



Philadelphia Suburban Corporation Announces Record Operating Results for the Quarter and Year

BRYN MAWR, Pa. Feb. 7, 2001 - Philadelphia Suburban Corporation (NYSE:PSC) today reported its quarterly and year-end results for the periods ending December 31, 2000.

Net income available to common stock in the fourth quarter grew 29.6 percent to \$12.4 million versus 1999's fourth quarter net income of \$9.6 million. Rate awards granted this year in Pennsylvania, Ohio and Maine, and the continuation of PSC's successful growth-through-acquisition strategy, including the liquidation of its holdings in E'Town (water) Corporation, contributed to the increase in net income available to common stock for the quarter.

Water sales in the fourth quarter of 2000 returned to normal after experiencing a decline as a result of a wet summer. Earnings per share grew 21.1 percent for the quarter to \$.23 per share versus \$.19 the prior year on more shares outstanding as a result of the company's 1.7 million share equity offering in September 2000.

For the year, diluted net income per share increased 44.3 percent to \$1.01 versus \$.70 in 1999, calculated on an increased average number of shares outstanding. 1999 net income was negatively impacted by \$.17 per share as a result of costs related to the merger with Consumers Water Company in March 1999, while 2000 earnings were positively impacted by the partial regulatory recovery of those costs.

Absent the impacts from transaction costs, earnings from operations increased 11.5 percent to \$.97 per diluted share for the year ended December 31, 2000, versus \$.87 the prior year, with corresponding income increasing by 12.7 percent to \$50.5 million versus \$44.9 million in the prior year.

Despite unfavorable weather patterns, revenues for the year increased by 7.1 percent to \$275.5 million as compared to \$257.3 million reported in 1999 as a result of rate adjustments and previously mentioned growth initiatives. Overall customer growth for the year was 4 percent, closing the year with 579,219 customers.

PSC had another good year of containing costs, even with higher electric and fuel costs. Although operations and maintenance (O&M) expenses increased three percent in comparison to 1999, PSC continues to lower O&M expenses as a percentage of revenue. Overall, O & M costs for 2000 represent only 36.9 percent of revenue versus 38.4 percent in 1999, a decrease of 150 basis points.

This record operating expense margin speaks to the company's ability to continue to contain costs, while growing revenues.

Commenting on the year, Chairman and President Nicholas DeBenedictis said, 2000 was a challenging year for PSC due to unfavorable weather conditions. However, rate recovery and the continued success of the company's growth-through-acquisition program allowed PSC to recognize healthy earnings despite the weather. The company experienced reduced water consumption during the third quarter as a result of lower temperatures and 45 percent more rain than typical in the company's primary service area. In addition to a wet summer, expenses were adversely impacted by severe winter weather conditions causing more than a 40 percent increase in repairs to water mains in 2000.

PSC was able to enhance net income per share as a result of sale of shares of E'Town Corporation, which had been acquired as part of PSC's growth strategy to evaluate potential acquisition opportunities. The gain realized as a result of the sale of E'Town, was a unique aspect of PSC's growth strategy.

According to DeBenedictis, An aggressive growth strategy sometimes produces gains regardless of whether the deal goes through as envisioned. This is the reason we continued to hold the E'Town shares as an investment even after it became clear a merger was not appropriate for us.

PSC entered its sixth state with the announcement in the fourth quarter of its acquisition of MidSouth Utilities, Inc. in Sherrills Ford, North Carolina. The company recently announced the completion of its second acquisition in North Carolina, Hydraulics, Ltd., which serves over 16,000 residents.

In addition to entering its sixth state, PSC announced the acquisition of four Pennsylvania water utilities during the quarter.

Three of the companies are located in northeastern Pennsylvania (Pocono area) and the other is located in northwestern Pennsylvania.

This merger creates four new subsidiaries under PSC and extends operations in both the northeastern and northwestern quadrants of Pennsylvania, said DeBenedictis. Expansion into the northeastern and northwestern Pennsylvania areas will provide PSC with additional growth opportunities in and around the new areas of its service territory. Additionally, these areas will benefit from PSC's in-house water quality expertise and its history of environmental compliance.

PSC is one of the nation's largest and most profitable investor-owned water utilities serving approximately two million residents in Pennsylvania, Illinois, Ohio, 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.

The company's quarterly conference call with analysts will be at 10:00 a.m. Eastern Standard Time today. Interested parties may listen to the conference call over the Internet by logging onto www.suburbanwater.com. The call will be recorded and replayed beginning 12:00 PM, Wednesday, February 7, 2001, and will run until 12:00 PM, Friday, February 9, 2001.

The dial-in telephone number for the audio replay is 402/220-9917 (pin number 4461).

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 business conditions; 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.

The following table shows the comparative operating revenues, net income available to common stock and net income per common share for PSC for the quarters and years ended December 31, 2000 and 1999 (in thousands, except per share data). All share and per share data have been restated to reflect the recent five-for-four stock split effected in the form of a stock distribution. -0- *T

	(Unaudited)			
	Quarter Ended December 31,		Year Ended December 31,	
	2000	1999	2000	1999
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Operating revenues	\$ 69,198	\$ 63,037	\$ 275,538	\$ 257,326
Income from operations exclusive of net merger recovery (costs)	\$ 12,434	\$ 9,594	\$ 50,548	\$ 44,871
Merger recovery (costs), net	\$ --	\$ --	\$ 2,236	\$ (8,596)
Net income available to common stock	\$ 12,434	\$ 9,594	\$ 52,784	\$ 36,275
Income per common share from operations exclusive of net merger recovery (costs):				
Basic	\$ 0.23	\$ 0.19	\$ 0.98	\$ 0.88
Diluted	\$ 0.23	\$ 0.19	\$ 0.97	\$ 0.87

Net income per
common share:

Basic	\$ 0.23	\$ 0.19	\$ 1.02	\$ 0.71
Diluted	\$ 0.23	\$ 0.19	\$ 1.01	\$ 0.70

Average shares
outstanding:

Basic	53,164	51,232	51,807	51,080
Diluted	53,778	51,643	52,331	51,631

Note: The recovery (charge) for merger costs is related to the March 1999 merger with Consumers Water Company.

Philadelphia Suburban Corporation and Subsidiaries
Consolidated Statements of Income and Comprehensive Income
(In thousands, except per share amounts)

	(Unaudited)		Year Ended	
	Quarter Ended		December 31,	
	December 31,		December 31,	
	2000	1999	2000	1999
	-----	-----	-----	-----
Operating revenues	\$ 69,198	\$ 63,037	\$ 275,538	\$ 257,326
Cost & expenses:				
Operations and maintenance	27,426	27,185	101,741	98,758
Depreciation	8,315	7,820	32,271	30,612
Amortization	654	302	1,829	1,291
Taxes other than income taxes	5,481	5,030	22,520	21,833
Restructuring costs (recovery)	--	--	(1,136)	3,787
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Total costs and expenses	41,876	40,337	157,225	156,281
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Operating income	27,322	22,700	118,313	101,045
Interest expense, net	10,233	8,730	40,360	33,698
Gain on sale of securities	(2,491)	--	(3,552)	--
Minority interest	27	17	103	93
Allowance for funds used during construction	(428)	(626)	(2,688)	(1,995)
Merger transaction costs (recovery)	--	--	(2,905)	6,334
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Income before income taxes	19,981	14,579	86,995	62,915

Provision for income taxes	7,521	4,980	34,105	26,531
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Net income	12,460	9,599	52,890	36,384
Dividends on preferred stock	26	5	106	109
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Net income available to common stock	\$ 12,434	\$ 9,594	\$ 52,784	\$ 36,275
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Net income	\$ 12,460	\$ 9,599	\$ 52,890	\$ 36,384
Other comprehensive income (loss), net of tax	(704)	952	(1,094)	2,020
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Comprehensive income	\$ 11,756	\$ 10,551	\$ 51,796	\$ 38,404
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Income from operations, exclusive of net merger (costs) recovery	\$ 12,434	\$ 9,594	\$ 50,548	\$ 44,871
Merger (costs) recovery, net	--	--	2,236	(8,596)
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Net income available for common stock	\$ 12,434	\$ 9,594	\$ 52,784	\$ 36,275
	=====	=====	=====	=====
Net income per common share:				
Basic	\$ 0.23	\$ 0.19	\$ 1.02	\$ 0.71
Diluted	\$ 0.23	\$ 0.19	\$ 1.01	\$ 0.70
Income per common share from operations, exclusive of net merger (costs) recovery:				
Basic	\$ 0.23	\$ 0.19	\$ 0.98	\$ 0.88
Diluted	\$ 0.23	\$ 0.19	\$ 0.97	\$ 0.87
Average shares outstanding:				
Basic	53,164	51,232	51,807	51,080
	=====	=====	=====	=====
Diluted	53,778	51,643	52,331	51,631
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(In thousands of dollars, except per share amounts)

	December 31, 2000	December 31, 1999
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Assets		
Property, plant and equipment, at cost	\$ 1,536,162	\$ 1,393,027
Less accumulated depreciation	284,735	257,663
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Net property, plant and equipment	1,251,427	1,135,364
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Current assets:		
Cash and cash equivalents	4,575	4,658
Accounts receivable and unbilled revenues, net	51,223	44,399
Inventory, materials and supplies	4,352	3,948
Prepayments and other current assets	7,054	6,520
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Total current assets	67,204	59,525
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Regulatory assets	65,369	58,287
Deferred charges and other assets, net	26,396	27,629
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	\$ 1,410,396	\$ 1,280,805
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Liabilities and Stockholders' Equity		
Stockholders' equity:		
6.05% Series B cumulative preferred stock	\$ 1,760	\$ 1,760
Common stock at \$.50 par value, authorized 100,000,000 shares, issued 54,520,300 and 51,880,796 in 2000 and 1999	27,260	20,814
Capital in excess of par value	291,013	251,440
Retained earnings	123,911	101,533
Minority interest	2,823	2,604
Treasury stock, 844,376 and 615,038 shares in 2000 and 1999	(15,346)	(11,270)
Accumulated other comprehensive income	926	2,020
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Total stockholders' equity	432,347	368,901
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Long-term debt, excluding current portion	465,295	413,752
Commitments	--	--
Current liabilities:		
Current portion of long-term debt	15,943	12,194
Loans payable	88,994	103,069

Accounts payable	20,635	24,286
Accrued interest	10,199	8,994
Accrued taxes	17,366	12,689
Other accrued liabilities	23,364	22,581
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Total current liabilities	176,501	183,813
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Deferred credits and other liabilities:		
Deferred income taxes and investment tax credits	150,167	136,528
Customers' advances for construction	58,718	59,494
Other	7,202	8,434
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Total deferred credits and other liabilities	216,087	204,456
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Contributions in aid of construction	120,166	109,883
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	\$ 1,410,396	\$ 1,280,805
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CONTACT: Philadelphia Suburban Corporation, Bryn Mawr
Keya W. Epps, 610/645-1084
eppsk@suburbanwater.com
or
Donna Alston, 610/645-1095
alstond@suburbanwater.com