



Philadelphia Suburban Arranges for \$120 Million in Low-Interest Financing for Water Infrastructure Projects

Company Will Save Approximately \$70 Million in Interest over the Terms of the Loans

BRYN MAWR, Pa.--(BUSINESS WIRE)--Jan. 15, 2003--Philadelphia Suburban Corporation (NYSE:PSC) announced today that by the end of January, the company will have successfully completed arrangements for approximately \$120 million in low-interest financing in five states at interest rates ranging from 1.00 to 5.55 percent. PSC uses the proceeds for capital improvements for water infrastructure facilities at its subsidiaries in Pennsylvania, New Jersey, Ohio, Illinois, and Maine.

"PSC is now the largest publicly-traded water utility in the United States and access to low-interest financing will give us an additional competitive advantage in our capital reinvestment and growth programs," said PSC Chairman Nicholas DeBenedictis. "Since beginning our aggressive program to secure low-interest financing, the company has reduced its system-wide long-term interest rate from 8.0 percent to 6.6 percent on our more than \$600 million of outstanding debt. The savings in interest expenses over the past three years has allowed us to accelerate the pace of our capital improvements and continue to provide our growing customer base with high quality water at a reasonable cost."

DeBenedictis added, "This has been our most successful year for low-interest activity - totaling \$120 million."

- \$36.0 million in low-interest loans in Pennsylvania under a special program called "Pennvest." These loans are being used to construct water tanks and improve distribution and water quality infrastructure at the company's systems in central and northern Pennsylvania and its suburban Philadelphia system. Loans range from 1.0 percent to 3.5 percent. The company also received funding at 2.5 percent through the state revolving loan program in Maine.
- \$50.0 million of Industrial Development Authority financing for Pennsylvania Suburban Water Company-the most recent issue closed on December 31, 2002 at 5.15 percent.
- \$34.0 million in re-financed tax exempt debt in Illinois, New Jersey, Ohio and Pennsylvania at rates ranging from 3.75 to
- 5.15 percent - down from as high as 6.5 percent.

PSC Treasurer Kathy Pape said she anticipates that the more than \$120 million in low-interest loans and tax-exempt bonds, most of which were issued in 2002, will have a significant and positive impact on the company's interest expense. "Since most of the loans have a 20 to 30-year term, our actions in 2002 lock in the historically low interest rates long term for our customers and our shareholders," said Pape. "We estimate that compared to a taxable rate of approximately seven percent, we are saving approximately \$70 million in interest expense over the life of these low-interest loans."

PSC is the holding company for Philadelphia Suburban Water Company and Consumers Water Company, regulated public utilities that provide water to approximately two million residents in Pennsylvania, Ohio, Illinois, New Jersey and Maine. PSC is 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: the successful completion of the company's low-interest financing program; the company's ability to realize the benefits from its low-interest financing; the effect of the low-interest financing on the company's interest expense; 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.

CONTACT:

Philadelphia Suburban Corporation
Donna Alston, 610/645-1095
alstond@suburbanwater.com
or
Randi Polanich, 610/645-1175
polanichr@suburbanwater.com