



25 Percent Stock Dividend and 7.64 Percent Cash Dividend Increase Announced for PSC Shareholders

Distribution is third in five years; dividend increase is tenth increase in nine years

BRYN MAWR, Pa. Aug. 1, 2000-- The Board of Directors of Philadelphia Suburban Corporation (NYSE:PSC) today authorized a special 25 percent stock dividend and a 7.64 percent cash dividend increase payable December 1, 2000.

PSC announced the 25 percent stock dividend will be payable to shareholders of record on November 15, 2000 with a distribution date of December 1, 2000. Additionally, the PSC Board of Directors declared the regular \$.18 quarterly cash dividend to be paid on September 1, 2000 to shareholders of record on August 15, 2000.

The Board also declared an increase to the cash dividend, payable December 1, 2000 to shareholders of record on November 15, 2000, by 7.64 percent from \$.18 to \$.19375 per share, which on an annualized basis represents an increase to \$.775, from the current annual rate of \$.72 per share.

The new quarterly cash dividend rate will be \$.155 per share on the increased number of shares from the stock dividend or \$.62 per share annualized.

This is the tenth cash dividend increase granted by the company in the last nine years. PSC last increased its quarterly dividend 5.9 percent on September 1, 1999. This will be the company's third stock dividend, or stock split in the form of a distribution, in five years: PSC issued a 50 percent stock distribution in July 1996, and a 33 percent stock distribution in January 1998.

The common stock dividend and the cash dividend increase come on the heels of the company's 2000 second quarter financial results, which included a 13.8 percent increase in earnings per share. Our corporate strategy of growth-through-acquisitions coupled with our philosophy of holding the line on expenses has put the company in the fortunate financial position to reward its loyal shareholders, said PSC Chairman Nicholas DeBenedictis.

Shareholders of record on November 15, 2000 will receive one additional share for every four shares held. Distribution of the additional shares is planned at the close of business on December 1, 2000.

Philadelphia Suburban Corporation is the holding company for Philadelphia Suburban Water Company and Consumers Water Company, regulated public utilities that provide water to nearly two million residents in Pennsylvania, Ohio, Illinois, New Jersey and Maine.

Philadelphia Suburban Corporation is a publicly-traded company listed on both the New York and Philadelphia Stock Exchanges under the ticker symbol PSC and has been committed to the preservation and improvement of the environment throughout its history which spans more than 100 years.

This release contains certain forward-looking statements involving risks, uncertainties and other factors that may cause the actual results to be materially different from any future results expressed or implied by such forward-looking statements.

These factors include, among others, the following: general economic business conditions; the success of certain cost containment initiatives; changes in regulations or regulatory treatment; availability and cost of capital; and the success of growth initiatives.

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CONTACT:
Philadelphia Suburban Corporation
Donna Alston, Manager, Communications
610/645-1095
alstond@suburbanwater.com