock Awards	Weighted Average Fair Value
Nonvested stock awards at beginning of period	-	$ -
Granted	8,099	34.58
Vested	(8,099)	34.58
Nonvested stock awards at end of period	-	-

The per unit weighted-average fair value at the date of grant for stock awards granted during the six months ended June 30, 2018 and 2017 was $34.58 and $32.79, respectively.

(In thousands of dollars, except per share amounts)

Note 10 – *Pension Plans and Other Postretirement Benefits*

The Company maintains a qualified defined benefit pension plan (the "Pension Plan"), a nonqualified pension plan, and other postretirement benefit plans for certain of its employees. The net periodic benefit cost is based on estimated values and an extensive use of assumptions about the discount rate, expected return on plan assets, the rate of future compensation increases received by the Company's employees, mortality, turnover, and medical costs. The following tables provide the components of net periodic benefit cost:

	Pension Benefits			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Service cost	$ 812	$ 794	$ 1,625	$ 1,587
Interest cost	2,874	3,108	5,748	6,217
Expected return on plan assets	(4,553)	(4,270)	(9,106)	(8,539)
Amortization of prior service cost	132	145	264	290
Amortization of actuarial loss	1,823	2,001	3,646	4,002
Net periodic benefit cost	$ 1,088	$ 1,778	$ 2,177	$ 3,557

	Other Postretirement Benefits			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Service cost	$ 262	$ 255	$ 525	$ 510
Interest cost	708	737	1,416	1,473
Expected return on plan assets	(677)	(647)	(1,353)	(1,294)
Amortization of prior service cost	(127)	(127)	(255)	(254)
Amortization of actuarial loss	296	291	591	583
Net periodic benefit cost	$ 462	$ 509	$ 924	$ 1,018

The components of net periodic benefit cost other than service cost are presented on the consolidated statements of net income on the line item "Other."

The Company made cash contributions of $8,627 to its Pension Plan during the first six months of 2018, and intends to make additional cash contributions of $3,857 to the Pension Plan during the remainder of 2018.

Note 11 – *Water and Wastewater Rates*

During the first six months of 2018, the Company's operating divisions in Illinois and Ohio were granted base rate increases designed to increase total operating revenues on an annual basis by $8,640. On April 6, 2018, the base rate case in Illinois was petitioned for a rehearing; however, this petition was denied on April 19, 2018. No appeals were filed and the approved rates are considered final. Further, during the

(In thousands of dollars, except per share amounts)

first six months of 2018, the Company's operating divisions in Pennsylvania, North Carolina, and New Jersey received approval to bill infrastructure rehabilitation surcharges designed to increase total operating revenues on an annual basis by $19,343. Additionally, commencing in the second quarter of 2018, due to the decrease in our federal income tax rate from 35% to 21% from the Tax Cuts and Jobs Act, the Company's operating divisions in Texas, New Jersey, Ohio, and Indiana implemented base rate reductions or added credits to customer bills that are estimated to reduce total operating revenues by $7,959 on an annualized basis.

As of February 10, 2018, the Company had been billing interim rates in Virginia, which had a base rate case filing in progress. Because of the Tax Cuts and Jobs Act, which reduced our federal income tax rate from 35% to 21%, our Virginia subsidiary reduced its water rate increase request and eliminated its wastewater rate increase request. In May 2018, the rates charged to our Virginia customers reverted to the previous rates, pursuant to a submitted stipulation, which is currently pending approval by the Virginia State Corporation Commission. As of June 30, 2018, $183 of billings already collected has been refunded to our Virginia customers.

Note 12 – *Taxes Other than Income Taxes*

The following table provides the components of taxes other than income taxes:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Property	$ 6,775	$ 6,867	$ 13,524	$ 13,652
Gross receipts, excise and franchise	3,789	3,363	7,053	6,538
Payroll	2,180	2,132	5,455	5,256
Regulatory assessments	627	630	1,254	1,259
Pumping fees	1,424	1,350	2,415	2,294
Other	34	77	95	157
Total taxes other than income	$ 14,829	$ 14,419	$ 29,796	$ 29,156

Note 13 – *Segment Information*

The Company has ten operating segments and one reportable segment. The Regulated segment, the Company's single reportable segment, is comprised of eight operating segments representing its water and wastewater regulated utility companies which are organized by the states where the Company provides water and wastewater services. These operating segments are aggregated into one reportable segment because each of these operating segments has the following similarities: economic characteristics, nature of services, production processes, customers, water distribution or wastewater collection methods, and the nature of the regulatory environment.

Two operating segments are included within the Other category below. These segments are not quantitatively significant and are comprised of Aqua Infrastructure and Aqua Resources. Aqua Infrastructure provides non-utility raw water supply services for firms in the natural gas drilling industry. Aqua Resources provides water and wastewater service through operating and maintenance contracts with municipal authorities and other parties close to its utility companies' service territories; and offers,

(In thousands of dollars, except per share amounts)

through a third-party, water and sewer service line protection solutions and repair services to households. In addition to these segments, Other is comprised of other business activities not included in the reportable segment, including corporate costs that have not been allocated to the Regulated segment and intersegment eliminations. Corporate costs include general and administrative expenses, and interest expense.

The following table presents information about the Company's reportable segment:

	Three Months Ended June 30, 2018			Three Months Ended June 30, 2017		
	Regulated	Other	Consolidated	Regulated	Other	Consolidated
Operating revenues	$ 210,824	$ 1,036	$ 211,860	$ 201,960	$ 1,458	$ 203,418
Operations and maintenance expense	73,047	468	73,515	71,322	(1,707)	69,615
Depreciation	36,603	10	36,613	34,141	(734)	33,407
Amortization	103	46	149	145	(18)	127
Operating income	86,672	82	86,754	82,390	3,460	85,850
Interest expense, net	21,756	1,967	23,723	19,747	1,640	21,387
Allowance for funds used during construction	2,577	-	2,577	3,463	-	3,463
Income tax expense (benefit)	(147)	(220)	(367)	5,249	320	5,569
Net income (loss)	67,877	(1,287)	66,590	59,629	1,339	60,968

	Six Months Ended June 30, 2018			Six Months Ended June 30, 2017		
	Regulated	Other	Consolidated	Regulated	Other	Consolidated
Operating revenues	$ 404,331	$ 1,876	$ 406,207	$ 388,309	$ 2,896	$ 391,205
Operations and maintenance expense	144,350	3,111	147,461	137,592	(87)	137,505
Depreciation	72,561	19	72,580	67,807	(563)	67,244
Amortization	191	88	279	354	(38)	316
Operating income (loss)	158,730	(2,639)	156,091	154,697	2,287	156,984
Interest expense, net	43,464	3,730	47,194	39,524	3,189	42,713
Allowance for funds used during construction	5,444	-	5,444	6,656	-	6,656
Income tax expense (benefit)	(790)	(1,708)	(2,498)	9,105	(606)	8,499
Net income (loss)	121,904	(4,475)	117,429	110,525	(485)	110,040
Capital expenditures	216,614	-	216,614	208,174	298	208,472

	June 30, 2018	December 31, 2017
Total assets:		
Regulated	$ 6,484,778	$ 6,236,109
Other	85,567	96,354
Consolidated	$ 6,570,345	$ 6,332,463

Note 14 – *Commitments and Contingencies*

The Company is routinely involved in various disputes, claims, lawsuits and other regulatory and legal matters, including both asserted and unasserted legal claims, in the ordinary course of business. The status of each such matter, referred to herein as a loss contingency, is reviewed and assessed in accordance with applicable accounting rules regarding the nature of the matter, the likelihood that a loss will be incurred, and the amounts involved. As of June 30, 2018, the aggregate amount of $18,602 is

accrued for loss contingencies and is reported in the Company's consolidated balance sheet as other accrued liabilities and other liabilities. These accruals represent management's best estimate of probable loss (as defined in the accounting guidance) for loss contingencies or the low end of a range of losses if no single probable loss can be estimated. For some loss contingencies, the Company is unable to estimate the amount of the probable loss or range of probable losses. While the final outcome of these loss contingencies cannot be predicted with certainty, and unfavorable outcomes could negatively impact the Company, at this time in the opinion of management, the final resolution of these matters are not expected to have a material adverse effect on the Company's financial position, results of operations or cash flows. Further, the Company has insurance coverage for certain of these loss contingencies, and as of June 30, 2018, estimates that approximately $6,541 of the amount accrued for these matters are probable of recovery through insurance, which amount is also reported in the Company's consolidated balance sheet as deferred charges and other assets, net.

Although the results of legal proceedings cannot be predicted with certainty, there are no pending legal proceedings to which the Company or any of its subsidiaries is a party or to which any of its properties is the subject that are material or are expected to have a material effect on the Company's financial position, results of operations, or cash flows.

In addition to the aforementioned loss contingencies, the Company self-insures its employee medical benefit program, and maintains stop-loss coverage to limit the exposure arising from these claims. The Company's reserve for these claims totaled $1,451 at June 30, 2018 and represents a reserve for unpaid claim costs, including an estimate for the cost of incurred but not reported claims.

Note 15 – *Income Taxes*

During the six months ended June 30, 2018, the Company's Federal net operating loss ("NOL") carryforward decreased by $26,393. In addition, during the six months ended June 30, 2018, the Company's state NOL carryforward increased by $15,835. As of June 30, 2018, the balance of the Company's Federal NOL was $36,909. The Company believes its Federal NOL carryforward is more likely than not to be recovered and requires no valuation allowance. As of June 30, 2018, the balance of the Company's gross state NOL was $642,923, a portion of which is offset by a valuation allowance because the Company does not believe the state NOLs are more likely than not to be realized. The Company's Federal and state NOL carryforwards begin to expire in 2032 and 2023, respectively. The Company's Federal and state NOL carryforwards are reduced by an unrecognized tax position, on a gross basis, of $64,914 and $85,550, respectively. The amounts of the Company's Federal and state NOL carryforwards prior to being reduced by the unrecognized tax positions were $101,823 and $728,473 respectively. The Company records its unrecognized tax benefit as a reduction to its deferred income tax liability.

In accordance with a 2012 settlement agreement with the Pennsylvania Public Utility Commission, Aqua Pennsylvania expenses, for tax purposes, qualifying utility asset improvement costs, which results in a substantial reduction in income tax expense and greater net income and cash flows. The Company's effective income tax rate for the second quarter of 2018 and 2017 was -0.6% and 8.4%, respectively, and for the first six months of 2018 and 2017 was -2.2% and 7.2%, respectively.

As of June 30, 2018, the total gross unrecognized tax benefit was $18,986. As a result of the regulatory treatment afforded for qualifying infrastructure improvements in Pennsylvania, $25,569, if recognized, would affect the Company's effective tax rate. At December 31, 2017, the Company had unrecognized tax benefits of $17,583.

Accounting rules for uncertain tax positions specify that tax positions for which the timing of resolution is uncertain should be classified as long-term liabilities. Judgment is required in evaluating the Company's uncertain tax positions and determining the provision for income taxes. Management believes that an adequate provision has been made for any adjustments that may result from tax examinations. Although the timing of income tax audit resolutions and negotiations with taxing authorities is highly uncertain, the Company does not anticipate a significant change to the total amount of unrecognized income tax benefits within the next 12 months.

On December 22, 2017, President Trump signed the Tax Cuts and Jobs Act (the "TCJA") into law. Substantially all of the provisions of the TCJA are effective for taxable years beginning after December 31, 2017. The TCJA includes significant changes to the Internal Revenue Code and the taxation of business entities, and includes specific provisions related to regulated public utilities. Significant changes that impact the Company included in the TCJA are a reduction in the corporate federal income tax rate from 35% to 21%, effective January 1, 2018, and a limitation of the utilization of NOLs arising after December 31, 2017 to 80% of taxable income with an indefinite carryforward. The specific TCJA provisions related to our regulated entities generally allow for the continued deductibility of interest expense, the elimination of full expensing for tax purposes of certain property acquired after September 27, 2017 and the continuation of certain rate normalization requirements for accelerated depreciation benefits. Our market-based companies still qualify for 100% deductibility of qualifying property acquired after September 27, 2017.

In accordance with the FASB's accounting guidance for income taxes, the tax effects of changes in tax laws must be recognized in the period in which the law is enacted, or December 22, 2017 for the TCJA. Additionally, deferred tax assets and liabilities are required to be measured at the enacted tax rate expected to apply when temporary differences are to be realized or settled. Thus, at the date of enactment, the Company's deferred taxes were re-measured based upon the new tax rate. For our regulated entities, the change in deferred taxes is recorded as either an offset to a regulatory asset or liability and may be subject to refund to customers. In instances where the deferred tax balances are not in ratemaking, such as the Company's market-based operations, the change in deferred taxes is recorded as an adjustment to our deferred tax provision.

The staff of the SEC has recognized the complexity of reflecting the impacts of the TCJA, and on December 22, 2017 issued guidance, which clarifies accounting for income taxes if information is not yet available or complete and provides for up to a one year period in which to complete the required analyses and accounting (the measurement period). The guidance describes three scenarios (or "buckets") associated with a company's status of accounting for income tax reform: (1) a company is complete with its accounting for certain effects of tax reform, (2) a company is able to determine a reasonable estimate for certain effects of tax reform and records that estimate as a provisional amount, or (3) a company is not able to determine a reasonable estimate and therefore continues to apply the FASB's accounting guidance, based on the provisions of the tax laws that were in effect immediately prior to the TCJA being enacted.

The Company has completed or has made a reasonable estimate for the measurement and accounting of the effect of the TCJA which were reflected in the December 31, 2017 financial statements, which resulted in a decrease to the accumulated deferred income tax liability of $303,320. Additionally, due to the reduction in the Company's corporate income tax rate, in the first quarter of 2018, the Company reserved $2,532 for amounts expected to be refundable to utility customers. During the first quarter of 2018, in Illinois and Virginia, the Company's base rates have been adjusted to reflect the lower corporate income tax rate, and Texas and New Jersey implemented adjusted tariff rates in the second quarter of 2018. In the second quarter of 2018, the Company reserved $1,251 for amounts expected to be refundable to utility customers.

As of December 31, 2017, the Company had provisionally estimated that $175,108 of deferred income tax liabilities for our Pennsylvania subsidiary will be a regulatory liability as a result of the accounting effect of the TCJA. In May 2018, the Pennsylvania Public Utility Commission ("PA PUC") issued an order that set forth the requirements for utilities to either immediately initiate the refund or otherwise address the impacts of the TCJA in the utilities' next rate case. Aqua Pennsylvania was included in the rate filing group of utilities as the Company plans to file a base rate case in August 2018, during which the PA PUC is expected to address the effects of the TCJA within the base rate case filing. Additionally, the PA PUC has ordered that all rates charged by utilities, including those billed by Aqua Pennsylvania since January 1, 2018, are temporary and subject to refund pending the outcome of its review of the effects of the TCJA within the next base rate case. Based on the Company's review of the present circumstances, no reserve is considered necessary for the revenue recognized to date in 2018.

Additionally, two operating divisions in Ohio operate under locally-negotiated contractual rates with their respective counties, and it is expected that negotiations will result in a contract that will return to customers the effects of the reduction in the corporate net income tax rate under the TCJA; however, these negotiations have not yet started. As of December 31, 2017, the Company had provisionally estimated that $9,419 of deferred income tax liabilities for these two divisions will be a regulatory liability. Overall, the Company has applied a reasonable interpretation of the impact of the TCJA and a reasonable estimate of the regulatory resolution. Further clarification of the TCJA and regulatory resolution may change the amounts estimated for the deferred income tax provision and the accumulated deferred income tax liability.

The Company's regulated operations accounting for income taxes are impacted by the FASB's accounting guidance for regulated operations. Reductions in accumulated deferred income tax balances due to the reduction in the Federal corporate income tax rates to 21% under the provisions of the TCJA will result in amounts previously collected from utility customers for these deferred taxes to be refundable to such customers, generally through reductions in future rates. The TCJA includes provisions that stipulate how these excess deferred taxes related to certain accelerated tax depreciation deduction benefits are to be passed back to customers. Potential refunds of other deferred taxes will be determined by our state regulators. Our state regulatory commissions have or are in the process of issuing procedural orders directing how the tax law changes are to be reflected in our utility customer rates.

Note 16 – *Recent Accounting Pronouncements*

In March 2017, the FASB issued updated accounting guidance on the presentation of net periodic pension and postretirement benefit cost (net benefit cost). Historically, net benefit cost is reported as an employee cost within operating income, net of amounts capitalized. The guidance requires the bifurcation of net benefit cost. The service cost component will be presented with other employee compensation costs in operating income and the other components of net benefit cost will be reported separately outside of operating income, and will not be eligible for capitalization. The guidance is effective for annual reporting periods beginning after December 15, 2017, and interim periods within that reporting period, and is to be applied retrospectively for the presentation of the service cost component and the other components of net benefit cost, and on a prospective basis for the capitalization of only the service cost component of net benefit cost. On January 1, 2018, the Company adopted the updated guidance, which did not have a material impact on its results of operations or financial position, and resulted in the reclassification, for the three and six months ended June 30, 2017, of $1,238 and $2,478, respectively, for the other components of net benefit cost from operations and maintenance expense to other in the consolidated statements of net income.

In June 2016, the FASB issued updated accounting guidance on accounting for impairments of financial instruments, including trade receivables, which requires companies to estimate expected credit losses on trade receivables over their contractual life. Historically, companies reserve for expected credit losses by applying historical loss percentages to respective aging categories. Under the updated accounting guidance, companies will use a forward-looking methodology that incorporates lifetime expected credit losses, which will result in an allowance for expected credit losses for receivables that are either current or not yet due, which historically have not been reserved for. The updated accounting guidance is effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years, with early adoption available. The Company is evaluating the requirements of the updated guidance to determine the impact of adoption.

In February 2016, the FASB issued updated accounting guidance on accounting for leases, which requires lessees to establish a right-of-use asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. For income statement purposes, leases will be classified as either operating or finance. Operating leases will result in straight-line expense while finance leases will result in a front-loaded expense pattern. The updated accounting guidance is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years, with early adoption available. The Company is in the process of evaluating the requirements of the updated guidance to determine the impact adoption will have on its consolidated financial statements; however, the Company expects that the adoption of the updated accounting guidance on accounting for leases should not have a material impact on the Company’s consolidated balance sheet due to the recognition of right-of-use assets and lease liabilities.

In January 2016, the FASB issued updated accounting guidance on the recognition and measurement of financial assets and financial liabilities, which amends certain aspects of recognition, measurement, presentation, and disclosure of financial instruments, including the requirement to measure certain equity investments at fair value with changes in fair value recognized in net income. The updated guidance is effective for interim and annual periods beginning after December 31, 2017. On January 1, 2018, the Company adopted the updated guidance, which did not have a material impact on its results of operations or financial position, and resulted in the recognition of $860 of previous unrealized gains, which was recorded as an adjustment to beginning retained earnings (refer to the presentation of "cumulative effect of change in accounting principle – financial instruments" on the Company's consolidated statement of equity).

In May 2014, the FASB issued updated accounting guidance on recognizing revenue from contracts with customers, which outlines a single comprehensive model that an entity will apply to determine the measurement of revenue and timing of recognition. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. In 2017, the American Institute of Certified Public Accountants ("AICPA") power and utility entities revenue recognition task force determined that contributions in aid of construction are not in the scope of the new standard, which was approved by the AICPA's revenue recognition working group. The Company implemented the updated guidance using the modified retrospective approach on January 1, 2018, which did not result in a change in the Company's measurement of revenue, and reached the following conclusions:

- The Company's tariff sale contracts, including those with lower credit quality customers, are generally deemed to be probable of collection, and thus the timing of revenue recognition will continue to be concurrent with the delivery of water and wastewater services, consistent with our current practice.
- Contributions in aid of construction are outside of the scope of the standard, and will continue to be accounted for as a noncurrent liability.

AQUA AMERICA, INC. AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(In thousands of dollars, except per share amounts)

Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-looking Statements

This Management's Discussion and Analysis of Financial Condition and Results of Operations and other sections of this Quarterly Report contain, in addition to historical information, forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements address, among other things: the projected impact of various legal proceedings; the projected effects of recent accounting pronouncements; prospects, plans, objectives, expectations and beliefs of management, as well as information contained in this report where statements are preceded by, followed by or include the words "believes," "expects," "estimates," "anticipates," "plans," "future," "potential," "probably," "predictions," "intends," "will," "continue," "in the event" or the negative of such terms or similar expressions. Forward-looking statements are based on a number of assumptions concerning future events, and are subject to a number of risks, uncertainties and other factors, many of which are outside our control, which could cause actual results to differ materially from those expressed or implied by such statements. These risks and uncertainties include, among others: the effects of regulation, abnormal weather, changes in capital requirements and funding, acquisitions, changes to the capital markets, and our ability to assimilate acquired operations, as well as those risks, uncertainties and other factors discussed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in such report. As a result, readers are cautioned not to place undue reliance on any forward-looking statements. We undertake no obligation to update or revise forward-looking statements, whether as a result of new information, future events or otherwise.

General Information

Aqua America, Inc. ("we", "us", "our" or the "Company"), a Pennsylvania corporation, is the holding company for regulated utilities providing water or wastewater services to what we estimate to be almost three million people in Pennsylvania, Ohio, Texas, Illinois, North Carolina, New Jersey, Indiana, and Virginia. Our largest operating subsidiary, Aqua Pennsylvania, provides water or wastewater services to approximately one-half of the total number of people we serve, who are located in the suburban areas in counties north and west of the City of Philadelphia and in 27 other counties in Pennsylvania. Our other regulated utility subsidiaries provide similar services in seven other states. In addition, the Company's market-based activities are conducted through Aqua Infrastructure, LLC and Aqua Resources, Inc. Aqua Infrastructure provides non-utility raw water supply services for firms in the natural gas drilling industry. Aqua Resources provides water and wastewater service through operating and maintenance contracts with municipal authorities and other parties close to our utility companies' service territories; and offers, through a third-party, water and sewer service line protection solutions and repair services to households.

Aqua America, Inc., which prior to its name change in 2004 was known as Philadelphia Suburban Corporation, was formed in 1968 as a holding company for its primary subsidiary, Aqua Pennsylvania, formerly known as Philadelphia Suburban Water Company. In the early 1990s, we embarked on a growth-through-acquisition strategy focused on water and wastewater operations. Our most significant transactions to date have been the merger with Consumers Water Company in 1999, the acquisition of the regulated water and wastewater operations of AquaSource, Inc. in 2003, the acquisition of Heater Utilities, Inc. in 2004, and the acquisition of American Water Works Company, Inc.'s regulated operations in Ohio in 2012. Since the early 1990s, our business strategy has been primarily directed toward the regulated water and wastewater utility industry, where we have more than quadrupled the number of regulated customers we serve, and has extended our regulated operations from southeastern Pennsylvania to include operations in seven other states. Currently, the Company seeks to acquire businesses in the U.S. regulated sector, which includes water and wastewater utilities and other regulated utilities, and to opportunistically pursue growth ventures in select market-based activities, such as infrastructure opportunities that are supplementary and complementary to our regulated businesses.

The following discussion and analysis of our financial condition and results of operations should be read together with our consolidated financial statements and related notes.

Financial Condition

During the first six months of 2018, we incurred $216,614 of capital expenditures, expended $190 for the acquisition of water and wastewater utility systems, issued $218,037 of long-term debt, and repaid debt and made sinking fund contributions and other loan repayments of $41,001. The capital expenditures were related to new and replacement water mains, improvements to treatment plants, tanks, hydrants, and service lines, well and booster improvements, and other enhancements and improvements. The issuance of long-term debt was comprised principally of the funds borrowed under our revolving credit facility, and $100,000 of first mortgage bonds issued by Aqua Pennsylvania in June 2018. The proceeds from the first mortgage bonds were used to repay existing indebtedness and for general corporate purposes.

In July 2018, we completed the acquisition of Manteno, Illinois for $25,000 in cash, which serves approximately 3,800 wastewater customers, and Limerick, Pennsylvania for $75,100 in cash, which serves approximately 5,400 wastewater customers. These acquisitions were funded through the issuance of debt.

At June 30, 2018, we had $52,948 of cash and cash equivalents compared to $4,204 at December 31, 2017. During the first six months of 2018, we used the proceeds from the issuance of long-term debt and internally generated funds to fund the cash requirements discussed above and to pay dividends.

At June 30, 2018, our $500,000 unsecured revolving credit facility, which was amended and now expires in June 2023, had $323,157 available for borrowing. At June 30, 2018, we had short-term lines of credit of $135,500, of which $135,500 was available for borrowing. One of our short-term lines of credit is an Aqua Pennsylvania $100,000 364-day unsecured revolving credit facility with four banks, which is used to provide working capital, and as of June 30, 2018, $100,000 was available for borrowing.

Our short-term lines of credit of $135,500 are subject to renewal on an annual basis. Although we believe we will be able to renew these facilities, there is no assurance that they will be renewed, or what the terms of any such renewal will be.

The Company's consolidated balance sheet historically has had a negative working capital position whereby routinely our current liabilities exceed our current assets. Management believes that internally generated funds along with existing credit facilities and the proceeds from the issuance of long-term debt will be adequate to provide sufficient working capital to maintain normal operations and to meet our financing requirements for at least the next twelve months.

Results of Operations

Analysis of Second Quarter of 2018 Compared to Second Quarter of 2017

Revenues increased by $8,442 or 4.2%, primarily due to:

- an increase in water and wastewater rates and infrastructure rehabilitation surcharges of $7,426;
- an increase in wastewater revenues of $1,639 primarily due to an increase in the volume of treated wastewater flows from the City of Ft. Wayne, Indiana at our Indiana wastewater treatment plant; and
- additional water and wastewater revenues of $1,262 associated with a larger customer base due to organic growth and utility acquisitions;
- offset by a reserve of $1,251 for amounts expected to be refundable to utility customers associated with the decrease in the corporate income tax rate from 35% to 21% due to the TCJA.

Operations and maintenance expenses increased by $3,900 or 5.6%, primarily due to:

- an increase in labor and benefits expenses of $1,551 primarily due to wage increases;
- the prior year effect of a favorable settlement for a disputed contract of $1,062; and
- an increase in insurance expense of $441;
- offset by a reduction in operating expenses for our market-based activities of $690 primarily associated with the completion of the disposition of business units within Aqua Resources, which was finalized in June 2017.

Depreciation expense increased by $3,206 or 9.6%, primarily due to the utility plant placed in service since June 30, 2017.

Interest expense increased by $2,336 or 10.9%, primarily due to an increase in average borrowings, offset by a decrease in our effective interest rate.

Allowance for funds used during construction ("AFUDC") decreased by $886, due to a decrease in the average balance of utility plant construction work in progress, to which AFUDC is applied.

Equity earnings in joint venture increased by $1,072 due to an increase in the sale of raw water to firms in the natural gas drilling industry.

Other decreased by $801 primarily due to a decrease in the non-service cost components of our net benefit cost for pension and postretirement benefits.

Our effective income tax rate was -0.6% in the second quarter of 2018 and 8.4% in the second quarter of 2017. The effective income tax rate decreased due to the reduction in the corporate income tax rate from 35% to 21%, and the effect of additional tax deductions recognized in the second quarter of 2018 for certain qualifying infrastructure improvements for Aqua Pennsylvania.

Net income increased by $5,622 or 9.2%, primarily as a result of the factors described above.

Analysis of First Six Months of 2018 Compared to First Six Months of 2017

Revenues increased by $15,002 or 3.8%, primarily due to:

- an increase in water and wastewater rates and infrastructure rehabilitation surcharges of $12,523;
- additional water and wastewater revenues of $2,896 associated with a larger customer base due to organic growth and utility acquisitions;
- an increase in customer water consumption; and
- an increase in wastewater revenues of $2,003 primarily due to an increase in the volume of treated wastewater flows from the City of Ft. Wayne, Indiana at our Indiana wastewater treatment plant;
- offset by a reserve of $3,783 for amounts expected to be refundable to utility customers associated with the decrease in the corporate income tax rate from 35% to 21% due to the TCJA.

Operations and maintenance expenses increased by $9,956 or 7.2%, primarily due to:

- an increase in labor and benefits expenses of $6,095, primarily due to additional overtime expenses for increased maintenance activities in the first quarter and wage increases;
- the prior year effect of a favorable settlement for a disputed contract of $1,062;
- an increase in maintenance expenses of $1,057, mainly resulting from expenses incurred due to more severe winter weather conditions; and
- the prior year effect of the favorable treatment of a regulatory asset of $1,000 due to a rate proceeding that occurred in 2017;

- offset by a reduction in operating expenses for our market-based activities of $2,436 primarily associated with the completion of the disposition of business units within Aqua Resources, which was finalized in June 2017.

Depreciation expense increased by $5,336 or 7.9%, primarily due to the utility plant placed in service since June 30, 2017.

Interest expense increased by $4,481 or 10.5%, primarily due to an increase in average borrowings, offset by a decrease in our effective interest rate.

AFUDC decreased by $1,212, due to a decrease in the average balance of utility plant construction work in progress, to which AFUDC is applied.

Equity earnings in joint venture increased by $1,484 due to an increase in the sale of raw water to firms in the natural gas drilling industry.

Other decreased by $1,436 primarily due to a decrease in the non-service cost components of our net benefit cost for pension and postretirement benefits.

Our effective income tax rate was -2.2% during the first six months of 2018 and 7.2% during the first six months of 2017. The effective income tax rate decreased due to the reduction in the corporate income tax rate from 35% to 21%, and the effect of additional tax deductions recognized during the first six months of 2018 for certain qualifying infrastructure improvements for Aqua Pennsylvania.

Net income increased by $7,389 or 6.7%, primarily as a result of the factors described above.

Impact of Recent Accounting Pronouncements

We describe the impact of recent accounting pronouncements in Note 16, *Recent Accounting Pronouncements*, to the consolidated financial statements in this report.

Item 3 – Quantitative and Qualitative Disclosures About Market Risk

We are subject to market risks in the normal course of business, including changes in interest rates and equity prices. There have been no significant changes in our exposure to market risks since December 31, 2017. Refer to Item 7A of the Company's Annual Report on Form 10-K for the year ended December 31, 2017, filed February 28, 2018, for additional information.

Item 4 – Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of the end of the period covered by this report are effective such that the information required to be disclosed by us in reports filed under the Securities Exchange Act of 1934 is (i) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and (ii) accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding disclosure.

(b) Changes in Internal Control over Financial Reporting

No change in our internal control over financial reporting occurred during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Part II. Other Information

Item 1 – Legal Proceedings

We are party to various legal proceedings. Although the results of legal proceedings cannot be predicted with certainty, there are no pending legal proceedings to which we or any of our subsidiaries is a party or to which any of our properties is the subject that we believe are material or are expected to have a material adverse effect on our financial position, results of operations or cash flows.

Item 1A – Risk Factors

There have been no material changes to the risks disclosed in our Annual Report on Form 10-K for the year ended December 31, 2017, filed February 28, 2018, under "Part 1, Item 1A – Risk Factors."

Item 2 – Unregistered Sales of Equity Securities and Use of Proceeds

The following table summarizes the Company's purchases of its common stock for the quarter ended June 30, 2018:

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet be Purchased Under the Plan or Programs
April 1-30, 2018	-	$ -	-	-
May 1-31, 2018	-	$ -	-	-
June 1-30, 2018	-	$ -	-	-
Total	-	$ -	-	-

Item 6 – Exhibits

Exhibit No.	Description
4.1	Bond Purchase Agreement, dated June 29, 2018, by and among Aqua Pennsylvania, Inc., CMFG Life Insurance Company, Manufactures Life Reinsurance Limited, The Lincoln National Life Insurance Company, New York Life Insurance Company, The State Life Insurance Company, and Phoenix Life Insurance Company
10.1	Revolving Credit Agreement, dated as of June 7, 2018, between Aqua America, Inc. and PNC Bank, National Association, CoBank, ACB, The Huntington National Bank, Bank of America, N.A, and Royal Bank of Canada
10.2	Employment Agreement dated July 1, 2018 between Aqua America, Inc. and Christopher Franklin (Incorporated by reference to Exhibit 10.1 of Form 8-K filed on July 6, 2018)*
31.1	Certification of Chief Executive Officer, pursuant to Rule 13a-14(a) under the Securities and Exchange Act of 1934.
31.2	Certification of Chief Financial Officer, pursuant to Rule 13a-14(a) under the Securities and Exchange Act of 1934.
32.1	Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350.
32.2	Certification of Chief Financial Officer, pursuant to 18 U.S.C. Section 1350.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRES	XBRL Taxonomy Extension Presentation Linkbase Document

*Indicates management contract or compensatory plan or arrangement

SIGNATURES

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

August 3, 2018

Aqua America, Inc.
Registrant

/s/ Christopher H. Franklin
Christopher H. Franklin
Chairman, President and
Chief Executive Officer

/s/ David P. Smeltzer
David P. Smeltzer
Executive Vice President and
Chief Financial Officer

AQUA PENNSYLVANIA, INC.

$100,000,000

$25,000,000 First Mortgage Bonds, 3.99% Series due 2042

$10,000,000 First Mortgage Bonds, 4.04% Series due 2045

$65,000,000 First Mortgage Bonds, 4.09% Series due 2048

_____

BOND PURCHASE AGREEMENT

_____

Dated as of June 29, 2018

TABLE OF CONTENTS

AQUA PENNSYLVANIA, INC.
762 West Lancaster Avenue
Bryn Mawr, Pennsylvania 19010-3489

$100,000,000

$25,000,000 First Mortgage Bonds, 3.99% Series due 2042
$10,000,000 First Mortgage Bonds, 4.04% Series due 2045
$65,000,000 First Mortgage Bonds, 4.09% Series due 2048

As of June 29, 2018

To Each of the Purchasers Listed in
Schedule A Hereto:

Ladies and Gentlemen:

Aqua Pennsylvania, Inc., a corporation organized under the laws of the Commonwealth of Pennsylvania (the *"Company"*), agrees with each of the purchasers whose names appear at the end hereof (each, a *"Purchaser"* and, collectively, the *"Purchasers"*) as follows:

SECTION 1. AUTHORIZATION OF BONDS.

The Company will authorize the issue and sale of (i) First Mortgage Bonds, 3.99% Series due 2042 (herein referred to as the *"3.99% Series due 2042 Bonds"*) in an aggregate principal amount of $25,000,000, to bear interest at the rate of 3.99% per annum, and to mature on July 15, 2042, (ii) First Mortgage Bonds, 4.04% Series due 2045 (herein referred to as the *"4.04% Series due 2045 Bonds"*) in an aggregate principal amount of $10,000,000, to bear interest at the rate of 4.04% per annum, and to mature on July 15, 2045, and (iii) First Mortgage Bonds, 4.09% Series due 2048 (herein referred to as the *"4.09% Series due 2048 Bonds"*) in an aggregate principal amount of $65,000,000, to bear interest at the rate of 4.09% per annum, and to mature on July 15, 2048 (the 3.99% Series due 2042 Bonds, the 4.04% Series due 2045 Bonds, and the 4.09% Series due 2048 Bonds are collectively referred to as the *"Bonds"* and such term includes any such bonds issued in substitution therefor). The Bonds will be issued under and secured by that certain Indenture of Mortgage dated as of January 1, 1941, from the Company (as successor by merger to the Philadelphia Suburban Water Company), as grantor, to The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "*Trustee*") (the "*Original Indenture*"), as previously amended and supplemented by fifty-two supplemental indentures and as further supplemented by the Fifty-third Supplemental Indenture dated as of June 1, 2018 (such Fifty-third Supplemental Indenture being referred to herein as the *"Supplement"*) which will be substantially in the form attached hereto as Exhibit A, with such changes therein, if any, as shall be approved by the Purchasers and the Company. The Original Indenture, as supplemented and amended by the aforementioned fifty-two supplemental indentures and the Supplement, and as further supplemented or amended according to its terms, is hereinafter referred to as the *"Indenture"*. Certain capitalized and other terms used in this Agreement are defined in Schedule B; and

references to a "*Schedule*" or an "*Exhibit*" are, unless otherwise specified, to a Schedule or an Exhibit attached to this Agreement. Terms used herein but not defined herein shall have the meanings set forth in the Indenture.

SECTION 2. SALE AND PURCHASE OF BONDS.

Subject to the terms and conditions of this Agreement, the Company will issue and sell to each Purchaser and each Purchaser will purchase from the Company, at the Closing provided for in Section 3, Bonds in the principal amount and in the series specified opposite such Purchaser's name in Schedule A at the purchase price of 100% of the principal amount thereof. The Purchasers' obligations hereunder are several and not joint obligations and no Purchaser shall have any liability to any Person for the performance or non-performance of any obligation by any other Purchaser hereunder.

SECTION 3. CLOSING.

The execution and delivery of this Agreement and the sale and purchase of the Bonds to be purchased by each Purchaser shall occur at the offices of Chapman and Cutler LLP, 111 West Monroe Street, Chicago, Illinois 60603, at 10:00 a.m., Chicago time, at a closing on June 29, 2018 or on such other Business Day thereafter on or prior to July 31, 2018 as may be agreed upon by the Company and the Purchasers (the "*Closing*"). At the Closing the Company will deliver to each Purchaser the Bonds to be purchased by such Purchaser in the form of one or more Bonds to be purchased by such Purchaser, as applicable, in such denominations as such Purchaser may request (with a minimum denomination of $100,000 for each Bond), dated the date of the Closing and registered in such Purchaser's name (or in the name of its nominee), against delivery by such Purchaser to the Company or its order of immediately available funds in the amount of the purchase price therefor by wire transfer of immediately available funds for Account Number: 8559742757, Account Name: Aqua Pennsylvania, Inc., at PNC Bank, N.A., Philadelphia, Pennsylvania, ABA Number 031-000053. If at the Closing the Company shall fail to tender such Bonds to any Purchaser as provided above in this Section 3, or any of the conditions specified in Section 4 shall not have been fulfilled to such Purchaser's satisfaction, such Purchaser shall, at its election, be relieved of all further obligations under this Agreement, without thereby waiving any rights such Purchaser may have by reason of such failure by the Company to tender such Bonds or any of the conditions specified in Section 4 not having been fulfilled to such Purchaser's satisfaction.

SECTION 4. CONDITIONS TO CLOSING.

Each Purchaser's obligation to execute and deliver this Agreement and to purchase and pay for the Bonds to be sold to such Purchaser at the Closing is subject to the fulfillment to such Purchaser's satisfaction prior to or at the Closing of the following conditions:

Section 4.1. Representations and Warranties. The representations and warranties of the Company in this Agreement shall be correct when made and at the time of the Closing.

Section 4.2. Performance; No Default. The Company shall have performed and complied with all agreements and conditions contained in each Financing Agreement required to be

performed or complied with by the Company prior to or at the Closing, and after giving effect to the issue and sale of the Bonds (and the application of the proceeds thereof as contemplated by Section 5.14), no Default or Event of Default shall have occurred and be continuing.

Section 4.3. Compliance Certificates. The Company shall have performed and complied with all agreements and conditions contained in the Indenture which are required to be performed or complied with by the Company for the issuance of the Bonds at the Closing. In addition, the Company shall have delivered the following certificates:

(a) *Officer's Certificate.* The Company shall have delivered to such Purchaser (i) an Officer's Certificate, dated the date of the Closing, certifying that the conditions specified in Section 4 of this Agreement have been fulfilled, and (ii) copies of all certificates and opinions required to be delivered to the Trustee under the Indenture in connection with the issuance of the Bonds, in each case, dated the date of the Closing.

(b) *Secretary's Certificate.* The Company shall have delivered to such Purchaser a certificate of its Secretary or Assistant Secretary, dated the date of the Closing, certifying as to the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of this Agreement, the Bonds, under the Indenture, and the Supplement.

(c) *Certification of Indenture.* Such Purchaser shall have received a composite copy of the Indenture (together with all amendments and supplements thereto), certified by the Company as of the date of the Closing, exclusive of property exhibits, recording information and the like.

Section 4.4. Opinions of Counsel. Such Purchaser shall have received opinions in form and substance satisfactory to such Purchaser, dated the date of the Closing (a) from Christopher P. Luning, counsel for the Company, covering the matters set forth in Exhibit 4.4(a) and covering such other matters incident to the transactions contemplated hereby as such Purchaser or its counsel may reasonably request (and the Company hereby instructs its counsel to deliver such opinion to the Purchasers) and (b) from Dilworth Paxson, LLP, special counsel to the Company, covering the matters set forth in Exhibit 4.4(b) and covering such other matters incident to the transactions contemplated hereby as such Purchaser or such Purchaser's counsel may reasonably request (and the Company hereby instructs its counsel to deliver such opinion to the Purchasers), and (c) from Chapman and Cutler LLP, the Purchasers' special counsel in connection with such transactions, substantially in the form set forth in Exhibit 4.4(c) and covering such other matters incident to such transactions as such Purchaser may reasonably request. The Company hereby directs its counsel to deliver the opinions required by this Section 4.4 and understands and agrees that each Purchaser will and hereby is authorized to rely on such opinions.

Section 4.5. Purchase Permitted by Applicable Law, Etc. On the date of the Closing such Purchaser's purchase of Bonds shall (a) be permitted by the laws and regulations of each jurisdiction to which such Purchaser is subject, without recourse to provisions (such as section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (b) not violate any

applicable law or regulation (including, without limitation, Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (c) not subject such Purchaser to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was not in effect on the date of the Closing. If requested by such Purchaser, such Purchaser shall have received an Officer's Certificate certifying as to such matters of fact as such Purchaser may reasonably specify to enable such Purchaser to determine whether such purchase is so permitted.

Section 4.6. Sale of Bonds. Contemporaneously with the Closing, the Company shall sell to each Purchaser and each Purchaser shall purchase the Bonds to be purchased by it as specified in Schedule A.

Section 4.7. Payment of Special Counsel Fees. Without limiting the provisions of Section 12.2, the Company shall have paid on or before the Closing the reasonable fees, reasonable charges and reasonable disbursements of the Purchasers' special counsel referred to in Section 4.4(c) to the extent reflected in a statement of such counsel rendered to the Company at least one Business Day prior to the Closing.

Section 4.8. Private Placement Number. A Private Placement Number issued by Standard & Poor's CUSIP Service Bureau (in cooperation with the SVO) shall have been obtained for each series of Bonds issued at the Closing.

Section 4.9. Changes in Corporate Structure. The Company shall not have changed its jurisdiction of incorporation or organization, as applicable, or been a party to any merger or consolidation or succeeded to all or any substantial part of the liabilities of any other entity, at any time following the date of the most recent financial statements referred to in Schedule 5.5.

Section 4.10. Funding Instructions. At least three Business Days prior to the date of the Closing, such Purchaser shall have received written instructions signed by a Responsible Officer on letterhead of the Company confirming the information specified in Section 3 including (a) the name and address of the transferee bank, (b) such transferee bank's ABA number (c) the account name and number into which the purchase price for the Bonds is to be deposited, and (d) the name and telephone number and/or email address for an appropriate contact person at such transferee bank.

Section 4.11. Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be reasonably satisfactory to such Purchaser and its special counsel, and such Purchaser and its special counsel shall have received all such counterpart originals or certified or other copies of such documents as such Purchaser or such special counsel may reasonably request.

Section 4.12. Execution and Delivery and Filing and Recording of the Supplement. Prior to or at the Closing, the Supplement shall have been duly executed and delivered by the Company, and the Company shall have filed, or delivered for recordation, the Supplement in all locations in Pennsylvania (and financing statements in respect thereof shall have been filed, if necessary) in such manner and in such places as is required by law (and no other instruments are required to be

filed) to establish, preserve, perfect and protect the direct security interest and mortgage Lien of the Trust Estate created by the Indenture on all mortgaged and pledged property of the Company referred to in the Indenture as subject to the direct mortgage Lien thereof and the Company shall have delivered satisfactory evidence of such filings, recording or delivery for recording.

Section 4.13. Regulatory Approvals. The issue and sale of the Bonds shall have been duly authorized by an order of the Pennsylvania Public Utility Commission and such order shall be in full force and effect on the date of the Closing and all appeal periods, if any, applicable to such order shall have expired. The Company shall deliver satisfactory evidence that orders have been obtained approving the issuance of such Bonds from the Pennsylvania Public Utility Commission or that the Pennsylvania Public Utility Commission shall have waived jurisdiction thereof and such approval or waiver shall not be contested or subject to review, or that the Pennsylvania Public Utility Commission does not have jurisdiction.

SECTION 5. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company represents and warrants to each Purchaser at the Closing that:

Section 5.1. Organization; Power and Authority. The Company is a corporation duly organized, validly existing and subsisting under the laws of the Commonwealth of Pennsylvania, and is duly qualified as a foreign corporation and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Company has the corporate power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Agreement, the Bonds and the Supplement (and had the corporate power and authority to execute and deliver the Indenture at the time of execution and delivery thereof) and to perform the provisions of the Financing Agreements.

Section 5.2. Authorization, Etc. At the Closing, each Financing Agreement has been duly authorized by all necessary corporate action on the part of the Company, and each Financing Agreement (other than the Supplement and the Bonds) constitutes, and when the Supplement is executed and delivered by the Company and the Trustee and when the Bonds are executed, issued and delivered by the Company, authenticated by the Trustee and paid for by the Purchasers, the Supplement and each Bond will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its respective terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 5.3. Disclosure. This Agreement and the documents, certificates or other writings delivered to the Purchasers by or on behalf of the Company in connection with the transactions contemplated hereby, including the Offering Memorandum (including the documents incorporated therein by reference) dated May 2018, and the financial statements listed in Schedule 5.5 (collectively, the *"Disclosure Documents"*), taken as a whole, do not contain any untrue statement

of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. Since December 31, 2017, there has been no change in the financial condition, operations, business or properties of the Company or any of its Subsidiaries except changes that individually or in the aggregate would not reasonably be expected to have a Material Adverse Effect. There is no fact known to management of the Company that, in the reasonable judgment of management of the Company, could be expected to have a Material Adverse Effect that has not been set forth herein or in the other documents, certificates and other writings delivered to the Purchaser by the Company specifically for use in connection with the transactions contemplated hereby.

Section 5.4. Organization and Ownership of Shares of Subsidiaries. (a) Schedule 5.4 contains a complete and correct list of the Company's Subsidiaries, showing, as to each Subsidiary, the correct name thereof, the jurisdiction of its organization, and the percentage of shares of each class of its capital stock or similar equity interests outstanding owned by the Company and each other Subsidiary.

(b) All of the outstanding shares of capital stock or similar equity interests of each Subsidiary shown in Schedule 5.4 as being owned by the Company and its Subsidiaries have been validly issued, are fully paid and nonassessable and are owned by the Company or another Subsidiary free and clear of any Lien.

(c) Each Subsidiary identified in Schedule 5.4 is duly incorporated and is validly subsisting as a corporation under the laws of the Commonwealth of Pennsylvania, and is duly qualified as a foreign corporation or other legal entity and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each such Subsidiary has the corporate or other power and authority to own or hold under lease the properties it purports to own or hold under lease and to transact the business it transacts and proposes to transact.

Section 5.5. Financial Statements; Material Liabilities. The Company has delivered to each Purchaser copies of the financial statements of the Company and its Subsidiaries listed on Schedule 5.5. All of said financial statements (including in each case the related schedules and notes) fairly present in all material respects the consolidated financial position of the Company and its Subsidiaries as of the respective dates specified in such financial statements and the consolidated results of their operations and cash flows for the respective periods so specified and have been prepared in accordance with GAAP consistently applied throughout the periods involved except as set forth in the notes thereto (subject, in the case of any interim financial statements, to normal year-end adjustments). The Company does not have any Material liabilities that are not disclosed on such financial statements or otherwise disclosed in the Disclosure Documents.

Section 5.6. Compliance with Laws, Other Instruments, Etc. The execution, delivery and performance by the Company of each Financing Agreement (including the prior execution and delivery of the Indenture), will not (a) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien, other than the Lien created under the Indenture, in

respect of any property of the Company or any Subsidiary under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, corporate charter, regulations or by-laws, or any other Material agreement or instrument to which the Company or any Subsidiary is bound or by which the Company or any Subsidiary or any of their respective properties may be bound or affected, (b) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to the Company or any Subsidiary or (c) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Company or any Subsidiary, except for any such default, breach, contravention or violation which would not reasonably be expected to have a Material Adverse Effect.

Section 5.7. Governmental Authorizations, Etc. No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required in connection with the execution, delivery or performance by the Company of this Agreement, the Bonds and the Supplement, other than approval of the Pennsylvania Public Utility Commission, which has been obtained and is in full force and effect and final and is non-appealable.

Section 5.8. Litigation; Observance of Statutes and Orders. (a) There are no actions, suits, investigations or proceedings pending or, to the knowledge of the Company, threatened against or affecting the Company or any Subsidiary or any property of the Company or any Subsidiary in any court or before any arbitrator of any kind or before or by any Governmental Authority that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

(b) Neither the Company nor any Subsidiary is (i) in default under any term of any agreement or instrument to which it is a party or by which it is bound, (ii) in violation of any order, judgment, decree or ruling of any court, any arbitrator of any kind or any Governmental Authority naming or referring to the Company or any Subsidiary or (iii) in violation of any applicable law, or, to the knowledge of the Company, any ordinance, rule or regulation of any Governmental Authority (including, without limitation, Environmental Laws the USA Patriot Act or any of the other laws and regulations that are referred to in Section 5.16), which default or violation, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

Section 5.9. Taxes. The Company and its Subsidiaries have filed all income tax returns that are required to have been filed in any jurisdiction, and have paid all taxes shown to be due and payable on such returns and all other taxes and assessments payable by them, to the extent such taxes and assessments have become due and payable and before they have become delinquent, except for any taxes and assessments (i) the amount of which is not individually or in the aggregate Material or (ii) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which the Company or a Subsidiary, as the case may be, has established adequate reserves in accordance with GAAP. The charges, accruals, and reserves on the books of the Company and its Subsidiaries in respect of federal, state or other taxes for all fiscal periods are adequate. The Federal income tax liabilities of the Company and its Subsidiaries have been finally determined (whether by reason of completed audits or the statute of limitations having run) for all fiscal years up to and including the fiscal year ended December 31, 2011 and all amounts owing in respect of such audit have been paid.

Section 5.10. Title to Property; Leases. The Company and its Subsidiaries have good and sufficient title to their respective Material properties, including all such properties reflected in the most recent audited balance sheet referred to in Section 5.5 or purported to have been acquired by the Company or any Subsidiary after said date (except as sold or otherwise disposed of in the ordinary course of business), in each case free and clear of Liens prohibited by this Agreement or the Indenture, except for those defects in title and Liens that, individually or in the aggregate, would not have a Material Adverse Effect. All Material leases are valid and subsisting and are in full force and effect in all material respects.

Section 5.11. Licenses, Permits, Etc. The Company and its Subsidiaries own or possess all licenses, permits, franchises, certificates of convenience and necessity, authorizations, patents, copyrights, proprietary software, service marks, trademarks and trade names, or rights thereto, that are Material, without known conflict with the rights of others, except for those conflicts that, individually or in the aggregate, would not have a Material Adverse Effect.

Section 5.12. Compliance with Employee Benefit Plans. (a) The Company and each ERISA Affiliate have operated and administered each Plan in compliance with all applicable laws except for such instances of noncompliance as have not resulted in and could not reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any ERISA Affiliate has incurred any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans (as defined in section 3 of ERISA), and no event, transaction or condition has occurred or exists that would reasonably be expected to result in the incurrence of any such liability by the Company or any ERISA Affiliate, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate, in either case pursuant to Title I or IV of ERISA or to such penalty or excise tax provisions or to section 401(a)(29) or 412 of the Code or section 4068 of ERISA, other than such liabilities or Liens as would not be individually or in the aggregate Material.

(b) The present value of the aggregate benefit liabilities under each of the Plans subject to section 412 of the Code (other than Multiemployer Plans), determined as of January 1, 2017 based on such Plan's actuarial assumptions as of that date for funding purposes as documented in such Plan's actuarial valuation reports dated September 2017 did not exceed the aggregate current value of the assets of such Plan allocable to such benefit liabilities by more than $5,000,000 in the case of any single Plan and by more than $5,000,000 in the aggregate for all Plans. The term "*benefit liabilities*" has the meaning specified in section 4001 of ERISA and the terms "current value" and "*present value*" have the meaning specified in section 3 of ERISA.

(c) The Company and its ERISA Affiliates have not incurred withdrawal liabilities (and are not subject to contingent withdrawal liabilities) under section 4201 or 4204 of ERISA in respect of Multiemployer Plans that individually or in the aggregate are Material.

(d) The expected postretirement benefit obligation (determined as of the last day of the Company's most recently ended fiscal year in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 715-60, without regard to liabilities attributable to continuation coverage mandated by section 4980B of the Code) of the Company and its Subsidiaries is not Material.

(e) The execution and delivery of this Agreement and the issuance and sale of the Bonds hereunder will not involve any transaction that is subject to the prohibitions of section 406 of ERISA or in connection with which a tax could be imposed pursuant to section 4975(c)(1)(A)-(D) of the Code. The representation by the Company to each Purchaser in the first sentence of this Section 5.12(e) is made in reliance upon and subject to the accuracy of such Purchaser's representation in Section 6.2 as to the sources of the funds used to pay the purchase price of the Bonds to be purchased by such Purchaser.

(f) The Company and its Subsidiaries do not have any Non-U.S. Plans.

Section 5.13. Private Offering by the Company. Neither the Company nor anyone acting on the Company's behalf has offered the Bonds or any similar securities for sale to, or solicited any offer to buy any of the same from, or otherwise approached or negotiated in respect thereof with, any Person other than the Purchasers and not more than ten (10) other Institutional Investors, each of which has been offered the Bonds in connection with a private sale for investment. Neither the Company nor anyone acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the Bonds to the registration requirements of Section 5 of the Securities Act.

Section 5.14. Use of Proceeds; Margin Regulations. The Company will apply the proceeds of the sale of the Bonds to repay existing indebtedness and for general corporate purposes and in compliance with all laws referenced in Section 5.16. No part of the proceeds from the sale of the Bonds hereunder will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221), or for the purpose of buying or carrying or trading in any securities under such circumstances as to involve the Company in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). Margin stock does not constitute more than 2% of the value of the consolidated assets of the Company and its Subsidiaries and the Company does not have any present intention that margin stock will constitute more than 2% of the value of such assets. As used in this Section, the terms "margin stock" and "purpose of buying or carrying" shall have the meanings assigned to them in said Regulation U.

Section 5.15. Existing Debt. Except as described therein, Schedule 5.15(a) sets forth a complete and correct list of all outstanding Debt of the Company and its Subsidiaries as of March 31, 2018, since which date except as described therein there has been no Material change in the amounts, interest rates, sinking funds, installment payments or maturities of the Debt of the Company or its Subsidiaries. Neither the Company nor any Subsidiary is in default and no waiver of default is currently in effect, in the payment of any principal or interest on any Debt of the Company or any Subsidiary and no event or condition exists with respect to any Debt of the Company or any Subsidiary, the outstanding principal amount of which exceeds $5,000,000 that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Debt to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

(b) Without limiting the representation in Section 5.6, the Company is not a party to, or otherwise subject to any provision contained in, any instrument evidencing Debt of the Company

or any Subsidiary, any agreement relating thereto or any other agreement (including, but not limited to, its charter or other organizational document) which limits the amount of, or otherwise imposes restrictions on the incurring of, Debt evidenced by the Bonds, except as specifically indicated in Schedule 5.15(b).

Section 5.16. Foreign Assets Control Regulations, Etc. (a) Neither the Company nor any Controlled Entity (i) is a Blocked Person, (ii) has been notified that its name appears or may in the future appear on a State Sanctions List or (iii) is a target of sanctions that have been imposed by the United Nations or the European Union.

(b) Neither the Company nor any Controlled Entity (i) has violated, been found in violation of, or been charged or convicted under, any applicable U.S. Economic Sanctions Laws, Anti-Money Laundering Laws or Anti-Corruption Laws or (ii) to the Company's knowledge, is under investigation by any Governmental Authority for possible violation of any U.S. Economic Sanctions Laws, Anti-Money Laundering Laws or Anti-Corruption Laws.

(c) No part of the proceeds from the sale of the Bonds hereunder:

(i) constitutes or will constitute funds obtained on behalf of any Blocked Person or will otherwise be used by the Company or any Controlled Entity, directly or indirectly, (A) in connection with any investment in, or any transactions or dealings with, any Blocked Person, (B) for any purpose that would cause any Purchaser to be in violation of any U.S. Economic Sanctions Laws or (C) otherwise in violation of any U.S. Economic Sanctions Laws;

(ii) will be used, directly or indirectly, in violation of, or cause any Purchaser to be in violation of, any applicable Anti-Money Laundering Laws; or

(iii) will be used, directly or indirectly, for the purpose of making any improper payments, including bribes, to any Governmental Official or commercial counterparty in order to obtain, retain or direct business or obtain any improper advantage, in each case which would be in violation of, or cause any Purchaser to be in violation of, any applicable Anti-Corruption Laws.

(d) The Company has established procedures and controls which it reasonably believes are adequate (and otherwise comply with applicable law) to ensure that the Company and each Controlled Entity is and will continue to be in compliance with all applicable U.S. Economic Sanctions Laws, Anti-Money Laundering Laws and Anti-Corruption Laws.

Section 5.17. Status under Certain Statutes. Neither the Company nor any Subsidiary is subject to regulation under the Investment Company Act of 1940, as amended, the Public Utility Holding Company Act of 2005, as amended, the ICC Termination Act of 1995, as amended, or subject to rate regulation under the Federal Power Act, as amended.

Section 5.18. Environmental Matters. Neither the Company nor any Subsidiary has knowledge of any claim or has received any notice of any claim, and no proceeding has been

instituted of which it has received notice, raising any claim against the Company or any of its Subsidiaries or any of their respective real properties now or formerly owned, leased or operated by any of them, or other assets, alleging damage to the environment or any violation of any Environmental Laws, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect. Except as otherwise disclosed to the Purchasers in writing:

(a) neither the Company nor any Subsidiary has knowledge of any facts which would give rise to any claim, public or private, for violation of Environmental Laws or damage to the environment emanating from, occurring on or in any way related to real properties or to other assets now or formerly owned, leased or operated by any of them or their use, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect;

(b) neither the Company nor any of its Subsidiaries has stored any Hazardous Materials on real properties now or formerly owned, leased or operated by any of them or has disposed of any Hazardous Materials in each case in a manner contrary to any Environmental Laws and in any manner that could reasonably be expected to result in a Material Adverse Effect; and

(c) all buildings on all real properties now owned, leased or operated by the Company or any of its Subsidiaries are in compliance with applicable Environmental Laws, except where failure to comply could not reasonably be expected to result in a Material Adverse Effect.

Section 5.19. Lien of Indenture. The Indenture (and for avoidance of doubt including the Supplement) constitutes a direct and valid Lien upon the Trust Estate, subject only to the exceptions referred to in the Indenture and Permitted Liens, and will create a similar Lien upon all properties and assets acquired by the Company after the date hereof which are required to be subjected to the Lien of the Indenture, when acquired by the Company, subject only to the exceptions referred to in the Indenture and Permitted Liens, and subject, further, as to real property interests, to the recordation of a supplement to the Indenture describing such after-acquired property; the descriptions of all such properties and assets contained in the granting clauses of the Indenture are correct and adequate for the purposes of the Indenture; the Indenture has been duly recorded as a mortgage and deed of trust of real estate, and any required filings with respect to personal property and fixtures subject to the Lien of the Indenture have been duly made in each place in which such recording or filing is required to protect, preserve and perfect the Lien of the Indenture; and all taxes and recording and filing fees required to be paid with respect to the execution, recording or filing of the Indenture, the filing of financing statements related thereto and similar documents and the issuance of the Bonds have been paid.

Section 5.20. Filings. No action, including any filings, registration or notice, is necessary or advisable in Pennsylvania or any other jurisdictions to ensure the legality, validity and enforceability of the Financing Agreements, except such action as has been previously taken, which action remains in full force and effect. No action, including any filing, registration or notice, is necessary or advisable in Pennsylvania or any other jurisdiction to establish or protect for the benefit of the Trustee and the holders of Bonds, the security interest and Liens purported to be

created under the Indenture and the priority and perfection thereof and the other Financing Agreements, except such action as has been previously taken, which action remains in full force and effect.

SECTION 6. REPRESENTATIONS OF THE PURCHASERS.

Section 6.1. Purchase for Investment. Each Purchaser severally represents that it is purchasing the Bonds for its own account or for one or more separate accounts maintained by such Purchaser or for the account of one or more pension or trust funds and not with a view to the distribution thereof, provided that the disposition of such Purchaser's or their property shall at all times be within such Purchaser's or their control. Each Purchaser understands that the Bonds have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Company is not required to register the Bonds.

Section 6.2. Source of Funds. Each Purchaser severally represents that at least one of the following statements is an accurate representation as to each source of funds (a *"Source"*) to be used by such Purchaser to pay the purchase price of the Bonds to be purchased by such Purchaser hereunder:

(a) the Source is an "insurance company general account" (as the term is defined in the United States Department of Labor's Prohibited Transaction Exemption (*"PTE"*) 95-60) in respect of which the reserves and liabilities (as defined by the annual statement for life insurance companies approved by the NAIC (the *"NAIC Annual Statement"*)) for the general account contract(s) held by or on behalf of any employee benefit plan together with the amount of the reserves and liabilities for the general account contract(s) held by or on behalf of any other employee benefit plans maintained by the same employer (or affiliate thereof as defined in PTE 95-60) or by the same employee organization in the general account do not exceed 10% of the total reserves and liabilities of the general account (exclusive of separate account liabilities) plus surplus as set forth in the NAIC Annual Statement filed with such Purchaser's state of domicile; or

(b) the Source is a separate account that is maintained solely in connection with such Purchaser's fixed contractual obligations under which the amounts payable, or credited, to any employee benefit plan (or its related trust) that has any interest in such separate account (or to any participant or beneficiary of such plan (including any annuitant)) are not affected in any manner by the investment performance of the separate account; or

(c) the Source is either (i) an insurance company pooled separate account, within the meaning of PTE 90-1 or (ii) a bank collective investment fund, within the meaning of the PTE 91-38 and, except as disclosed by such Purchaser to the Company in writing pursuant to this clause (c), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

(d) the Source constitutes assets of an "investment fund" (within the meaning of Part VI of PTE 84-14 (the *"QPAM Exemption"*)) managed by a "qualified professional asset manager" or "QPAM" (within the meaning of Part VI of the QPAM Exemption), no employee benefit plan's assets that are managed by the QPAM in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Part VI(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, represent more than 20% of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a person controlling or controlled by the QPAM maintains an ownership interest in the Company that would cause the QPAM and the Company to be "related" within the meaning of Part VI(h) of the QPAM Exemption and (i) the identity of such QPAM and (ii) the names of any employee benefit plans whose assets in the investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Part VI(c)(1) of the QPAM Exemption) of such employer or by the same employee organization, represent 10% or more of the assets of such investment fund, have been disclosed to the Company in writing pursuant to this clause (d); or

(e) the Source constitutes assets of a "plan(s)" (within the meaning of Part IV(h) of PTE 96-23 (the *"INHAM Exemption"*)) managed by an "in-house asset manager" or "INHAM" (within the meaning of Part IV(a) of the INHAM Exemption), the conditions of Part I(a), (g) and (h) of the INHAM Exemption are satisfied, neither the INHAM nor a person controlling or controlled by the INHAM (applying the definition of "control" in Part IV(d)(3) of the INHAM Exemption) owns a 10% or more interest in the Company and (i) the identity of such INHAM and (ii) the name(s) of the employee benefit plan(s) whose assets constitute the Source have been disclosed to the Company in writing pursuant to this clause (e); or

(f) the Source is a governmental plan; or

(g) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been identified to the Company in writing pursuant to this clause (g); or

(h) the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA.

As used in this Section 6.2, the terms *"employee benefit plan," "governmental plan,"* and *"separate account"* shall have the respective meanings assigned to such terms in section 3 of ERISA.

SECTION 7. INFORMATION AS TO COMPANY.

Section 7.1. Financial and Business Information. The Company shall deliver to each Purchaser and each holder of Bonds that is an Institutional Investor:

(a) *Quarterly Statements* — within 60 days after the end of each quarterly fiscal period in each fiscal year of the Company (other than the last quarterly fiscal period of each such fiscal year), duplicate copies of:

(i) a consolidated balance sheet of the Company and its Subsidiaries as at the end of such quarter, and

(ii) consolidated statements of income, changes in shareholders' equity and cash flows of the Company and its Subsidiaries, for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter,

setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and certified by a Senior Financial Officer as fairly presenting, in all material respects, the financial position of the companies being reported on and their results of operations and cash flows, subject to changes resulting from year-end adjustments, *provided* that the delivery within the time period specified above of the Company's said financial statements, prepared in accordance with the requirements therefor and filed with the Municipal Securities Rulemaking Board on the Electronic Municipal Market Access ("*EMMA*") database shall be deemed to satisfy the requirements of this Section 7.1(a);

(b) *Annual Statements* — within 120 days after the end of each fiscal year of the Company, duplicate copies of:

(i) a consolidated balance sheet of the Company and its Subsidiaries, as at the end of such year, and

(ii) consolidated statements of income, changes in shareholders' equity and cash flows of the Company and its Subsidiaries for such year,

setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP, and accompanied by an opinion thereon (without a "going concern" or similar qualification or exception and without any qualification or exception as to the scope of the audit on which such opinion is based) of independent public accountants of recognized national standing, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances, *provided* that the delivery within the time period specified above of the Company's said financial statements, prepared

in accordance with the requirements therefor and containing the above-described audit opinion and filed with the Municipal Securities Rulemaking Board on the EMMA database shall be deemed to satisfy the requirements of this Section 7.1(b);

(c) *SEC and Other Reports* — promptly upon their becoming available, one copy of (i) each financial statement, report, notice, or proxy statement sent by the Company or any Subsidiary to its public securities holders generally, and (ii) each regular or periodic report, each registration statement that shall have become effective (without exhibits except as expressly requested by such holder), and each final prospectus and all amendments thereto filed by the Company or any Subsidiary with the SEC, *provided* that the delivery within the time period specified above of the Company's said financial statements, prepared in accordance with the requirements therefor and filed with the Municipal Securities Rulemaking Board on the EMMA database shall be deemed to satisfy the requirements of this Section 7.1(c);

(d) *Notice of Default or Event of Default* — promptly, and in any event within five days after a Responsible Officer becomes aware of the existence of any Default or Event of Default, a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto;

(e) *Employee Benefits Matters* — promptly, and in any event within five days after a Responsible Officer becomes aware of any of the following, a written notice setting forth the nature thereof and the action, if any, that the Company or an ERISA Affiliate proposes to take with respect thereto:

(i) with respect to any Plan (other than any Multiemployer Plan) that is subject to Title IV of ERISA, any reportable event, as defined in section 4043(c) of ERISA and the regulations thereunder, for which notice thereof has not been waived pursuant to such regulations as in effect on the date hereof; or

(ii) the taking by the PBGC of steps to institute, or the threatening by the PBGC of the institution of, proceedings under section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any such Plan, or the receipt by the Company or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan; or

(iii) any event, transaction or condition that could result in the incurrence of any liability by the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or such penalty or excise tax provisions, if such liability or Lien, taken together with any other such liabilities or Liens then existing, would reasonably be expected to have a Material Adverse Effect;

(f) *Notices from Governmental Authority* — promptly, and in any event within 30 days of receipt thereof, copies of any notice to the Company or any Subsidiary from any federal or state Governmental Authority relating to any order, ruling, statute or other law or regulation that could reasonably be expected to have a Material Adverse Effect;

(g) *Requested Information* — with reasonable promptness, following the receipt by the Company of a written request by such holder of Bonds, the names and contact information of holders of the outstanding bonds issued under the Indenture (i.e. the bonds in which the Company or a trustee is required to keep in a register and that are not publicly traded) of which the Company has knowledge and the principal amount of the outstanding bonds issued under the Indenture owed to each holder (unless disclosure of such names, contact information or holdings is prohibited by law), and such data and information relating to the business, operations, affairs, financial condition, assets or properties of the Company or any of its Subsidiaries or relating to the ability of the Company to perform its obligations under any Financing Agreement as from time to time may be reasonably requested by any such holder of Bonds; and

(h) *Deliveries to Trustee* — promptly, and in any event within five days after delivery to the Trustee, a copy of any deliveries made by the Company to the Trustee, including without limitation the annual report delivered to the Trustee pursuant to Article VIII, Section 12 of the Indenture.

Section 7.2 Officer's Certificate. Each set of financial statements delivered to a holder of Bonds pursuant to Section 7.1(a) or Section 7.1(b) shall be accompanied by a certificate of a Senior Financial Officer (which, in the case of financial statements filed with the Municipal Securities Rulemaking Board on the EMMA database, shall be by separate concurrent delivery of such certificate to each holder of Bonds) setting forth a statement that such Senior Financial Officer has reviewed the relevant terms hereof and of the Indenture and has made, or caused to be made, under his or her supervision, a review of the transactions and conditions of the Company and its Subsidiaries from the beginning of the quarterly or annual period covered by the statements then being furnished to the date of the certificate and that such review shall not have disclosed the existence during such period of any condition or event that constitutes a Default or an Event of Default or, if any such condition or event existed or exists (including, without limitation, any such event or condition resulting from the failure of the Company or any Subsidiary to comply with any Environmental Law), specifying the nature and period of existence thereof and what action the Company shall have taken or proposes to take with respect thereto.

Section 7.3. Visitation. The Company shall permit the representatives of each Purchaser and each holder of Bonds that is an Institutional Investor:

(a) *No Default* — if no Default or Event of Default then exists, at the expense of such holder and upon reasonable prior notice to the Company, to visit the principal executive office of the Company, to discuss the affairs, finances and accounts of the Company and its Subsidiaries with the Company's officers, and, with the consent of the Company (which consent will not be unreasonably withheld), to visit the other offices and

properties of the Company and each Subsidiary, all at such reasonable times during normal business hours and as often as may be reasonably requested in writing; and

(b) *Default* — if a Default or Event of Default then exists, at the expense of the Company to visit and inspect any of the offices or properties of the Company or any Subsidiary, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and independent public accountants (and by this provision the Company authorizes said accountants to discuss the affairs, finances and accounts of the Company and its Subsidiaries), all at such reasonable times and as often as may be requested.

SECTION 8. PURCHASE OF BONDS

The Company will not and will not permit any Affiliate to purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding Bonds except (a) upon the payment or prepayment of the Bonds in accordance with the terms of this Agreement and the Bonds or (b) pursuant to a written offer to purchase any outstanding Bonds made by the Company or an Affiliate pro rata to the holders of the Bonds upon the same terms and conditions. Any such offer shall provide each holder with sufficient information to enable it to make an informed decision with respect to such offer, and shall remain open for at least 15 Business Days. If the holders of more than 10% of the principal amount of the Bonds then outstanding accept such offer, the Company shall promptly notify the remaining holders of such fact and the expiration date for the acceptance by holders of Bonds of such offer shall be extended by the number of days necessary to give each such remaining holder at least 10 Business Days from its receipt of such notice to accept such offer. The Company will promptly cancel all Bonds acquired by it or any Affiliate pursuant to any payment, prepayment or purchase of Bonds pursuant to any provision of this Agreement and no Bonds may be issued in substitution or exchange for any such Bonds.

SECTION 9. AFFIRMATIVE COVENANTS.

The Company covenants that from the date of this Agreement and thereafter, so long as any of the Bonds are outstanding:

Section 9.1. Compliance with Law. Without limiting Section 10.4, the Company will, and will cause each of its Subsidiaries to, comply with all laws, ordinances or governmental rules or regulations to which each of them is subject, including, without limitation, ERISA, Environmental Laws, the USA Patriot Act and the other laws and regulations that are referred to in Section 5.16, and will obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of their respective properties or to the conduct of their respective businesses, in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 9.2. Insurance. The Company will cause each of its Subsidiaries to maintain, with financially sound and reputable insurers, insurance with respect to their respective properties and businesses against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as is customary in the case of entities of established reputations engaged in the same or a similar business and similarly situated.

Section 9.3. Maintenance of Properties. The Company will cause each of its Subsidiaries to maintain and keep, or cause to be maintained and kept, their respective properties in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times, *provided* that this Section 9.3 shall not prevent any Subsidiary from discontinuing the operation and the maintenance of any of its properties if such discontinuance is desirable in the conduct of its business and the Company and such Subsidiary have concluded that such discontinuance would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 9.4. Payment of Taxes. The Company will cause each of its Subsidiaries to file all income tax or similar tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges, or levies payable by any of them, to the extent the same have become due and payable and before they have become delinquent, provided that any Subsidiary does not need to pay any such tax, assessment, charge or levy if (a) the amount, applicability or validity thereof is contested by the Company or such Subsidiary on a timely basis in good faith and in appropriate proceedings, and the Subsidiary has established adequate reserves therefor in accordance with GAAP on the books of such Subsidiary or (b) the nonpayment of all such taxes, assessments, charges and levies in the aggregate would not reasonably be expected to have a Material Adverse Effect.

Section 9.5. Corporate Existence, Etc. The Company will at all times preserve and keep in full force and effect the corporate existence of each of its Subsidiaries (unless merged into the Company or a wholly-owned Subsidiary) and all rights and franchises of its Subsidiaries unless, in the good faith judgment of the Company or such Subsidiary, the termination of or failure to preserve and keep in full force and effect such corporate existence, right or franchise would not, individually or in the aggregate, have a Material Adverse Effect.

Section 9.6. Books and Records. The Company will, and will cause each of its Subsidiaries to, maintain proper books of record and account in conformity with GAAP and all applicable requirements of any Governmental Authority having legal or regulatory jurisdiction over the Company or such Subsidiary.

SECTION 10. NEGATIVE COVENANTS.

The Company covenants that from the date of this Agreement and thereafter, so long as any of the Bonds are outstanding:

Section 10.1. Transactions with Affiliates. The Company will not and will not permit any Subsidiary to enter into directly or indirectly any Material transaction or Material group of related transactions (including without limitation the purchase, lease, sale or exchange of properties of any kind or the rendering of any service) with any Affiliate (other than the Company or another Subsidiary), except pursuant to the reasonable requirements of the Company's or such Subsidiary's business.

Section 10.2. Merger, Consolidation, Etc. The Company will not consolidate with or merge with any other Person or convey, transfer or lease all or substantially all of its assets in a single transaction or series of transactions to any Person unless:

(a) the successor formed by such consolidation or the survivor of such merger or the Person that acquires by conveyance, transfer or lease all or substantially all of the assets of the Company as an entirety, as the case may be, shall be a solvent corporation or limited liability company organized and existing under the laws of the United States or any State thereof (including the District of Columbia), and, if the Company is not such corporation or limited liability company, such corporation or limited liability company shall have executed and delivered to each holder of any Bonds its assumption of the due and punctual performance and observance of each covenant and condition of the Financing Agreements (pursuant to such agreements and instruments as shall be reasonably satisfactory to the Required Holders), and the Company shall have caused to be delivered to each holder of Bonds an opinion of nationally recognized independent counsel, to the effect that all agreements or instruments effecting such assumption are enforceable in accordance with their terms and comply with the terms hereof; and

(b) immediately before and immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing.

No such conveyance, transfer or lease of substantially all of the assets of the Company shall have the effect of releasing the Company or any successor corporation or limited liability company that shall theretofore have become such in the manner prescribed in this Section 10.2 from its liability under the Financing Agreements.

Section 10.3. Line of Business. The Company will not engage in any business if, as a result, the general nature of the business in which the Company and its Subsidiaries, taken as a whole, would then be engaged would be substantially changed from the general nature of the business in which the Company and its Subsidiaries, taken as whole, is engaged on the date of this Agreement.

Section 10.4. Economic Sanctions, Etc.. The Company will not, and will not permit any Controlled Entity to (a) become (including by virtue of being owned or controlled by a Blocked Person), own or control a Blocked Person or (b) directly or indirectly have any investment in or engage in any dealing or transaction (including any investment, dealing or transaction involving the proceeds of the Bonds) with any Person if such investment, dealing or transaction (i) would cause any holder or any affiliate of such holder to be in violation of, or subject to sanctions under, any law or regulation applicable to such holder, or (ii) is prohibited by or subject to sanctions under any U.S. Economic Sanctions Laws.

SECTION 11. PAYMENTS ON BONDS.

Section 11.1. Payment by Wire Transfer. So long as any Purchaser or its nominee shall be the holder of any Bond, and notwithstanding anything contained in the Indenture or in such Bond to the contrary, the Company will pay, or cause to be paid by a paying agent, a trustee or other similar party, all sums becoming due on such Bond for principal, Make-Whole Amount or premium, if any, and interest by the method and at the address specified for such purpose below such Purchaser's name in Schedule A, or by such other method or at such other address as such Purchaser shall have from time to time specified to the Company in writing for such purpose, without the presentation or surrender of such Bond or the making of any notation thereon, except that upon written request of the Company or any paying agent made concurrently with or reasonably promptly after payment or prepayment in full of any Bond, such Purchaser shall surrender such Bond for cancellation, reasonably promptly after any such request, to the Company at its principal executive office or at the place of payment most recently designated by the Company pursuant to Article II of the Indenture. Prior to any sale or other disposition of any Bond held by a Purchaser or its nominee, such Purchaser will, at its election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such Bond to the Company in exchange for a new Bond or Bonds pursuant to Article II of the Indenture. The Company will afford the benefits of this Section 11.1 to any Institutional Investor that is the direct or indirect transferee of any Bond purchased by a Purchaser under this Agreement and that has made the same agreement relating to such Bond as the Purchasers have made in this Section 11.1.

SECTION 12. REGISTRATION; EXCHANGE; EXPENSES, ETC.

Section 12.1. Registration of Bonds. The Company shall cause the Trustee to keep a register for the registration and registration of transfers of Bonds in accordance with Article XIII, Section 9 of the Indenture.

Section 12.2. Transaction Expenses. Whether or not the transactions contemplated hereby are consummated, the Company will pay all reasonable costs and expenses (including reasonable attorneys' fees of a special counsel and, if reasonably required by the Required Holders, local or other counsel) incurred by the Purchasers and each other holder of a Bond in connection with such transactions and in connection with any amendments, waivers or consents under or in respect of any Financing Agreement (whether or not such amendment, waiver or consent becomes effective), including, without limitation: (a) the costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under any Financing Agreement or in responding to any subpoena or other legal process or informal investigative demand issued in connection with any Financing Agreement, or by reason of being a Purchaser or holder of any Bond, (b) the costs and expenses, including financial advisors' fees, incurred in connection with the insolvency or bankruptcy of the Company or any Subsidiary or in connection with any work-out or restructuring of the transactions contemplated by any Financing Agreement and (c) the costs and expenses incurred in connection with the initial filing of any Financing Agreement and all related documents and financial information with the SVO, provided that such costs and expenses under this clause (c) shall not exceed $6,000 for the Bonds. The Company will pay, and will save each Purchaser and each other holder of a Bond harmless from, all claims in respect of

any fees, costs or expenses if any, of brokers and finders (other than those, if any, retained by a Purchaser or other holder in connection with its purchase of the Bonds).

Section 12.3. Survival. The obligations of the Company under this Section 12 will survive the payment or transfer of any Bond, the enforcement, amendment or waiver of any provision of any Financing Agreement, and the termination of any Financing Agreement.

Section 12.4. Tax Withholding. Except as otherwise required by applicable law, the Company agrees that it will not withhold from any applicable payment to be made to a holder of a Bond that is not a United States Person any tax so long as such holder shall have delivered to the Company (in such number of copies as shall be requested) on or about the date on which such holder becomes a holder under this Agreement (and from time to time thereafter upon the reasonable request of the Company), executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, as well as the applicable "U.S. Tax Compliance Certificate" substantially in the form attached as Exhibit 12.4, in both cases correctly completed and executed.

SECTION 13. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein shall survive the execution and delivery of this Agreement, the purchase or transfer by any Purchaser of any Bond or portion thereof or interest therein and the payment of any Bond, and may be relied upon by any subsequent holder of a Bond, regardless of any investigation made at any time by or on behalf of such Purchaser or any other holder of a Bond. All statements contained in any certificate or other instrument delivered by or on behalf of the Company pursuant to this Agreement shall be deemed representations and warranties of the Company under this Agreement. Subject to the preceding sentence, the Financing Agreements embody the entire agreement and understanding between each Purchaser and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

SECTION 14. AMENDMENT AND WAIVER.

Section 14.1. Requirements. This Agreement and the Bonds may be amended, and the observance of any term hereof or of the Bonds may be waived (either retroactively or prospectively), with (and only with) the written consent of the Company and the Required Holders, except that (i) no amendment or waiver of any of the provisions of Section 1, 2, 3, 4, 5, 6, or 19 hereof, or any defined term, will be effective as to any holder of Bonds unless consented to by such holder of Bonds in writing, and (ii) no such amendment or waiver may, without the written consent of all of the holders of Bonds at the time outstanding affected thereby, (A) subject to the provisions of the Indenture relating to acceleration, change the amount or time of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of interest (if such change results in a decrease in the interest rate) or of the Make-Whole Amount on, the Bonds, (B) change the percentage of the principal amount of the Bonds the holders of which are required to consent to any such amendment or waiver, or (C) amend any of Sections 8, 14, or 18.

Section 14.2. Solicitation of Holders of Bonds.

(a) *Solicitation.* The Company will provide each holder of Bonds (irrespective of the amount of Bonds then owned by it) with sufficient information, sufficiently far in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof or of the Bonds. The Company will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of this Section 14 to each Purchaser and each holder of outstanding Bonds promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite holders of Bonds.

(b) *Payment.* The Company will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise (other than legal fees or other related expenses), or grant any security or provide other credit support, to any holder of Bonds as consideration for or as an inducement to the entering into by any holder of Bonds of any waiver or amendment of any of the terms and provisions hereof or of the Bonds unless such remuneration is concurrently paid, or security is concurrently granted or other credit support concurrently provided, on the same terms, ratably to each holder of Bonds then outstanding even if such holder did not consent to such waiver or amendment.

(c) *Consent in Contemplation of Transfer*. Any consent made pursuant to this Section 14 by a holder of Bonds that has transferred or has agreed to transfer its Bonds to (i) the Company, (ii) any Subsidiary or any other Affiliate or (iii) any other Person in connection with, or in anticipation of, such other Person acquiring, making a tender offer for or merging with the Company and/or any of its Affiliates, and has provided or has agreed to provide such written consent as a condition to such transfer shall be void and of no force or effect except solely as to such holder, and any amendments effected or waivers granted or to be effected or granted that would not have been or would not be so effected or granted but for such consent (and the consents of all other holders of Bonds that were acquired under the same or similar conditions) shall be void and of no force or effect except solely as to such holder.

Section 14.3. Binding Effect, Etc. Any amendment or waiver consented to as provided in this Section 14 applies equally to all holders of Bonds and is binding upon them and upon each future holder of any Bond and upon the Company without regard to whether such Bond has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Company and any holder of any Bond nor any delay in exercising any rights hereunder or under any Bond shall operate as a waiver of any rights of any holder of such Bond.

Section 14.4. Bonds Held by Company, Etc. Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Bonds then outstanding approved or consented to any amendment, waiver or consent to be given under this Agreement or the Bonds, or have directed the taking of any action provided herein or in the Bonds to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Bonds then outstanding, Bonds directly or indirectly owned by the Company or any of its Affiliates shall be deemed not to be outstanding.

SECTION 15. NOTICES.

All notices and communications provided for hereunder shall be in writing and sent (a) by telecopy if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

(i) if to any Purchaser or its nominee, to such Purchaser or nominee at the address specified for such communications in Schedule A, or at such other address as such Purchaser or nominee shall have specified to the Company in writing,

(ii) if to any other holder of any Bond, to such holder at such address as such other holder shall have specified to the Company in writing, or

(iii) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of 762 West Lancaster Avenue, Bryn Mawr, Pennsylvania 19010-3489, or at such other address as the Company shall have specified to the holder of each Bond in writing.

Notices under this Section 15 will be deemed given only when actually received.

SECTION 16. INDEMNIFICATION.

The Company hereby agrees to indemnify and hold the Purchasers harmless from, against and in respect of any and all loss, liability and expense (including reasonable attorneys' fees) arising from any misrepresentation or nonfulfillment of any undertaking on the part of the Company under this Agreement. The indemnification obligations of the Company under this Section 16 shall survive the execution and delivery of this Agreement, the delivery of the Bonds to the Purchasers and the consummation of the transactions contemplated herein.

SECTION 17. REPRODUCTION OF DOCUMENTS.

This Agreement and all documents relating thereto, including, without limitation, (a) consents, waivers and modifications that may hereafter be executed, (b) documents received by any Purchaser at the Closing (except the Bonds themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to any Purchaser, may be reproduced by such Purchaser by any photographic, photostatic, electronic, digital, or other similar process and such Purchaser may destroy any original document so reproduced. The Company agrees and stipulates that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by such Purchaser in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This Section 17 shall not prohibit the Company or any other holder of Bonds from contesting any such reproduction to the same

extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

SECTION 18. CONFIDENTIAL INFORMATION.

For the purposes of this Section 18, *"Confidential Information"* means information delivered to any Purchaser by or on behalf of the Company or any Subsidiary in connection with the transactions contemplated by or otherwise pursuant to this Agreement that is proprietary in nature and that was clearly marked or labeled or otherwise adequately identified when received by such Purchaser as being confidential information of the Company or such Subsidiary, provided that such term does not include information that (a) was publicly known or otherwise known to such Purchaser prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by such Purchaser or any person acting on such Purchaser's behalf, (c) otherwise becomes known to such Purchaser other than through disclosure by the Company or any Subsidiary or (d) constitutes financial statements delivered to such Purchaser under Section 7.1 of this Agreement or under the Indenture that are otherwise publicly available. Each Purchaser will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by such Purchaser in good faith to protect confidential information of third parties delivered to such Purchaser, provided that such Purchaser may deliver or disclose Confidential Information to (i) its directors, trustees, officers, employees, agents, attorneys and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by Bonds), (ii) its financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with the terms of this Section 18, (iii) the Trustee or any other holder of any Bond, (iv) any Institutional Investor to which it sells or offers to sell such Bond or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 18), (v) any Person from which it offers to purchase any security of the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 18), (vi) any federal or state or provincial regulatory authority having jurisdiction over such Purchaser, (vii) the NAIC or the SVO or, in each case, any similar organization, or any nationally recognized rating agency that requires access to information about such Purchaser's investment portfolio, or (viii) any other Person to which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, rule, regulation or order applicable to such Purchaser, (x) in response to any subpoena or other legal process, (y) in connection with any litigation to which such Purchaser is a party or (z) if an Event of Default has occurred and is continuing, to the extent such Purchaser may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under any Financing Agreement. Each holder of a Bond, by its acceptance of a Bond, will be deemed to have agreed to be bound by and to be entitled to the benefits of this Section 18 as though it were a party to this Agreement. On reasonable request by the Company in connection with the delivery to any holder of a Bond of information required to be delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its nominee), such holder will enter into an agreement with the Company embodying the provisions of this Section 18.

In the event that as a condition to receiving access to information relating to the Company or its Subsidiaries in connection with the transactions contemplated by or otherwise pursuant to this Agreement, any Purchaser or holder of a Bond is required to agree to a confidentiality undertaking (whether through EMMA, another secure website, a secure virtual workspace or otherwise) which is different from this Section 18, this Section 18 shall not be amended thereby and, as between such Purchaser or such holder and the Company, this Section 18 shall supersede any such other confidentiality undertaking.

SECTION 19. MISCELLANEOUS.

Section 19.1. Successors and Assigns. All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a Bond) whether so expressed or not, except that, subject to Section 10.2, the Company may not assign or otherwise transfer any of its rights or obligations hereunder or under the Bonds without the prior written consent of each holder. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto and their respective successors and assigns permitted hereby) any legal or equitable right, remedy or claim under or by reason of this Agreement.

Section 19.2. Accounting Terms. All accounting terms used herein which are not expressly defined in this Agreement have the meanings respectively given to them in accordance with GAAP. Except as otherwise specifically provided herein, (a) all computations made pursuant to this Agreement shall be made in accordance with GAAP, and (b) all financial statements shall be prepared in accordance with GAAP. For purposes of determining compliance with the financial covenants contained in the Financing Agreements, if any, any election by the Company to measure Debt using fair value (as permitted by Financial Accounting Standards Board Accounting Standards Codification Topic No. 825-10-25 – *Fair Value Option*, International Accounting Standard 39 – *Financial Instruments: Recognition and Measurement* or any similar accounting standard) shall be disregarded and such determination shall be made as if such election had not been made and such Debt shall be valued at not less than 100% of the principal amount thereof.

Section 19.3. 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 hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

Section 19.4. Construction, Etc. Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

For the avoidance of doubt, all Schedules and Exhibits attached to this Agreement shall be deemed to be a part hereof.

Section 19.5. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

Section 19.6. Governing Law. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the Commonwealth of Pennsylvania excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

Section 19.7. Jurisdiction and Process; Waiver of Jury Trial. (a) The Company irrevocably submits to the non-exclusive jurisdiction of any Pennsylvania State or federal court sitting in Philadelphia, Pennsylvania, over any suit, action or proceeding arising out of or relating to this Agreement or the Bonds. To the fullest extent permitted by applicable law, the Company irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

(b) The Company consents to process being served by or on behalf of any holder of Bonds in any suit, action or proceeding of the nature referred to in Section 19.7(a) by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, return receipt requested, to it at its address specified in Section 15 or at such other address of which such holder shall then have been notified pursuant to said Section. The Company agrees that such service upon receipt (i) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by applicable law, be taken and held to be valid personal service upon and personal delivery to it. Notices hereunder shall be conclusively presumed received as evidenced by a delivery receipt furnished by the United States Postal Service or any reputable commercial delivery service.

(c) Nothing in this Section 19.7 shall affect the right of any holder of a Bond to serve process in any manner permitted by law, or limit any right that the holders of any of the Bonds may have to bring proceedings against the Company in the courts of any appropriate jurisdiction or to enforce in any lawful manner a judgment obtained in one jurisdiction in any other jurisdiction.

(d) The parties hereto hereby waive trial by jury in any action brought on or with respect to this Agreement, the Bonds or any other document executed in connection herewith or therewith.

Section 19.8. Payments Due on Non-Business Days. Anything in this Agreement or the Bonds to the contrary notwithstanding, any payment of principal of or Make-Whole Amount or interest on any Bond that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the

interest payable on such next succeeding Business Day; provided that if the maturity date of any Bond is a date other than a Business Day, the payment otherwise due on such maturity date shall be made on the next succeeding Business Day and shall include the additional days elapsed in the computation of interest payable on such next succeeding Business Day.

* * * * *

If you are in agreement with the foregoing, please sign the form of agreement on a counterpart of this Bond Purchase Agreement and return it to the Company, whereupon this Agreement shall become a binding agreement between you and the Company.

Very truly yours,

AQUA PENNSYLVANIA, INC.

By /s/ David P. Smeltzer
Name: David P. Smeltzer
Its: Chief Financial Officer

Accepted as of the date first written above.

CMFG LIFE INSURANCE COMPANY
BY: MEMBERS Capital Advisors, Inc.
Acting as Investment Advisor

By: /s/ Anne M. Finucane
Name: Anne M. Finucane
Title: Managing Director, Investments

MANUFACTURES LIFE REINSURANCE LIMITED

By: /s/ Robin Li
Name: Robin Li
Title: Head of Investments, Asia, General Account Investments

THE LINCOLN NATIONAL LIFE INSURANCE COMPANY
By: Macquarie Investment Management Advisers, a series of
Macquarie Investment Management Business Trust,
Attorney in Fact

By: /s/ Frank LaTorraca
Name: Frank LaTorrace
Title: Senior Vice President

NEW YORK LIFE INSURANCE COMPANY

By: /s/ Jessica L. Maizel
Name: Jessica L. Maizel
Title: Corporate Vice President

THE STATE LIFE INSURANCE COMPANY
By: American United Life Insurance Company
Its: Agent

By: /s/ David Weisenburger
Name: David Weisenburger
Title: VP, Fixed Income Securities

PHOENIX LIFE INSURANCE COMPANY
By: Nassau Asset Management, LLC its investment manager

By: /s/ Christopher Wilkos
Name: Christopher Wilkos
Title: Vice President

DEFINED TERMS

As used herein, the following terms have the respective meanings set forth below or set forth in the Section hereof following such term:

"*3.99% Series due 2042 Bonds*" is defined in Section 1.

"*4.04% Series due 2045 Bonds*" is defined in Section 1.

"*4.09% Series due 2048 Bonds*" is defined in Section 1.

"*Affiliate*" means, at any time, and with respect to any Person, any other Person that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person. As used in this definition, "Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. Unless the context otherwise clearly requires, any reference to an "Affiliate" is a reference to an Affiliate of the Company.

"*Agreement*" means this Bond Purchase Agreement, including all Schedules and Exhibits attached to this Agreement.

"*Anti-Corruption Laws*" means any law or regulation in a U.S. or any non-U.S. jurisdiction regarding bribery or any other corrupt activity, including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act 2010.

"*Anti-Money Laundering Laws*" means any law or regulation in a U.S. or any non-U.S. jurisdiction regarding money laundering, drug trafficking, terrorist-related activities or other money laundering predicate crimes, including the Currency and Foreign Transactions Reporting Act of 1970 (otherwise known as the Bank Secrecy Act) and the USA Patriot Act.

"*Blocked Person*" means (a) a Person whose name appears on the list of Specially Designated Nationals and Blocked Persons published by OFAC, (b) a Person, entity, organization, country or regime that is blocked or a target of sanctions that have been imposed under U.S. Economic Sanctions Laws or (c) a Person that is an agent, department or instrumentality of, or is otherwise beneficially owned by, controlled by or acting on behalf of, directly or indirectly, any Person, entity, organization, country or regime described in clause (a) or (b).

"*Bonds*" is defined in Section 1.

"*Business Day*" means for the purposes of any provision of this Agreement, any day other than a Saturday, a Sunday or a day on which commercial banks in New York, New York or Philadelphia, Pennsylvania are required or authorized to be closed.

"*Capital Lease*" means, at any time, a lease with respect to which the lessee is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

"*Capital Lease Obligation*" means, with respect to any Person and a Capital Lease, the amount of the obligation of such Person as the lessee under such Capital Lease which would, in accordance with GAAP, appear as a liability on a balance sheet of such Person.

"*Closing*" is defined in Section 3.

"*Code*" means the Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations promulgated thereunder from time to time.

"*Company*" means Aqua Pennsylvania, Inc., a corporation existing under the laws of the Commonwealth of Pennsylvania.

"*Controlled Entity*" means any of the Subsidiaries of the Company and any of their or the Company's respective Controlled Affiliates. As used in this definition, "Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"*Debt*" means, with respect to any Person, without duplication,

(a) its liabilities for borrowed money;

(b) its liabilities for the deferred purchase price of property acquired by such Person (excluding accounts payable and other accrued liabilities arising in the ordinary course of business but including, without limitation, all liabilities created or arising under any conditional sale or other title retention agreement with respect to any such property);

(c) its Capital Lease Obligations;

(d) all liabilities for borrowed money secured by any Lien with respect to any property owned by such Person (whether or not it has assumed or otherwise become liable for such liabilities);

(e) all non-contingent liabilities in respect of reimbursement agreements or similar agreements in respect of letters of credit or instruments serving a similar function issued or accepted for its account by banks and other financial institutions;

(f) Swaps of such Person; and

(g) Guaranties of such Person with respect to liabilities of a type described in any of clauses (a) through (f) hereof.

Debt of any Person shall include all obligations of such Person of the character described in clauses (a) through (g) to the extent such Person remains legally liable in respect thereof notwithstanding that any such obligation is deemed to be extinguished under GAAP.

"*Default*" means an event or condition the occurrence or existence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

"*Disclosure Documents*" is defined in Section 5.3.

"*EMMA*" is defined in Section 7.1(a).

"*Environmental Laws*" means any and all Federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including but not limited to those related to Hazardous Materials.

"*ERISA*" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"*ERISA Affiliate*" means any trade or business (whether or not incorporated) that is treated as a single employer together with the Company under section 414 of the Code.

"*Event of Default*" is an "event of default" as defined in the Indenture.

"*Financing Agreements*" means this Agreement, the Indenture (including without limitation the Supplement), and the Bonds.

"*GAAP*" means generally accepted accounting principles as in effect from time to time in the United States of America.

"*Governmental Authority*" means:

(a) the government of

(i) the United States of America or any State or other political subdivision thereof, or

(ii) any other jurisdiction in which the Company or any Subsidiary conducts all or any part of its business, or which asserts jurisdiction over any properties of the Company or any Subsidiary, or

(b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

"*Governmental Official*" means any governmental official or employee, employee of any government-owned or government-controlled entity, political party, any official of a political party, candidate for political office, official of any public international organization or anyone else acting in an official capacity.

"*Guaranty*" means, with respect to any Person, any obligation (except the endorsement in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing or in effect guaranteeing any Debt, dividend or other obligation of any other Person in any manner, whether directly or indirectly, including (without limitation) obligations incurred through an agreement, contingent or otherwise, by such Person:

(a) to purchase such Debt or obligation or any property constituting security therefor primarily for the purpose of assuring the owner of such Debt or obligation of the ability of any other Person to make payment of the Debt or obligation;

(b) to advance or supply funds (i) for the purchase or payment of such Debt or obligation, or (ii) to maintain any working capital or other balance sheet condition or any income statement condition of any other Person or otherwise to advance or make available funds for the purchase or payment of such Debt or obligation;

(c) to lease properties or to purchase properties or services primarily for the purpose of assuring the owner of such Debt or obligation of the ability of any other Person to make payment of the Debt or obligation; or

(d) otherwise to assure the owner of such Debt or obligation against loss in respect thereof.

In any computation of the Debt or other liabilities of the obligor under any Guaranty, the Debt or other obligations that are the subject of such Guaranty shall be assumed to be direct obligations of such obligor, *provided* that the amount of such Debt outstanding for purposes of this Agreement shall not exceed the maximum amount of Debt that is the subject of such Guaranty.

"*Hazardous Material*" means any and all pollutants, toxic or hazardous wastes or other substances that might pose a hazard to health and safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage or filtration of which is or shall be restricted, prohibited or penalized by any applicable law including, but not limited to, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum, petroleum products, lead based paint, radon gas or similar restricted, prohibited or penalized substances.

"*holder*" is defined in the Indenture.

"*Indenture*" is defined in Section 1.

"*Institutional Investor*" means (a) any Purchaser of a Bond, (b) any holder of a Bond holding (together with one or more of its affiliates) more than 5% of the aggregate principal amount

of the Bonds then outstanding, (c) any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form, and (d) any Related Fund of any holder of any Bond.

"*Lien*" means, with respect to any Person, any mortgage, lien, pledge, charge, security interest or other encumbrance, or any interest or title of any vendor, lessor, lender or other secured party to or of such Person under any conditional sale or other title retention agreement or Capital Lease, upon or with respect to any property or asset of such Person (including in the case of stock, stockholder agreements, voting trust agreements and all similar arrangements).

"*Make-Whole Amount*" is defined in the Supplement.

"*Material*" means material in relation to the business, operations, affairs, financial condition, assets or properties of the Company and its Subsidiaries taken as a whole.

"*Material Adverse Effect*" means a material adverse effect on (a) the business, operations, affairs, financial condition, assets or properties of the Company and its Subsidiaries taken as a whole, (b) the ability of the Company to perform its obligations under this Agreement, the Bonds or the Indenture or (c) the validity or enforceability of any Financing Agreement.

"*Multiemployer Plan*" means any Plan that is a "multiemployer plan" (as such term is defined in section 4001(a)(3) of ERISA).

"*NAIC*" means the National Association of Insurance Commissioners or any successor thereto.

"*Non-U.S. Plan*" means any plan, fund or other similar program that (a) is established or maintained outside the United States of America by the Company or any Subsidiary primarily for the benefit of employees of the Company or one or more Subsidiaries residing outside the United States of America, which plan, fund or other similar program provides, or results in, retirement income, a deferral of income in contemplation of retirement or payments to be made upon termination of employment, and (b) is not subject to ERISA or the Code.

"*OFAC*" means the Office of Foreign Assets Control of the United States Department of the Treasury.

"*OFAC Sanctions Program*" means any economic or trade sanction that OFAC is responsible for administering and enforcing. A list of OFAC Sanctions Programs may be found at http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx.

"*Officer's Certificate*" means a certificate of a Senior Financial Officer or of any other officer of the Company whose responsibilities extend to the subject matter of such certificate.

"*Original Indenture*" is defined in Section 1.

"*PBGC*" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA or any successor thereto.

"*Permitted Liens*" shall have the meaning assigned to such term in the Indenture.

"*Person*" means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization, business entity or Governmental Authority.

"*Plan*" means an "employee benefit plan" (as defined in section 3(2) of ERISA) subject to Title I of ERISA that is or, within the preceding five years, has been established or maintained, or to which contributions are or, within the preceding five years, have been made or required to be made, by the Company or any ERISA Affiliate or with respect to which the Company or any ERISA Affiliate may have any liability.

"*property*" or "*properties*" means, unless otherwise specifically limited, real or personal property of any kind, tangible or intangible, choate or inchoate.

"*PTE*" is defined in Section 6.2(a).

"*Purchaser*" is defined in the first paragraph of this Agreement.

"*Related Fund*" means, with respect to any holder of any Bond, any fund or entity that (i) invests in Securities or bank loans, and (ii) is advised or managed by such holder, the same investment advisor as such holder or by an affiliate of such holder or such investment advisor.

"*Required Holders*" means the holders of at least 51% in principal amount of the Bonds at the time outstanding (exclusive of Bonds then owned by the Company or any of its Affiliates).

"*Responsible Officer*" means any Senior Financial Officer and any other officer of the Company with responsibility for the administration of the relevant portion of this Agreement.

"*SEC*" means the Securities and Exchange Commission of the United States, or any successor thereto.

"*Securities*" or "*Security*" shall have the meaning specified in Section 2(a)(1) of the Securities Act.

"*Securities Act*" means the Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"*Senior Financial Officer*" means the chief financial officer, principal accounting officer, treasurer or comptroller of the Company.

"*Source*" is defined in Section 6.2.

"*State Sanctions List*" means a list that is adopted by any state Governmental Authority within the United States of America pertaining to Persons that engage in investment or other commercial activities in Iran or any other country that is a target of economic sanctions imposed under U.S. Economic Sanctions Laws.

"*Subsidiary*" means, as to any Person, any other Person in which such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries owns sufficient equity or voting interests to enable it or them (as a group) ordinarily, in the absence of contingencies, to elect a majority of the directors (or Persons performing similar functions) of such second Person, and any partnership or joint venture if more than a 50% interest in the profits or capital thereof is owned by such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries (unless such partnership or joint venture can and does ordinarily take major business actions without the prior approval of such Person or one or more of its Subsidiaries). Unless the context otherwise clearly requires, any reference to a "Subsidiary" is a reference to a Subsidiary of the Company.

"*Supplement*" is defined in Section 1.

"*SVO*" means the Securities Valuation Office of the NAIC or any successor to such Office.

"*Swaps*" means, with respect to any Person, payment obligations with respect to interest rate swaps, currency swaps and similar obligations obligating such Person to make payments, whether periodically or upon the happening of a contingency. For the purposes of this Agreement, the amount of the obligation under any Swap shall be the amount determined in respect thereof as of the end of the then most recently ended fiscal quarter of such Person, based on the assumption that such Swap had terminated at the end of such fiscal quarter, and in making such determination, if any agreement relating to such Swap provides for the netting of amounts payable by and to such Person thereunder or if any such agreement provides for the simultaneous payment of amounts by and to such Person, then in each such case, the amount of such obligation shall be the net amount so determined.

"*Trust Estate*" is defined in the Indenture.

"*Trustee*" is defined in Section 1.

"*UCC*" means, the Uniform Commercial Code as enacted and in effect from time to time in the state whose laws are treated as applying to the Trust Estate.

"*USA Patriot Act*" means United States Public Law 107-56, Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"*U.S. Economic Sanctions Laws*" means those laws, executive orders, enabling legislation or regulations administered and enforced by the United States pursuant to which economic sanctions have been imposed on any Person, entity, organization, country or regime, including the

Trading with the Enemy Act, the International Emergency Economic Powers Act, the Iran Sanctions Act, the Sudan Accountability and Divestment Act, each as amended from time to time, and any other OFAC Sanctions Program.

AQUA PENNSYLVANIA, INC.
SUBSIDIARIES OF THE COMPANY,
OWNERSHIP OF SUBSIDIARY STOCK

Company Name	State of Incorporation	% of Ownership (Direct & Indirect)
Aqua Pennsylvania, Inc.	Pennsylvania	100%
1. Aqua Pennsylvania Wastewater, Inc.	Pennsylvania	100%
2. Honesdale Consolidated Water Company	Pennsylvania	100%
3. Superior Water Company	Pennsylvania	100%

SCHEDULE 5.4
(to Bond Purchase Agreement)

FINANCIAL STATEMENTS

1. Aqua Pennsylvania, Inc. Consolidated Financial Statements as of and for the years ended December 31, 2017, 2016 and 2015 (audited)

2. Aqua Pennsylvania, Inc. Report for Quarter Ended March 31, 2018

SCHEDULE 5.5
(to Bond Purchase Agreement)

SCHEDULE 5.15(a)
EXISTING DEBT

Aqua Pennsylvania and Subsidiaries
Schedule 5.15(a) - Existing Debt
as of 3/31/2018

		Outstanding Balance
Unsecured Note	5.64%	5,466,000
Unsecured Note	5.64%	5,461,000
Unsecured Note	5.95%	10,000,000
Unsecured Note	5.95%	10,000,000
Unsecured Note	5.95%	10,000,000
Unsecured Note	5.95%	10,000,000
Bank Loan	2.48%	50,000,000
Bank Loan	1.98%	50,000,000
Total Unsecured Notes		**150,927,000**
Tax Exempt-Bond Premium		1,444,430
Tax Exempt	5.25%	24,830,000
Tax Exempt	5.25%	24,830,000
Tax Exempt-Bond Premium		238,996
Tax Exempt	6.75%	13,000,000
Tax Exempt	5.00%	58,000,000
Tax Exempt-Bond Discount		(1,440,707)
Tax Exempt	5.00%	62,165,000
Tax Exempt-Bond Premium		444,929
Tax Exempt	4.75%	12,520,000
Tax Exempt-Bond Discount		(217,761)
Tax Exempt	5.00%	25,910,000
Tax Exempt	5.00%	19,270,000
Tax Exempt-Bond Discount		(92,639)
Tax Exempt	4.50%	15,000,000
Tax Exempt-Bond Discount		(472,800)
Tax Exempt	5.00%	81,205,000
Tax Exempt-Bond Premium		2,008,399
Total Tax Exempt Bonds		**338,642,847**
PennVest	2.711%	432,623
PennVest	2.547%	858,823
PennVest	2.547%	286,979
PennVest	2.690%	807,709
PennVest	2.547%	1,586,532
PennVest	2.547%	522,685
PennVest	1.510%	2,098,778
PennVest	1.000%	935,520
PennVest	4.047%	165,580
PennVest	3.631%	31,188
PennVest	4.047%	73,247
PennVest	3.552%	605,647

		Outstanding Balance
PennVest	1.349%	77,285
PennVest	3.631%	88,986
PennVest	4.050%	266,188
PennVest	3.030%	288,888
PennVest	3.460%	3,757,754
PennVest	3.468%	314,852
PennVest	2.774%	1,355,748
PennVest	4.047%	133,256
PennVest	3.790%	692,268
PennVest	3.810%	355,807
PennVest	3.430%	422,754
PennVest	2.774%	634,122
PennVest	3.470%	2,465,139
PennVest	3.468%	143,662
PennVest	3.195%	1,215,034
PennVest	2.556%	627,212
PennVest	2.554%	771,985
PennVest	2.547%	387,379
PennVest	3.046%	906,536
PennVest	2.547%	1,025,737
PennVest	2.547%	741,240
PennVest	2.547%	866,778
PennVest	3.143%	1,430,764
PennVest	2.547%	694,589
PennVest	1.000%	6,533,925
PennVest	3.330%	217,966
PennVest	2.730%	1,903,226
PennVest	2.668%	954,968
PennVest	2.547%	822,073
PennVest	1.000%	319,151
PennVest	2.774%	145,278
PennVest	2.774%	120,783
PennVest	3.052%	518,250
PennVest	3.468%	2,972,729
PennVest	2.774%	790,464
PennVest	1.156%	227,457
PennVest	2.774%	1,028,504
PennVest	3.365%	1,213,273
PennVest	2.547%	1,274,336
Total PennVest		**47,111,654**
FMB	5.75%	15,000,000
FMB	5.751%	5,000,000
FMB	5.980%	3,000,000
FMB	6.06%	15,000,000
FMB	6.06%	5,000,000
FMB	7.72%	15,000,000
FMB	9.17%	1,600,000

		Outstanding Balance
FMB	9.29%	12,000,000
FMB	9.97%	5,000,000
FMB	3.79%	40,000,000
FMB	3.80%	20,000,000
FMB	3.85%	20,000,000
FMB	3.94%	25,000,000
FMB	4.61%	25,000,000
FMB	4.62%	25,000,000
FMB	3.64%	25,000,000
FMB	4.01%	15,000,000
FMB	4.06%	13,000,000
FMB	4.11%	12,000,000
FMB	3.77%	65,000,000
FMB	3.82%	20,000,000
FMB	3.85%	25,000,000
FMB	4.16%	60,000,000
FMB	4.18%	20,000,000
FMB	4.20%	20,000,000
FMB	3.85%	25,000,000
FMB	3.95%	60,000,000
FMB	3.65%	10,000,000
FMB	3.69%	40,000,000
FMB	4.04%	40,000,000
FMB	4.06%	40,000,000
FMB	4.06%	35,000,000
FMB	4.07%	20,000,000
FMB	4.09%	20,000,000
Total First Mortgage Bonds		**796,600,000**
PennVest - Aqua PA WW	1.00%	218,887
PennVest - Aqua PA WW	1.16%	841,393
PennVest - Aqua PA WW	1.00%	577,247
PennVest - Aqua PA WW	1.00%	142,300
PennVest - Aqua PA WW	1.35%	57,088
PennVest - Aqua PA WW	2.77%	177,218
Total PennVest LWWW		**2,014,132**
Total Long Term Debt		**$ 1,335,295,633**
PNC Revolver		**20,342,486**
Total Debt Aqua Pennsylvania		**$ 1,355,638,119**

SCHEDULE 5.15(b)

AQUA PENNSYLVANIA, INC. AND SUBSIDIARIES
DEBT ISSUANCE LIMITATIONS

Indenture of Mortgage dated as of January 1, 1941 of Aqua Pennsylvania, Inc. as Supplemented and Amended

$100 million Amended and Restated Credit Agreement among Aqua Pennsylvania, Inc. and PNC Bank, National Association as Agent dated as of November 16, 2017, as amended

Aqua Pennsylvania, Inc. $40,000,000 5.95% Senior Notes dated March 31, 2006

Aqua Pennsylvania, Inc. $10,927,000 5.64% Senior Notes dated September 29, 2006

$50 million Term Loan Agreement among Aqua Pennsylvania, Inc. and PNC Bank, National Association as Agent and Dated as of September 28, 2017, as amended

$50 million Term Loan Agreement among Aqua Pennsylvania, Inc. and PNC Bank, National Association as Agent and Dated as of May 4, 2018, as amended

FORM OF SUPPLEMENT

[SEE ATTACHED FIFTY-THIRD SUPPLEMENTAL INDENTURE]

EXHIBIT A
(to Bond Purchase Agreement)

FORM OF OPINION OF GENERAL COUNSEL TO THE COMPANY

[SEE ATTACHED]

EXHIBIT 4.4(a)
(to Bond Purchase Agreement)

FORM OF OPINION OF SPECIAL COUNSEL TO THE COMPANY

[SEE ATTACHED]

EXHIBIT 4.4(b)
(to Bond Purchase Agreement)

FORM OF OPINION OF SPECIAL COUNSEL TO THE PURCHASERS

[DELIVERED TO PURCHASERS ONLY]

EXHIBIT 4.4(c)
(to Bond Purchase Agreement)

[FORM OF]

U.S. TAX COMPLIANCE CERTIFICATE

Reference is hereby made to the Bond Purchase Agreement dated as of June 29, 2018 (as amended, supplemented or otherwise modified from time to time, the "*Bond Purchase Agreement*"), among Aqua Pennsylvania, Inc., a corporation organized under the laws of the Commonwealth of Pennsylvania (the "*Company*") and the Purchasers that are signatories thereto.

Unless otherwise defined herein, capitalized terms defined in the Bond Purchase Agreement and used herein have the meanings given to them in the Bond Purchase Agreement.

Pursuant to the provisions of Section 12.4 (Tax Withholding) of the Bond Purchase Agreement, the undersigned hereby certifies that:

(i) it is the sole record and beneficial owner of the Bonds in respect of which it is providing this certificate;

(ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code;

(iii) it is not a ten percent shareholder of the Issuer within the meaning of Section 871(h)(3)(B) of the Code; and

(iv) it is not a controlled foreign corporation related to the Issuer as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Issuer with a certificate of its non-U.S. Person status on IRS W-8BEN-E.

[Purchaser Name]

By: _____
Name:
Title:

Date: _____ __, 20[__]

EXHIBIT 12.4
(to Bond Purchase Agreement)

Exhibit 10.1
Execution Version

AMENDED AND RESTATED CREDIT AGREEMENT

Dated as of June 7, 2018

among

AQUA AMERICA, INC.

and

THE BANKS PARTY HERETO

and

PNC BANK, NATIONAL ASSOCIATION,
as Agent

PNC CAPITAL MARKETS, LLC,
as Lead Arranger

TABLE OF CONTENTS

SCHEDULES

EXHIBITS

AMENDED AND RESTATED CREDIT AGREEMENT

THIS AMENDED AND RESTATED CREDIT AGREEMENT (this "Agreement") dated as of June 7, 2018, by and among **AQUA AMERICA, INC.,** a Pennsylvania corporation (the "Borrower"), the several banks and other financial institutions from time to time parties to this Agreement (the "Banks"), and **PNC BANK, NATIONAL ASSOCIATION,** a national banking association, as administrative agent (in such capacity, the "Agent").

BACKGROUND

A. The Banks have made available to the Borrower a revolving credit facility in the maximum principal amount of $250,000,000 on the terms and conditions contained in that certain Credit Agreement dated as of March 23, 2012 (as amended and in effect immediately prior to the date hereof, the "Existing Credit Agreement") by and among the Borrower, the Banks and the Agent.

B. The Borrower, the Banks and the Agent desire to amend and to restate the terms of the Existing Credit Agreement, all upon the terms and conditions set forth herein.

NOW, THEREFORE, the parties hereto, in consideration of their mutual covenants and agreements hereinafter set forth and intending to be legally bound hereby, covenant and agree that the Existing Credit Agreement is amended and restated in its entirety as follows:

SECTION 1. DEFINITIONS

1.1 Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"Acceptable Bank": means any other bank or trust company (i) which is organized under the laws of the United States of America or any State thereof, (ii) which has capital, surplus and undivided profits aggregating at least $250,000,000, and (iii) whose long-term unsecured debt obligations (or the long-term unsecured debt obligations of the bank holding company owning all of the capital stock of such bank or trust company) shall be rated "A3" or higher by Moody's or "A-" or higher by S&P.

"Acceptable Broker-Dealer": means any Person other than a natural person (i) which is registered as a broker or dealer pursuant to the Exchange Act and (ii) whose long-term unsecured debt obligations shall have been given a rating of "A" or better by S&P or "A2" or better by Moody's.

"Adjusted Revolving Credit Commitment Percentage": with respect to any Non-Defaulting Bank, the quotient (expressed as a percentage) of such Bank's aggregate Commitment divided by the aggregate Commitments of all Non-Defaulting Banks.

"Administrative Fees": as defined in subsection 2.4(c).

"Affiliate": any Person (other than a Subsidiary, or an officer, director or employee of the Borrower who would not be an Affiliate but for such Person's status as an officer, director and/or employee) which, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, the Borrower, and any member, director, officer or employee of any such Person or any Subsidiary of the Borrower. For purposes of this definition, "control" shall mean the power, directly or indirectly, either to (i) vote 5% or more of the securities having ordinary voting power for the election of directors of such Person or (ii) direct or in effect cause the direction of the management and policies of such Person whether by contract or otherwise.

"Anti-Terrorism Laws": any Laws relating to terrorism, trade sanctions programs and embargoes, import/export licensing, money laundering, bribery or anti-corruption (including the FCPA) and any regulation, order, or directive promulgated, issued or enforced pursuant to such Laws (including, without limitation, any of the foregoing promulgated by the U.S. Department of the Treasury's Office of Foreign Assets Control, the U.S. Department of State, the United Nations Security Council, the European Union and member states, Her Majesty's Treasury of the United Kingdom, the Hong Kong Monetary Authority, or other relevant sanctions authority), all as amended, supplemented or replaced from time to time.

"Applicable Facility Fee Percentage": on any date, the percentage per annum set forth below opposite the Leverage Ratio set forth below as shown on the last Compliance Certificate delivered by the Borrower to the Agent pursuant to subsection 5.2(a) prior to such date:

Level	Leverage Ratio	Applicable Facility Fee Percentage
I	Less than or equal to 55%	0.075%
II	Greater than 55%, but less than or equal 60%	0.100%
III	Greater than 60%	0.125%

provided, however, that (a) adjustments, if any, to the Applicable Facility Fee Percentage resulting from a change in the Leverage Ratio shall be effective on the last date by which the Compliance Certificate for the fiscal quarter in which such change occurred can be delivered without violation of subsection 5.2(a), (b) in the event that no Compliance Certificate has been delivered for a fiscal quarter on or prior to the last date on which it can be delivered without violation of subsection 5.2(a), the Applicable Facility Fee Percentage from such date until such Compliance Certificate is actually delivered shall be that applicable under Level III, (c) in the event that the actual Leverage Ratio for any fiscal quarter is subsequently determined to be greater than that set forth in the Compliance Certificate for such fiscal quarter, the Applicable Facility Fee Percentage shall be recalculated for the applicable period based upon such actual Leverage Ratio and (d) anything in this definition to the contrary notwithstanding, until receipt by the Agent of the quarterly financial statements required by subsection 5.1(a) for the fiscal year

ended December 31, 2017 together with the accompanying Compliance Certificate, the Applicable Facility Fee Percentage shall be that applicable under Level I. Any additional Commitment Fees that are due to the Banks resulting from the operation of clause (c) above shall be payable by the Borrower to the Banks within five (5) days after receipt of a written demand therefor from the Agent.

"Applicable Margin": on any date for any Eurodollar Loan the percentage per annum set forth below in the column entitled "Applicable Margin - Eurodollar Loans" opposite the Leverage Ratio set forth below as shown on the last Compliance Certificate delivered by the Borrower to the Agent pursuant to subsection 5.2(a) prior to such date:

Level	Leverage Ratio	Applicable Margin - Eurodollar Loans
I	Less than or equal to 55%	0.725%
II	Greater than 55%, but less than or equal 60%	0.750%
III	Greater than 60%	0.825%

; provided, however, that (a) adjustments, if any, to the Applicable Margin resulting from a change in the Leverage Ratio shall be effective on the last date by which the Compliance Certificate for the fiscal quarter in which such change occurred can be delivered without violation of subsection 5.2(a), (b) in the event that no Compliance Certificate has been delivered for a fiscal quarter on or prior to the last date on which it can be delivered without violation of subsection 5.2(a), the Applicable Margin from such date until such Compliance Certificate is actually delivered shall be that applicable under Level III, (c) in the event that the actual Leverage Ratio for any fiscal quarter is subsequently determined to be greater than that set forth in the Compliance Certificate for such fiscal quarter, the Applicable Margin shall be recalculated for the applicable period based upon such actual Leverage Ratio and (d) anything in this definition to the contrary notwithstanding, until receipt by the Agent of the quarterly financial statements required by subsection 5.1(a) for the fiscal year ended December 31, 2017 together with the accompanying Compliance Certificate, the Applicable Margin shall be that applicable under Level I. Any additional interest that is due to the Banks resulting from the operation of clause (c) above shall be payable by the Borrower to the Banks within five (5) days after receipt of a written demand therefor from the Agent. The Applicable Margin for all Base Rate Loans shall be zero percent (0%).

"Application": in respect of each Letter of Credit, an application, in such form as the Issuing Bank may specify from time to time, requesting issuance of such Letter of Credit.

"Assignment and Acceptance": an assignment and acceptance entered into by a Bank and an assignee, and acknowledged by the Agent, in the form of Exhibit D hereto or such other form as shall be approved by the Agent.

"Attributable Debt": in connection with any sale and leaseback transaction entered into in accordance with Section 6.9, as of the date of any determination thereof, the aggregate amount of rental obligations due and to become due (discounted from the respective due dates thereof at the interest rate implicit in such rental obligations and otherwise in accordance with GAAP) under the lease relating to such sale and leaseback transaction.

"Bail-In Action": the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"Bail-In Legislation": with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"Base Rate": for any day, a fluctuating per annum rate of interest equal to the highest of (i) the Overnight Bank Funding Rate, plus 0.5%, (ii) the Prime Rate, and (iii) the Daily LIBOR Rate, plus 100 basis points (1.0%). Any change in the Base Rate (or any component thereof) shall take effect at the opening of business on the day such change occurs.

"Base Rate Borrowing": a Borrowing comprised of Base Rate Loans.

"Base Rate Loan": any Revolving Credit Loan bearing interest at a rate determined by reference to the Base Rate.

"Beneficial Owner shall mean, for the Borrower, each of the following: (i) each individual, if any, who, directly or indirectly, owns 25% or more of the Borrower's Capital Stock; and (ii) a single individual with significant responsibility to control, manage, or direct the Borrower.

"Borrower": as defined in the heading of this Agreement.

"Borrowing": a Swing Line Loan made by the Swing Line Bank or each group of Revolving Credit Loans of a single Type made by the Banks on a single date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect.

"Borrowing Request": a request made pursuant to Section 2.1(c) in the form of Exhibit A hereto.

"Business Day": a day other than a Saturday, Sunday or other day on which commercial banks in Pittsburgh or Philadelphia, Pennsylvania are authorized or required by law to close; provided, however, that, when used in connection with a Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London Interbank Market.

"Capital Lease": at any time, a lease with respect to which the lessee is required to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

"Capital Lease Obligation": with respect to any Person and a Capital Lease, the amount of the obligation of such Person as the lessee under such Capital Lease which would, in accordance with GAAP, appear as a liability on a balance sheet of such Person.

"Capital Stock": any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all partnership interests in a partnership (general or limited), any and all equivalent ownership interests in a Person (other than a corporation or partnership), including interests in a limited liability company, and any and all warrants or options to purchase any of the foregoing or other securities exchangeable for or convertible into the foregoing.

"Cash Management Agreements": as defined in subsection 2.2(g).

Certificate of Beneficial Ownership shall mean, for the Borrower, a certificate in form and substance acceptable to the Agent (as amended or modified by the Agent from time to time in its sole discretion), certifying, among other things, the Beneficial Owner of the Borrower.

"Change in Law": the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any Law, (b) any change in any Law or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of Law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, regulations, guidelines, interpretations or directives thereunder or issued in connection therewith (whether or not having the force of Law) and (y) all requests, rules, regulations, guidelines, interpretations or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities (whether or not having the force of Law), in each case pursuant to Basel III, shall in each case be deemed to be a Change in Law regardless of the date enacted, adopted, issued, promulgated or implemented.

"Change of Control": any transaction or occurrence or series of transactions or occurrences which results at any time in:

(a) any Person or group of Persons (within the meaning of Sections 13(d) or 14(a) of the Securities Exchange Act of 1934, as amended) shall have acquired, after the Closing Date, beneficial ownership (within the meaning of Rule 13d-3 promulgated by the SEC under said Act) of more than 50% of the Voting Stock of the Borrower; or

(b) the Borrower ceasing to own, whether directly or indirectly, beneficially and of record less than one hundred percent (100%) of each class of Capital Stock of each Significant Subsidiary.

"Closing": as defined in Section 4.3.

"Closing Date": as defined in Section 4.3.

"Closing Fee": as defined in subsection 2.4(a)

"Code": the Internal Revenue Code of 1986, as amended from time to time.

"Commitment": as to any Bank, the obligation of such Bank to make Revolving Credit Loans, issue and/or acquire participating interests in Letters of Credit and make or participate in Swing Line Loans hereunder, in an aggregate amount at any one time outstanding not to exceed (a) as to any Bank which is an original signatory to this Agreement, the amount set forth opposite such Bank's name on Schedule I hereto under the caption "Commitment", as the same may be changed from time to time in accordance with the provisions of this Agreement or (b) as to any Bank which is not an original signatory to this Agreement but which becomes a Bank by executing an Assignment and Assumption, Increased Commitment and Acceptance or a New Bank Joinder, the Commitment for such Bank set forth on Schedule I to such Assignment and Assumption, Increased Commitment and Acceptance or New Bank Joinder, as such amount may be changed from time to time in accordance with the provisions of this Agreement.

"Commitment Percentage": as to any Bank at any time, the proportion (expressed as a percentage) that such Bank's Commitment bears to the Total Commitment at such time (or, at any time after the Commitments shall have expired or been terminated, the percentage which the amount of such Bank's Exposure constitutes of the aggregate amount of the Total Exposure at such time).

"Commitment Period": the period from, and including, the Closing Date to, but not including, the Termination Date.

"Commonly Controlled Entity": an entity, whether or not incorporated, which is under common control with the Borrower within the meaning of Section 4001 of ERISA or is part of a group which includes the Borrower and which is treated as a single employer under Section 414 of the Code.

"Compliance Certificate": as defined in subsection 5.2(a).

"Consolidated Assets": at any time, the amount at which all assets (including, without duplication, the capitalized value of any leasehold interest under any Capital Lease) of the Borrower and its Subsidiaries would be reflected on a consolidated balance sheet of the Borrower at such time.

"Consolidated EBIT": for any period, Consolidated Net Income for such period, plus the amount of income taxes and interest expense deducted from earnings in determining such Consolidated Net Income.

"Consolidated Funded Debt": at any time, all Debt of the Borrower and its Subsidiaries determined on a consolidated basis consisting of, without duplication (a) borrowed money Debt, including without limitation capitalized lease obligations, (b) reimbursement obligations in respect of letters of credit and the like, and (c) Debt in the nature of a Contingent Obligation, whether or not required to be reflected on a consolidated balance sheet of the Borrower in accordance with GAAP.

"Consolidated Interest Expense": for any period, the amount of cash interest expense deducted from the consolidated earnings of the Borrower and its Subsidiaries in determining Consolidated Net Income for such period in accordance with GAAP.

"Consolidated Net Income": for any fiscal period, net earnings (or loss) after income and other taxes computed on the basis of income of the Borrower and its Subsidiaries for such period determined on a consolidated basis in accordance with GAAP.

"Consolidated Shareholders' Equity": at a particular date, the net book value of the shareholders' equity of the Borrower and its Subsidiaries as would be shown on a consolidated balance sheet of the Borrower at such time determined in accordance with GAAP.

"Contingent Obligation": with respect to any Person (for the purpose of this definition, the "Obligor") any obligation (except the endorsement in the ordinary course of business of instruments for deposit or collection) of the Obligor guaranteeing or in effect guaranteeing any indebtedness of any other Person (for the purpose of this definition, the "Primary Obligor") in any manner, whether directly or indirectly, including (without limitation) indebtedness incurred through an agreement, contingent or otherwise, by the Obligor:

(a) to purchase such indebtedness of the Primary Obligor or any Property or assets constituting security therefor;

(b) to advance or supply funds

(i) for the purpose of payment of such indebtedness (except to the extent such indebtedness otherwise appears on Borrower's consolidated balance sheet as indebtedness), or

(ii) to maintain working capital or other balance sheet condition or any income statement condition of the Primary Obligor or otherwise to advance or make available funds for the purchase or payment of such indebtedness or obligation; or

(c) to lease Property or to purchase Securities or other Property or services primarily for the purpose of assuring the owner of such indebtedness or obligation of the ability of the Primary Obligor to make payment of the indebtedness or obligation; or

(d) to make any future "earnout" payment or similar payments in connection with a Permitted Acquisition.

For purposes of computing the amount of any Contingent Obligation, in connection with any computation of indebtedness or other liability, it shall be assumed that, without duplication, the indebtedness or other liabilities of the Primary Obligor that are the subject of such Contingent Obligation are direct obligations of the issuer of such Obligation.

"Contractual Obligation": as to any Person, any provision of any Security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Covered Entity" means (a) the Borrower and each of the Borrower's Subsidiaries, (including, in any event, all guarantors of the Obligations) and (b) each Person that, directly or indirectly, is in control of a Person described in clause (a) above. For purposes of this definition, control of a Person shall mean the direct or indirect (x) ownership of, or power to vote, 25% or more of the issued and outstanding equity interests having ordinary voting power for the election of directors of such Person or other Persons performing similar functions for such Person, or (y) power to direct or cause the direction of the management and policies of such Person whether by ownership of equity interests, contract or otherwise.

"Daily LIBOR Rate": shall mean, for any day, the rate per annum determined by the Agent by dividing (the resulting quotient rounded upwards, if necessary, to the nearest 1/100th of 1%) (x) the Published Rate by (y) a number equal to 1.00 minus the Eurocurrency Reserve Requirements. The Published Rate shall be adjusted as of each Business Day based on changes in the Published Rate or the Eurocurrency Reserve Requirements without notice to the Borrower, and shall be applicable from the effective date of any such change. Notwithstanding the foregoing, if the Daily LIBOR Rate as determined above would be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

"Debt": with respect to any Person, at any time, without duplication, all of (i) its liabilities for borrowed money, (ii) liabilities secured by any Lien existing on property owned by such Person (whether or not such liabilities have been assumed), (iii) Capitalized Lease Obligations; (iv) its liabilities under Contingent Obligations, (v) all reimbursement and other obligations of such Person in respect of letters of credit, bankers' acceptances and similar obligations created for the account of such Person, in each case whether or not matured, (vi) its liabilities for the deferred purchase price of property acquired by such Person (excluding accounts payable and other accrued liabilities arising in the ordinary course of business, but including, without limitation, seller's notes and all liabilities created or arising under any conditional sale or title retention agreement with respect to any such property), (vii) Swaps of such Person and (viii) all other obligations which are required by GAAP to be shown as liabilities on its balance sheet, but excluding (x) deferred taxes and other deferred or long-term liabilities and other amounts not in respect of borrowed money and (y) the aggregate amount of accounts receivable sold, factored or otherwise transferred for value without recourse (other than for breach of representations).

"Debt Rating": to the extent rated, the rating of the senior long-term Debt of the Borrower or any Significant Subsidiary by each of Moody's and S&P.

"Default": any of the events specified in Section 7, whether or not any requirement for the giving of notice, the lapse of time, or both, or any other condition precedent therein set forth, has been satisfied.

"Default Rate": as defined in Section 2.7.

"Defaulting Bank": any Bank, as determined by the Agent, that has (a) failed to fund any portion of its Revolving Credit Loans or participations in Letters of Credit or Swing Line Loans within three Business Days of the date required to be funded by it hereunder, unless such Bank notifies the Agent and the Borrower in writing that such failure is the result of such

Bank's good faith determination that one or more conditions precedent to funding (which conditions precedent, together with the applicable Event of Default, if any, shall be specifically identified in such writing) have not been satisfied, (b) notified the Borrower, the Agent, the Swing Line Bank or any Bank in writing that it does not intend to comply with any of its funding obligations under this Agreement or has made a public statement to the effect that it does not intend to comply with its funding obligations under this Agreement or under other agreements in which it commits to extend credit, (unless such writing or public statement relates to such Bank's obligation to fund a Loan hereunder and states that such position is based on such Bank's determination that a condition precedent to funding (which condition precedent, together with the applicable Event of Default, if any, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) failed, within three Business Days after request by the Agent, to confirm that it will comply with the terms of this Agreement relating to its obligations to fund prospective Revolving Credit Loans or participations in Letters of Credit or Swing Line Loans (provided that such Bank shall cease to be a Defaulting Bank pursuant to this clause (c) upon receipt of such confirmation by the Agent), (d) otherwise failed to pay over to the Agent or any other Bank any other amount required to be paid by it hereunder within three Business Days of the date when due, unless the subject of a good faith dispute, or (e) (i) become or is insolvent or has a parent company that has become or is insolvent, (ii) become the subject of a Bail-In Action, or (iii) become the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee or custodian appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or appointment or has a parent company that has become the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee or custodian appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or appointment (it being understood that a Defaulting Bank shall cease to be a Defaulting Bank if the Borrower, the Agent, the Issuing Bank and the Swing Line Bank shall each agree that such Defaulting Bank has adequately remedied all matters that caused such Bank to be a Defaulting Bank).

"Distribution": in respect of any Person, (a) dividends, distributions or other payments on account of any Capital Stock of such Person (except distributions in Capital Stock of such Person); (b) the redemption or acquisition of such Capital Stock or of warrants, rights or other options to purchase such Capital Stock (except when solely in exchange for Capital Stock of such Person); and (c) any payment on account of, or the setting apart of any assets for a sinking or other analogous fund for, the purchase, redemption, defeasance, retirement or other acquisition of any share of any class of Capital Stock of such Person or any warrants or options to purchase any such Capital Stock.

"Dollars" and "$": dollars in lawful currency of the United States of America.

"EEA Financial Institution": (i) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (ii) any entity established in an EEA Member Country which is a parent of an institution described in clause (i) of this definition, or (iii) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (i) or (ii) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country": any of the member states of the European Union, Iceland, Liechtenstein and Norway.

"EEA Resolution Authority": any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"Environmental Laws": any and all applicable foreign, Federal, state, local or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees or binding requirements of any Governmental Authority, or binding Requirement of Law (including common law) regulating, relating to or imposing liability or standards of conduct concerning protection of the environment, as now or may at any time hereafter be in effect.

"ERISA": the Employee Retirement Income Security Act of 1974, as amended from time to time.

"EU Bail-In Legislation Schedule": the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"Eurocurrency Reserve Requirements": for any day as applied to a Eurodollar Loan, the aggregate (without duplication) of the rates (expressed as a decimal fraction) of reserve requirements in effect on such day (including, without limitation, basic, supplemental, marginal and emergency reserves under any regulations of the Board of Governors of the Federal Reserve System or other Governmental Authority having jurisdiction with respect thereto) dealing with reserve requirements prescribed for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of such Board) maintained by a member bank of such System.

"Eurodollar Borrowing": a Borrowing comprised of Eurodollar Loans.

"Eurodollar Loan": any Revolving Credit Loan bearing interest at a rate determined by reference to the Eurodollar Rate in accordance with the provisions of Section 2.

"Eurodollar Rate": with respect to the Loans comprising any Eurodollar Borrowing for any Interest Period, the interest rate per annum determined by the Agent by dividing (the resulting quotient rounded upwards, if necessary, to the nearest 1/100th of 1% per annum) (a) the rate which appears on the Bloomberg Page BBAM1 (or on such other substitute Bloomberg page that displays rates at which U.S. dollar deposits are offered by leading banks in the London interbank deposit market), or the rate which is quoted by another source selected by the Agent as an authorized information vendor for the purpose of displaying rates at which U.S. dollar deposits are offered by leading banks in the London interbank deposit market (for purposes of this definition, an "Alternate Source"), at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period as the London interbank offered rate for U.S. Dollars for an amount comparable to such Eurodollar Borrowing and having a borrowing date and a maturity comparable to such Interest Period (or if there shall at any time, for any reason, no longer exist a Bloomberg Page BBAM1 (or any substitute page) or any Alternate Source, a comparable replacement rate determined by the Agent at such time (which determination shall be conclusive absent manifest error)), by (b) a number equal to 1.00

minus the Eurocurrency Reserve Requirements; provided, however, that if the Eurodollar Rate determined as provided above would be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

The Eurodollar Rate shall be adjusted with respect to any Eurodollar Borrowing that is outstanding on the effective date of any change in the Eurocurrency Reserve Requirements as of such effective date. The Agent shall give prompt notice to the Borrower of the Eurodollar Rate as determined or adjusted in accordance herewith, which determination shall be conclusive absent manifest error.

"Euro-Rate Termination Date": has the meaning assigned to such term in subsection 2.10(d).

"Event of Default": any of the events specified in Section 7, provided that any requirement for the giving of notice, the lapse of time, or both, or any other condition, has been satisfied.

"Exchange Act": means the Securities and Exchange Act of 1934, as amended.

"Excluded Taxes": has the meaning assigned to such term in subsection 2.12(a).

"Existing Credit Agreement": as defined in the Background to this Agreement.

"Existing Letters of Credit": shall mean those certain Letters of Credit issued by the Issuing Bank prior to the Closing Date and which remain outstanding as of the date hereof, a list of which is set forth on Schedule II hereto.

"Exposure": as to any Bank at any date, an amount equal to the sum of (a) the aggregate principal amount of all Loans made by such Bank then outstanding, (b) such Bank's Commitment Percentage multiplied by the aggregate Letter of Credit Obligations at such time and (c) such Bank's Commitment Percentage multiplied by the aggregate principal amount of Swing Line Loans then outstanding.

"Facility Fee": as defined in subsection 2.4(b).

"FATCA": Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantially comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreement entered into pursuant to Section 1471(b)(1) of the Code.

"FCPA": shall mean the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder.

"Federal Funds Effective Rate": for any day shall mean the rate per annum (based on a year of 360 days and actual days elapsed and rounded upward to the nearest 1/100 of 1%) announced by the Federal Reserve Bank of New York (or any successor) on such day as being the weighted average of the rates on overnight federal funds transactions on the previous

trading day, as computed and announced by such Federal Reserve Bank (or any successor) in substantially the same manner as such Federal Reserve Bank computes and announces the weighted average it refers to as the "Federal Funds Effective Rate" as of the date of this Agreement; provided, if such Federal Reserve Bank (or its successor) does not announce such rate on any day, the "Federal Funds Effective Rate" for such day shall be the Federal Funds Effective Rate for the last day on which such rate was announced.

"Fee Letter": that certain letter from the Agent to the Borrower dated April 23, 2018 regarding certain administrative fees.

"Fees": the Closing Fees, the Facility Fees, the Letter of Credit Fees and the Administrative Fees.

"Foreign Bank": any Bank that is not created or organized under the Laws of the United States, any State thereof or the District of Columbia.

"GAAP": at any time with respect to the determination of the character or amount of any asset or liability or item of income or expense, or any consolidation or other accounting computation, generally accepted accounting principles as applied to the public utility industry, as such principles shall be in effect on the date of, or at the end of the period covered by, the financial statements from which such asset, liability, item of income, or item of expense, is derived, or, in the case of any such computation, as in effect on the date when such computation is required to be determined, subject to subsection 1.3(b).

"Governmental Acts": as defined in subsection 2.5(j).

"Governmental Authority": shall mean the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank) and any group or body charged with setting financial accounting or regulatory capital rules or standards (including, without limitation, the Financial Accounting Standards Board, the Bank for International Settlements or the Basel Committee on Banking Supervision or any successor or similar authority to any of the foregoing).

"Guarantor": as of the Closing Date, each Significant Unregulated Subsidiary and each Subsidiary now or hereafter, pursuant to Section 5.10, executing and delivering a Guaranty.

"Guaranty": any Guaranty Agreement executed and delivered to the Agent by a Guarantor substantially in the form of Exhibit E hereto.

"Increased Commitment and Acceptance": any Increased Commitment and Acceptance executed and delivered by a Bank, the Borrower and the Agent, substantially in the form of Exhibit F hereto, as amended, supplemented or otherwise modified from time to time.

"Insolvency": with respect to any Multiemployer Plan, the condition that such Plan is insolvent within the meaning of Section 4245 of ERISA.

"Insolvent": pertaining to a condition of Insolvency.

"Interest Coverage Ratio": at the date of determination, the ratio of (a) Consolidated EBIT to (b) Consolidated Interest Expense, in each case for the prior four (4) consecutive fiscal quarters then ending.

"Interest Payment Date": (a) as to any Base Rate Loan or Swing Line Loan, each March 31, June 30, September 30 and December 31, (b) as to any Eurodollar Loan having an Interest Period of three months or less, the last day of such Interest Period, and (c) as to any Eurodollar Loan having an Interest Period longer than three months, each day which is three months, or a whole multiple thereof, after the first day of such Interest Period and the last day of such Interest Period.

"Interest Period": with respect to any Eurodollar Loan:

(i) initially the period commencing on the borrowing or conversion date, as the case may be, with respect to such Eurodollar Loan and ending one, two, three or six months thereafter, as selected by the Borrower in their notice of borrowing or notice of conversion, given with respect thereto; and

(ii) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such Eurodollar Loan and ending one, two, three or six months thereafter, as selected by the Borrower by irrevocable notice to the Agent not less than three Business Days prior to the last day of the then current Interest Period with respect thereto;

provided that, the foregoing provisions relating to Interest Periods are subject to the following:

(i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(ii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of a calendar month;

(iii) an Interest Period that otherwise would extend beyond the Termination Date shall end on the Termination Date; and

(iv) the Borrower shall select Interest Periods so as not to require a payment or prepayment of any Eurodollar Loan during an Interest Period for such Loan.

"Investments": investments (by loan or extension of credit, purchase, advance, guaranty, capital contribution or otherwise) made in cash or by delivery of Property, by the Borrower or any of its Subsidiaries (i) in any Person, whether by acquisition of stock or other ownership interest, indebtedness or other obligation or Security, or by loan, advance or capital contribution, or (ii) in any Property or (iii) any agreement to do any of the foregoing.

"Issuing Bank": PNC, in its capacity as issuer of Letters of Credit, and any successor thereto.

"Joinder": a Joinder Agreement in form and substance acceptable to the Agent pursuant to which a Subsidiary of the Borrower should join the applicable Loan Documents in accordance with Section 5.10 hereto.

"Law": any law (including common law), constitution, statute, treaty, regulation, rule, ordinance, opinion, release, ruling, order, injunction, writ, decree, bond, judgment, authorization or approval, lien or award by or settlement agreement with any Governmental Authority.

"L/C Disbursement": shall mean a payment or disbursement made by the Issuing Bank pursuant to a Letter of Credit issued by the Issuing Bank.

"L/C Sublimit": $50,000,000.

"Letter of Credit Collateral Account": has the meaning assigned to such term in subsection 2.19(c)(iv).

"Letter of Credit Coverage Requirement": with respect to each Letter of Credit at any time, 105% of the maximum amount available to be drawn thereunder at such time (determined without regard to whether any conditions to drawing could be met at such time).

"Letter of Credit Fee": has the meaning assigned to that term in subsection 2.5(b).

"Letter of Credit Obligations": at any time, an amount equal to the sum of (a) 100% of the maximum amount available to be drawn under all Letters of Credit outstanding at such time (determined without regard to whether any conditions to drawing could be met at such time) and (b) the aggregate amount of drawings under Letters of Credit which have not then been reimbursed pursuant to subsection 2.5(d)(i).

"Letter of Credit Participant": in respect of each Letter of Credit, each Bank (other than the Issuing Bank) in its capacity as the holder of a participating interest in such Letter of Credit.

"Letters of Credit": collectively, the Existing Letters of Credit and any letters of credit issued by the Issuing Bank under Section 2.5, as amended, supplemented, extended or otherwise modified from time to time.

"Leverage Ratio": at the date of determination, the ratio of (a) Consolidated Funded Debt to (b) the sum of (i) Consolidated Funded Debt and (ii) Consolidated Shareholders' Equity.

"Lien": any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or other security interest or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement and any Capital Lease having substantially the same economic effect as any of the foregoing).

"Loan Documents": the collective reference to this Agreement, the Notes, the Guaranty, the Applications, the Letters of Credit, any New Bank Joinders, any Increased Commitment and Acceptances, any Joinder entered into with any Bank or any Affiliate thereof, and all other documents, instruments, agreements or certificates delivered in connection herewith, in each case as amended, supplemented or otherwise modified from time to time.

"Loan Parties": the Borrower and each of its Subsidiaries that is party to a Loan Document.

"Loans": the collective reference to the Revolving Credit Loans and the Swing Line Loans.

"Material": material in relation to the business, operations, affairs, financial condition, assets or properties of the Borrower and its Subsidiaries taken as a whole.

"Material Adverse Effect": a material adverse effect on (a) the validity or enforceability of this Agreement or any other Loan Document, (b) the business, Property, assets, financial condition or results of operations of the Borrower and its Subsidiaries taken as a whole, (c) the ability of the Borrower and the other Loan Parties to duly and punctually to pay their Debts and perform their obligations under the Loan Documents, or (d) the ability of the Agent or any of the Banks, to the extent permitted, to enforce their legal remedies pursuant to this Agreement or any other Loan Document.

"Materials of Environmental Concern": any gasoline or petroleum (including crude oil or any fraction thereof) or petroleum products or any hazardous or toxic substances, materials or wastes, defined or regulated as such in or under any Environmental Law, including, without limitation, asbestos, polychlorinated biphenyls, and ureaformaldehyde insulation.

"Moody's": Moody's Investors Service, Inc.

"Multiemployer Plan": a Plan which is a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"New Bank": as defined in subsection 9.6(f).

"New Bank Joinder": any New Bank Joinder executed and delivered by a financial institution desiring to become a Bank hereunder, the Borrower and the Agent,

substantially in the form of Exhibit G hereto, as amended, supplemented or otherwise modified from time to time.

"Net Proceeds": with respect to any sale of property by any Person an amount equal to (a) the aggregate amount of the consideration received by such Person in respect of such sale (valued at the fair market value of such consideration at the time of such sale), minus (b) the sum of (i) all out-of-pocket costs and expenses actually incurred by such Person in connection with such sale, and (ii) all state, federal and foreign taxes incurred, or to be incurred, by such Person in connection with such sale.

"Non-Defaulting Banks": at any time, all Banks other than any Defaulting Bank at such time.

"Notes": the Revolving Credit Notes and the Swing Line Notes.

"Obligations": collectively, (a) all Reimbursement Obligations and all unpaid principal of and accrued and unpaid interest on (including, without limitation, any interest accruing subsequent to the commencement of a bankruptcy, insolvency or similar proceeding with respect to the Borrower, whether or not such interest constitutes an allowed claim in such proceeding) the Loans, (b) all accrued and unpaid fees arising or incurred under this Agreement or any other Loan Documents, (c) any other amounts due hereunder or under any of the other Loan Documents, including all reimbursements, indemnities, fees, costs, expenses, prepayment premiums, break-funding costs and other obligations of the Borrower or any other Loan Party to the Agent, any Bank or any indemnified party hereunder or thereunder and (d) all out-of-pocket costs and expenses incurred by the Agent and the Banks in connection with this Agreement and the other Loan Documents, including but not limited to the reasonable fees and expenses of the Agent's counsel, which the Borrower is responsible to pay pursuant to the terms of this Agreement and/or the other Loan Documents.

"Offered Amount": as defined in subsection 2.8(d).

"Other Taxes": has the meaning assigned to such term in subsection 2.12(b).

"Overnight Bank Funding Rate": for any day, the rate comprised of both overnight federal funds and overnight Eurocurrency borrowings by U.S.-managed banking offices of depository institutions, as such composite rate shall be determined by the Federal Reserve Bank of New York ("NYFRB"), as set forth on its public website from time to time, and as published on the next succeeding Business Day as the overnight bank funding rate by the NYFRB (or by such other recognized electronic source (such as Bloomberg) selected by the Agent for the purpose of displaying such rate); provided, that if such day is not a Business Day, the Overnight Bank Funding Rate for such day shall be such rate on the immediately preceding Business Day; provided, further, that if such rate shall at any time, for any reason, no longer exist, a comparable replacement rate determined by the Agent at such time (which determination shall be conclusive absent manifest error). If the Overnight Bank Funding Rate determined as above would be less than zero, then such rate shall be deemed to be zero. The rate of interest charged shall be adjusted as of each Business Day based on changes in the Overnight Bank Funding Rate without notice to the Borrower.

"Participant": as defined in subsection 9.6(g).

"PBGC": the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA.

"Permitted Investments": Investments in:

(a) one or more Restricted Subsidiaries or any Person that becomes a Restricted Subsidiary;

(b) Property to be used in the ordinary course of business of the Borrower and its Restricted Subsidiaries;

(c) current assets arising from the sale or purchase of goods and services in the ordinary course of business of the Borrower and its Restricted Subsidiaries;

(d) direct obligations of the United States of America, or any agency or instrumentality thereof or obligations guaranteed by the United States of America, provided that such obligations mature within one (1) year from the date of acquisition thereof;

(e) certificates of deposit, time deposits or banker's acceptances, maturing within one (1) year from the date of acquisition, with banks or trust companies organized under the laws of the United States, the unsecured long-term debt obligations of which are rated "A3" or higher by Moody's or "A-" or higher by S&P, and issued, or in the case of banker's acceptance, accepted, by a bank or trust company having capital, surplus and undivided profits aggregating at least $250,000,000;

(f) commercial paper given the highest rating by either S&P or Moody's maturing not more than 270 days from the date of creation thereof;

(g) Investments in Repurchase Agreements;

(h) tax-exempt obligations of any state of the United States of America, or any municipality of any such state, in each case rated "Aa2" or higher by Moody's or "AA" or higher by S&P or an equivalent credit rating by another credit rating agency of recognized national standing, *provided* that such obligations mature or can be tendered by the holder within one (1) year from the date of acquisition thereof;

(i) mutual funds registered with the SEC under the Investment Company Act of 1940 that hold themselves out as "money market funds" and which hold only Investments satisfying the criteria set forth in clauses (d), (e), (f), (g) and (h) of this definition;

(j) to the extent permitted by Section 6.7, Investments in businesses (including Unrestricted Subsidiaries) which are in industries which are fundamentally related to the business engaged in by the Borrower and its Subsidiaries as of the Closing Date; and

(k) Investments, in addition to the Investments set forth in the foregoing clauses (a) through (j); provided, however, that the aggregate principal amount of

Investments outstanding pursuant to this clause (k) shall not at any time exceed twenty five percent (25%) of Consolidated Shareholder Equity.

"Person": an individual, partnership, corporation, business trust, joint stock company, limited liability company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

"Plan": at a particular time, any employee benefit plan which is covered by ERISA and in respect of which the Borrower or a Commonly Controlled Entity is (or, if such plan were terminated at such time, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"PNC": PNC Bank, National Association, a national banking association.

"Prime Rate": the rate of interest per annum announced from time to time by PNC as its prime rate in effect at its principal office in Philadelphia, Pennsylvania, which rate may not be the lowest rate then being charged to commercial borrowers by PNC; each change in the Prime Rate shall be effective on the date such change is announced as effective.

"Property": any interest in any kind of property or asset, whether real, personal or mixed, and whether tangible or intangible.

"Proposed New Bank": as defined in subsection 2.8(d).

"Published Rate" shall mean the rate of interest published each Business Day in The Wall Street Journal "Money Rates" listing under the caption "London Interbank Offered Rates" for a one month period (or, if no such rate is published therein for any reason, then the Published Rate shall be the eurodollar rate for a one month period as published in another publication determined by the Agent).

"Purchasing Bank": as defined in subsection 9.6(b).

"Register": as defined in subsection 9.6(d).

"Regulated Entity": any Person which is subject under Law to any laws, rules or regulations respecting the financial, organizational or rate regulation of electric companies, public utilities or public utility holding companies.

"Regulations D, T, U and X": Regulations D, T, U and X promulgated by the Board of Governors of the Federal Reserve System (12 C.F.R. Part 204 et seq., 12 C.F.R. part 220 et seq., 12 C.F.R. Part 221 et seq. and 12 C.F.R. Part 224 et seq., respectively), as such regulations are now in effect and as may hereafter be amended.

"Reimbursement Obligations": in respect of each Letter of Credit, the obligation of the Borrower to reimburse the Issuing Bank for all drawings made thereunder in accordance with subsection 2.5(d) and the Application related to such Letter of Credit for amounts drawn under such Letter of Credit.

"Reorganization": with respect to any Multiemployer Plan, the condition that such plan is in reorganization within the meaning of Section 4241 of ERISA.

"Reportable Compliance Event": any event or occurrence where a Covered Entity becomes a Sanctioned Person, or is charged by indictment, criminal complaint or similar charging instrument, arraigned, or custodially detained in connection with any Anti-Terrorism Law or any predicate crime to any Anti-Terrorism Law, or has knowledge of facts or circumstances to the effect that it is reasonably likely that any aspect of its operations is in actual or probable violation of any Anti-Terrorism Law.

"Reportable Event": any of the events set forth in Section 4043(b) of ERISA, except to the extent that notice thereof has been waived by the PBGC.

"Repurchase Agreement": means any written agreement:

(a) that provides for (1) the transfer of one or more United States Governmental Securities in an aggregate principal amount at least equal to the amount of the Transfer Price (defined below) to the Borrower or any of its Subsidiaries from an Acceptable Bank or an Acceptable Broker-Dealer against a transfer of funds (the "Transfer Price") by the Borrower to such Acceptable Bank or Acceptable Broker Dealer, and (2) a simultaneous agreement by the Borrower or any such Subsidiary, in connection with such transfer of funds, to transfer to such Acceptable Bank or Acceptable Broker-Dealer the same or substantially similar United States Governmental Securities for a price not less than the Transfer Price plus a reasonable return thereon at a date certain not later than 365 days after such transfer of funds,

(b) in respect of which the Borrower or any of its Subsidiaries shall have the right, whether by contract or pursuant to applicable law, to liquidate such agreement upon the occurrence of any default thereunder, and

(c) in connection with which the Borrower, any of its Subsidiaries, or an agent thereof, shall have taken all action required by applicable law or regulations to perfect a Lien in such United States Governmental Securities.

"Requested Increase": as defined in subsection 2.8(d).

"Required Banks": at any time, (a) the Banks the Exposures of which aggregate at least 51% of the Total Exposure at such time, or (b) if there are no Loans outstanding, the Banks whose Commitments aggregate at least 51% of the Total Commitment at such time.

"Requirement of Law": as to any Person, the Certificate of Incorporation, By-Laws, Operating Agreement or other organizational or governing documents of such Person, and any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Responsible Officer": as to any Person, the chief executive officer, president, chief administrative officer, senior vice president, treasurer, or a chief or principal financial

officer of such Person. Unless otherwise qualified, all references to a "Responsible Officer" in this Agreement shall refer to a Responsible Officer of the Borrower.

"Restricted Subsidiary": means each Subsidiary listed as a Subsidiary on Schedule 3.14 and any other Subsidiary:

(a) which is a Subsidiary of the Borrower or any other Restricted Subsidiary; and

(b) which has been designated as a Restricted Subsidiary pursuant to Section 5.13.

"Revolving Credit Loans": the revolving loans made by the Banks to the Borrower pursuant to Section 2.1(a). Each Revolving Credit Loan shall be a Eurodollar Loan or a Base Rate Loan.

"Revolving Credit Note": a promissory note of the Borrower in the form of Exhibit B, as the same may be amended, supplemented or otherwise modified from time to time.

"Sanctioned Country": a country, region or territory subject to or target of a sanctions program maintained under any Anti-Terrorism Law.

"Sanctioned Person": any individual person, group, regime, entity or thing listed or otherwise recognized as a specially designated, prohibited, sanctioned or debarred person, group, regime, entity or thing, or subject to any limitations or prohibitions (including but not limited to the blocking of property or rejection of transactions), under any Anti-Terrorism Law.

"SEC": the Securities and Exchange Commission or any successor governmental agency thereof.

"S&P": S & P Global Ratings, a division of S & P Global Inc.

"Security": "security" as defined in Section 2(1) of the Securities Act of 1933, as amended.

"Senior Debt"; as of the date of determination, all Debt of the Borrower and its consolidated Subsidiaries other than Subordinated Debt.

"Significant Subsidiary": at any time, any Subsidiary that accounts for more than ten percent (10%) of (a) the Consolidated Assets, (b) the Consolidated Net Income or (c) consolidated revenue of the Borrower and its Subsidiaries as determined in accordance with GAAP.

"Significant Unregulated Subsidiary": any Significant Subsidiary which is not a Regulated Entity. The Significant Unregulated Subsidiaries as of the Closing Date are set forth on Schedule III hereto.

"Single Employer Plan": any Plan which is covered by Title IV of ERISA, but which is not a Multiemployer Plan.

"Solvent": as to any Person, as of the time of determination, the financial condition under which the following conditions are satisfied:

(a) the fair market value of the assets of such Person will exceed the debts and liabilities, subordinated, contingent or otherwise, of such Person; and

(b) the present fair saleable value of the Property of such Person will be greater than the amount that will be required to pay the probable liability of such Person on its debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; and

(c) such Person will be able to pay its debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and

(d) such Person will not have unreasonably small capital with which to conduct the businesses in which it is engaged as such businesses are then conducted and are proposed to be conducted after the date thereof.

"Swaps": with respect to any Person, payment obligations with respect to interest rate swaps, currency swaps and similar obligations obligating such Person to make payments, whether periodically or upon the happening of a contingency. For the purposes of this Agreement, the amount of the obligation under any Swap shall be the amount determined in respect thereof as of the end of the then most recently ended fiscal quarter of such Person, based on the assumption that such Swap had terminated at the end of such fiscal quarter, and in making such determination, if any agreement relating to such Swap provides for the netting of amounts payable by and to such Person thereunder or if any such agreement provides for the simultaneous payment of amounts by and to such Person, then in each such case, the amount of such obligation shall be the net amount so determined.

"Subordinated Debt": at any time, all Debt of the Borrower subordinated to all of the Obligations on terms satisfactory to the Agent.

"Subsidiary": as to any Person, (i) any corporation, limited liability company, company or trust of which 50% or more (by number of shares or number of votes) of the outstanding Capital Stock, interests, shares or similar items of beneficial interest normally entitled to vote for the election of one or more directors, managers or trustees (regardless of any contingency which does or may suspend or dilute the voting rights) is at such time owned directly or indirectly by such Person or one or more of such Person's Subsidiaries, or any partnership of which such Person is a general partner or of which 50% or more of the partnership interests is at the time directly or indirectly owned by such Person or one or more of such Person's Subsidiaries, and (ii) any corporation, company, trust, partnership or other entity which is controlled or capable of being controlled by such Person or one or more of such Person's subsidiaries. Unless otherwise indicated, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary of the Borrower.

"Swing Line Bank": PNC, or any other Bank to which the Swing Line Commitment is assigned pursuant to the terms of Section 9.6.

"Swing Line Collateral Account": has the meaning assigned to such term in subsection 2.19(c)(iii).

"Swing Line Commitment": the commitment of the Swing Line Bank to make Swing Line Loans at its discretion pursuant to the provisions of Section 2.2 of this Agreement in an aggregate amount at any one time outstanding not to exceed the amount set forth opposite the Swing Line Bank's name under the heading "Swing Line Commitment" on Schedule I hereto, as such amount may be reduced pursuant to subsection 2.2(f) and/or any Assignment and Assumption.

"Swing Line Loans": has the meaning given to such term in subsection 2.2(a).

"Swing Line Note": has the meaning given to such term in subsection 2.2(c), as the same may be amended, supplemented or otherwise modified from time to time.

"Swing Line Repayment Date": as defined in subsection 2.2(b).

"Taxes": has the meaning assigned to such term in subsection 2.12(a)."

"Termination Date": the earlier of (a) June 6, 2023 and (b) the date the Commitments are terminated as provided herein.

"Total Commitment": at any time, the aggregate amount of the Banks' Commitments, as in effect at such time. The amount of the Total Commitment on the Closing Date is $500,000,000.

"Total Commitment Percentage": as to any Bank at any time, the proportion (expressed as a percentage) that such Bank's Commitment bears to the Total Commitment at such time.

"Total Exposure": at any time, the aggregate amount of the Banks' Exposures at such time.

"Tranche": the collective reference to Eurodollar Loans whose Interest Periods begin on the same date and end on the same later date (whether or not such Loans originally were made on the same date).

"Transfer Price": as defined in the definition of Repurchase Agreement.

"Type": when used in respect of any Revolving Credit Loan or Borrowing of Revolving Credit Loans, shall refer to the Rate by reference to which interest on such Revolving Credit Loan or on the Revolving Credit Loans comprising such Borrowing is determined. For purposes hereof, "Rate" shall include the Eurodollar Rate and the Base Rate.

"UCP Publication": as defined in subsection 2.5(f).

"United States Governmental Security": means any direct obligation of, or obligation guaranteed by, the United States of America, or any agency controlled or supervised by or acting as an instrumentality of the United States of America pursuant to authority granted by the Congress of the United States of America, so long as such obligation or guarantee shall have the benefit of the full faith and credit of the United States of America which shall have been pledged pursuant to authority granted by the Congress of the United States of America.

"Unregulated Subsidiaries": Subsidiaries of the Borrower that are not Regulated Subsidiaries.

"Unrestricted Subsidiary" means any Subsidiary acquired after the date of this Agreement which is so designated by the Borrower pursuant to Section 5.13.

"USA Patriot Act": shall mean the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56, as the same has been, or shall hereafter be, renewed, extended, amended or replaced.

"Voting Stock": Capital Stock of any class or classes of a corporation the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the directors (or Persons performing similar functions) and, as applicable, any equity, participation or ownership interests in any partnership, business trust, joint stock company, limited liability company, trust, unincorporated association, joint venture or any other Person which interests are similar by analogy to capital stock or ownership rights giving rise to voting or governance rights.

"Wholly-Owned Restricted Subsidiary": at any time, any Restricted Subsidiary one hundred percent (100%) of all of the Capital Stock (except directors' qualifying shares) and Voting Stock of which are owned by one or more of the Borrower and its other Wholly-Owned Restricted Subsidiaries at such time.

"Wholly-Owned Unrestricted Subsidiary": at any time, any Unrestricted Subsidiary one hundred percent (100%) of all of the Capital Stock (except directors' qualifying shares) and Voting Stock of which are owned by one or more of the Borrower and its other Wholly-Owned Unrestricted Subsidiaries at such time.

"Write-Down and Conversion Powers": with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

1.2 Other Definitional Provisions. (a) Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in the Notes or any certificate or other document made or delivered pursuant hereto.

(b) The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, subsection, Schedule and Exhibit references are to this Agreement unless otherwise specified.

1.3 Construction. (a) Unless the context of this Agreement otherwise clearly requires, references to the plural include the singular, the singular the plural and the part the whole, "or" has the inclusive meaning represented by the phrase "and/or," and "including" has the meaning represented by the phrase "including without limitation." References in this Agreement to "determination" of or by the Agent or the Banks shall be deemed to include good faith estimates by the Agent or the Banks (in the case of quantitative determinations) and good faith beliefs by the Agent or the Banks (in the case of qualitative determinations). Whenever the Agent or the Banks are granted the right herein to act in their sole discretion or to grant or withhold consent such right shall be exercised in good faith, except as otherwise provided herein. Except as otherwise expressly provided, all references herein to the "knowledge of" or "best knowledge of" the Borrower shall be deemed to refer to the knowledge of a Responsible Officer thereof. The words "hereof," "herein," "hereunder", "hereby" and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. The section and other headings contained in this Agreement and the Table of Contents preceding this Agreement are for reference purposes only and shall not control or affect the construction of this Agreement or the interpretation thereof in any respect. Section, subsection, schedule and exhibit references are to this Agreement unless otherwise specified.

(b) Except as otherwise provided in this Agreement, all computations and determinations as to accounting or financial matters and all financial statements to be delivered pursuant to this Agreement shall be made and prepared in accordance with GAAP (including principles of consolidation where appropriate). As used herein and in the Notes, and any certificate or other document made or delivered pursuant hereto, accounting terms relating to the Borrower and any Subsidiary thereof not defined in Section 1.1 and accounting terms partly defined in Section 1.1, to the extent not defined, shall have the respective meanings given to them under GAAP. In the event that any future change in GAAP, without more, materially affects the Borrower's compliance with any financial covenant herein, the Borrower, the Banks and the Agent shall use their best efforts to modify such covenant in order to account for such change and to secure for the Banks the intended benefits of such covenant.

SECTION 2. THE CREDITS

2.1 Revolving Credit Loans. (a) Subject to the terms and conditions and relying upon the representations and warranties herein set forth, each Bank, severally and not jointly, agrees to make Revolving Credit Loans to the Borrower, at any time or from time to time during the Commitment Period, in an aggregate principal amount at any time outstanding not to exceed the amount of such Bank's Commitment minus the sum of such Bank's Commitment Percentage of (i) all Letter of Credit Obligations then outstanding and (ii) the principal amount of Swing Line Loans then outstanding subject, however, to the condition that no Revolving Credit Loans shall be made if, after giving effect thereto and the simultaneous application of the proceeds thereof, (i) any Bank's Exposure at such time will exceed such Bank's Commitment at such time or (ii) the Total Exposure at such time will exceed the Total Commitment at such time. If at any time the sum of the Total Exposure at such time exceeds the Total Commitment at such time, the Borrower shall promptly prepay the excess to the Agent, to be applied first to repay Swing Line Loans, then Revolving Credit Loans, and then as cash collateral to secure the Letter of Credit Obligations. Such Commitments may be terminated or modified from time to time pursuant to Section 2.8. Within the foregoing limits, the Borrower may borrow, repay and

reborrow under the Commitments during the Commitment Period, subject to the terms, provisions and limitations set forth herein.

(b) The Revolving Credit Loans made by each Bank shall be evidenced by a single Revolving Credit Note duly executed on behalf of the Borrower, dated the Closing Date, in substantially the form attached hereto as Exhibit B with the blanks appropriately filled, payable to such Bank in a principal amount equal to the Commitment of such Bank. Each Revolving Credit Note shall bear interest from the date thereof on the outstanding principal balance thereof as set forth in Section 2.6. Each Bank shall, and is hereby authorized by the Borrower to, endorse on the schedule attached to the relevant Revolving Credit Note held by such Bank (or on a continuation of such schedule attached to each such Revolving Credit Note and made a part thereof), or otherwise to record in such Bank's internal records, an appropriate notation evidencing the date and amount of each Revolving Credit Loan of such Bank, each payment or prepayment of principal of any Revolving Credit Loan, and the other information provided for on such schedule; provided, however, that the failure of any Bank to make such a notation or any error therein shall not in any manner affect the obligation of the Borrower to repay the Revolving Credit Loans made by such Bank in accordance with the terms of the relevant Revolving Credit Note. The outstanding principal balance of each Revolving Credit Loan, as evidenced by the relevant Revolving Credit Note, shall be payable on the Termination Date.

(c) Each Revolving Credit Loan shall be made as part of a Borrowing consisting of Revolving Credit Loans made by the Banks ratably in accordance with their Commitment Percentages; provided, however, that the failure of any Bank to make any Revolving Credit Loan shall not in itself relieve any other Bank of its obligation to lend hereunder (it being understood, however, that no Bank shall be responsible for the failure of any other Bank to make any Revolving Credit Loan required to be made by such other Bank). The Revolving Credit Loans comprising any Eurodollar Borrowing shall be in a minimum aggregate principal amount of $1,000,000 or a whole multiple of $100,000 in excess thereof, and the Revolving Credit Loans comprising any Base Rate Borrowing shall be in a minimum aggregate principal amount of $250,000 or a whole multiple of $50,000 in excess thereof (or an aggregate principal amount equal to the remaining balance of the available Commitments). Each Borrowing of Revolving Credit Loans shall be comprised entirely of Eurodollar Loans or Base Rate Loans, as the Borrower may request pursuant to Section 2.1.

(d) In order to request a Borrowing, the Borrower shall hand deliver or telecopy (or notify by telephone and promptly confirm by hand delivery or telecopy) to the Agent the information requested by the form of Borrowing Request attached as Exhibit A hereto (i) in the case of a Eurodollar Borrowing, not later than 11:00 a.m., Philadelphia time, three Business Days before a proposed Borrowing and (ii) in the case of a Base Rate Borrowing, not later than 11:00 a.m., Philadelphia time, on the day of a proposed Borrowing. Such notice shall be irrevocable and shall in each case specify (x) whether the Borrowing then being requested is to be a Eurodollar Borrowing or a Base Rate Borrowing; (y) the date of such Borrowing (which shall be a Business Day) and the amount thereof; and (z) if such Borrowing is to be a Eurodollar Borrowing, the Interest Period with respect thereto. If no election as to the Type of Borrowing is specified in any such notice, then the requested Borrowing shall be a Base Rate Borrowing. If no Interest Period with respect to any Eurodollar Borrowing is specified in any such notice, then

the Borrower shall be deemed to have selected an Interest Period of one month's duration. The Agent shall promptly advise the Banks of any notice given pursuant to this Section 2.1 and of each Bank's portion of the requested Borrowing.

2.2 Swing Line Loans. (a) Subject to the terms and conditions hereof, the Swing Line Bank may in its discretion make swing line loans (the "Swing Line Loans") to the Borrower from time to time during the Commitment Period in an aggregate outstanding principal amount up to the amount of the Swing Line Commitment as requested by the Borrower and agreed to by the Swing Line Bank; provided, that, no Swing Line Loan shall be made if, after giving effect to the making of such Swing Line Loan and the simultaneous application of the proceeds thereof (i) any Bank's Exposure at such time shall exceed such Bank's Commitment at such time or (ii) the Total Exposure at such time shall exceed the Total Commitment at such time. Within the foregoing limits, the Borrower may during the Commitment Period borrow, repay and reborrow under the Swing Line Commitment, subject to and in accordance with the terms and limitations hereof. Each Swing Line Loan shall be in an original principal amount of $100,000 or in integral multiples of $50,000 in excess thereof. The interest rate for a Swing Line Loan shall be such rate that is mutually agreed to by the Borrower and the Swing Line Bank in writing at the time such Swing Line Loan is made) or, if the Cash Management Agreements (as defined in clause (g) below) are in effect, at the Eurodollar based rate plus the Applicable Margin (determined in accordance with the Cash Management Agreements). Interest on the Swing Line Loans shall be paid in accordance with Section 2.6 hereof. All Swing Line Loans shall be repaid on the Termination Date and as otherwise provided in this Section 2.2.

(b) The Borrower may request a Swing Line Loan to be made on any Business Day. Each request for a Swing Line Loan shall be in the form of a Borrowing Request (or a request by telephone immediately confirmed in writing, it being understood that the Swing Line Bank may rely on the authority of any individual making such telephonic request without the necessity of receipt of such written confirmation) and received by the Agent not later than 1:00 p.m. (Philadelphia time) on the Business Day such Swing Line Loan is to be made (or such later time as the Swing Line Bank shall agree), specifying in each case (i) the amount to be borrowed and (ii) the requested borrowing date. The request for such Swing Line Loan shall be irrevocable. Provided that all applicable conditions precedent contained herein have been satisfied, the Swing Line Bank shall, not later than 4:00 p.m., Philadelphia time, on the date specified in the Borrower's request for such Swing Line Loan, make such Swing Line Loan by crediting the Borrower's deposit account with the Swing Line Bank.

(c) The obligation of the Borrower to repay the Swing Line Loans shall be evidenced by a promissory note of the Borrower dated the date hereof, payable to the order of the Swing Line Bank in the principal amount of the Swing Line Commitment and substantially in the form of Exhibit C (as amended, supplemented or otherwise modified from time to time, the "Swing Line Note").

(d) The Borrower shall have the right at any time and from time to time to prepay the Swing Line Loans, in whole or in part, without premium or penalty (but in any event subject to Section 2.13, to the extent applicable), upon prior written, facsimile or telephonic notice to the Swing Line Bank given no later than 12:00 p.m. (noon), Philadelphia time, on the date of any proposed prepayment (each such date, a "Swing Line Prepayment

Date"). Each notice of prepayment shall specify the amount to be prepaid (which, except in the case of payment in full, shall be in the principal amount of $100,000 or in integral multiples of $50,000 in excess thereof), shall be irrevocable and shall commit the Borrower to prepay such amount on such date, with accrued interest thereon and any amounts owed under Section 2.13 hereof. Unless the Borrower shall have notified the Agent prior to 12:00 p.m. (noon), Philadelphia time, that the Borrower intends to prepay such Swing Line Loan with funds other than the proceeds of a Revolving Credit Loan or shall have requested in accordance with subsection 2.1(d) hereof the making of a Eurodollar Loan to make such prepayment, the Borrower shall be deemed to have given notice to the Agent requesting the Banks to make Revolving Credit Loans which shall earn interest at the Base Rate in effect on such Swing Line Prepayment Date in an aggregate amount equal to the amount of such Swing Line Loan plus interest thereon, and subject to satisfaction or waiver of the conditions specified in Section 4.2, the Banks shall, on such Swing Line Prepayment Date, make Revolving Credit Loans, which shall earn interest at the Base Rate, in an aggregate amount equal to the amount of such Swing Line Loan plus accrued interest thereon, the proceeds of which shall be applied directly by the Agent to repay the Swing Line Bank for such Swing Line Loan plus accrued interest thereon; provided, that if for any reason the proceeds of such Revolving Credit Loans are not received by the Swing Line Bank on such Swing Line Prepayment Date in an aggregate amount equal to the amount of such Swing Line Loans being prepaid plus accrued interest, the Borrower shall reimburse the Swing Line Bank on the Business Day immediately following such Swing Line Prepayment Date, in same day funds, in an amount equal to the excess of the amount of such Swing Line Loan and accrued interest thereon over the aggregate amount of such Revolving Credit Loans, if any, received.

(e) In the event the Commitments are terminated in accordance with the terms hereof, the Swing Line Commitment shall also be terminated automatically. In the event the Borrower reduces the Total Commitment to less than the Swing Line Commitment, the Swing Line Commitment shall immediately be reduced to an amount equal to the Total Commitment. In the event the Borrower reduces the Total Commitment to less than the outstanding principal amount of the Swing Line Loans, the Borrower shall immediately repay the amount by which the outstanding Swing Line Loans exceeds the Swing Line Commitment as so reduced plus accrued interest thereon and any amounts owed under Section 2.13 hereof.

(f) In the event that the Borrower shall fail to repay the Swing Line Bank (i) the outstanding Swing Line Loans together with all accrued interest thereon on the Termination Date, (ii) the amount of any Swing Line Loan due on any Swing Line Prepayment Date, or (iii) any amounts required under subsection 2.2(e), the Agent shall promptly notify each Bank of the unpaid amount of such Swing Line Loan (including accrued interest thereon) and of such Bank's respective participation therein in an amount equal to such Bank's Commitment Percentage of such amount. Each Bank shall make available to the Agent for payment to the Swing Line Bank an amount equal to its respective participation therein (including, without limitation, its pro rata share of accrued but unpaid interest thereon, provided that the interest rate payable by the Banks shall not exceed the Base Rate), in same day funds, at the office of the Agent specified in such notice. If such notice is delivered by the Agent by 11:00 a.m., Philadelphia time, each Bank shall make funds available to the Agent on that Business Day. If such notice is delivered after 11:00 a.m., Philadelphia time, each Bank shall make funds available to the Agent on the next Business Day. In the event that any Bank fails to make

available to the Agent the amount of such Bank's participation in such unpaid amount as provided herein, the Swing Line Bank shall be entitled to recover such amount on demand from such Bank together with interest thereon at a rate per annum equal to the Federal Funds Effective Rate for each day during the period between the Business Day such payment is due in accordance with the terms of this subsection 2.2(f) and the date on which any Bank makes available its participation in such unpaid amount. The failure of any Bank to make available to the Agent its Commitment Percentage of any such unpaid amount shall not relieve any other Bank of its obligations hereunder to make available to the Agent its Commitment Percentage of such unpaid amount on the Business Day such payment is due in accordance with the terms of this subsection 2.2(f). The Agent shall promptly distribute to each Bank which has paid all amounts payable by it under this subsection 2.2(f) with respect to the unpaid amount of any Swing Line Loan, such Bank's Commitment Percentage of all payments received by the Agent from the Borrower in repayment of such Swing Line Loan when such payments are received. Notwithstanding anything to the contrary herein, each Bank which has paid all amounts payable by it under this Section 2.2(f) shall have a direct right to repayment of such amounts from the Borrower subject to the procedures for repaying Banks set forth in this Section 2.2(f) and the provisions of Section 9.8.

(g) In addition to making Swing Line Loans pursuant to the foregoing provisions of this Section 2.2, without the requirement for a specific request from the Borrower pursuant to subsection 2.2(b), the Swing Line Bank may make Swing Line Loans to the Borrower in accordance with the provisions of any agreements between the Borrower and the Swing Line Bank relating to the Borrower's deposit, sweep and other accounts at the Swing Line Bank and related arrangements and agreements regarding the management and investment of the Borrower's cash assets as in effect from time to time (the "Cash Management Agreements") to the extent of the daily aggregate net negative balance in the Borrower's accounts which are subject to the provisions of the Cash Management Agreements. Swing Line Loans made pursuant to this subsection 2.2(g) in accordance with the provisions of the Cash Management Agreements shall (i) be subject to the limitations as to aggregate amount set forth in subsection 2.2(a), (ii) not be subject to the limitations as to individual amount set forth in subsection 2.2(a), (iii) be payable by the Borrower, both as to principal and interest, at the times set forth in the Cash Management Agreements (but in no event later than the Termination Date), (iv) not be made at any time after the Swing Line Bank has notice of the occurrence and during the continuance of a Default or Event of Default, (v) if not repaid by the Borrower in accordance with the provisions of the Cash Management Agreements, be subject to each Bank's obligation to purchase participating interests therein pursuant to subsection 2.2(f), and (vi) except as provided in the foregoing subsections (i) through (v), be subject to all of the terms and conditions of this Section 2.2.

(h) Each Bank shall, ratably in accordance with its Commitment Percentage, indemnify the Swing Line Bank, its affiliates and their respective directors, officers, agents and employees (to the extent not reimbursed by the Borrower and without limiting its obligation to do so) against any cost, expense (including reasonable counsel fees and expenses), claim, demand, action, loss or liability (except any of the foregoing that results from the indemnitees' gross negligence or willful misconduct) that such indemnitees may suffer or incur in connection with this Section 2.2 or any action taken or omitted by such indemnitees hereunder.

2.3 General Provisions Regarding Loans. (a) Subject to subsection 2.3(b), each Bank shall make each Revolving Credit Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds to the Agent in Philadelphia, Pennsylvania, not later than 1:00 p.m., Philadelphia time, and the Agent shall by 3:00 p.m., Philadelphia time, credit the amounts so received to the general deposit account of the Borrower with the Agent or, if a Borrowing shall not occur on such date because any condition precedent herein specified shall not have been met, return the amounts so received to the respective Banks. Loans shall be made by the Banks pro rata in accordance with Section 2.14. Unless the Agent shall have received notice from a Bank prior to the date of any Borrowing that such Bank will not make available to the Agent such Bank's portion of such Borrowing, the Agent may assume that such Bank has made such portion available to the Agent on the date of such Borrowing in accordance with this paragraph (a) and the Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Bank shall not have made such portion available to the Agent, such Bank and the Borrower severally agree to repay to the Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Agent at (i) in the case of the Borrower, the interest rate applicable at the time to the Revolving Credit Loans comprising such Borrowing and (ii) in the case of such Bank, the Federal Funds Effective Rate, provided, that if such Bank shall not pay such amount within three Business Days after the date of such Borrowing, the interest rate on such overdue amount shall, at the expiration of such three Business Day period, be the rate per annum applicable to the Revolving Credit Loans comprising such Borrowing. If such Bank shall repay to the Agent such corresponding amount, such amount shall constitute such Bank's Revolving Credit Loan as part of such Borrowing for purposes of this Agreement.

(b) The Borrower may refinance all or any part of any Borrowing with any other Borrowing, subject to the conditions and limitations set forth herein and elsewhere in this Agreement. Any Borrowing or part thereof so refinanced shall be deemed to be repaid in accordance with subsection 2.1(b) with the proceeds of a new Borrowing hereunder and the proceeds of the new Borrowing, to the extent they do not exceed the principal amount of the Borrowing being refinanced, shall not be paid by the Banks to the Agent or by the Agent to the Borrower; provided, however, that (i) if the principal amount extended by a Bank in a refinancing is greater than the principal amount extended by such Bank in the Borrowing being refinanced, then such Bank shall pay such difference to the Agent for distribution to the Banks described in (ii) below, (ii) if the principal amount extended by a Bank in the Borrowing being refinanced is greater than the principal amount agreed to be extended by such Bank in the refinancing, the Agent shall return the difference to such Bank out of amounts received pursuant to (i) above, and (iii) to the extent any Bank fails to pay the Agent amounts due from it pursuant to (i) above, any Revolving Credit Loan or portion thereof being refinanced with such amounts shall not be deemed repaid in accordance with subsection 2.1(b) and shall be payable by the Borrower without prejudice to the Borrower's rights against any such Bank.

(c) Each Bank may at its option fulfill its commitment hereunder with respect to any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Bank to make such Revolving Credit Loan; provided, however, that (A) any exercise of such option shall not affect the obligation of the Borrower to repay such Revolving Credit Loan in accordance with the terms of the Agreement and the applicable Note and (B) the Borrower shall

not be liable for increased costs under Sections 2.11 or 2.12 to the extent that (x) such costs could be avoided by the use of a different branch or Affiliate to make Eurodollar Loans and (y) such use would not, in the judgment of such Bank, entail any significant additional expense for which such Bank shall not be indemnified hereunder or otherwise be disadvantageous to it; and

(d) All Borrowings, conversions and continuations of Revolving Credit Loans hereunder and all selections of Interest Periods hereunder shall be in such amounts and be made pursuant to such elections that, after giving effect thereto, (A) the aggregate principal amount of the Revolving Credit Loans comprising each Tranche of Eurodollar Loans shall be equal to $1,000,000 or a whole multiple of $100,000 in excess thereof and (B) the Borrower shall not have outstanding at any one time more than in the aggregate ten (10) separate Tranches of Eurodollar Loans.

(e) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request any Borrowing if the Interest Period requested with respect thereto would end after the Termination Date.

2.4 Fees. (a) The Borrower shall pay to the Agent for the benefit of the Banks, on the Closing Date the closing fee (the "Closing Fee") in the amount set forth in the Fee Letter.

(b) The Borrower agrees to pay to each Bank, through the Agent, on each March 31, June 30, September 30 and December 31 and on the date on which the Commitment of such Bank shall be terminated as provided herein, a facility fee (a "Facility Fee") at a rate per annum equal to the Applicable Facility Fee Percentage on the average daily amount of the Commitment of such Bank during the preceding quarter (or shorter period commencing with the Closing Date or ending with the Termination Date or any date on which the Commitment of such Bank shall be terminated). All Facility Fees shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Facility Fee due to each Bank shall commence to accrue on the date hereof, and shall cease to accrue on the earlier of the Termination Date and the termination of the Commitment of such Bank as provided herein.

(c) The Borrower agrees to pay to the Agent for its own account administrative and other fees at the times and in the amounts as are set forth in the Fee Letter (collectively, the "Administrative Fees").

(d) All Fees shall be paid on the dates due, in immediately available funds, to the Agent for distribution, if and as appropriate, among the Banks. Once paid, none of the Fees shall be refundable under any circumstances.

2.5 Letter of Credit Subfacility.

(a) During the Revolving Credit Commitment Period, the Borrower may request the issuance of standby letters of credit (each, a "Letter of Credit") to support obligations of the Borrower and its Subsidiaries which finance the working capital and business needs of the Borrower and its Subsidiaries by delivering to the Issuing Bank a completed Application for letters of credit in such form and with such other certificates, documents and

information as the Issuing Bank may specify from time to time by no later than 12:00 noon, Philadelphia time, at least five (5) Business Days (or such shorter period as may be agreed to by such Issuing Bank) in advance of the proposed date of issuance. Each application for issuance of a Letter of Credit shall be accompanied by an issuance fee payable based upon the Issuing Bank's standard schedule of fees charged for issuing letters of credit as such may be amended from time to time. Subject to the terms and conditions hereof and in reliance on the agreements of the other Banks set forth in this Section, the Issuing Bank will issue a Letter of Credit, provided, that each Letter of Credit shall have an expiration date no later than the earlier of (A) twelve (12) months from the date of issuance, and (B) except as provided in subsection 2.5(m), the Termination Date, and provided further, that in no event shall the amount of the Letter of Credit Obligations at any one time exceed the lesser of (i) the L/C Sublimit and (ii) the Total Commitment minus the aggregate principal amount of the outstanding Revolving Credit Loans and Swing Line Loans at such time. The Issuing Bank shall not at any time be obligated to issue any Letter of Credit hereunder if such issuance would conflict with, or cause the Issuing Bank or any Letter of Credit Participant to exceed any limits imposed by any applicable Requirement of Law. Notwithstanding the provisions of this Section, the Banks and the Borrower hereby agree that the Issuing Bank may issue upon the Borrower's request, one or more Letter(s) of Credit which by its or their terms may be extended for additional periods of up to one year each provided that (i) the initial expiration date (or any subsequent expiration date) of each such Letter of Credit is not later than five (5) Business Days prior to the Termination Date and (ii) the renewal of such Letter(s) of Credit, at the Issuing Bank's discretion, shall be available upon written request from the Borrower to the Issuing Bank at least thirty (30) days (or such other time period as agreed by the Borrower, the Issuing Bank) before the date upon which notice of renewal is otherwise required.

(b) The Borrower shall pay to the Agent for the ratable account of the Banks a fee (the "Letter of Credit Fee") equal to the amount of the Applicable Margin for Revolving Credit Loans that are Eurodollar Loans in effect from time to time multiplied by the daily average of the undrawn face amount of each Letter of Credit (including Existing Letters of Credit) during the preceding quarter (or shorter period commencing on the Closing Date or ending on the Termination Date), and shall be payable quarterly in arrears on each March 31, June 30, September 30 and December 31 following the issuance of each such Letter of Credit and on the expiration thereof. The Borrower shall also pay to the Issuing Bank the Issuing Bank's then in effect customary fees plus a fronting fee of five basis points (0.05%) on the undrawn face amount of each such Letter of Credit issued by the Issuing Bank, and administrative expenses payable with respect to each Letter of Credit issued or renewed by it as the Issuing Bank may generally charge from time to time. Once paid, all of the above fees shall be nonrefundable under all circumstances. The Agent shall, promptly following its receipt thereof, distribute to the Issuing Bank and the Banks all fees and commissions received by the Agent for their respective accounts pursuant to this subsection (b). All periodic interest, fees and commissions shall be calculated on the basis of the actual days elapsed in a 360 day year.

(c) (i) The Issuing Bank irrevocably agrees to grant and hereby grants to each Letter of Credit Participant, and, to induce the Issuing Bank to issue Letters of Credit hereunder, each Letter of Credit Participant irrevocably agrees to accept and purchase and hereby accepts and purchases from such Issuing Bank, on the terms and conditions hereinafter stated, for such Letter of Credit Participant's own account and risk, an undivided interest equal to

such Letter of Credit Participant's Commitment Percentage in the Issuing Bank's obligations and rights under each Letter of Credit issued by the Issuing Bank hereunder and the amount of each draft paid by the Issuing Bank thereunder. Each Letter of Credit Participant unconditionally and irrevocably agrees with the Issuing Bank that, if a draft is paid under any Letter of Credit issued by the Issuing Bank for which the Issuing Bank is not reimbursed in full by the Borrower in accordance with the terms of this Agreement, such Letter of Credit Participant shall pay to the Issuing Bank upon demand at the Issuing Bank's address for notices specified herein an amount equal to such Letter of Credit Participant's share (based on its Commitment Percentage) of the amount of such draft or any part thereof, which is not so reimbursed. Any action taken or omitted by the Issuing Bank under or in connection with a Letter of Credit, if taken or omitted in the absence of gross negligence or willful misconduct, shall not create for the Issuing Bank any resulting liability to any Bank.

(ii) If any amount required to be paid by any Letter of Credit Participant to the Issuing Bank pursuant to subsection 2.5(c)(i) in respect of any unreimbursed portion of any payment made by the Issuing Bank under any Letter of Credit is not paid to the Issuing Bank on the date such payment is due from such Letter of Credit Participant, such Letter of Credit Participant shall pay to the Issuing Bank on demand an amount equal to the product of (A) of such amount, times (B) the daily average Federal Funds Effective Rate, as quoted by the Issuing Bank, during the period from and including the date such payment is required to the date on which such payment is immediately available to the Issuing Bank, times (C) a fraction the numerator of which is the number of days that elapse during such period and the denominator of which is 360. A certificate of the Issuing Bank submitted to any Letter of Credit Participant with respect to any amounts owing under this subsection shall be conclusive in the absence of manifest error.

(iii) Whenever, at any time after the Issuing Bank has made payment under any Letter of Credit and has received from any Letter of Credit Participant its pro rata share of such payment in accordance with subsection 2.5(c)(i), the Issuing Bank receives any payment related to such Letter of Credit (whether directly from the Borrower or otherwise, including by way of set-off or proceeds of collateral applied thereto by the Issuing Bank), or any payment of interest on account thereof, the Issuing Bank will distribute to such Letter of Credit Participant its pro rata share thereof; provided, however, that in the event that any such payment received by the Issuing Bank shall be required to be returned by the Issuing Bank, such Letter of Credit Participant shall return to the Issuing Bank the portion thereof previously distributed by the Issuing Bank to it.

(d) (i) The Borrower agrees to reimburse the Issuing Bank in respect of a Letter of Credit on each date on which a draft presented under such Letter of Credit is paid by the Issuing Bank for the amount of (A) such draft so paid and (B) any taxes, fees, charges or other costs or expenses incurred by the Issuing Bank in connection with such payment. Each such payment shall be made to the Issuing Bank in immediately available funds.

(ii) Interest shall be payable on any and all amounts remaining unpaid by the Borrower under this subsection from the date such amounts become payable (whether at stated maturity, by acceleration or otherwise) until payment in full at the per annum

rate of the then applicable Default Rate for Revolving Credit Loans which are Base Rate Loans and shall be payable on demand by such Issuing Bank.

(e) (i) The Borrower also agrees with the Issuing Bank that the Issuing Bank shall not be responsible for, and the Borrower's Reimbursement Obligations under subsection 2.5(d)(i) shall not be affected by, among other things (A) the validity or genuineness of documents or of any endorsements thereon, even though such documents shall in fact prove to be invalid, fraudulent or forged, provided, that reliance upon such documents by the Issuing Bank shall not have constituted gross negligence or willful misconduct of the Issuing Bank or (B) any dispute between or among the Borrower and any beneficiary of any Letter of Credit or any other party to which such Letter of Credit may be transferred or (C) any claims whatsoever of the Borrower against any beneficiary of such Letter of Credit or any such transferee.

(ii) The Issuing Bank shall not be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit, except for errors or omissions caused by the Issuing Bank's gross negligence or willful misconduct.

(iii) The Borrower agrees that any action taken or omitted by the Issuing Bank under or in connection with any Letter of Credit or the related drafts or documents, if done in the absence of gross negligence or willful misconduct, shall be binding on the Borrower and shall not result in any liability of the Issuing Bank to the Borrower.

(f) If any draft shall be presented for payment to the Issuing Bank under any Letter of Credit, the Issuing Bank shall promptly notify the Borrower of the date and amount thereof. The responsibility of the Issuing Bank to the Borrower in connection with any draft presented for payment under any Letter of Credit shall, in addition to any payment obligation expressly provided for in such Letter of Credit and any other obligation expressly imposed by the provisions of the Uniform Customs and Practice for Documentary Credits as most recently published by the International Chamber of Commerce Publication at the time such Letter of Credit was issued (the "UCP Publication") other than Article 48(g) thereof or any successor provision thereto, be limited to determining that the documents (including each draft) delivered under such Letter of Credit in connection with such presentment are in conformity with such Letter of Credit.

(g) To the extent that any provision of any Application related to any Letter of Credit is inconsistent with the provisions of this Agreement, the provisions of this Agreement shall govern.

(h) The Borrower agrees to be bound by the terms of each Application and the Issuing Bank's written regulations and customary practices relating to letters of credit, though such interpretation may be different from the Borrower's own. It is understood and agreed that, except in the case of gross negligence or willful misconduct, the Issuing Bank shall not be liable for any error, negligence and/or mistakes, whether of omission or commission, in following the Borrower's instructions or those contained in the Letters of Credit or any modifications, amendments or supplements thereto. To the extent not otherwise inconsistent

with this Agreement, the provisions of the UCP Publication are hereby made a part of this Agreement with respect to the obligations in connection with each Letter of Credit.

(i) Each Bank's payment obligation under subsection 2.5(c) and the Reimbursement Obligations shall be absolute, unconditional and irrevocable under any circumstances, and shall be performed strictly in accordance with the terms of this Section 2.5 under all circumstances, including the following circumstances:

(i) any set-off, counterclaim, recoupment, defense or other right which such Bank may have against the Issuing Bank, any Loan Party or any other Person for any reason whatsoever;

(ii) any lack of validity or enforceability of any Letter of Credit;

(iii) the existence of any claim, set-off, defense or other right which any Loan Party or any Bank may have at any time against a beneficiary or any transferee of any Letter of Credit (or any Persons for whom any such transferee may be acting), the Issuing Bank or any Bank or any other Person or, whether in connection with this Agreement, the transactions contemplated herein or any unrelated transaction (including any underlying transaction between any Loan Party and the beneficiary for which any Letter of Credit was procured);

(iv) any draft, demand, certificate or other document presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect even if the Issuing Bank has been notified thereof;

(v) payment by the Issuing Bank under any Letter of Credit against presentation of a demand, draft or certificate or other document which does not comply with the terms of such Letter of Credit, provided that such payment shall not have constituted gross negligence or willful misconduct on the part of the Issuing Bank;

(vi) any adverse change in the business, operations, properties, assets, condition (financial or otherwise) or prospects of the Borrower and its Subsidiaries;

(vii) any breach of this Agreement or any other Loan Document by any Loan Party;

(viii) the occurrence or continuance of an insolvency proceeding with respect to any Loan Party;

(ix) the fact that an Event of Default or a Default shall have occurred and be continuing;

(x) the fact that the Termination Date shall have passed or this Agreement or the Commitments hereunder shall have been terminated; and

(xi) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

(j) In addition to amounts payable as provided in Section 9.5, the Borrower hereby agrees to protect, indemnify, pay and save harmless the Issuing Bank and the Banks from and against any and all claims, demands, liabilities, damages, losses, costs, charges and expenses (including reasonable fees, expenses and disbursements of counsel) which the Issuing Bank may incur or be subject to as a consequence, direct or indirect, of (i) the issuance of any Letter of Credit, other than as a result of (A) the gross negligence or willful misconduct of the Issuing Bank as determined by a final judgment of a court of competent jurisdiction or (B) subject to the following clause (ii), the wrongful dishonor by the Issuing Bank of a proper demand for payment made under any Letter of Credit, or (ii) the failure of the Issuing Bank to honor a drawing under any such Letter of Credit as a result of any act or omission, whether rightful or wrongful, of any present or future de jure or de facto government or governmental authority (all such acts or omissions herein called "Governmental Acts").

(k) As among the Borrower and the Issuing Bank, the Borrower assumes all risks of the acts and omissions of, or misuse of the Letters of Credit by, the respective beneficiaries of such Letters of Credit. In furtherance and not in limitation of the foregoing, the Issuing Bank shall not be responsible for: (i) the form, validity, sufficiency, accuracy, genuineness or legal effect of any document submitted by any party in connection with the application for an issuance of any such Letter of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged (even if such Issuing Bank shall have been notified thereof); (ii) the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign any such Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason; (iii) the failure of the beneficiary of any such Letter of Credit, or any other party to which such Letter of Credit may be transferred, to comply fully with any conditions required in order to draw upon such Letter of Credit or any other claim of any Loan Party against any beneficiary of such Letter of Credit, or any such transferee, or any dispute between or among any Loan Party and any beneficiary of any Letter of Credit or any such transferee; (iv) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, facsimile, cable, telex or otherwise; (v) errors in interpretation of technical terms; (vi) any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any such Letter of Credit or of the proceeds thereof; (vii) the misapplication by the beneficiary of any such Letter of Credit of the proceeds of any drawing under such Letter of Credit; or (viii) any consequences arising from causes beyond the control of the Issuing Bank, including any Governmental Acts, and none of the above shall affect or impair, or prevent the vesting of, any of the Issuing Bank's rights or powers hereunder.

In furtherance and extension and not in limitation of the specific provisions set forth above, any action taken or omitted by the Issuing Bank under or in connection with the Letters of Credit issued by it or any documents and certificates delivered thereunder, if taken or omitted in good faith, shall not create any liability of the Issuing Bank to the Borrower or any Bank.

(l) Notwithstanding anything to the contrary herein, the Existing Letters of Credit shall be considered Letters of Credit issued hereunder.

(m) If the expiration date for any Letter of Credit requested by the Borrower to be issued, or extended or renewed, pursuant to subsection 2.5(a) is later than the Termination Date, the Issuing Bank may nonetheless issue, or extend or renew, such Letter of Credit notwithstanding that such expiration date is later than the Termination Date, provided that Borrower shall on or before the day five (5) days prior to the Termination Date deposit with the Agent as collateral for its obligations under the Loan Documents, cash in an amount equal to the Letter of Credit Coverage Requirement with respect to each such Letter of Credit which remains outstanding on such date, which cash shall be deposited with, pledged to and held by the Agent for the benefit of the Banks in the same manner as provided in subsection 7.2(a).

2.6 Interest on Revolving Credit Loans. (a) Subject to the provisions of Section 2.7, each Base Rate Loan shall bear interest (computed on the basis of the actual number of days elapsed over a year of 360 days) at a rate per annum equal to the Base Rate plus the Applicable Margin.

(b) Subject to the provisions of Section 2.7, each Eurodollar Loan shall bear interest (computed on the basis of the actual number of days elapsed over a year of 360 days) at a rate per annum equal to the Eurodollar Rate for the Interest Period in effect for such Loan plus the Applicable Margin.

(c) Subject to the provisions of Section 2.7, interest on each Swing Line Loan shall be payable at the rate (computed on the basis of the actual number of days elapsed over a year of 360 days) provided in Section 2.5;

(d) Interest on each Loan shall be payable in arrears on each Interest Payment Date applicable to such Loan; provided that, (i) interest accruing on overdue amounts pursuant to Section 2.7 shall be payable on demand as provided in such Section and (ii) if the Cash Management Agreements are in effect, interest on the Swing Line Loans shall be payable as provided in subsection 2.2(g). Except as provided in subsection 2.2(g), interest on each Swing Line Loan shall be payable on the applicable Interest Payment Date and the day such Swing Line Loan becomes due, including the Termination Date. The Eurodollar Rate and the Base Rate shall be determined by the Agent, and such determination shall be conclusive absent error.

2.7 Default Interest. To the extent not contrary to any Requirement of Law, upon the occurrence and during the continuation of an Event of Default, any principal, past due interest, fee or other amount outstanding hereunder shall bear interest for each day thereafter until paid in full (after as well as before judgment) at a rate per annum which shall be equal to two percent (2%) above the Base Rate (but in no event shall any such rate exceed the maximum rate permitted by any Requirement of Law) (the "Default Rate"). The Borrower acknowledges that such increased interest rate reflects, among other things, the fact that such loans or other amounts have become a substantially greater risk given their default status and that the Banks are entitled to additional compensation for such risk.

2.8 Termination, Reduction and Increase of Commitments; Additional Banks. (a) The Commitments shall be automatically terminated on the Termination Date.

(b) Subject to the last sentence of this paragraph, upon at least three Business Days' prior irrevocable written or telecopy notice to the Agent, the Borrower may at any time in whole permanently terminate, or from time to time permanently reduce, the Total Commitment. Each partial reduction of the Total Commitment shall be in a minimum principal amount of $5,000,000 or in whole multiples of $1,000,000 in excess thereof, and no such termination or reduction shall be made which would reduce the Total Commitment to an amount less than the aggregate outstanding principal amount of the Loans.

(c) Each reduction in the Total Commitment hereunder shall be made ratably among the Banks in accordance with their respective Commitment Percentages. In connection with any reduction of the Total Commitment, the Borrower shall make any prepayment required under subsection 2.9(b).

(d) (i) At any time prior to sixty (60) days prior to the Termination Date, the Borrower may request an increase in the Total Commitment by sending a written notice thereof to the Agent. Such notice shall specify the total amount of the increase requested by the Borrower (the "Requested Increase"); provided, that (A) the amount of each Requested Increase shall be at least $10,000,000 and (B) the maximum aggregate increase of the Total Commitment shall be $100,000,000. The Agent shall within ten (10) days of receipt of such notice advise the Borrower as to the fees, interest rates and any other terms which would be applicable to such Requested Increase and when (and if) the Agent and the Borrower shall have reached agreement with respect thereto, the Agent shall promptly give notice thereof to the Banks. Each Bank shall respond in writing to the Agent (with a copy simultaneously sent to the Borrower), within thirty (30) days of receipt of a Requested Increase (or such shorter period as the Agent and the Borrower shall agree), stating the maximum amount, if any, by which such Bank is willing to increase its Commitment (the "Offered Amount"). Subject to clause (iv) of this subsection 2.8(d), (A) if the total of the Offered Amount for all of the Banks is greater than the Requested Increase, the Requested Increase shall be allocated amongst the offering Banks (I) as determined by the Agent or (II) otherwise, ratably in accordance with their respective Commitment Percentages as in effect immediately prior any such increase, and to the extent that the aggregate amount of such allocations is less than the Requested Increase, such difference shall be allocated amongst the Banks whose Offered Amounts exceeded their allocation in proportion to their respective Offered Amounts and (B) if the total of the Offered Amount for all of the Banks is equal to or less than the Requested Increase, (I) each Bank's Commitment shall increase by its Offered Amount and (II) the Borrower, with the consent of the Agent, may offer the difference, if any, to one or more new lenders (each a "Proposed New Bank"). If the Borrower requests that a Proposed New Bank join this Agreement and provide a Commitment hereunder, the Borrower shall, at least five (5) days prior to the date on which such Proposed New Bank proposes to join this Agreement, notify the Agent of the name of the Proposed New Bank and the amount of its proposed Commitment. The minimum Commitment of any Proposed New Bank shall be $5,000,000. If the Agent consents to a Proposed New Bank joining this Agreement (which consent shall not, except as provided in clause (iv) below, be unreasonably withheld), such Proposed New Bank shall join this Agreement pursuant to the provisions of subsection 9.6(f).

(ii) Any Bank that increases its Commitment shall execute and deliver an Increased Commitment and Acceptance prior to the effective date of such increase. Any Proposed New Bank shall deliver a duly completed New Bank Joinder to the Agent at least five (5) days prior to the effective date of such Proposed New Bank's joinder hereto. Simultaneously with the execution and delivery of a New Bank Joinder or an Increased Commitment and Acceptance, the Borrower shall execute and deliver a new Revolving Credit Note for the applicable Revolving Credit Bank. Nothing herein shall obligate the Agent or any Bank to increase the amount of its Commitment unless it elects in its sole discretion to do so in accordance with the provision of this subsection 2.8(d).

(iii) Following any increase in the Total Commitment pursuant to this Section, the Agent shall send to the Banks and the Borrower a revised Schedule I setting forth the new Commitments of the Banks. Such schedule shall replace the existing Schedule I if no Bank objects thereto (based solely on a numerical error) within 10 days of its receipt thereof.

(iv) Notwithstanding anything to the contrary in this subsection, (A) the Borrower may not request an increase in the Total Commitment if at the time of such request a Default or Event of Default shall have occurred and be continuing and (B) no increase in the Total Commitment (including by way of the addition of a Proposed New Bank) shall become effective if on the date that such increase would become effective, a Default or Event of Default shall then exist or occur as a result thereof.

2.9 Optional and Mandatory Prepayments of Loans. (a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing, in whole or in part, without premium or penalty (but in any event subject to Section 2.13), upon prior written, telecopy or telephonic notice to the Agent given no later than 11:00 a.m., Philadelphia time, one Business Day before any proposed prepayment; provided, however, that each such partial prepayment of a Eurodollar Borrowing shall be in the principal amount of at least $1,000,000 or in whole multiples of $100,000 in excess thereof and each such partial prepayment of a Base Rate Borrowing shall be in the principal amount of at least $250,000 or in whole multiples of $50,000 in excess thereof.

(b) On the date of any termination or reduction of the Total Commitment pursuant to Section 2.8, the Borrower shall pay or prepay so much of the Borrowings as shall be necessary in order that the Total Exposure at such time will not exceed the Total Commitment after giving effect to such termination or reduction.

(c) Each notice of prepayment shall specify the prepayment date and the principal amount of each Borrowing to be prepaid, shall be irrevocable and shall commit the Borrower to prepay such Borrowing (or portion thereof) by the amount stated therein. All prepayments under this Section on other than Base Rate Borrowings shall be accompanied by accrued interest on the principal amount being prepaid to the date of prepayment and any amounts owed under Section 2.13 hereof.

2.10 Eurodollar Rate Unascertainable; Illegality; Increased Costs; Deposits Not Available; Successor Eurodollar Rate.

(a) The Agent shall have the rights specified in subsection 2.10(c) if on any date on which a Eurodollar Rate would otherwise be determined, the Agent shall have determined that:

(i) adequate and reasonable means do not exist for ascertaining such Eurodollar Rate, or

(ii) a contingency has occurred which materially and adversely affects the secondary market for negotiable certificates of deposit maintained by dealers of recognized standing relating to the London Interbank Market relating to the Eurodollar Rate.

(b) The Agent shall have the rights specified in subsection 2.10(c) if at any time any Bank shall have determined that:

(i) the making, maintenance or funding of any Loan to which a Eurodollar Rate applies has been made impracticable or unlawful by compliance by such Bank in good faith with any Law or any interpretation or application thereof by any Governmental Authority or with any request or directive of any such Governmental Authority (whether or not having the force of Law), or

(ii) such Eurodollar Rate will not adequately and fairly reflect the cost to such Bank of the establishment or maintenance of any such Loan, or

(iii) after making all reasonable efforts, deposits of the relevant amount for the relevant Interest Period for a Loan to which a Eurodollar Rate applies are not available to such Bank in the London Interbank Market.

(c) In the case of any event specified in subsection 2.10(a) above, the Agent shall promptly so notify the Banks and the Borrowers thereof, and in the case of an event specified in subsection 2.10(b) above, such Bank shall promptly so notify the Agent and endorse a certificate to such notice as to the specific circumstances of such notice, and the Agent shall promptly send copies of such notice and certificate to the other Banks and the Borrower. Upon such date as shall be specified in such notice (which shall not be earlier than the date such notice is given), the obligation of (A) the Banks, in the case of such notice given by the Agent, or (B) such Bank, in the case of such notice given by such Bank, to allow the Borrower to select, convert to or renew a Eurodollar Rate shall be suspended until the Agent shall have later notified the Borrower, or such Bank shall have later notified the Agent, of the Agent's or such Bank's, as the case may be, determination that the circumstances giving rise to such previous determination no longer exist. If at any time the Agent makes a determination under subsection 2.10(a) and the Borrower has previously notified the Agent of its selection of, conversion to or renewal of a Eurodollar Rate and such interest rate has not yet gone into effect, such notification shall be deemed to provide for selection of, conversion to or renewal of a Base Rate Loan to the extent permitted hereunder. If any Bank notifies the Agent of a determination under subsection 2.10(b), the Borrower shall, subject to the Borrowers' indemnification obligations under subsection 2.13

as to any Loan of the Bank to which a Eurodollar Rate applies, on the date specified in such notice either (i) as applicable, convert such Loan to the Base Rate, or (ii) prepay such Loan in accordance with Section 2.9. Absent due notice from the Borrower of conversion or prepayment, such Loan shall automatically be converted to the Base Rate upon such specified date.

(d) (i) If the Agent determines (which determination shall be final and conclusive, absent manifest error) that either (A) (I) the circumstances set forth in subsection 2.10(a) have arisen and are unlikely to be temporary, or (II) the circumstances set forth in subsection 2.10(a) have not arisen but the applicable supervisor or administrator (if any) of the Eurodollar Rate or a Governmental Authority having jurisdiction over the Agent has made a public statement identifying the specific date after which the Eurodollar Rate shall no longer be used for determining interest rates for loans (either such date, a "Euro-Rate Termination Date"), or (B) a rate other than the Eurodollar Rate has become a widely recognized benchmark rate for newly originated loans in Dollars in the U.S. market, then the Agent may (in consultation with the Borrower) choose a replacement index for the Eurodollar Rate and make adjustments to applicable margins and related amendments to this Agreement as referred to below such that, to the extent practicable, the all-in interest rate based on the replacement index will be substantially equivalent to the all-in Eurodollar Rate-based interest rate in effect prior to its replacement.

(ii) The Agent and the Borrower shall enter into an amendment to this Agreement to reflect the replacement index, the adjusted margins and such other related amendments as may be appropriate, in the discretion of the Agent, for the implementation and administration of the replacement index-based rate. Notwithstanding anything to the contrary in this Agreement or the other Loan Documents (including, without limitation, Section 9.1), such amendment shall become effective without any further action or consent of any other party to this Agreement at 5:00 p.m. Philadelphia time on the tenth (10th) Business Day after the date a draft of the amendment is provided to the Banks, unless the Agent receives, on or before such tenth (10th) Business Day, a written notice from the Required Banks stating that such Banks object to such amendment.

(iii) Selection of the replacement index, adjustments to the applicable margins, and amendments to this Agreement (A) will be determined with due consideration to the then-current market practices for determining and implementing a rate of interest for newly originated loans in the United States and loans converted from a Eurodollar Rate-based rate to a replacement index-based rate, and (B) may also reflect adjustments to account for (I) the effects of the transition from the Eurodollar Rate to the replacement index and (II) yield- or risk-based differences between the Eurodollar Rate and the replacement index.

(iv) Until an amendment reflecting a new replacement index in accordance with this Subsection 2.10(d) is effective, each advance, conversion and renewal of a Loan under the Eurodollar Rate Option will continue to bear interest with reference to the Eurodollar Rate; provided, however, that if the Agent determines (which determination shall be final and conclusive, absent manifest error) that a Euro-Rate Termination Date has occurred, then following

the Euro-Rate Termination Date, all Loans as to which the Eurodollar Rate would otherwise apply shall automatically be converted to the Base Rate (which shall be determined without utilizing the Daily LIBOR Rate component thereof) until such time as an amendment reflecting a replacement index and related matters as described above is implemented.

(v) Notwithstanding anything to the contrary contained herein, if at any time the replacement index is less than zero, at such times, such index shall be deemed to be zero for purposes of this Agreement.

2.11 Requirements of Law. (a) In the event that any Change in Law shall:

(i) subject any Bank to any tax of any kind whatsoever with respect to this Agreement, any Note or Eurodollar Loan made by it, or change the basis of taxation of payments to such Bank in respect thereof (except for Taxes or Other Taxes covered by Section 2.12 and the imposition of, or any change in the rate of, any Excluded Tax payable by any Bank);

(ii) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Bank (except any reserve requirement reflected in the Eurodollar Rate); or

(iii) impose on any Bank or the London interbank market any other condition, cost or expense affecting this Agreement or any Eurodollar Loan made by such Bank;

and the result of any of the foregoing shall be to increase the cost to such Bank of making, converting to, continuing or maintaining any Eurodollar Loan (or of maintaining its obligation to make any such Loan), or to increase the cost to such Bank, or to reduce the amount of any sum received or receivable by such Bank hereunder (whether of principal, interest or any other amount) then, upon request of such Bank, the Borrower will pay to such Bank, such additional amount or amounts as will compensate such Bank, for such additional costs incurred or reduction suffered; provided, that the Borrower shall not be liable for any such amounts incurred or suffered by such Bank more than 180 days prior to the date of such Bank's notification to the Borrower. If any Bank becomes entitled to claim any additional amounts pursuant to this subsection, it shall as promptly as practicable notify the Borrower, through the Agent, of the event by reason of which it has become so entitled. A certificate explaining and detailing any additional amounts payable pursuant to this subsection submitted by such Bank, through the Agent, to the Borrower shall be conclusive in the absence of clearly demonstrable error. If any such amount paid by the Borrower to such Bank is subsequently determined not to have been due and is refunded to such Bank, such Bank will reimburse the Borrower for amounts paid in respect of such refunded amount. This covenant shall survive the termination of this Agreement and the payment of the Notes and all other amounts payable hereunder.

(b) If any Bank determines that any Change in Law affecting such Bank or any lending office of such Bank or such Bank's holding company, if any, regarding

capital requirements has or would have the effect of reducing the rate of return on such Bank's capital or on the capital of such Bank's holding company, if any, as a consequence of this Agreement, the Commitment of such Bank or the Loans made by, or participations in Swing Loans held by, such Bank, to a level below that which such Bank or such Bank's holding company could have achieved but for such Change in Law (taking into consideration such Bank's policies and the policies of such Bank's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Bank, such additional amount or amounts as will compensate such Bank or such Bank's holding company for any such reduction suffered. If any Bank becomes entitled to claim any additional amounts pursuant to this subsection, it shall as promptly as practicable notify the Borrower, through the Agent, of the event by reason of which it has become so entitled. A certificate explaining and detailing any additional amounts payable pursuant to this subsection submitted by such Bank, trough the Agent, to the Borrower shall be conclusive in the absence of clearly demonstrable error. This covenant shall survive the termination of this Agreement and the payment of the Notes and all other amounts payable hereunder.

(c) Each Bank agrees that it will use reasonable efforts in order to avoid or to minimize, as the case may be, the payment by the Borrower of any additional amount under subsections 2.11(a) and (b); provided, however, that no Bank shall be obligated to incur any expense, cost or other amount in connection with utilizing such reasonable efforts. Notwithstanding any other provision of this Section 2.11, no Bank shall apply the provisions of subsections 2.11(a) or (b) hereof with respect to the Borrower if it shall not at the time be the general policy or practice of the Bank exercising its rights hereunder to apply the provisions similar to those of this Section 2.11 to other borrowers in substantially similar circumstances under substantially comparable provisions of other credit agreements.

2.12 Taxes. (a) All payments made by the Borrower under this Agreement and the Notes shall be made free and clear of, and without deduction for any present or future taxes, levies, imposts, deductions, charges, or withholdings, and all liabilities with respect thereto, including any interest, additions to tax or penalties applicable thereto (other than Excluded Taxes) (all such non-excluded taxes, levies, imposts, duties, charges, fees, deductions and withholdings being hereinafter called "Taxes"). If the Borrower shall be required by Law to deduct any Taxes from or in respect of any sum payable hereunder or under any Note, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Agent and each Bank receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall timely pay the full amount deducted to the relevant tax authority or other authority in accordance with applicable Law. As used herein, the term "Excluded Taxes" shall mean, with respect to the Agent, any Bank or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (i) taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the Laws of which such recipient is organized or in which its principal office is located or, in the case of any Bank, in which its applicable lending office is located, (ii) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which the Borrower is located and (iii) in the case of a Foreign Bank, any withholding tax (including under FATCA) that is

imposed on amounts payable to such Foreign Bank at the time such Foreign Bank becomes a party hereto (or designates a new lending office), except to the extent that such Foreign Bank (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from the Borrower with respect to such withholding tax pursuant to Section 2.12.

(b) In addition, the Borrower agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges, or similar levies which arise from any payment made hereunder, under the Notes or under any other Loan Document or from the execution, delivery, or registration of, or otherwise with respect to, this Agreement, any Note or any other Loan Document (hereinafter referred to as "Other Taxes").

(c) The Borrower shall indemnify the Agent and each Bank for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this subsection) paid by the Agent or any Bank and any liability (including penalties, interest, and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. This indemnification shall be made within 30 days from the date the Agent or a Bank makes written demand therefor accompanied by a certificate explaining and detailing any such Taxes or Other Taxes paid by the Agent or such Bank which shall be conclusive in the absence of demonstrable error.

(d) Within 30 days after the date of any payment of any Taxes or Other Taxes by the Borrower, if available, the Borrower shall furnish to the Agent and each Bank, at its address referred to herein, the original or a certified copy of a receipt evidencing payment thereof.

(e) If as a result of a payment by the Borrower of Taxes or Other Taxes pursuant to subsections 2.12(a), (b) or (c) the Agent or a Bank receives a tax benefit or tax savings such as by receiving a credit against, refund of, or reduction in Taxes or Other Taxes which the Agent or such Bank would not have received but for the payment by the Borrower of such Taxes or Other Taxes, then the Agent or such Bank shall promptly pay to the Borrower the amount of such credit, refund, reduction or any other similar item. Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in subsections 2.12(a) through (d) shall survive the payment in full of principal and interest hereunder and under any instrument delivered hereunder.

(f) Each Foreign Bank agrees that it will deliver to the Borrower and the Agent on or prior to the Closing Date in the case of each initial Bank and on or prior to the effective date of the Assignment and Assumption pursuant to which it becomes a Bank in the case of each other Bank and on or prior to the date on which any such form or certification expires or becomes obsolete, after the occurrence of any event requiring a change in the most recent form or certification previously delivered by it pursuant to this subsection (f), and from time to time, if requested by the Borrower or the Agent, two completed originals of each of the following, as applicable; (A) Forms W-8ECI (claiming exemption from U.S. withholding tax because the income is effectively connected with a U.S. trade or business), W-8BEN or W-8BEN-E, as applicable (claiming exemption from, or a reduction of, U.S. withholding tax

under an income tax treaty) and/or W-8IMY (together with appropriate forms, certifications and supporting statements) or any successor forms, (B) in the case of a Foreign Bank claiming exemption under Sections 871(h) or 881(c) of the Code, Form W-8BEN or W-8BEN-E, as applicable (claiming exemption from U.S. withholding tax under the portfolio interest exemption) or any successor form and a certificate in form and substance acceptable to the Borrower and the Agent. Such Bank shall certify, in the case of a Form W-8ECI, W-8BEN, or W-8BEN-E, as applicable or W-8IMY, that it is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes. If a payment made to a Foreign Bank would be subject to U.S. Federal withholding tax imposed by FATCA if such Bank were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Sections 1471(b) or 1472(b) of the Code, as applicable), such Bank shall deliver to the Borrower and the Agent, at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Agent, such documentation prescribed by applicable law (including any notice described in Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Agent as may be necessary for the Borrower or the Agent, as the case may be, to comply with their obligations under FATCA, to determine whether such Bank has or has not complied with such Bank's obligations under FATCA or to determine the amount to deduct and withhold from such payment. If any form provided by a Foreign Bank at the time such Bank first becomes a party to this Agreement indicates a United States interest withholding rate in excess of zero, withholding tax at such rate shall be considered excluded from "Taxes" as defined in subsection 2.12(a). Each Bank shall deliver to the Borrower and the Agent, with respect to Taxes imposed by any Governmental Authority other than the United States of America, similar forms, if available (or the information that would be contained in similar forms if such forms were available), to the forms which are required to be provided under this subsection with respect to Taxes of the United States of America.

(g) Notwithstanding the foregoing subsections 2.12(a) through (e), the Borrower shall not be required to pay any additional amounts to any Bank in respect of United States withholding or backup withholding tax pursuant to such subsections if (i) the obligation to pay such additional amounts would not have arisen but for a failure by such Bank to comply with the requirements of subsection 2.12(f) (other than by reason of a change in Law) or (ii) such Bank shall not have furnished the Borrower with such forms and documentation described in subsection 2.12(f) and shall not have taken such other steps as reasonably may be available to it under applicable tax laws and any applicable tax treaty or convention to obtain an exemption from, or reduction (to the lowest applicable rate) of, such United States withholding tax.

2.13 Indemnity. (a) The Borrower agrees to indemnify each Bank and to hold each Bank harmless from any loss or expense which such Bank may sustain or incur as a consequence of (a) default by the Borrower in payment when due of the principal amount of or interest on any Eurodollar Loan or Swing Line Loan, (b) default by the Borrower in making a borrowing of, conversion into or continuation of Eurodollar Loans or Swing Line Loans after the Borrower has given a notice requesting the same in accordance with the provisions of this Agreement, (c) default by the Borrower in making any prepayment after the Borrower has given a notice thereof in accordance with the provisions of this Agreement or (d) the making of a prepayment of Eurodollar Loans or Swing Line Loans on a day which is not the last day of an Interest Period with respect thereto (or, in the case of a Swing Line Loan, on the date such Swing

Line Loan is due), including, without limitation, in each case, any such loss or expense arising from the reemployment of funds obtained by it or from fees payable to terminate the deposits from which such funds were obtained. A certificate as to any amounts (including a calculation thereof) that a Bank is entitled to receive under this Section 2.13 submitted by such Bank, through the Agent, to the Borrower shall be conclusive in the absence of clearly demonstrable error and all such amounts shall be paid by the Borrower promptly upon demand by such Bank. This covenant shall survive the termination of this Agreement and the payment of the Notes and all other amounts payable hereunder.

(b) For the purpose of calculation of all amounts payable to a Bank under this Section, each Bank shall be deemed to have actually funded its relevant Eurodollar Loan or Swing Line Loan through the purchase of a deposit bearing interest at the Eurodollar Rate or the applicable rate on such Swing Line Loan, as the case may be, in an amount equal to the amount of that Eurodollar Loan or Swing Line Loan, as the case may be, and having a maturity comparable to the relevant Interest Period or applicable period for such Eurodollar Loan or Swing Line Loan; provided, however, that each Bank may fund each of its Eurodollar Loans and the Swing Line Bank may fund its Swing Line Loans in any manner it sees fit, and the foregoing assumptions shall be utilized only for the calculation of amounts payable under this subsection. This covenant shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

2.14 Pro Rata Treatment, etc. Except as required under Sections 2.2, 2.5 and 2.10, each Borrowing, each payment or prepayment of principal of any Borrowing, each payment of interest on the Loans, each payment of the Facility Fee, each reduction of the Commitments, each participation in Letters of Credit and Swing Line Loans, each refinancing of any Borrowing with a Borrowing of any Type and each conversion of Loans, shall be made pro rata among the Banks in accordance with their respective Commitment Percentages. Each Bank agrees that in computing such Bank's portion of any Borrowing to be made hereunder, the Agent may, in its discretion, round each Bank's percentage of such Borrowing to the next higher or lower whole dollar amount.

2.15 Payments. (a) The Borrower shall make each payment (including principal of or interest on any Loan or any Fees or other amounts) hereunder not later than 12:00 (noon), Philadelphia time, on the date when due in Dollars to the Agent at its offices at 1600 Market Street, Philadelphia, Pennsylvania 19103, or at such other place as may be designated by the Agent, in immediately available funds.

(b) Whenever any payment (including principal of or interest on any Loan or any Fees or other amounts) hereunder shall become due, or otherwise would occur, on a day that is not a Business Day, such payment may be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of interest or Fees, if applicable.

2.16 Conversion and Continuation Options. The Borrower shall have the right at any time upon prior irrevocable notice to the Agent (a) not later than 11:00 a.m., Philadelphia time, on the Business Day of conversion, to convert any Eurodollar Loan to a Base Rate Loan, (b) not later than 11:00 a.m., Philadelphia time, three Business Days prior to conversion or

continuation, (i) to convert any Base Rate Loan into a Eurodollar Loan, or (ii) to continue any Eurodollar Loan as a Eurodollar Loan for any additional Interest Period, and (c) not later than 11:00 a.m., Philadelphia time, three Business Days prior to conversion, to convert the Interest Period with respect to any Eurodollar Loan to another permissible Interest Period, subject in each case to the following:

(a) a Eurodollar Loan may not be converted at a time other than the last day of the Interest Period applicable thereto;

(b) any portion of a Revolving Credit Loan maturing or required to be repaid in less than one month may not be converted into or continued as a Eurodollar Loan;

(c) no Eurodollar Loan may be continued as such and no Base Rate Loan may be converted to a Eurodollar Loan when any Default or Event of Default has occurred and is continuing;

(d) any portion of a Eurodollar Loan that cannot be converted into or continued as a Eurodollar Loan by reason of subsections 2.16(b) or (c) automatically shall be converted at the end of the Interest Period in effect for such Revolving Credit Loan to a Base Rate Loan;

(e) if by the third Business Day prior to the last day of any Interest Period for Eurodollar Loans, the Borrower has failed to give notice of conversion or continuation as described in this subsection, the Agent shall give notice thereof to the Banks, and such Revolving Credit Loans shall be automatically converted to Base Rate Loans on the last day of such then expiring Interest Period; and

(f) each request by the Borrower to convert or continue a Revolving Credit Loan shall constitute a representation and warranty that each of the representations and warranties made by the Borrower herein is true and correct in all material respects on and as of such date as if made on and as of such date.

Accrued interest on a Revolving Credit Loan (or portion thereof) being converted shall be paid by the Borrower at the time of conversion.

2.17 Loan Accounts. Each Bank shall open and maintain on its books a loan account in the Borrower's name with respect to Loans made, repayments, prepayments, the computation and payment of interest and other amounts due and sums paid to such Bank hereunder and under the Loan Documents. Except in the case of manifest error in computation, such records shall be presumed correct as to the amount at any time due to such Bank from the Borrower. The failure of any Bank to make an entry in its loan account shall not abrogate the Borrower's duty to repay the Debt owed to such Bank under the Loan Documents.

2.18 Use of Proceeds. The proceeds of the Loans may be used by the Borrower for its working capital and general corporate purposes in the ordinary course of business (including making loans to or other Investments in its Subsidiaries in the ordinary course of business to the extent permitted hereunder) and to finance the purchase price and transaction costs in connection with acquisitions. The Letters of Credit shall be Letters of Credit required in

the ordinary course of the Borrower's business or in connection with acquisitions to the extent permitted hereunder.

2.19 Defaulting Banks. Notwithstanding any provision of this Agreement to the contrary, if any Bank becomes a Defaulting Bank, then the following provisions shall apply for so long as such Bank is a Defaulting Bank:

(a) such Defaulting Bank shall no longer be entitled to receive its Commitment Percentage of Facility Fees or Letter of Credit Fees otherwise payable pursuant to Sections 2.4 and 2.5 hereof, and thereafter, so long as any Bank is a Defaulting Bank, the fees payable to the Non-Defaulting Banks pursuant to Sections 2.4 and 2.5 shall be based on their Adjusted Revolving Credit Commitment Percentages;

(b) the Defaulting Bank, or the Exposure and Commitment Percentage of such Defaulting Bank, as applicable, shall not be included in determining whether all Banks or Required Banks have taken or may take any action hereunder (including any consent to any amendment or waiver pursuant to Section 9.1), provided that any waiver, amendment or modification requiring the consent of all Banks or each affected Bank which is more disadvantageous to such Defaulting Bank than to other affected Banks shall require the consent of such Defaulting Bank;

(c) if any outstanding Swing Line Loans or Letters of Credit exist at the time a Bank becomes a Defaulting Bank then:

(i) such Defaulting Bank's pro rata portion of such Swing Line Loans shall be reallocated among the Non-Defaulting Banks in accordance with their respective Adjusted Revolving Credit Commitment Percentages but only to the extent (x) the sum of all Non-Defaulting Banks' Revolving Credit Loans and Adjusted Revolving Credit Commitment Percentages of all Swing Line Loans and Letter of Credit Obligations then outstanding does not exceed the aggregate of the Commitments of all Non-Defaulting Banks and (y) the conditions set forth in Section 4.2 are satisfied at such time;

(ii) such Defaulting Bank's participation interests in such outstanding Letters of Credit shall be reallocated among the Non-Defaulting Banks in accordance with their respective Adjusted Revolving Credit Commitment Percentages but only to the extent (x) the sum of all Non-Defaulting Banks' Revolving Credit Loans and Adjusted Revolving Credit Commitment Percentages of all Swing Line Loans and Letter of Credit Obligations then outstanding does not exceed the aggregate of the Commitments of all Non-Defaulting Banks and (y) the conditions set forth in Section 4.2 are satisfied at such time;

(iii) to the extent that all or any part of such Defaulting Bank's pro rata portion of Swing Line Loans cannot be reallocated pursuant to Section 2.19(c)(i), then the Borrower (A) agrees, within 20 days following notice from the Agent until such Defaulting Bank ceases to be a Defaulting Bank under this

Agreement, to establish and, thereafter, to maintain a special collateral account (the "Swing Line Collateral Account") at the Agent's office at the address specified pursuant to Section 9.2, in the name of the Borrower but under the sole dominion and control of the Agent, (B) grant to the Agent for the benefit of the Banks, solely as security for repayment of the unallocated portion of such Defaulting Bank's Commitment Percentage of outstanding Swing Line Loans, a security interest in and to the Swing Line Collateral Account and any funds that may thereafter be deposited therein and (C) agree to maintain in the Swing Line Collateral Account an amount equal to the unallocated portion of such Defaulting Bank's Commitment Percentage of outstanding Swing Line Loans; and

(iv) to the extent that all or any part of such Defaulting Bank's participations in outstanding Letters of Credit cannot be reallocated pursuant to Section 2.19(c)(ii), then the Borrower (A) agrees, within 20 days following notice from the Agent until such Defaulting Bank ceases to be a Defaulting Bank under this Agreement, to establish and, thereafter, to maintain a special collateral account (the "Letter of Credit Collateral Account") at the Agent's office at the address specified pursuant to Section 9.2 in the name of the Borrower but under the sole dominion and control of the Agent, (B) grant to the Agent for the benefit of the Banks, as security for the unallocated portion of such Defaulting Bank's Revolving Credit Commitment Percentage of all Letter of Credit Obligations, a security interest in the Letter of Credit Collateral Account and any funds that may be deposited therein and (C) agree to maintain in the Letter of Credit Collateral Account an amount equal to the unallocated portion of such Defaulting Bank's Commitment Percentage of all Letter of Credit Obligations, regardless of whether any Letters of Credit have then been drawn;

(d) so long as any Bank is a Defaulting Bank, the Swing Line Bank shall not be required to fund any Swing Line Loan and no Issuing Bank shall be required to issue, amend or increase any Letter of Credit unless it is satisfied that the related exposure will be 100% covered by the non-Defaulting Banks and/or cash collateral will be provided by the Borrower in accordance with Section 2.19(c);

(e) any amount payable to such Defaulting Bank hereunder (whether on account of principal, interest, fees or otherwise), shall, in lieu of being distributed to such Defaulting Bank, be retained by the Agent in a segregated account and, subject to any applicable requirements of law, be applied at such time or times as may be determined by the Agent (i) first, to the payment of any amounts owing by such Defaulting Bank to the Agent hereunder, (ii) second, pro rata, to the payment of any amounts owing by such Defaulting Bank to the Issuing Bank or Swing Line Bank hereunder, (iii) third, to the funding of any Revolving Credit Loan or the funding of any participating interest in any Swing Line Loan or Letter of Credit in respect of which such Defaulting Bank has failed to fund its portion thereof as required by this Agreement, as determined by the Agent, (iv) fourth, if so determined by the Agent and the Borrower, held in such account as cash collateral for future funding obligations of the Defaulting Bank under this Agreement, (v) fifth, pro rata, to the payment of any amounts owing to the Borrower or the Banks as a result of any judgment of a court of competent jurisdiction obtained by the Borrower or any Bank against such Defaulting Bank as a result of such Defaulting Bank's breach of its

obligations under this Agreement and (vi) sixth, to such Defaulting Bank or as otherwise directed by a court of competent jurisdiction; provided that if such payment is (x) a prepayment of the principal amount of any Loans or reimbursement obligations in respect of Letters of Credit for which a Defaulting Bank has not fully funded its participation obligations and (y) made at a time when the conditions set forth in Section 4.2 are satisfied, the remaining portion of such payment shall be applied solely to prepay the Loans of, and reimbursement obligations owed to, all Non-Defaulting Banks pro rata prior to being applied to the prepayment of any Loans, or reimbursement obligations owed to, any Defaulting Bank; and

(f) in the event that the Agent, the Borrower, the Issuing Bank and the Swing Line Bank each agrees in writing that a Defaulting Bank has adequately remedied all matters that caused such Bank to be a Defaulting Bank, then the Swing Line Loans and Letters of Credit participations of the Banks shall be readjusted to reflect the inclusion of such Bank's Commitment Percentage, and on such date such Bank shall purchase at par such of the Loans of the other Banks (other than Swing Line Loans) as the Agent shall determine may be necessary in order for such Bank to hold such Loans in accordance with its Commitment Percentage, subject to the provisions of Section 2.13.

SECTION 3. REPRESENTATIONS AND WARRANTIES

To induce the Banks to enter into this Agreement, and to make the Loans, the Borrower hereby represents and warrants to the Agent and each Bank that:

3.1 Financial Condition. (a) The audited consolidated balance sheet of the Borrower and its Subsidiaries as at December 31, 2017 and the related consolidated statements of income and of cash flows for the fiscal year ended on such date, copies of all of which have heretofore been furnished to each Bank, present fairly the consolidated financial condition of the Borrower as at such dates, and the consolidated results of its operations and its consolidated cash flows for the periods covered thereby. All such financial statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP applied consistently throughout the periods involved. Neither the Borrower nor any of its Subsidiaries had, at the date of the most recent balance sheet referred to above, any material Contingent Obligation, liability for taxes, or any long-term lease or unusual forward or long-term commitment, including, without limitation, any interest rate or foreign currency swap or exchange transaction, which is required by GAAP to be but is not reflected in the foregoing statements or in the notes thereto.

(b) (i) As of the Closing Date and after giving effect to this Agreement and any Loans to be made on the Closing Date, the Borrower and each other Loan Party is Solvent.

(ii) Neither the Borrower nor any other Loan Party intends to incur debts beyond its ability to pay such debts as they mature, taking into account the timing of and amounts of cash to be received by it and the timing of the amounts of cash to be payable on or in respect of its Debt.

3.2 No Adverse Change. Since December 31, 2017, there has been no development or event which has had a Material Adverse Effect.

3.3 Existence; Compliance with Law. Each of the Borrower and the other Loan Parties (a) is duly organized, validly existing and subsisting under the laws of the jurisdiction of its organization, (b) has the corporate power and authority to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged, (c) is duly qualified as a foreign entity and in good standing or subsisting, as applicable, under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification, except to the extent that the failure to be so qualified would not, in the aggregate, have a Material Adverse Effect and (d) is in compliance with all Requirements of Law the non-compliance with which would have a Material Adverse Effect.

3.4 Corporate Power; Authorization; Enforceable Obligations. Each of the Borrower and the other Loan Parties has the corporate power, authority, and legal right, to make, deliver and perform this Agreement, the Notes and the other Loan Documents to which it is a party and to borrow hereunder and has taken all necessary corporate action to authorize the borrowings on the terms and conditions of this Agreement and the Notes and to authorize the execution, delivery and performance of this Agreement, the Notes and the other Loan Documents to which it is a party. No consent or authorization of, filing with or other act by or in respect of, any Governmental Authority or any other Person (including stockholders and creditors of the Borrower or any other Loan Party) is required in connection with the borrowings hereunder or with the execution, delivery, performance, validity or enforceability of this Agreement, the Notes or the other Loan Documents. This Agreement has been, each Note and other Loan Documents will be, duly executed and delivered on behalf of the Borrower and each other Loan Party thereto. This Agreement constitutes, and each Note and other Loan Documents when executed and delivered will constitute, legal, valid and binding obligations of the Borrower and each other Loan Party party thereto enforceable against the Borrower and such Loan Party in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

3.5 No Legal Bar. The execution, delivery and performance of this Agreement, the Notes and the other Loan Documents by the Borrower and the other Loan Parties thereto, the borrowings hereunder and the use of the proceeds thereof will not violate any Requirement of Law or Contractual Obligation of the Borrower or of any of the other Loan Parties and will not result in, or require, the creation or imposition of any Lien on any of its or their respective properties or revenues pursuant to any such Requirement of Law or Contractual Obligation.

3.6 No Material Litigation. Except as set forth on Schedule 3.6, no litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the knowledge of the Borrower, threatened against the Borrower or any Subsidiary or against any of the properties or revenues of the Borrower, such Subsidiary or against any Plan (a) with respect to this Agreement, the Notes or the other Loan Documents or any of the transactions

contemplated hereby, or (b) as to which there is a reasonable likelihood of an adverse determination and which, if adversely determined, would have a Material Adverse Effect.

3.7 No Default. Neither the Borrower nor any Subsidiary is in default under or with respect to any of its Contractual Obligations in any respect which would have a Material Adverse Effect. No Event of Default has occurred and is continuing.

3.8 Taxes. Each of the Borrower and each of its Subsidiaries has filed or caused to be filed all tax returns which are required to be filed (or has obtained authorized extensions for such filings) and has paid all taxes shown to be due and payable on said returns or on any assessments made against it or any of its property and all other taxes, fees or other charges imposed on it or any of its property by any Governmental Authority (other than any the amount or validity of which are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of the Borrower, as the case may be); no material tax Lien has been filed against the Borrower or any of its Subsidiaries, and, to the knowledge of the Borrower, no claim is being asserted, with respect to any such tax, fee or other charges.

3.9 Federal Regulations. No part of the proceeds of any Loans will be used for "purchasing" or "carrying" any "margin stock" within the respective meanings of each of the quoted terms under Regulation U or for any purpose which violates the provisions of Regulation U and after giving effect to the application of the proceeds of any Borrowing hereunder or drawing under any Letter of Credit, not more than 25% of the value of the assets of the Borrower on a consolidated basis will be "margin stock". If requested by any Bank or the Agent, the Borrower will furnish to the Agent and each Bank a statement to the foregoing effect in conformity with the requirements of FR Form U-l referred to in said Regulation U. No part of the proceeds of the Loans hereunder will be used for any purpose which violates, or which is inconsistent with, the provisions of any of Regulations D, T, U and X.

3.10 ERISA. (a) Each Plan has complied in all respects with the applicable provisions of the ERISA and the Code and has been administered in accordance with its terms, except to the extent that failure(s) to so comply, or to so administer the Plan, in the aggregate, has not resulted in and could not reasonably be expected to result in a Material Adverse Effect. No Reportable Event has occurred with respect to any Single Employer Plan which presents a material risk of termination of the Plan by the PBGC. There have been no "prohibited transactions" (as defined in Section 406 of ERISA or Section 4975 of the Code) in connection with which the Borrower or any Commonly Controlled Entity could be subject to any Material civil penalty under 502(i) of ERISA or any Material excise tax under Section 4975 of the Code.

(b) With respect to each Single Employer Plan maintained by the Borrower or a Commonly Controlled Entity, the adjusted funding target attainment percentage (within the meaning of Section 436(j)(2) of the Code) of each such Single Employer Plan, as of the close of the most recent plan year for such Plan as certified by the Plan's actuary, is not less than eighty percent (80%).

(c) Neither the Borrower nor any Commonly Controlled Entity has incurred any withdrawal liabilities (and are not subject to contingent withdrawal liabilities) under

Section 4201 or 4204 of ERISA in respect of Multiemployer Plans that individually or in the aggregate are Material. To the best of Borrower's knowledge, no Multiemployer Plan as to which Borrower or a Commonly Controlled Entity has any obligation is in Reorganization as defined in Section 4241 of ERISA or is Insolvent.

(d) The expected post-retirement benefit obligation (determined as of the last day of the Borrower's most recently ended fiscal year in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification 715-60 (formerly FASB Statement No. 106), without regard to liabilities attributable to continuation coverage mandated by Section 4980B of the Code) of the Borrower and its Subsidiaries would not reasonably be expected to have a Material Adverse Effect.

3.11 Investment Company Act. Except as set forth on Schedule 3.11, neither the Borrower nor any Subsidiary is (a) an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended; or (b) subject to any other federal or state law or regulation which purports to restrict or regulate its ability to borrow money.

3.12 Purpose of Loans. The proceeds of the Loans shall be used by the Borrower in accordance with Section 2.18 hereof.

3.13 Environmental Matters. To the best knowledge of the Borrower, except as may be disclosed on Schedule 3.13 and except to the extent that the aggregate cost of any remediation or other expense to the Borrower or any Subsidiary as a consequence of the failure of any of the following representations to be true and correct does not exceed $1,000,000, each of the representations and warranties set forth in paragraphs (a) through (e) of this subsection is true and correct with respect to each parcel of real property owned or operated by the Borrower or any Subsidiary (the "Properties"):

(a) the Properties do not contain, and have not previously contained, in, on, or under, including, without limitation, the soil and groundwater thereunder, any Materials of Environmental Concern in concentrations which violate Environmental Laws;

(b) the Properties and all operations and facilities at the Properties are in compliance with Environmental Laws in all material respects, and there is no Materials of Environmental Concern contamination or violation of any Environmental Law which would materially interfere with the continued operation of any of the Properties or materially impair the fair saleable value of any thereof;

(c) neither the Borrower nor any Subsidiary has received any written complaint, notice of violation, alleged violation, investigation or advisory action or of potential liability or of potential responsibility regarding a violation of Environmental Law or permit compliance with regard to the Properties, nor is the Borrower aware that any Governmental Authority is contemplating delivering to the Borrower or any Subsidiary any such notice;

(d) Materials of Environmental Concern have not been generated, treated, stored, disposed of, at, on or under any of the Properties, nor have any Materials of Environmental Concern been transferred from the Properties to any other location except in

either case in the ordinary course of business of the Borrower and its Subsidiaries and in material compliance with all Environmental Laws; and

(e) there are no governmental, administrative actions or judicial proceedings pending or contemplated under any Environmental Laws to which the Borrower or any of its Subsidiaries is or will be named as a party with respect to the Properties, nor are there any consent decrees or other decrees, consent orders, administrative orders or other orders, or other administrative or judicial requirements outstanding under any Environmental Law with respect to any of the Properties.

3.14 Subsidiaries of the Borrower. Schedule 3.14 sets forth, as of the Closing Date, each Subsidiary of the Borrower and whether such Subsidiary is a Regulated Entity or a Significant Unregulated Subsidiary.

3.15 Patents, Trademarks, etc. Each of the Borrower and its Subsidiaries has obtained and holds in full force and effect all patents, trademarks, servicemarks, trade names, copyrights or licenses therefor and other such rights, free from burdensome restrictions, which are necessary for the operation of its business as presently conducted. To the Borrower's best knowledge, no material product, process, method, substance, part or other material presently sold by or employed by the Borrower or any of its Subsidiaries in connection with such business infringes any patent, trademark, service mark, trade name, copyright, license or other right owned by any other Person so as to have a Material Adverse Effect. There is not pending or, to the Borrower's knowledge, threatened any claim or litigation against or affecting the Borrower or any of its Subsidiaries contesting its right to sell or use any such product, process, method, substance, part or other material.

3.16 Ownership of Property. Each of the Borrower and its Subsidiaries has good and marketable fee simple title to or valid leasehold interests in all real property owned or leased by the Borrower or such Subsidiary (except in the case of certain properties not material to its business as to which its title was obtained by quit-claim or special warranty deed), and good title to all of its personal property subject to no Lien of any kind except Liens permitted hereby. Each of the Borrower and its Subsidiaries enjoys peaceful and undisturbed possession under all of its respective material leases.

3.17 Licenses, etc. Each of the Borrower and its Subsidiaries has obtained and holds in full force and effect, all franchises, licenses, permits, certificates, authorizations, qualifications, easements, rights of way and other rights, consents and approvals which are necessary for the operation of its business as presently conducted, except where the failure to do so would not reasonably be expected to result in a Material Adverse Effect.

3.18 No Burdensome Restrictions. Neither the Borrower nor any of its Subsidiaries is a party to any agreement or instrument or subject to any other Contractual Obligation or any charter or corporate restriction or any provision of any applicable law, rule or regulation which, to the best of the Borrower's knowledge, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

3.19 Labor Matters. Neither the Borrower nor any of its Subsidiaries has, within the last five years, suffered any strikes, walkouts, work stoppages or other labor difficulty involving a material number of employees which in any case had a Material Adverse Effect, and to the best of the Borrower's knowledge, there are no such events which could reasonably be expected to have a Material Adverse Effect now threatened.

3.20 Partnerships. Except as disclosed on Schedule 3.20, as of the Closing Date, the Borrower is not a partner in any partnership or in any joint venture.

3.21 Senior Debt Status. The Obligations of each Loan Party do rank and will rank at least pari passu in priority of payment with all other Debt of such Loan Party except Debt of such Loan Party to the extent secured by Liens permitted by Section 6.3 hereof.

3.22 Anti-Money Laundering/International Trade Law Compliance. No Covered Entity is a Sanctioned Person. No Covered Entity, either in its own right or through any third party (a) has any of its assets in a Sanctioned Country or in the possession, custody or control of a Sanctioned Person in violation of any Anti-Terrorism Law; (b) does business in or with, or derives any of its income from investments in or transactions with, any Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law; or (c) engages in any dealings or transactions prohibited by any Anti-Terrorism Law. The Borrower has instituted and maintains policies and procedures designed to promote and achieve continued compliance with Anti-Terrorism Laws.

3.23 Anti-Corruption. Neither the Borrower nor any of its Subsidiaries, nor, to the knowledge of any Responsible Officer of the Borrower, any director, officer, agent, employee or other person acting on behalf of the Borrower or any of its Subsidiaries, has taken any action, directly or indirectly, that would result in a violation by such persons of the FCPA or any other applicable anti-corruption law; and the Borrower has instituted and maintains policies and procedures designed to promote and achieve continued compliance therewith.

3.24 Certificate of Beneficial Ownership. The Certificate of Beneficial Ownership for the Borrower executed and delivered to the Agent and the Banks on or prior to the date of this Agreement, as updated from time to time in accordance with this Agreement, is accurate, complete and correct as of the date hereof and as of the date any such update is delivered. The Borrower acknowledges and agrees that the Certificate of Beneficial Ownership is one of the Loan Documents.

3.25 No Material Misstatements. To the best of the Borrower's knowledge, no information, report, financial statement, exhibit or schedule furnished by or on behalf of the Borrower or any of its Subsidiaries to the Agent or any Bank in connection with the negotiation of this Agreement or any Note or other Loan Document or included therein contains any misstatement of fact, or omitted or omits to state any fact necessary to make the statements therein not misleading, where such misstatement or omission would in the Borrower's judgment be material to the interests of the Banks with respect to the Borrower's performance of its obligations hereunder.

3.26 EEA Financial Institutions.

The Borrower is not an EEA Financial Institution.

All of the foregoing representations and warranties shall survive the execution and delivery of the Notes and the making by the Banks of the Loans hereunder.

SECTION 4. CONDITIONS PRECEDENT; CLOSING

4.1 Conditions to Closing. The agreement of each Bank to enter into this Agreements and make the initial Loans and the Issuing Bank and each Bank to issue and/or participate in Letters of Credit requested to be issued on the Closing Date is subject to the satisfaction on and as of the Closing Date of the following conditions precedent:

(a) Loan Documents. The Agent shall have received (i) this Agreement, executed and delivered by a duly authorized officer of the Borrower, with a counterpart for each Bank, (ii) the Guaranty, executed and delivered by a duly authorized officer of each Guarantor party thereto, with a counterpart for each Bank, (iii) for the account of each Bank, a Revolving Credit Note conforming to the requirements hereof and executed by a duly authorized officer of the Borrower and (iv) for the account of the Swing Line Bank, the Swing Line Note conforming to the requirements hereof and executed by a duly authorized officer of the Borrower.

(b) Corporate Proceedings of the Loan Parties. The Agent shall have received a copy of the resolutions or other corporate proceedings or action, in form and substance satisfactory to the Agent, taken on behalf of each of the Borrower and the other Loan Parties authorizing (i) the execution, delivery and performance of this Agreement, the Notes and the other Loan Documents to which it is a party and (ii) the borrowings and guaranties contemplated hereby, certified by a Responsible Officer of the Borrower or other Loan Party, as the case may be, as of the Closing Date, which certificate shall state that such resolutions, or other proceedings or action thereby certified have not been amended, modified, revoked or rescinded and shall be in form and substance satisfactory to the Agent.

(c) Representations and Warranties True; No Default. The representations and warranties of the Borrower contained in Section 3 hereof shall be true and accurate on and as of the Closing Date in all material respects (without duplication of any materiality qualifiers set forth therein) with the same effect as though such representations and warranties had been made on and as of such date (except representations and warranties which relate solely to an earlier date or time, which representations and warranties shall be true and correct on and as of the specific dates or times referred to therein), and the Borrower shall have performed and complied with all covenants and conditions hereof; and no Event of Default or Default under this Agreement shall have occurred and be continuing or shall exist.

(d) Corporate Documents. The Agent shall have received true and complete copies of (i) the articles of incorporation and bylaws of each of the Borrower and the other Loan Parties, certified as of the Closing Date as complete and correct copies thereof by a Responsible Officer of the Borrower or such other Loan Party, as the case may be, (ii) good standing certificates issued by the Secretaries of State (or the equivalent thereof) of each state in

which the Borrower or such other Loan Party has been formed no earlier than thirty days prior to the Closing Date.

(e) Incumbency. The Agent shall have received a written certificate dated the Closing Date by a Responsible Officer of each of the Borrower and the other Loan Parties as to the names and signatures of the officers of the Borrower and such Loan Party authorized to sign this Agreement and the other Loan Documents to which it is a party. The Agent may conclusively rely on such certificate until it shall receive a further certificate by a Responsible Officer of the Borrower or such other Loan Party amending such prior certificate.

(f) Fees. The Borrower shall have paid or caused to be paid to the Agent (i) all Fees then due hereunder and (ii) all other fees and expenses due and payable hereunder on or before the Closing Date (if then invoiced), including without limitation the reasonable fees and expenses of counsel to the Agent.

(g) Legal Opinions. The Agent shall have received the executed legal opinions of the General Counsel of the Borrower and Dilworth Paxson LLP, each addressed to the Agent and the Banks and satisfactory in form and substance to the Agent and its counsel covering such matters incident to the transactions contemplated by this Agreement as the Agent may reasonably require. The Borrower hereby directs such counsel to deliver such opinions, upon which the Banks and the Agent may rely.

(h) No Material Adverse Change. Since December 31, [2017], there shall be no change in the business, operations, Property, prospects or financial or other condition of the Borrower or any of its Subsidiaries or an event which would cause or constitute a Material Adverse Effect; and there shall be delivered to the Agent for the benefit of each Bank a certificate dated the Closing Date and signed on behalf of the Borrower by a Responsible Officer to each such effect.

(i) No Litigation. No action, proceeding, investigation, regulation or legislation shall have been instituted or threatened in writing before any court, governmental agency or legislative body to enjoin, restrain or prohibit, or to obtain damages in respect of this Agreement or the consummation of the transactions contemplated hereby or which, in the Agent's sole discretion, would make it inadvisable to consummate the transactions contemplated by this Agreement.

(j) Evidence of Insurance. The Borrower shall have provided to each of the Banks copies of the evidence of insurance required by subsection 5.5(b).

(k) Evidence of Regulatory Approval. The Borrower shall have provided to the Agent a copy of each and every authorization, permit, consent, and approval of and other actions by, and notice to and filing with, every Governmental Authority which is required to be obtained or made by each of the Borrower and the other Loan Parties for the due execution, delivery and performance of this Agreement and the other Loan Documents to which it is a party.

(l) Certificate of Beneficial Ownership. An executed Certificate of Beneficial Ownership for the Borrower and such other documentation and other information

requested by the Agent and the Banks in connection with applicable "know your customer" and anti-money laundering rules and regulations, including the USA Patriot Act.

(m) Additional Documents. The Agent shall have received such additional documents, certificates and information as the Agent may require pursuant to the hereof or as the Agent may otherwise reasonably request.

4.2 Conditions to Each Loan. The agreement of each Bank to make any Loan requested to be made by it and of the Issuing Bank and each Bank to issue and/or participate in Letters of Credit requested to be issued on any date (including, without limitation, the first such Loan hereunder) is subject to the satisfaction of the following conditions precedent:

(a) Representations and Warranties. Each of the representations and warranties made by the Borrower herein or which are contained in any certificate, document or financial or other statement furnished at any time under or in connection herewith or therewith shall be true and correct in all material respects (without duplication of any materiality qualifiers set forth therein) on and as of such date as if made on and as of such date; provided, however, that for purposes of the representations in Section 3.1 hereof, the annual and quarterly financial information referred to in such Section shall be deemed to be the most recent such information furnished to each Bank.

(b) No Default. No Default or Event of Default shall have occurred and be continuing on such date or after giving effect to the Loans requested to be made or the Letter of Credit is to be issued on such date.

(c) No Contravention of Law. The making of the Loans or the issuance of the Letter of Credit shall not contravene any Requirement of Law applicable to the Borrower or any of the Banks.

Each Borrowing by the Borrower hereunder shall constitute a representation and warranty by the Borrower as of the date of such Loan that the conditions contained in this Section 4.2 have been satisfied.

4.3 Closing. The closing (the "Closing") of the transactions contemplated hereby shall take place at the offices of Ballard Spahr LLP, commencing at 10:00 a.m., Philadelphia time, on June 7, 2018 or such other place or date as to which the Agent, the Banks and the Borrower shall agree. The date on which the Closing shall be completed is referred to herein as the "Closing Date".

4.4 Transitional Arrangements.

(a) On the Closing Date, without the necessity of any further action by any party, the outstanding principal amount of the "Revolving Credit Loans" (as defined in the Existing Credit Agreement) shall be converted and continued as Revolving Credit Loans hereunder as if made by the Banks under and pursuant to this Agreement in accordance with their respective Commitment Percentages and the Banks hereunder shall make such additional Revolving Credit Loans and receive such repayments, as the case may be, if and to the extent

necessary to result in each Bank holding its respective Commitment Percentage of the outstanding Revolving Credit Loans as of the date hereof.

(b) This Agreement amends and restates the Existing Credit Agreement in its entirety, and is not intended as and shall not be deemed to constitute a novation or discharge of the obligations evidenced by, or any transactions consummated under, the Existing Credit Agreement or the other Loan Documents (as defined in the Existing Credit Agreement), all of which remain in full force and effect as amended and restated by this Agreement and the other Loan Documents. Notwithstanding the amendment and restatement of the Existing Credit Agreement by this Agreement, the Borrower shall continue to be liable to the Agent and those Banks party to the Existing Credit Agreement with respect to agreements on the part of the Borrower under the Existing Credit Agreement to pay all principal, interest, fees and other amounts that have accrued on or before the Closing Date (and have not been paid on or before such date) and to indemnify and hold harmless the Agent and such Banks from and against all claims, demands, liabilities, damages, losses, costs, charges and expenses to which the Agent and such Banks may be subject arising in connection with the Existing Credit Agreement and as to which the Borrower has agreed under the Existing Credit Agreement to indemnify and hold harmless the Agent and such Banks.

SECTION 5. AFFIRMATIVE COVENANTS

The Borrower hereby agrees that, so long as the Commitments remain in effect, any Note remains outstanding and unpaid, any Letter of Credit remains outstanding or any other amount is owing to any Bank or the Agent hereunder, the Borrower shall and shall cause each of its Subsidiaries (except in the case of Section 5.1):

5.1 Furnishing Financial Statements. Furnish or cause to be furnished to the Agent:

(a) as soon as available, but in any event not later than 120 days (or such earlier date mandated by the SEC) after the close of each fiscal year of the Borrower, a copy of the annual audit report for such year for the Borrower and its consolidated Subsidiaries, including therein a consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at the end of such fiscal year, and related consolidated statements of income and retained earnings and changes in cash flows of the Borrower and its consolidated Subsidiaries for such fiscal year, all in reasonable detail, prepared in accordance with GAAP applied on a basis consistently maintained throughout the period involved and with the prior year with such changes thereon as shall be approved by the Borrower's independent certified public accountants, such financial statements to be certified by a nationally recognized independent certified public accountants selected by the Borrower and reasonably acceptable to the Agent, without (i) a "going concern" or like qualification or (ii) an exception or qualification arising out of the restricted or limited nature of the examination of such accountants;

(b) as soon as available, but in any event not later than 60 days after the end of each fiscal quarter of the Borrower (other than the last fiscal quarter), unaudited consolidated financial statements of the Borrower and its consolidated Subsidiaries, including therein (i) a consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at

the end of such fiscal quarter, (ii) the related consolidated statements of income and retained earnings of the Borrower and its consolidated Subsidiaries, and (iii) the related consolidated statement of changes in cash flows of the Borrower and its consolidated Subsidiaries all for the period from the beginning of such fiscal quarter to the end of such fiscal quarter and the portion of the fiscal year through the end of such quarter setting forth in each case in comparative form the corresponding figures for the like period of the preceding fiscal year; all in reasonable detail, prepared in accordance with GAAP applied on a basis consistently maintained throughout the period involved and with prior periods (except for the absence of footnotes and subject to year-end adjustments) and accompanied by a certificate of a Responsible Officer of the Borrower stating that the financial statements fairly present the financial condition of the Borrower and its consolidated Subsidiaries as of the date and for the periods covered thereby;

The financial statements required to be delivered pursuant to clauses (a) and (b) of this Section 5.1 shall be deemed to have been delivered on the date on which such report is posted on the website of the SEC at www.sec.gov and Borrower notifies Agent in writing thereof.

5.2 Certificates; Other Information. Furnish, or cause to be furnished, to each Bank:

(a) concurrently with the delivery of the annual and quarterly financial statements referred to in subsections 5.1(a) and 5.1(b), respectively, a certificate of a Responsible Officer of the Borrower (each a "Compliance Certificate") showing in detail the calculations demonstrating compliance with the financial covenants set forth in Section 6.1 and the Applicable Margin and Applicable Facility Fee Percentage, together with a certificate of a Responsible Officer of the Borrower stating that, to his or her knowledge, the Borrower during such period has kept, observed, performed and fulfilled each and every covenant and condition contained in this Agreement and in the Notes and the other Loan Documents to which it is a party and that such officer has obtained no knowledge of any Default or Event of Default except as specifically indicated; if the Compliance Certificate shall indicate that such officer has obtained knowledge of a Default or Event of Default, such Compliance Certificate shall state what efforts the Borrower is making to cure such Default or Event of Default;

(b) promptly after the same become publicly available, copies of each financial statement, report, notice or proxy statement or other materials sent by the Borrower or any Subsidiary thereof to public securities holders generally and (ii) each regular or periodic report and each registration statement that shall have become effective (without exhibits except as expressly requested by the Agent or any Bank), and each final prospectus and all amendments thereto filed by the Borrower or any Subsidiary thereof with the SEC, or any Governmental Authority succeeding to any or all of the functions of the SEC, or with any national securities exchange, as the case may be; and

(c) promptly, such additional data and information relating to the business operations, affairs financial condition, assets or properties of the Borrower or any of its Subsidiaries or relating to the ability of the Borrower or the other Loan Parties to perform its obligations under the Loan Documents as the Agent or any Bank may from time to time reasonably request.

All balance sheets, statements and other information furnished pursuant hereto shall be prepared in accordance with GAAP, except for the absence of footnotes and subject to year-end adjustments in the case of the unaudited financial statements, and shall fairly set forth the consolidated financial condition of the Borrower and its Subsidiaries and the results of their operations. The Banks shall have the right, from time to time, to discuss the Loan Parties' affairs directly with the Borrower's independent certified public accountants after notice to the Borrower and the opportunity for the Borrower to be present at any such discussions. The Agent and each Bank is authorized to show or deliver a copy of any financial statement or any other information relating to the business, operations or financial condition of the Borrower and its Subsidiaries which may be furnished to any Bank or come to its attention pursuant to this Agreement or otherwise, to any regulatory body or agency having jurisdiction over such Bank and to any bank or other financial institution which is a present or potential participant with such Bank in the Loans and other extensions of credit hereunder, provided such bank or financial institution agrees to keep such information confidential on the terms hereof.

5.3 Intentionally Omitted.

5.4 Conduct of Business and Maintenance of Existence. Subject to Sections 6.4, 6.5 and 6.6 and except to the extent that failure to do so would not have a Material Adverse Effect, preserve, renew and keep in full force and effect the Borrower's corporate existence and the corporate existence of each Restricted Subsidiary and take all reasonable action to maintain all rights, privileges, trademarks, trade names, licenses, franchises and other authorizations necessary or desirable in the normal conduct of its business; comply with all Contractual Obligations and Requirements of Law except to the extent that failure to comply therewith would not reasonably be expected to have, in the aggregate, a Material Adverse Effect.

5.5 Maintenance of Property; Insurance. (a) Maintain and keep its properties in good repair, working order and condition (ordinary wear and tear excepted), so that the business carried on in connection therewith may be properly conducted at all times; provided, however, that the Borrower or any Subsidiary thereof shall not be prevented from discontinuing the operation or maintenance of any of its properties if such discontinuance is desirable in the conduct of its business and the Borrower has concluded that such discontinuance would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(b) Insure its properties and assets against loss or damage by fire and such other insurable hazards as such assets are commonly insured (including fire, extended coverage, property damage, worker's compensation, public liability and business interruption insurance) and against other risks (including errors and omissions) in such amounts as similar properties and assets are insured by prudent companies in similar circumstances carrying on similar businesses, and with reputable and financially sound insurers, including self-insurance to the extent customary. The Borrower shall deliver at the request of the Agent from time to time a summary schedule indicating all insurance then in force with respect to the Borrower and each of its Subsidiaries.

5.6 Inspection; Books and Records.

(a) Inspection. (i) If no Default or Event of Default then exists, at the expense of such holder and upon reasonable prior notice to the Borrower, permit any of the officers or authorized employees or representatives of the Agent or any of the Banks to visit the principal executive office of the Borrower, to discuss the affairs, finances and accounts of the Borrower and its Subsidiaries with the Borrower's officers, and (with the consent of the Borrower, which consent will not be unreasonably withheld) to visit the other offices and properties of the Borrower and each Subsidiary, all at such reasonable times during normal business hours and as often as may be reasonably requested in writing; and

(ii) if a Default or Event of Default then exists, at the expense of the Borrower, permit any of the officers or authorized employees or representatives of the Agent or any of the Banks to visit and inspect any of the offices or properties of the Borrower or any Subsidiary, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and independent public accountants (and by this provision the Borrower authorizes said accountants to discuss the affairs, finances and accounts of the Borrower and its Subsidiaries), all at such reasonable times and as often as may be requested.

(b) Maintain and keep proper books of record and account which enable the Borrower to issue financial statements in accordance with GAAP and as otherwise required by applicable Requirements of Law, and in which full, true and correct entries shall be made in all material respects of all its dealings and business and financial affairs.

5.7 Notices. Promptly, upon the Borrower becoming aware, give notice to the Agent and each Bank of:

(a) the occurrence of any Default or Event of Default;

(b) any notice to the Borrower or any Subsidiary thereof from any Governmental Authority relating to an order, ruling, statute or other Requirement of Law that would reasonably be expected to have a Material Adverse Effect;

(c) any litigation or proceeding which, if adversely determined, would have a Material Adverse Effect;

(d) the following events, as soon as possible and in any event within 30 days after the Borrower knows or has reason to know thereof: (i) the occurrence of any Reportable Event with respect to any Single Employer Plan which presents a material risk of termination of any Plan by the PBGC, (ii) any withdrawal from, or the termination, Reorganization or Insolvency of any Multiemployer Plan, (iii) the adjusted funding target attainment percentage (within the meaning of Section 436(j)(2) of the Code) with respect to any Single Employer Plan maintained by the Borrower or a Commonly Controlled Entity is certified by the Single Employer Plan's actuary to be less than eighty percent (80%) or deemed by operation of Section 436 of the Code in the absence of such certification to be less than eighty percent (80%), or (iv) the institution of proceedings or the taking of any action by the PBGC or

the Borrower or any Commonly Controlled Entity or any Multiemployer Plan with respect to the termination of any Single Employer Plan in a distress termination under Section 4041(c) of ERISA or the withdrawal from or the termination, Reorganization or Insolvency, of any Multiemployer Plan;

(e) an event which has had a Material Adverse Effect; and

(f) the occurrence of a Reportable Compliance Event.

Each notice pursuant to this subsection shall be accompanied by a statement of the Borrower, executed on its behalf by a Responsible Officer, setting forth details of the occurrence referred to therein and stating what action the Borrower propose to take with respect thereto.

5.8 Environmental Laws. (a) Comply with, and require compliance by all tenants and to the extent possible, all subtenants, if any, with, all Environmental Laws and obtain and comply with and maintain, and require that all tenants and to the extent possible, all subtenants obtain and comply with and maintain, any and all licenses, approvals, registrations or permits required by Environmental Laws except to the extent that failure to so comply or obtain or maintain such documents would not have a Material Adverse Effect.

(b) Except as set forth in Schedule 3.13, comply with all lawful and binding orders and directives of all Governmental Authorities respecting Environmental Laws except to the extent that failure to so comply would not have a Material Adverse Effect.

5.9 Taxes. File all income tax or similar tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges, or levies payable by any of them, to the extent such taxes and assessments have become due and payable and before they have become delinquent; *provided* that neither the Borrower nor any Subsidiary need pay any such tax, assessment, charge or levy if (i) the amount, applicability or validity thereof is contested by the Borrower or such Subsidiary on a timely basis in good faith and in appropriate proceedings, and the Borrower or a Subsidiary has established adequate reserves therefor in accordance with GAAP on the books of the Borrower or such Subsidiary or (ii) the nonpayment of all such taxes, assessments, charges and levies in the aggregate would not reasonably be expected to have a Materially Adverse Effect.

5.10 Guarantees of Obligations. Subject to the last sentence of this Section 5.10, in the event that any Significant Unregulated Subsidiary shall be formed, acquired or come into existence after the Closing Date, promptly cause such Significant Unregulated Subsidiary to (a) execute and deliver a Guaranty Agreement (or a Joinder Agreement as determined by the Agent) in form and substance satisfactory to the Agent pursuant to which such Significant Unregulated Subsidiary will become a “Guarantor” hereunder, and guarantee the obligations of the Borrower hereunder and under the Notes and other Loan Documents and (b) deliver such proof of corporate or other action, incumbency of officers, opinions of counsel and other documents as is consistent with those delivered by the Borrower pursuant to Section 4.1 on the Closing Date or as the Agent shall have reasonably requested. It is the intent of the parties hereto that all of the obligations of the Borrower hereunder shall be unconditionally guaranteed

by all of its Significant Unregulated Subsidiaries to the maximum extent permitted under the laws of the jurisdiction of organization of any such Significant Unregulated Subsidiary.

5.11 Anti-Money Laundering/International Trade Law Compliance. No Covered Entity will become a Sanctioned Person. No Covered Entity, either in its own right or through any third party, will (a) have any of its assets in a Sanctioned Country or in the possession, custody or control of a Sanctioned Person in violation of any Anti-Terrorism Law; (b) do business in or with, or derive any of its income from investments in or transactions with, any Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law; (c) engage in any dealings or transactions prohibited by any Anti-Terrorism Law or (d) use the Loans to fund any operations in, finance any investments or activities in, or make any payments to, a Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law. The funds used to repay the Loans will not be derived from any unlawful activity. Each Covered Entity shall comply with all Anti-Terrorism Laws.

5.12 Certificate of Beneficial Ownership and Other Additional Information. The Borrower shall provide to the Agent and the Banks: (i) confirmation of the accuracy of the information set forth in the most recent Certificate of Beneficial Ownership provided to the Agent and the Banks; (ii) a new Certificate of Beneficial Ownership when the individual(s) to be identified as a Beneficial Owner have changed; and (iii) such other information and documentation as may reasonably be requested by the Agent or any Bank from time to time for purposes of compliance by the Agent or such Bank with applicable Laws (including without limitation the USA Patriot Act and other "know your customer" and anti-money laundering rules and regulations), and any policy or procedure implemented by the Agent or such Bank to comply therewith.

5.13 Designation of Subsidiaries. The Borrower may from time to time cause any Regulated Subsidiary or any Unregulated Subsidiary which is not a Significant Subsidiary, in each case, acquired after the Closing Date to be designated as an Unrestricted Subsidiary or any Unrestricted Subsidiary to be designated as a Restricted Subsidiary, provided, however, that at the time of such designation and immediately after giving effect thereto, no Default or Event of Default would exist under the terms of this Agreement, and provided, further, that once a Subsidiary has been designated an Unrestricted Subsidiary, it shall not thereafter be redesignated as a Restricted Subsidiary on more than one occasion. Within ten (10) days following any designation described above, the Borrower will deliver to the Agent a notice of such designation accompanied by a certificate signed by a Responsible Officer certifying compliance with all requirements of this Section 5.13 and setting forth all information required in order to establish such compliance.

SECTION 6. NEGATIVE COVENANTS

The Borrower hereby agrees that, so long as the Commitments remain in effect, any Note remains outstanding and unpaid, any Letter of Credit remains outstanding or any other amount is owing to any Bank or the Agent hereunder, the Borrower shall not, and, shall not permit any of (i) its Restricted Subsidiaries (except in the case of Sections 6.1, 6.2 and 6.11 which apply only to the Borrower), or (ii) its Subsidiaries (in the case of Section 6.13 only), to, directly or indirectly:

6.1 Financial Covenants.

(a) Leverage Ratio. Permit as of the end of any fiscal quarter the Leverage Ratio to be greater than sixty-five percent (65%).

(b) Interest Coverage Ratio. Permit as of the end of any fiscal quarter the Interest Coverage Ratio to be less than 1.8 to 1.

6.2 Limitation on Certain Debt. Except for the Commitments under the Loan Documents, at any time enter into, assume or suffer to exist lines of credit or comparable extensions of credit from one or more commercial banks (or their Affiliates) under which the Borrower has incurred or may incur aggregate Debt in excess of $25,000,000.

6.3 Limitation on Liens. Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, including, without limitation, the Capital Stock of its Subsidiaries, whether now owned or hereafter acquired, except for:

(a) Liens for taxes, assessments or other governmental charges that are not yet due and payable or the payment of which is not at the time required by Section 5.9; provided, any such tax, assessment or other governmental charge shall be paid prior to the commencement of any proceedings to foreclose any Lien related thereto;

(b) any attachment or judgment Lien, unless the judgment it secures shall not, within 60 days after the entry thereof, have been discharged or execution thereof stayed pending appeal, or shall not have been discharged within 60 days after the expiration of any such stay;

(c) Liens incidental to the conduct of business or the ownership of properties and assets (including landlords', carriers', warehousemen's, mechanics', materialmen's and other similar Liens for sums not yet due and payable or which are being contested in good faith by appropriate proceedings diligently conducted) and Liens to secure the performance of bids, tenders, leases, or trade contracts, or to secure statutory obligations (including obligations under workers compensation, unemployment insurance and other social security legislation), surety or appeal bonds or other Liens incurred in the ordinary course of business and not in connection with the borrowing of money;

(d) leases or subleases granted to others, zoning restrictions, easements, rights-of-way, restrictions and other similar charges or encumbrances, in each case incidental to the ownership of property or assets or the ordinary conduct of the business of the Borrower or any of its Restricted Subsidiaries; provided, however, that such Liens do not, materially impair the use of such property or materially detract from the value of such property and which are not violated in any material respect by the existing or proposed use by the Borrower and its Restricted Subsidiaries of the properties subject to such Liens;

(e) Liens securing Debt of a Restricted Subsidiary to the Borrower or a Wholly-Owned Restricted Subsidiary;

(f) Liens created under indentures, mortgages and deeds of trust securing Debt of a Restricted Subsidiary;

(g) Liens incurred after the date of Closing (including Liens of Capital Lease Obligations) given to secure the payment of all or any portion of the purchase price incurred in connection with the acquisition, construction or improvement of property (other than accounts receivable) useful and intended to be used in carrying on the business of the Borrower or a Restricted Subsidiary including Liens existing on such property at the time of acquisition or construction thereof, or Liens incurred within 180 days of such acquisition or the completion of such construction or improvement; provided, however, that (i) the Lien shall attach solely to the property acquired, purchased, constructed or improved and, if required by the terms of the instrument originally creating such Lien, other property which is an improvement to or is acquired for specific use in connection with such acquired property; (ii) at the time of acquisition, construction or improvement of such property, the aggregate amount remaining unpaid on all Debt secured by Liens on such property, whether or not assumed by the Borrower or a Restricted Subsidiary, shall not exceed the lesser of (y) the cost of such acquisition, construction or improvement or (z) the fair market value of such property; and (iii) at the time of such incurrence and after giving effect thereto, no Default or Event of Default would exist;

(h) any Lien existing on property of a Person immediately prior to its being consolidated with or merged into the Borrower or any Restricted Subsidiary or its becoming a Restricted Subsidiary, or any Lien existing on any property acquired by the Borrower or any Restricted Subsidiary at the time such property is so acquired (whether or not the Debt secured thereby shall have been assumed); provided, however, that (i) no such Lien shall have been created or assumed in contemplation of such consolidation or merger or such Person's becoming a Restricted Subsidiary or such acquisition of property, (ii) each such Lien shall extend solely to the item or items of property so acquired and, if required by the terms of the instrument originally creating such Lien, other property which is an improvement to or is acquired for specific use in connection with such acquired property, and (iii) at the time of such incurrence and after giving effect thereto, no Default or Event of Default would exist;

(i) Liens granted by the Borrower or its Restricted Subsidiaries to secure obligations of the Borrower or its Restricted Subsidiaries incurred in connection with loans or advances made to the Borrower or its Restricted Subsidiaries by Governmental Authorities;

(j) any extensions, renewals or replacements of any Lien permitted by the preceding subsections (g) and (i) of this Section 6.3; provided, however, that (i) no additional property shall be encumbered by such Liens, (ii) the unpaid principal amount of the Debt or other obligations secured thereby shall not be increased on or after the date of any extension, renewal or replacement, and (iii) at such time and immediately after giving effect thereto, no Default or Event of Default shall have occurred and be continuing; and

(k) in addition to the Liens permitted by the preceding subsections (a) through (j), inclusive, of this Section 6.3, Liens securing Debt of the Borrower or any Restricted Subsidiary; provided, however, that the sum of (i) unsecured Debt of the Restricted Subsidiaries (other than Debt owing to the Borrower or a Wholly-Owned Restricted Subsidiary), (ii) Debt of

Unrestricted Subsidiaries (other than Debt owing to the Borrower or a Wholly-Owned Unrestricted Subsidiary) and (iii) the aggregate principal amount of Debt secured by Liens pursuant to this subsection 6.3(k), shall not exceed 15% of Consolidated Shareholder Equity.

6.4 Limitations on Fundamental Changes. Enter into any merger, consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or convey, sell, lease, assign, transfer or otherwise dispose of, all or substantially all of its property, business or assets except:

(a) any Restricted Subsidiary may consolidate or merge with or convey, sell, lease, assign, transfer or otherwise dispose of all, or substantially all of its property, business or assets to the Borrower so long as in the case of any such merger or consolidation, the Borrower is the surviving or continuing corporation

(b) any Loan Party may (i) consolidate or merge with another Loan Party and (ii) convey, sell, lease, assign, transfer or otherwise dispose of all, or substantially all, of its property, business or assets to another Loan Party;

(c) any Restricted Subsidiary which is not a Loan Party may consolidate or merge with or convey, sell, lease, assign, transfer or otherwise dispose of all, or substantially all of its property, business or assets to a Wholly-Owned Restricted Subsidiary which is not a Loan Party so long as in the case of any such merger or consolidation, such Wholly-Owned Restricted Subsidiary is the surviving or continuing corporation;

(d) the Borrower or a Restricted Subsidiary may convey, sell, lease, assign transfer or otherwise dispose of any substantial party of its property, business or assets to the extent permitted under Section 6.6; and

(e) a merger in connection with an acquisition permitted under Section 6.7;

provided that, immediately after each such transaction and after giving effect thereto, the Borrower is in compliance with this Agreement and no Default or Event of Default shall be in existence or result from such transaction.

6.5 Limitation on Sale of Stock. Issue, sell, transfer or otherwise dispose of any shares of Capital Stock of any class of a Restricted Subsidiary to any Person (other than to the Borrower or a Wholly-Owned Restricted Subsidiary or as permitted under Section 6.4), except:

(a) for the purpose of qualifying directors;

(b) in the case of an issuance or a sale, in satisfaction of the validly pre-existing preemptive or contractual rights of minority shareholders in connection with the simultaneous issuance of Capital Stock to the Borrower and/or a Restricted Subsidiary whereby the Borrower and/or such Restricted Subsidiary maintain their same proportionate interest in such Subsidiary; or

(c) where (i) the consideration for such sale, transfer or other disposition is either cash or shares of Capital Stock, (ii) such sale, transfer or other disposition is made to a Person (other than an Affiliate), of the Borrower's entire Investment in such Restricted Subsidiary and (iii) such sale, transfer or other disposition (A) does not result in a Change of Control and (B) can be made within the limitations of Section 6.6.

6.6 Limitation on Sale of Assets. Convey, sell, lease, assign, transfer or otherwise dispose of any substantial part of its property, business or assets (including, without limitation, accounts receivable and leasehold interests), whether now owned or hereafter acquired; provided, however, that the Borrower or any Restricted Subsidiary may sell, lease or otherwise dispose of assets constituting a substantial part of the assets of the Borrower and its Restricted Subsidiaries if such assets are sold for cash in an arms length transaction for fair market value and, at such time and after giving effect thereto, no Default or Event of Default shall have occurred and be continuing and an amount equal to the Net Proceeds received from such sale, lease or other disposition (but excluding any portion of the Net Proceeds which are attributable to assets which constitute less than a substantial part of the assets of the Borrower and its Restricted Subsidiaries) shall be used, in any combination:

(a) within three (3) years of any such sale, disposition, transfer or lease of assets to purchase or otherwise acquire productive assets useful in carrying on the business of the Borrower and its Restricted Subsidiaries and having (i) a value at least equal to the value of such assets sold, disposed of, transferred or leased, and (ii) the ability to generate operating income at least equal to the operating income of such assets sold, disposed of, transferred or leased; or

(b) to prepay or retire *first*, Senior Debt secured by a Lien on property of the Borrower and/or its Restricted Subsidiaries and *second*, unsecured Senior Debt of the Borrower and/or its Restricted Subsidiaries;

As used in this Section 6.6, a sale, lease or other disposition of assets shall be deemed to be a "substantial part" of the assets of the Borrower and its Restricted Subsidiaries if the book value of such assets, when added to the book value of all other assets sold, leased or otherwise disposed of by the Borrower and its Restricted Subsidiaries during such fiscal year, exceeds 15% of the book value of Consolidated Assets, determined as of the end of the fiscal year immediately preceding such sale, lease or other disposition; provided, however, that there shall be excluded from any determination of a "substantial part" any (i) sale or disposition of assets in the ordinary course of business of the Borrower and its Restricted Subsidiaries and/or (ii) any transfer of assets from (A) any Loan Party to another Loan Party, (B) any Restricted Subsidiary which is not a Loan Party to a Loan Party, or (C) any Restricted Subsidiary which is not a Loan Party to a Wholly-Owned Restricted Subsidiary which is not a Loan Party.

6.7 Limitations on Acquisitions. Make any acquisition of all or substantially all of the assets or Capital Stock of any Person if at the time of such acquisition and after giving effect thereto, a Default or an Event of Default shall exist.

6.8 Limitation on Distributions and Investments. (a) At any time make (or incur any liability to make) or pay any Distribution such that as of the declaration date of any

such Distribution and after giving effect to the declaration or payment of any such Distribution a Default or Event of Default would exist, except in the case of Distributions from a Restricted Subsidiary to a Loan Party; or

(b) Make any Investments other than Permitted Investments.

6.9 Transactions with Affiliates. Except as expressly permitted in this Agreement, directly or indirectly enter into any Material transaction or arrangement whatsoever or make any payment to or otherwise deal with any Affiliate (other than a Loan Party or another Restricted Subsidiary), except, as to all of the foregoing in the ordinary course of and pursuant to the reasonable requirements of each Loan Party's business and upon fair and reasonable terms no less favorable to such Loan Party than would be obtained in a comparable arm's length transaction with a Person not an Affiliate of such Loan Party. In addition, the Borrower will not, and will not permit any Restricted Subsidiary to, make any loan or advance to any other Restricted Subsidiary except (a) in the case of loans or advances from one Loan Party to another Loan Party or (b)in the ordinary course of business and in accordance with the reasonable requirements of the business of the Borrower or any such Restricted Subsidiary.

6.10 Sale and Leaseback. Enter into any arrangement with any Person providing for the leasing by a Loan Party of any real or personal property which has been or is to be sold or transferred by such Loan Party to such Person or to any other Person to whom funds have been or are to be advanced by such Person on the security of such property or rental obligations of such Loan Party, unless (a) such arrangement is consummated reasonably contemporaneous with such Loan Party's purchase of such real or personal property and (b) immediately after the consummation of the foregoing type of transaction and after giving effect thereto, Attributable Debt will not exceed 25% of Consolidated Shareholders' Equity.

6.11 Unrestricted Subsidiaries. The Borrower shall not, at any time, permit Unrestricted Subsidiaries to (a) own more than forty percent (40%) of the Consolidated Assets or (b) account for more than forty percent (40%) of the consolidated gross revenues of the Borrower and its Subsidiaries, in each case, determined in accordance with GAAP.

6.12 Nature of Business. Engage in any business, other than businesses which, when taken as a whole, are in the general nature of the businesses in which the Company and its Restricted Subsidiaries are engaged on the Closing Date and other energy related regulated business activities and non-regulated business activities that are complementary to the foregoing.

6.13 Clauses Limiting Significant Subsidiary Distributions. Enter into or suffer to exist or become effective any (a) consensual encumbrance or restriction or (b) injunction or other order imposing a restriction, on the ability of any Significant Subsidiary of the Borrower to (i) make Distributions in respect of any Capital Stock of such Subsidiary held by, or pay any Indebtedness owed to, the Borrower or any other Loan Party, (ii) make loans or advances to, or other Investments in, the Borrower or any other Loan Party or (iii) transfer any of its assets to the Borrower or any other Loan Party, except (x) for any restrictions existing under the Loan Documents or (y) where such restrictions would not, in the Borrower's reasonable business judgment, materially affect the Borrower's or any other Loan Party's ability to pay or perform when due the Obligations or any other obligations under any other Debt.

SECTION 7. EVENTS OF DEFAULT

7.1 Events of Default. If any of the following events shall occur and be continuing:

(a) The Borrower shall fail to pay when due any principal of any Note, or shall fail to pay within five (5) days after the date when due any interest, Fees or other amount payable hereunder; or

(b) Any representation or warranty made or deemed made by the Borrower or any other Loan Party herein or in any other Loan Document or which is contained in any certificate, document or financial or other statement furnished at any time under or in connection with this Agreement shall prove to have been incorrect in any material respect on or as of the date made or deemed made; or

(c) The Borrower shall default in the observance or performance of any agreement contained in Section 5.11(d) or in Section 6; or

(d) The Borrower or any other Loan Party shall default in the observance or performance of (i) any agreement contained in Sections 5.1, 5.2, 5.4, 5.5, 5.7 or 5.10 of this Agreement and such default shall continue unremedied for a period of ten (10) days after the occurrence of such default, and (ii) any other agreement contained in this Agreement (other than as provided in paragraphs (a), (b), (c) or (d)(i) of this Section 7.1) or any other Loan Document, and such default shall continue unremedied for a period of thirty (30) days after notice of such default is given by the Agent; or

(e) One or more judgments or decrees shall be entered against the Borrower, any Restricted Subsidiary or any Significant Subsidiary involving in the aggregate a liability (not paid or fully covered by insurance) of $10,000,000 or more and all such judgments or decrees shall not have been vacated, discharged, settled, satisfied or paid, or stayed or bonded pending appeal, within ninety (90) days from the entry thereof; or

(f) The Borrower, any Restricted Subsidiary or any Significant Subsidiary shall (i) default in the payment of any amount due under any Debt of the Borrower, any Restricted Subsidiary or any Significant Subsidiary in excess of $10,000,000 in the aggregate (other than the Notes), beyond the period of grace, if any, provided in the instrument or agreement under which such Debt was created; or (ii) default in the observance or performance of any other agreement contained in any such Debt or in any instrument or agreement evidencing, securing or relating thereto beyond any applicable notice and grace period, or any other event shall occur the effect of which default or other event is to cause, or to permit the holder or holders or beneficiary or beneficiaries of such Debt (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause such Debt to become due and payable prior to its stated maturity or any such Debt is declared to be due and payable prior to its stated maturity unless such default, event or declaration referred to in this subparagraph (ii) is waived or cured to the satisfaction of such other party as demonstrated to the satisfaction of the Agent by the Borrower, such Restricted Subsidiary or such Significant

Subsidiary prior to the Agent taking any action under Section 7.2 in respect of such occurrence; or

(g) (i) The Borrower, any Restricted Subsidiary or any Significant Subsidiary shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or the Borrower, any Restricted Subsidiary or any Significant Subsidiary shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the Borrower, any Restricted Subsidiary or any Significant Subsidiary any case, proceeding or other action of a nature referred to in clause (i) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of sixty (60) days; or (iii) there shall be commenced against the Borrower, any Restricted Subsidiary or any Significant Subsidiary any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process on a claim in excess of $1,000,000 against all or any substantial part of its assets which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof; or (iv) the Borrower, any Restricted Subsidiary or any Significant Subsidiary shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above; or (v) the Borrower, any Restricted Subsidiary or any Significant Subsidiary shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or

(h) (i) Any Person shall engage in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan, (ii) the adjusted target attainment percentage (within the meaning of Section 436(j)(2) of the Code) with respect to any Single Employer Plan maintained by the Borrower or Commonly Controlled Entity is certified by the Single Employer Plan's actuary to be less than eighty percent (80%) or deemed by operation of Section 436 of the Code in the absence of such certification to be less than eighty percent (80%), (iii) a Reportable Event shall occur with respect to, or proceedings shall commence to have a trustee appointed, or a trustee shall be appointed, to administer or to terminate, any Single Employer Plan, which Reportable Event or institution of proceedings is, in the reasonable opinion of the Required Banks, likely to result in the termination by action of the PBGC or any court of such Single Employer Plan for purposes of Title IV of ERISA, (v) any Single Employer Plan, if any, shall terminate for purposes of Title IV of ERISA, or (v) the Borrower or a Commonly Controlled Entity should completely or partially withdraw from a Multiemployer Plan; and in each case in clauses (i) through (v) above, such event or condition, together with all other such events or conditions, if any, could reasonably be expected to have a Material Adverse Effect; or

(i) Any Change of Control shall occur; or

(j) Any of the Loan Documents shall cease to be legal, valid and binding agreements enforceable against any Loan Party executing the same or such Loan Party's successors and assigns (as permitted under the Loan Documents) in accordance with the respective terms thereof or shall in any way be terminated (except in accordance with its terms) or become or be declared ineffective or inoperative as to such Loan Party or such Loan Party's successors and assigns (as permitted under the Loan Document) or shall in any way be challenged and thereby deprive or deny the Banks and the Agent the intended benefits thereof or they shall thereby cease substantially to have the rights, titles, interests, remedies, powers or privileges intended to be created thereby as such benefits, rights, titles, interests, remedies, powers or privileges relate to such Loan Party or such Loan Party's successor and assigns (as permitted under the Loan Documents).

7.2 Remedies. (a) If an Event of Default specified in subsection 7.1(g) with respect to the Borrower shall occur and be continuing, the Commitments (including the obligation of the Issuing Bank to issue Letters of Credit) shall automatically and immediately terminate, and the Loans hereunder (with accrued interest thereon) and all other amounts owing under this Agreement, the Notes and the other Loan Documents shall automatically and immediately become due and payable (including, without limitation, all Letter of Credit Obligations, whether or not the beneficiaries of the then outstanding Letters of Credit shall have presented the documents required thereunder). If any other Event of Default shall occur and be continuing, with the consent of the Required Banks, the Agent may, or upon the written request of the Required Banks, the Agent shall (a) by notice to the Borrower declare the Commitments to be terminated forthwith, whereupon such Revolving Credit Commitments and the obligations of the applicable Banks to make Loans and the obligation of the Issuing Bank to issue Letters of Credit, shall immediately terminate; (b) by notice of default to the Borrower, declare the Loans hereunder (with accrued interest thereon) and all other amounts owing under this Agreement, the Notes and the other Loan Documents to be due and payable forthwith, whereupon the same shall immediately become due and payable (including, without limitation, all Letter of Credit Obligations, whether or not the beneficiaries of the then outstanding Letters of Credit shall have presented the documents required thereunder); (c) exercise such remedies as may be available to the Agent and the Banks hereunder or under the Guaranty, the other Loan Documents or otherwise at law or equity; and/or (d) by notice to the Borrower require the Borrower to, and the Borrower shall thereupon, deposit in a non-interest bearing account with the Agent, as cash collateral for its obligations under this Agreement, the Notes and the Applications, an amount equal to the aggregate Letter of Credit Coverage Requirement, and the Borrower hereby pledges to the Agent and the Banks, and grants to the Agent and the Banks a security interest in, all such cash as security for such obligations. Amounts held in such cash collateral account shall be applied by the Agent to the payment of drafts drawn under the Letters of Credit, and the unused portion thereof after all the Letters of Credit shall have expired or been fully drawn upon, if any, shall be applied to repay the other Obligations. After all the Letters of Credit shall have expired or been fully drawn upon, all Reimbursement Obligations shall have been satisfied and all other Obligations shall have been paid in full, the balance, if any, in such cash collateral account shall be returned to the Borrower (or such other Person or Persons as may be lawfully entitled thereto). The Borrower shall execute and deliver to the Agent, for the account of the Issuing Bank and the Letter of Credit Participants, such further documents and instruments as the Agent may request to evidence the creation and perfection of the within security interest in such cash

collateral account. Except as expressly provided above in this Section, presentment, demand, protest and all other notices of any kind are hereby expressly waived.

(b) Notwithstanding any provision herein to the contrary or in the other Loan Documents, any proceeds received by the Agent from any payment made by the Borrower under this Agreement or the other Loan Documents after the Commitments and the obligation of the Issuing Bank to issue Letters of Credit have been terminated, or received by the Agent from the foreclosure, sale, lease, collection upon, realization of or other disposition of any collateral which may have been provided to the Agent for the Obligations hereunder after the Commitments have been terminated (including without limitation insurance proceeds), shall be applied by the Agent as follows, unless otherwise agreed by all the Banks:

(i) first, to reimburse the Agent for out-of-pocket costs, expenses and disbursements, including without limitation reasonable attorneys' fees and legal expenses, incurred by the Agent in connection with collection of any obligations of the Borrower under any of the Loan Documents;

(ii) second, to accrued and unpaid interest on the Loans;

(iii) third, to fees payable under this Agreement or any of the other Loan Documents (ratably according to the respective amounts then outstanding);

(iv) fourth, to the principal amount of the Loans then outstanding (including the payment of cash collateral in an amount equal to the Letter of Credit Coverage Requirements pursuant to subsection 7.2 (a));

(v) fifth, to the repayment of all other indebtedness then due and unpaid of the Borrower to the Banks incurred under this Agreement or any of the other Loan Documents, whether of principal, interest, fees, expenses or otherwise (ratably according to the respective amounts then outstanding); and

(vi) the balance, if any, to the Loan Parties as required by law.

(c) Each Bank agrees that (i) if at any time it shall receive the proceeds of any collateral or any proceeds thereof or (ii) if after the Commitments and the Swing Line Commitment have been terminated it shall receive any payment on account of the Loans or any other amounts owing hereunder or under the other Loan Documents, (other than through application by the Agent in accordance with subsection 7.2(b)), it shall promptly turn the same over to the Agent for application in accordance with the terms of subsection 7.2(b).

(d) In addition to the other rights and remedies contained in this Agreement or in the other Loan Documents, the Loans shall, at the Required Banks' option, bear the interest rates provided in Section 2.7 hereof.

(e) In addition to all of the rights and remedies contained in this Agreement or in any of the other Loan Documents, the Agent shall have all of the rights and remedies under applicable Law, all of which rights and remedies shall be cumulative and non-exclusive, to the extent permitted by Law. The Agent may, and upon the request of the

Required Banks shall, exercise all post-default rights granted to it and the Banks under the Loan Documents or applicable Law.

SECTION 8. THE AGENT

8.1 Appointment. Each Bank hereby irrevocably designates and appoints PNC as the Agent of such Bank, in each case under this Agreement and the other Loan Documents. Each such Bank irrevocably authorizes the Agent, as the agent for such Bank to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement and the other Loan Documents, the Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Bank, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against the Agent. The Agent agrees to act as the Agent on behalf of the Banks to the extent provided in this Agreement.

8.2 Delegation of Duties. The Agent may execute any of its duties under this Agreement by or through agents or attorneys-in-fact and shall be entitled to engage and pay for the advice and services of counsel concerning all matters pertaining to such duties. The Agent shall not be responsible to the Banks for the negligence or misconduct of any agents or attorneys in-fact selected by it with reasonable care.

8.3 Exculpatory Provisions. Neither the Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by them or such Person under or in connection with this Agreement (except for their or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Banks for any recitals, statements, representations or warranties made by the Borrower or any officer thereof contained in this Agreement, the other Loan Documents or in any certificate, report, statement or other document referred to or provided for in, or received by the Agent under or in connection with, this Agreement or the other Loan Documents or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement, the Notes or the other Loan Documents or for any failure of the Borrower to perform its obligations hereunder or thereunder. The Agent shall not be under any obligation to any Bank to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or the other Loan Documents, or to inspect the properties, books or records of the other parties to Loan Documents (or any of them).

8.4 Reliance by Agent. The Agent shall be entitled to rely, and shall be fully protected in relying, upon any Note, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Loan Parties), independent accountants and other experts selected by the Agent. The Agent may deem and treat the payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer

thereof shall have been filed with the Agent. The Agent shall be fully justified in failing or refusing to take any action under this Agreement unless it shall first receive such advice or concurrence of the Required Banks as they deem appropriate or they shall first be indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Banks hereby agree that the Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement, the Notes and the other Loan Documents in accordance with a request of the Required Banks, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Banks and all future holders of the Notes.

8.5 Notice of Default. The Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless it has received notice from a Bank or the Borrower or any other Loan Party referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Agent receives such a notice, the Agent shall give notice thereof to the Banks. The Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Banks; provided that unless and until the Agent shall have received such directions, the Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Banks.

8.6 Non-Reliance on Agent and Other Banks. Each Bank expressly acknowledges that neither the Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates has made any representations or warranties to it and that no act by the Agent hereinafter taken, including any review of the affairs of the Borrower and/or any other party to the Loan Documents, shall be deemed to constitute any representation or warranty by the Agent to any Bank. Each Bank represents to the Agent that it has, independently and without reliance upon the Agent or any other Bank, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Borrower and made its own decision to make its Loans hereunder and enter into this Agreement. Each Bank also represents that it will, independently and without reliance upon the Agent or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Borrower and the other parties to the Loan Documents and made its own decision to make the Loans hereunder, issue and/or participate in Letters of Credit and enter into this Agreement and each other Loan Document to which it is a party. Each Bank also represents that it will, independently and without reliance upon the Agent or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Borrower and the other Loan Parties. Except for notices, reports and other documents expressly required to be furnished to the Banks by the Agent hereunder, the Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning

the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Borrower or any other party to the Loan Documents which may come into the possession of the Agent or any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates.

8.7 Indemnification. The Banks agree to indemnify the Agent in its capacity as such (to the extent not reimbursed by the Borrower and without limiting the obligation of the Borrower to do so), ratably according to their respective Commitment Percentages, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including, without limitation, at any time following the payment of the Notes) be imposed on, incurred by or asserted against the Agent in any way relating to or arising out of this Agreement, the other Loan Documents, or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by the Agent under or in connection with any of the foregoing; provided that no Bank shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting solely from the Agent's gross negligence or willful misconduct. The agreements in this Section 8.7 shall survive the payment of the Notes and all other amounts payable hereunder.

8.8 Agent in its Individual Capacity. The Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrower as though it was not the Agent hereunder. With respect to its Loans made or renewed by it and any Note issued to it, the Agent shall have the same rights and powers under this Agreement and the other Loan Documents as any Bank and may exercise the same as though it were not the Agent, and the terms "Bank" and "Banks" shall include the Agent in its individual capacity.

8.9 Successor Agent. The Agent may resign as Agent upon sixty (60) days' notice to the Banks and the Borrower. If such Agent shall resign as Agent under this Agreement, then the Required Banks shall appoint from among the Banks a successor agent for the Banks, which appointment shall be subject to (unless a Default or an Event of Default shall exist) the approval of the Borrower (which approval shall not be unreasonably withheld), whereupon such successor agent shall succeed to the rights, powers and duties of an Agent, and the term "Agent" shall mean such successor agent effective upon its appointment, and the former Agent's rights, powers and duties as Agent shall be terminated, without any other or further act or deed on the part of such former Agent or any of the parties to this Agreement or the other Loan Documents or any holders of the Notes. After any retiring Agent's resignation as Agent, the provisions of this Section 8.9 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement and the other Loan Documents.

8.10 USA Patriot Act. (a) Each Bank or assignee or participant of a Bank that is not incorporated under the Laws of the United States of America or a state thereof (and is not excepted from the certification requirement contained in Section 313 of the USA Patriot Act and the applicable regulations because it is both (a) an Affiliate of a depository institution or foreign bank that maintains a physical presence in the United States or foreign country, and (b) subject to supervision by a banking authority regulating such affiliated depository institution or foreign bank) shall deliver to the Agent the certification, or, if applicable, recertification, certifying that

such Bank is not a “shell” and certifying to other matters as required by Section 313 of the USA Patriot Act and the applicable regulations: (i) within 10 days after the Closing Date, and (ii) at such other times as are required under the USA Patriot Act.

(b) Each Bank acknowledges and agrees that neither such Bank, nor any of its Affiliates, participants or assignees, may rely on the Agent to carry out such Bank’s, Affiliate's, participant's or assignee's customer identification program, or other obligations required or imposed under or pursuant to the USA Patriot Act or the regulations thereunder, including the regulations contained in 31 CFR 103.121 (as hereafter amended or replaced, the "CIP Regulations"), or any other Anti-Terrorism Law, including any programs involving any of the following items relating to or in connection with the Borrower, its Affiliates or their agents, the Loan Documents or the transactions hereunder or contemplated hereby: (i) any identity verification procedures,(ii) any recordkeeping, (iii) comparisons with government lists, (iv) customer notices or (v) other procedures required under the CIP Regulations or such other Anti-Terrorism Laws.

8.11 Beneficiaries. Except as expressly provided herein, the provisions of this Section 8 are solely for the benefit of the Agent and the Banks, and the Borrower and the other Loan Parties shall not have any rights to rely on or enforce any of the provisions hereof. In performing its functions and duties under this Agreement and the other Loan Documents, the Agent shall act solely as agent of the Banks and does not assume and shall not be deemed to have assumed any obligation toward or relationship of agency or trust with or for the Borrower or any of the other Loan Parties.

SECTION 9. MISCELLANEOUS

9.1 Amendments and Waivers. (a) Subject to the remaining provisions of this Section 9.1, the Required Banks, or the Agent with the consent of the Required Banks, and the Borrower (or, in the case of the other Loan Documents, the relevant parties thereto) may from time to time enter into amendments, extensions, supplements and replacements to and of this Agreement and the other Loan Documents to which they are parties, and the Required Banks may from time to time waive compliance with a provision of any of the Loan Documents. Subject to the remaining provisions of this Section 9.1, no amendment, extension, supplement, replacement or waiver shall be effective unless it is in writing and is signed by the Required Banks or the Agent with the consent of the Required Banks, and the Borrower (or, in the case of the other Loan Documents, the relevant parties thereto). Each waiver shall be effective only for the specific instance and for the specific purpose for which it is given.

(b) The foregoing notwithstanding, no such amendment, extension, supplement, replacement or waiver shall, directly or indirectly, without the consent of all the Banks:

(i) change the Commitments (except as expressly provided in Section 2.8) or the principal amount of the Loans which may be outstanding hereunder;

(ii) reduce any interest rate hereunder (other than to waive the Default Rate) or any of the fees due hereunder or under any of the other Loan Documents (other than fees to the Agent, which shall require the consent of the Borrower and the Agent to change);

(iii) postpone any scheduled payment date of principal, interest or fees hereunder or under any of the other Loan Documents;

(iv) change the definition of "Required Banks";

(v) release or discharge, or consent to any release or discharge of (A) the Borrower as borrower under the Loan Documents or (B) a Guarantor as guarantor (other than in connection with a sale of such Guarantor in a transaction permitted hereunder); or permit the Borrower or any Affiliate to assign to another Person any of its obligations under the Loan Documents;

(vi) amend this Section 9.1; or

(vii) change Section 2.14 in a manner that would alter the pro rata sharing provisions required thereby.

(c) The foregoing notwithstanding, no such amendment, extension, supplement, or replacement shall amend, modify or otherwise affect the rights or duties of the Agent, the Swing Line Bank or the Issuing Bank hereunder of any other Loan Document without the prior written consent of the Agent, the Swing Line Bank or the Issuing Bank, as the case may be.

(d) Any waiver or amendment, supplement or modification permitted hereunder shall apply equally to each of the Banks and shall be binding upon the Borrower, the Banks, the Agent and all future holders of the Notes. In the case of any waiver, the Borrower, the Banks and the Agent shall be restored to their former position and rights hereunder and under the other Loan Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

9.2 Notices. All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including electronic transmission, facsimile transmission or posting on a secured web site), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand, or three days after being deposited in the mail, postage prepaid, or, in the case of facsimile transmission notice, when sent during normal business hours with electronic confirmation or otherwise when received, or in the case of electronic transmission, when received and in the case of posting on a secured web site, upon receipt of (i) notice of such posting and (ii) rights to access such web site, addressed as follows in the case of the Borrower and the Agent, and as set forth in Schedule I in the case of the other parties hereto, or to such other address as may be hereafter notified by the respective parties hereto and any future holders of the Notes:

the Borrower:	Aqua America, Inc 762 W. Lancaster Avenue Bryn Mawr, PA 19010-3489 Attention: Stan Szczygiel, Treasurer Facsimile: (610) 645-0908
with a copy to:	Aqua Pennsylvania, Inc. 762 West Lancaster Avenue Bryn Mawr, PA 19010 Attention: Christopher P. Luning Senior Vice President and General Counsel (provided that failure to send a copy of any notice to said counsel shall in no way affect, limit or invalidate any notice sent to the Borrower or the exercise of any of the Banks' or the Agent's rights or remedies pursuant to a notice sent to the Borrower.)
The Agent, the Swing Line Bank or the Issuing Bank	PNC Bank, National Association 1000 Westlakes Drive, Suite 300 Berwyn, PA 19312 Attention: Domenic D'Ginto Facsimile: (610) 725-5799 and PNC Agency Services One PNC Plaza 249 Fifth Avenue 22nd Floor Pittsburgh, PA 15222 Attention: Cheryl Thon Facsimile: (412) 762-8672

provided that any notice, request or demand to or upon the Agent, the Swing Line Bank, the Issuing Bank or the Banks pursuant to Sections 2.1, 2.2, 2.5, 2.8 or 2.9 shall not be effective until received.

9.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Agent or any Bank, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

9.4 Survival of Representations and Warranties. All representations and warranties made hereunder and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement, the Notes and the other Loan Documents.

9.5 Payment of Expenses and Taxes; Damages Waiver. The Borrower agrees (a) to pay or reimburse the Agent for all of its reasonable out-of-pocket costs and expenses incurred in connection with the development, preparation and execution of, and the syndication and administration of, this Agreement, the Notes, the other Loan Documents and any other documents executed and delivered in connection herewith or therewith, and the consummation of the transactions contemplated hereby and thereby, including, without limitation, the reasonable fees and disbursements of counsel (which counsel may or may not include employees of Agent), (b) to pay or reimburse the Agent for all of its reasonable out-of-pocket costs and expenses incurred in connection with any amendment, supplement or modification to this Agreement, the Notes, the other Loan Documents and any other documents prepared in connection therewith, including, without limitation, the reasonable fees and disbursements of counsel to the Agent (which counsel may or may not include employees of the Agent), (c) to pay or reimburse each Bank and the Agent for all of their costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement, the other Loan Documents and any such other documents, including, without limitation, reasonable fees and disbursements of counsel to the Agent (which counsel may or may not include employees of the Agent) and to the several Banks, and (d) to pay, indemnify, and hold each Bank and the Agent harmless from, any and all recording and filing fees and any and all liabilities with respect to, or resulting from any delay in paying, stamp, excise and other similar taxes, if any (other than Taxes expressly excluded from the definition of Taxes in Section 2.12 and Taxes for which the Borrower has no liability under subsection 2.12(c)) which may be payable or determined to be payable in connection with the execution and delivery of, or consummation of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, this Agreement, the Notes, the other Loan Documents, and any such other documents, and (e) to pay, indemnify, and hold each Bank, the Agent and each of their respective Affiliates and the officers, directors, employees, agents and advisors of such Persons and such Affiliates (the "Indemnified Persons") harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, and, incident to a Default or Event of Default, the performance and administration, of this Agreement, the Notes, the other Loan Documents and any such other documents or the transactions contemplated hereby or thereby or any action taken or omitted under or in connection with any of the foregoing (all the foregoing, collectively, the "indemnified liabilities"), provided, that the Borrower shall have no obligation hereunder to any Indemnified Person with respect to indemnified liabilities arising from the gross negligence or willful misconduct of the Agent or any such Bank. The Borrower shall be given notice of any claim for indemnified liabilities and shall be afforded a reasonable opportunity to participate in the defense, compromise or settlement thereof. To the fullest extent permitted by applicable law, the Borrower shall not assert, and hereby waives, any claim against any Indemnified Person on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions

contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof. The agreements in this subsection shall survive repayment of the Notes and all other amounts payable hereunder.

9.6 Successors and Assigns. (a) Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party, and all covenants, promises and agreements by or on behalf of the Borrower, the Agent or the Banks that are contained in this Agreement shall bind and inure to the benefit of their respective successors and assigns. The Borrower may not assign or transfer any of its rights or obligations under this Agreement or the other Loan Documents without the prior written consent of each Bank.

(b) Each Bank may, in accordance with applicable law, sell to any Bank or Affiliate thereof and, with the consent of the Borrower (except when any Event of Default exists) and the Agent (which consents shall not be unreasonably withheld or delayed), to one or more other banks or financial institutions (each, a "Purchasing Bank") all or a part of its interests, rights and obligations under this Agreement, the Notes and the other Loan Documents (including all or a portion of its Commitment and the Loans at the time owing to it and the Notes held by it); provided, however, that (a) so long as no Event of Default shall exist and be continuing, such assignment shall be in an amount not less than $5,000,000 (or such lesser amount as the Borrower and the Agent shall agree in their sole discretion), unless the sum of such assigning Bank's Commitment is less than $5,000,000 in which case such assigning Bank may transfer all, but not less than all, of its interests hereunder and (b) the parties to each such assignment shall execute and deliver to the Agent and the Borrower for its acceptance (to the extent required) and recording in the Register an Assignment and Assumption, together with the Notes subject to such assignment and, except for assignments by a Bank to one of its Affiliates, a processing and recordation fee of $3,500. Upon acceptance and recording pursuant to paragraph (e) of this Section 9.6, from and after the effective date specified in the applicable Assignment and Assumption, which effective date shall be at least five Business Days after the receipt thereof by the Agent and the Borrower (unless otherwise agreed by the Agent), (c) such Purchasing Bank shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Bank under this Agreement and (d) the assigning Bank thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all or the remaining portion of an assigning Bank's rights and obligations under this Agreement and the other Loan Documents, such Bank shall cease to be a party hereto but shall continue to be entitled to the benefits of subsections 2.11, 2.12, 2.13, 5.8(c) and 9.5 (to the extent that such Bank's entitlement to such benefits arose out of such Bank's position as a Bank prior to the applicable assignment). Such Assignment and Assumption shall be deemed to amend this Agreement to the extent, and only to the extent, necessary to reflect the addition of such Purchasing Bank and the resulting amounts and percentages held by the Banks arising from the purchase by such Purchasing Bank of all or a pro rata portion of the rights and obligations of such assigning Bank under this Agreement, the Notes and the other Loan Documents.

(c) By executing and delivering an Assignment and Assumption, the assigning Bank thereunder and the Purchasing Bank thereunder shall be deemed to confirm to

and agree with each other and the other parties hereto as follows: (i) such assigning Bank warrants that it is the legal and beneficial owner of the interest being assigned thereby, free and clear of any adverse claim and that its Commitment, and the outstanding balances of its Loans, without giving effect to assignments thereof which have not become effective, are as set forth in such Assignment and Assumption, (ii) except as set forth in (i) above, such assigning Bank makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the other Loan Documents, or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement, the other Loan Documents or any other instrument or document furnished pursuant hereto or thereto, or the financial condition of the Borrower, any other Loan Party or any Subsidiary thereof or the performance or observance by the Borrower, any other Loan Party or any other party of any of its obligations under this Agreement or the other Loan Documents or any other instrument or document furnished pursuant hereto or thereto; (iii) such Purchasing Bank represents and warrants that it is legally authorized to enter into such Assignment and Assumption; (iv) such Purchasing Bank confirms that it has received a copy of this Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.1 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Assumption; (v) such Purchasing Bank will independently and without reliance upon the Agent, such assigning Bank or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Loan Documents; (vi) such Purchasing Bank appoints and authorizes the Agent to take such action as administrative agent on its behalf and to exercise such powers under this Agreement and the other Loan Documents as are delegated to the Agent by the terms hereof or thereof, together with such powers as are reasonably incidental thereto; and (vii) such Purchasing Bank agrees that it will perform in accordance with their terms all the obligations which by the terms of this Agreement and the other Loan Documents are required to be performed by it as a Bank including, if it is organized under the laws of a jurisdiction outside the United States, its obligation pursuant to Section 2.12 to deliver the forms prescribed by the Internal Revenue Service of the United States certifying as to the Purchasing Bank's exemption from United States withholding taxes with respect to all payments to be made to the Purchasing Bank under this Agreement.

(d) The Agent shall maintain at its offices in Philadelphia, Pennsylvania a copy of each Assignment and Assumption and the names and addresses of the Banks, and the Commitment of, and principal amount of the Loans owing to, each Bank pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive in the absence of error and the Borrower, the Agent and the Banks may treat each person whose name is recorded in the Register pursuant to the terms hereof as a Bank hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower and any Bank, at any reasonable time and from time to time upon reasonable prior notice.

(e) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Bank and a Purchasing Bank (and in the case of a Purchasing Bank that is not then a Bank or an Affiliate thereof, by the Borrower (unless an Event of Default shall then exist) and the Agent) together with the Note or Notes subject to such assignment and the

processing and recordation fee referred to in paragraph (b) above, the Agent shall promptly (i) accept such Assignment and Assumption, (ii) record the information contained therein in the Register and (iii) give notice thereof to the Banks. Within five Business Days after receipt of notice, the Borrower, at its own expense, shall execute and deliver to the Agent, in exchange for the surrender of the original Note or Notes (A) a new Revolving Credit Note or Swing Line Note, as the case may be, to the order of such Purchasing Bank in the appropriate amounts assumed and (B) if the assigning Bank has retained an interest hereunder, the applicable Note or Notes in the appropriate amount(s). Such new Note(s) shall be dated the date of the surrendered Note(s) which such new Note(s) replace and shall otherwise be in substantially the form of Exhibit B and C, respectively. Canceled Notes shall be returned to the Borrower.

(f) Upon the effective date of a New Bank Joinder, the lender becoming a party to this Agreement pursuant to subsection 2.8(d) hereof (each a "New Bank") shall be a party hereto and shall be one of the Banks hereunder. On the effective date of such joinder and/or any increase in the Commitment of any existing Bank pursuant to subsection 2.8(d), the Borrower shall repay all outstanding Revolving Credit Loans (together with any amounts due under Section 2.13 as a result of such payment) and reborrow a like amount of Revolving Credit Loans from the Banks, including each New Bank, according to their new Commitment Percentages. The Agent shall, to the extent the Agent considers it practicable, net any payments to and borrowings from the same Bank.

(g) Each Bank may without the consent of the Borrower or the Agent sell participations to one or more banks or other entities (each a "Participant") in all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it and the Notes held by it); provided, however, that (i) such Bank's obligations under this Agreement shall remain unchanged, (ii) such Bank shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Bank shall remain the holder of any such Note for all purposes under this Agreement, (iv) the Borrower, the Agent and the other Banks shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement, (v) in any proceeding under the Bankruptcy Code such Bank shall be, to the extent permitted by law, the sole representative with respect to the obligations held in the name of such Bank whether for its own account or for the account of any Participant and (vi) such Bank shall retain the sole right to enforce the obligations of the Borrower relating to the Loans and to approve any amendment, modification or waiver of any provision of this Agreement or the Note or Notes held by such Bank, without the consent of any Participant, other than with respect to the matters described in clauses (i) through (vii) of subsection 9.1(b) with respect to any Loan or Commitment in which such Participant has an interest. Each Bank that sells a participation will, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Revolving Credit Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Bank has any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.l03 1(c) of the United States Treasury

Regulations. The entries in the Participant Register are conclusive absent manifest error, and such Bank must treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Agent has no responsibility for maintaining a Participant Register for any other Bank.

(h) If amounts outstanding under this Agreement and the Notes are due or unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall be deemed to have the right of set-off in respect of its participating interest in amounts owing under this Agreement and any Note to the same extent as if the amount of its participating interest were owing directly to it as a Bank under this Agreement or any Note, provided that in purchasing such participation such Participant shall be deemed to have agreed to share with the Banks the proceeds thereof as provided in Section 9.8. The Borrower also agree that each Participant shall be entitled to the benefits of Sections 2.11, 2.12, 2.13, 5.8(c) and 9.5 with respect to its participation in the Commitments and the Loans outstanding from time to time; provided, that no Participant shall be entitled to receive any greater amount pursuant to such Sections than the Bank selling the participation would have been entitled to receive in respect of the amount of the participation transferred by such Bank to such Participant had no such transfer occurred.

(i) If any Participant is organized under the laws of any jurisdiction other than the United States or any state thereof, the Bank selling the participation, concurrently with the sale of a participating interest to such Participant, shall cause such Participant (i) to represent to the Bank selling the participation (for the benefit of such Bank, the other Banks, the Agent and the Borrower) that under applicable law and treaties no taxes will be required to be withheld by the Agent, the Borrower or the Bank selling the participation with respect to any payments to be made to such Participant in respect of its participation in the Loans and (ii) to agree (for the benefit of such Bank, the other Banks, the Agent and Borrower) that it will deliver the tax forms and other documents required to be delivered pursuant to Section 2.12 and comply from time to time with all applicable U.S. laws and regulations with respect to withholding tax exemptions.

(j) Notwithstanding any other provision contained in this Agreement or any other Loan Document to the contrary, any Bank may, without obtaining any consents from any of the parties hereto, at any time (i) assign all or any portion of the Loans or Notes held by it to any Federal Reserve Bank or other central banking authority having supervisory jurisdiction over such Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank or any directive of such other central banking authority and (ii) in the case of a Bank that is or owns, controls or serves as originator for a fund, trust or similar entity, assign or pledge all or any portion of the Loans or Notes held by it to a trustee under any indenture to which such Bank is a party or to the lenders to such Bank for collateral security purposes, provided that any payment in respect of such assigned Loans or Notes made by the Borrower to or for the account of the assigning or pledging Bank in accordance with the terms of this Agreement shall satisfy the Borrower's obligations hereunder in respect to such assigned Loans or Notes to the extent of such payment. No such assignment shall release the assigning Bank from its obligations hereunder.

(k) For the avoidance of doubt, no assignment or participation shall be made to (A) Borrower or any of Borrower's Affiliates or Subsidiaries, (B) to any Defaulting Bank, or any of its Subsidiaries, or any Person who, upon becoming a Bank hereunder would constitute any of the foregoing Persons described in this clause B, or (C) to a natural person (or a holding company, investment vehicle or trust for, or owned or operated for, the primary benefit of an individual or group of related individual natural Persons).

9.7 Confidentiality. The Banks agree that they will maintain all information and financial statements provided to them or otherwise obtained by them with respect to the Borrower and its Subsidiaries confidential and that they will not disclose the same or use it for any purposes; provided that nothing herein shall prevent any Bank from disclosing any such information (a) to the Agent or any other Bank, (b) to any prospective assignee or participant in connection with any assignment or participation of Loans or Commitments permitted by this Agreement, (c) to its employees, directors, agents, attorneys, accountants and other professional advisers, provided that any such person is advised by such Bank that such information is subject to the confidentiality limitations of this Section, (d) upon the request or demand of any Governmental Authority having jurisdiction over such Bank, (e) in response to any order of any court or other Governmental Authority or as may otherwise be required pursuant to any Requirement of Law, provided that the Borrower has (unless prohibited by the terms of any such order or requirement) been advised at least ten (10) days (or if such is not possible or practicable, such lesser number of days as is possible or practicable under the circumstances) prior to such disclosure of the existence of such order or requirement, (f) which has been publicly disclosed other than in breach of this Agreement, (g) in connection with the exercise of any remedy hereunder or under the Notes or (h) with the consent of the Borrower. In addition, the Agent and the Banks may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry and service providers to the Agent and the Banks in connection with the administration of this Agreement, the other Loan Documents and the Commitments.

9.8 Adjustments; Set-off. (a) If any Bank (a "benefited Bank") shall at any time receive any payment of all or part of its Loans, or interest thereon, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in subsection 7(g), or otherwise), in a greater proportion than any such payment to or collateral received by any other Bank, if any, in respect of such other Bank's Loans, or interest thereon, being paid in respect of Loans being repaid simultaneously therewith or Loans required hereby to be paid proportionately such benefited Bank shall purchase for cash from the other Banks such portion of each such other Bank's Loan, or shall provide such other Banks with the benefits of any such collateral, or the proceeds thereof, as shall be necessary to cause such benefited Bank to share the excess payment or benefits of such collateral or proceeds ratably with each of the Banks; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such benefited Bank, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest. The Borrower agrees that each Bank so purchasing a portion of another Bank's Loan may exercise all rights of payment (including, without limitation, rights of set-off) with respect to such portion as fully as if such Bank were the direct holder of such portion.

(b) In addition to any rights and remedies of the Banks provided by law, upon the occurrence of an Event of Default, each Bank shall have the right, without prior notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable law, upon any amount becoming due and payable by the Borrower hereunder or under the Notes or the other Loan Documents (whether at the stated maturity, by acceleration or otherwise) to set-off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Bank to or for the credit or the account of the Borrower. Each Bank agrees promptly to notify the Borrower and the Agent after any such set-off and application made by such Bank, that the failure to give such notice shall not affect the validity of such set-off and application.

9.9 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Agreement signed by all the parties shall be lodged with the Borrower and each of the Banks.

9.10 Severability. Any provision of this Agreement which 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 hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

9.11 Integration. This Agreement represents the agreement of the Borrower, the Agent and the Banks with respect to the subject matter hereof, and there are no promises, undertakings, representations or warranties by the Agent or any Bank relative to subject matter hereof not expressly set forth or referred to herein or in the Notes or the other Loan Documents.

9.12 GOVERNING LAW. THIS AGREEMENT, THE NOTES AND THE OTHER LOAN DOCUMENTS HAVE BEEN EXECUTED IN THE COMMONWEALTH OF PENNSYLVANIA AND SAID DOCUMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT, THE NOTES AND THE OTHER LOAN DOCUMENTS SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE COMMONWEALTH OF PENNSYLVANIA.

9.13 Submission To Jurisdiction; Waivers. The Borrower hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement, the Notes or the other Loan Documents, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the Courts of the Commonwealth of Pennsylvania located in Montgomery and Philadelphia Counties, the courts of the United States of America for the Eastern District of Pennsylvania, and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Borrower at the address set forth in Section 9.2 for the Borrower or at such other address of which the Agent shall have been notified pursuant thereto; and

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction.

9.14 Acknowledgments. The Borrower hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement, the Notes and the other Loan Documents and is capable of evaluating and understands and accept, the terms, risks and conditions of the transactions contemplated thereby;

(b) neither the Agent nor any Bank has any fiduciary relationship to the Borrower or any other party to the Loan Documents, and the relationship between the Agent and the Banks, on the one hand, and the Borrower and its Affiliates party to the Loan Documents, on the other hand, is solely that of an arm's length transaction between a debtor and its creditors;

(c) no joint venture exists among the Banks or between the Borrower and the Banks; and

(d) the Agent and the Banks and their respective affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower and its Affiliates, and neither the Agent nor any Bank has any obligation to disclose any of such interests to the Borrower or any of its Affiliates.

9.15 USA PATRIOT ACT. Each Bank that is subject to the requirements of the USA Patriot Act hereby notifies the Borrower and the other Loan Parties that pursuant to the requirements of the USA Patriot Act, it is required to obtain, verify and record information that identifies the Borrower and such other Loan Parties, which information includes the name and address of the Borrower and such other Loan Parties and other information that will allow such Bank to identify the Borrower and such other Loan Parties in accordance with the USA Patriot Act.

9.16 **WAIVERS OF JURY TRIAL**. EACH OF THE BORROWER, THE AGENT AND THE BANKS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO

THIS AGREEMENT, THE NOTES OR THE OTHER LOAN DOCUMENTS AND FOR ANY COUNTERCLAIM THEREIN.

9.17 Acknowledgement and Consent to Bail-In of EEA Financial Institution.

Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-in Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of any EEA Resolution Authority.

[Signature Pages to Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

AQUA AMERICA, INC.

By: /s/ David P. Smeltzer
Name: David P. Smeltzer
Title: Chief Financial Officer

PNC BANK, NATIONAL ASSOCIATION, as Agent, a Bank, the Swing Line Bank and the Issuing Bank

By: /s/ Domenic D'Ginto
Name: Domenic D'Ginto
Title: Senior Vice President

COBANK, ACB, as a Bank

By: /s/ Bryan Ervin
Name: Bryan Ervin
Title: Vice President

THE HUNTINGTON NATIONAL BANK, as a Bank

By: /s/ Michael Kiss
Name: Michael Kiss
Title: Vice President

BANK OF AMERICA, N.A., as a Bank

By: /s/ Kevin Dobosz
Name: Kevin Dobosz
Title: Senior Vice President

ROYAL BANK OF CANADA, as a Bank

By: /s/ Rahul D. Shah
Name: Rahul D. Shah
Title: Authorized Signatory

Schedule I

Bank and Commitment Information

Bank	Swing Line Commitment*	Commitment
PNC Bank, National Association 1000 Westlakes Drive Berwyn, PA 19312 Attention: Dominic D'Ginto Telecopy: (610) 725-5799	$25,000,000	$210,000,000
CoBank, ACB 6340 S. Fiddlers Green Circle Greenwood Village, CO 80111 Attention: Bryan Ervin Telecopy: (303) 224-2609	$0	$140,000,000
The Huntington National Bank 310 Grant Street, 4th Floor Pittsburgh, PA 15219 Attention: W. Christopher Kohler Telecopy: (412) 227-6108	$0	$ 50,000,000
Bank of America, N.A. 1600 JFK Boulevard, Suite 1100 Philadelphia, PA 19103 Attention: Elaine Cheong Telecopy: (312) 453-6705	$0	$ 50,000,000
Royal Bank of Canada 200 Vesey Street, 12th Floor New York, NY 10281 Attention: Rahul Shah Telecopy: (212)428-6201	$0	$ 50,000,000
Total	$25,000,000	$500,000,000

*The Swing Line Commitment is a sublimit of the Commitment.

Schedule II

Existing Letters of Credit

BENEFICIARY	AMOUNT	LC NUMBER	EXPIRY DATE
ACE American Insurance Company	$6,404,845.00	18102393-00	10/28/18
Dept. of Environment and Natural Resources	$1,125,000.00	18107948-00	10/24/18
Dept. of Environment and Natural Resources	$1,125,000.00	18109033-00	3/10/19
Will County Department of Highways	$15,000.00	18112646-00	2/18/19
Independence Blue Cross	$1,784,000.00	18118678-00	1/7/19
State of North Carolina	$1,042,470.86	18119416-00	6/7/19
State of North Carolina	$882,979.88	18119901-00	6/12/19
South Whitehall Township	$25,000.00	18123298-00	3/10/19
Liberty Mutual Insurance Co.	$5,908,000.00	18124638-00	10/27/18
Will Township Road District	$656,250.00	18127882-00	6/22/19
Monee Township Road District	$482,500.00	18127883-00	6/22/19
Township of Lower Merion	$31,708.00	18129757-00	4/13/19

Schedule III

Significant Unregulated Subsidiaries

None.

Schedule 3.6

Existing Litigation

None.

Schedule 3.11

Regulatory Approvals

None.

Schedule 3.13

Environmental Matters

Aqua has made improvements to the Utility Center wastewater collection system in Allen County, IN that was acquired in 2003. Installation of a diversion sewer force main and a new lift station were completed in January 2015. These improvements were in conformance with an amended Compliance Plan submitted by Aqua to the Indiana Department of Environmental Management to address wet weather sanitary sewer overflows. Aqua developed a follow up plan to address additional locations that did not get resolved in the initial diversion plan. A second action plan was submitted to IDEM on March 3rd, 2017. This work was completed on November 1, 2017 which started the 6-month compliance demonstration period for 2018. Any remaining work is expected to be less than $1.0 million.

Aqua is making improvements to the Cape wastewater facility, located in New Hanover County, NC. The plant is operating beyond hydraulic capacity leading to discharge exceedances and NOVs for Enterococci in 2018. The hydraulic capacity upgrades are planned for 2019. Cost to exceed $1.0 million.

Aqua acquired the Treasure Lake water and wastewater systems in Pennsylvania in 2013. The wastewater system contains two wastewater treatment plants and collection systems. The older of the two plants, the East Plant, received a Notice of Violation from PADEP in September, 2013 as a result of its generally poor condition. Aqua is currently planning to abandon it and transfer the flow to an upgraded West Plant. Although cost estimates are preliminary, the total cost to address the condition of the plant is expected to exceed $1.0 million.

Aqua acquired the Mifflin Township Water Authority (MTWA) in Pennsylvania in 2012. The MTWA had entered into a Consent Order with the Pennsylvania Department of Environmental Protection (PADEP) in 2008 to address excessive water loss estimated at approximately 85% due to leaks in the system. The consent order required water loss to be reduced to 30%. Aqua inherited the existing consent order and its obligations as part of the purchase in 2012. Currently, Aqua is budgeting over $2.0 million in its existing 5 year capital plan for water main replacement work in Mifflin Township to satisfy the consent order requirements.

Aqua operates the Greenwood Village wastewater system in Harris County, TX. The system has entered into an Administrative Order with the Texas Council for Environmental Quality (TCEQ) to remedy discharge permit exceedances. This work will require the complete rebuilding of the facility in 2018 and 2019. The cost is expected to exceed $4.0M

Aqua operates the Woodcreek wastewater system in Hays County, TX. The system has entered into an Administrative Order with the Texas Council for Environmental Quality (TCEQ) due to unauthorized discharges and sewer system overflows caused by inflow and infiltration of the sewer collection system. The required work includes rehabilitation and replacement of sewer mains and sewer lift stations through 2023. The cost is expected to exceed $4.0M

Aqua owns many groundwater systems and these systems are sampled regularly to ensure compliance with Safe Drinking Water Act regulations. It is not unusual for naturally occurring

contaminants, such as radiologicals (uranium, combined radium) or arsenic to change over time. When sampling results show that these naturally occurring contaminants are approaching the drinking water standards, Aqua will seek to find alternate sources, or if not feasible, install treatment to reduce the levels. Aqua's five year capital budget includes monies in the aggregate that exceed $1.0 million to address these well sources as needed, particularly in Texas and North Carolina where Aqua owns large numbers of groundwater systems.

Schedule 3.14

Aqua America, Inc.
Subsidiaries of the Company,
Ownership of Subsidiary Stock

COMPANY NAME	INCORPORATION	STOCKHOLDER	REGULATED
1. Aqua America, Inc.	Pennsylvania		
A. Aqua Acquisition Corporation	Pennsylvania	100%	No
B. Aqua Assistance Initiative, Inc.	Pennsylvania	100%	No
C. Aqua Charitable Trust	Pennsylvania	100%	No
D. Aqua Development, Inc.	Texas	100%	No
E. Aqua Georgia, Inc.	Georgia	100%	No
F. Aqua Illinois, Inc.	Illinois	100%	Yes
G. Aqua Indiana, Inc.	Indiana	100%	Yes
1. Hendricks County Wastewater, LLC	Indiana	100%	No
H. Aqua Indiana - South Haven, Inc.	Indiana	100%	Yes
1. South Haven Sewer Works, Inc.	Indiana	100%	Yes
I. Aqua Indiana - Western Hancock, Inc.	Indiana	100%	No
1. Western Hancock Utilities, LLC	Indiana	100%	Yes
2. SaniTech, Inc	Indiana	100%	Yes
3. Southeastern Utilities, Inc.	Indiana	100%	Yes
J. Aqua Holdings, Inc.	Pennsylvania	100%	No
1. Aqua Tanks, LLC	Pennsylvania	100%	No
2. Old Dominion Pipeline Company, LLC	Pennsylvania	100%	No
K. Aqua Infrastructure, LLC	Pennsylvania	100%	No
1. Charlevoix Capital Ventures, LLC	Pennsylvania	100%	No
L. Aqua New Jersey, Inc.	New Jersey	100%	Yes
M. Aqua North Carolina, Inc.	North Carolina	100%	Yes
N. Aqua Ohio, Inc.	Ohio	100%	Yes
1. Aqua Ohio Wastewater, Inc.	Ohio	100%	Yes
O. Aqua Operations, Inc.	Delaware	100%	No
P. Aqua Pennsylvania, Inc.	Pennsylvania	100%	Yes
1. Aqua Pennsylvania Wastewater, Inc.	Pennsylvania	100%	Yes
2. Honesdale Consolidated Water Company	Pennsylvania	100%	Yes
3. Superior Water Company	Pennsylvania	100%	Yes
Q. Aqua Resources, Inc.	Delaware	100%	No
1. Aqua Wastewater Management, Inc.	Pennsylvania	100%	No
2. Aqua Infrastructure Rehabilitation Co., LLC	Delaware	100%	No

COMPANY NAME	INCORPORATION	STOCKHOLDER	REGULATED
R. Aqua Services, Inc.	Pennsylvania	100%	No
S. Aqua Texas, Inc.	Texas	100%	Yes
1.Harper Water Company, Inc.	Texas	100%	Yes
T. Aqua Utilities Florida, Inc.	Florida	100%	Yes
U. Aqua Utilities, Inc.	Texas	100%	Yes
1. Utility Center, Inc.	Indiana	100%	Yes
2. Crystal River Utilities, Inc.	Florida	100%	Yes
3. Kerrville South Water Company, Inc.	Texas	100%	Yes
V. Aqua Virginia, Inc.	Virginia	100%	Yes
W. Galaxy Acquisition Corporation	Illinois	100%	Yes

Schedule 3.20

Interests in Partnerships

None

CERTIFICATION OF CHIEF EXECUTIVE OFFICER, PURSUANT TO RULE 13A-14(A) UNDER THE SECURITIES AND EXCHANGE ACT OF 1934

I, Christopher H. Franklin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Aqua America, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting, and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Christopher H. Franklin
Christopher H. Franklin
President and Chief Executive Officer
August 3, 2018

CERTIFICATION OF CHIEF FINANCIAL OFFICER, PURSUANT TO RULE 13A-14(A) UNDER THE SECURITIES AND EXCHANGE ACT OF 1934

I, David P. Smeltzer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Aqua America, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting, and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ David P. Smeltzer
David P. Smeltzer
Executive Vice President and Chief Financial Officer
August 3, 2018

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350

In connection with the Quarterly Report on Form 10-Q for the period ended June 30, 2018 of Aqua America, Inc. (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christopher H. Franklin, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. Section 78m or Section 78o(d)); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Christopher H. Franklin
Christopher H. Franklin
President and Chief Executive Officer
August 3, 2018

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350

In connection with the Quarterly Report on Form 10-Q for the period ended June 30, 2018 of Aqua America, Inc. (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David P. Smeltzer, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. Section 78m or Section 78o(d)); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ David P. Smeltzer
David P. Smeltzer
Executive Vice President and Chief Financial Officer
August 3, 2018