



## **PSC Subsidiary Maintains A+ Credit Rating From Standard & Poor's Following Vivendi Divestiture Announcement**

BRYN MAWR, Pa., May 21, 2002 (BUSINESS WIRE) -- Philadelphia Suburban Corporation (NYSE:PSC) announced today that Standard and Poor's (S&P) issued a bulletin stating that the intent by long-term shareholder Vivendi Environnement (VE) to monetize its investment in PSC would not affect the A+ credit rating of PSC's largest subsidiary--Pennsylvania Suburban Water Company (PSW). The S&P bulletin said specifically, "...Standard & Poor's in the past has not imputed any measure of (VE) support to the (PSW) ratings. As a result, the loss of this major shareholder does not adversely affect (PSW's) credit quality."

PSC Chairman Nicholas DeBenedictis said he was encouraged by the bulletin. "We are pleased to know that S&P views Vivendi's action as one that will not impact PSW's credit rating. We will act as appropriate to assist in an orderly transition that will be in the best interest of all PSC shareholders."

S&P assigned its A+ corporate credit rating and AA- senior secured debt rating to the PSW's first mortgage bonds and described the company's outlook as "stable" effective January 1, 2002.

It said specifically, "The stable outlook reflects PSW's competitive position, Standard & Poor's expectations of continued regulatory support, adequate rate relief to recover capital investments, and good growth prospects supported by additional, disciplined acquisitions."

S&P also referenced the company's above average service territory, supportive regulatory environment, ample and quality water supplies, efficient operations and disciplined management team that focuses on growth through acquisitions.

In May, after PSC's announcement of its pending merger with Pennichuck Corporation, S&P affirmed PSW's credit rating, S&P noting that, "Although PSC is unrated, Standard & Poor's considers the overall credit quality of the holding company when determining the ratings of PSW."

PSC is the nation's second largest investor-owned water utility serving nearly two million residents in Pennsylvania, Ohio, Illinois, New Jersey, Maine and North Carolina.

PSC 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 and uncertainties and other factors that may cause 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 and business conditions; the effect of VE's actions on PSC or PSW; the manner in which VE chooses to monetize its investment in PSC; unfavorable weather 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.

This release does not constitute an offer of any securities for sale.

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