SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant /X/
Filed by a Party other than the Registrant / /

Check the appropriate box:

/ / Preliminary Proxy Statement
/ / Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
/X/ Definitive Proxy Statement
/ / Definitive Additional Materials
/ / Soliciting Material Pursuant to 240.14a-11(c) or 240.14a-12

Philadelphia Suburban Corporation

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

/X/ No fee required
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1) Title of each class of securities to which transaction applies:

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3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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1) Amount Previously Paid:

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2) Form, Schedule or Registration Statement No.:

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3) Filing Party:

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4) Date Filed:

PHILADELPHIA SUBURBAN CORPORATION
762 W. LANCASTER AVENUE
BRYN MAWR, PENNSYLVANIA 19010

Notice of Annual Meeting of Shareholders
To Be Held May 15, 1997

TO THE SHAREHOLDERS OF
PHILADELPHIA SUBURBAN CORPORATION:

Notice is hereby given that the Annual Meeting of Shareholders of PHILADELPHIA SUBURBAN CORPORATION will be held at the Company's principal offices, 762 W. Lancaster Avenue, Bryn Mawr, Pennsylvania 19010, at 10:00 A.M., local time, on Thursday, May 15, 1997, for the following purposes:

1. To elect four directors; and

2. To transact such other business as may properly come before the meeting or any adjournments thereof.

Only shareholders of record at the close of business on March 24, 1997 will be entitled to notice of, and to vote at, the Annual Meeting and at any adjournments thereof.

By order of the Board of Directors,

PATRICIA M. MYCEK
Secretary

April 4, 1997

REGARDLESS OF WHETHER OR NOT THEY PLAN TO ATTEND THE MEETING, SHAREHOLDERS ARE URGED TO COMPLETE, SIGN AND RETURN THE ENCLOSED PROXY IN THE ENVELOPE PROVIDED, WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES.

PHILADELPHIA SUBURBAN CORPORATION
762 W. LANCASTER AVENUE
BRYN MAWR, PENNSYLVANIA 19010

PROXY STATEMENT

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of Philadelphia Suburban Corporation (the "Company") to be used at the Annual Meeting of Shareholders to be held May 15, 1997 and at any adjournments thereof. This proxy statement and the enclosed proxy are being mailed to shareholders on or about April 4, 1997.

The cost of soliciting proxies will be paid by the Company, which has arranged for reimbursement, at the rate suggested by the New York Stock Exchange, of brokerage houses, nominees, custodians and fiduciaries for the forwarding of proxy materials to the beneficial owners of shares held of record. In addition, the Company has retained the firm of Corporate Investor Communications, Inc., to assist in the solicitation of proxies from (i) brokers, bank nominees and other institutional holders, and (ii) individual holders of record. The fee to Corporate Investor Communications, Inc. for normal proxy solicitation is $4,000 plus expenses, which will be paid by the Company. Directors, officers and regular employees of the Company may also solicit proxies, although no additional compensation will be paid by the Company for such efforts.

The Annual Report to Shareholders for the year ended December 31, 1996, including financial statements and other information with respect to the Company and its subsidiaries, was mailed with this proxy statement by combined first class bulk mailing to shareholders of record as of March 24, 1997. Additional copies of the Annual Report may be obtained by writing to the Company. KPMG Peat Marwick, the Company's independent certified public accountants, has been selected by the Board of Directors to continue in such capacity for the current year. Representatives of that firm are expected to be present at the meeting and will be available to respond to appropriate questions.

PURPOSE OF THE MEETING

As the meeting is the Annual Meeting of Shareholders, the shareholders of the Company will be requested to elect four directors to hold office as provided by law and the Company's Bylaws.

VOTING AT THE MEETING

Holders of shares of the Company's Common Stock of record at the close of business on March 24, 1997 are entitled to vote at the meeting. As of that date, there were 19,346,615 shares of Common Stock outstanding

and entitled to be voted at the meeting. Each shareholder entitled to vote shall have the right to one vote on each matter presented at the meeting for each share of Common Stock outstanding in such shareholder's name. The presence in person or by proxy of shareholders entitled to cast a majority of all votes entitled to be cast will constitute a quorum at the meeting.

The holders of a majority of the shares entitled to vote, present in person or represented by proxy, constitute a quorum. Directors are to be elected by a plurality of the votes cast at the meeting. The affirmative vote of the holders of a majority of the shares present in person or represented by proxy entitled to vote at the meeting is required to take action with respect to any other matter that may properly be brought before the meeting. Shares cannot be voted at the meeting unless the holder of record is present in person or by proxy. The enclosed proxy card is a means by which a shareholder may authorize the voting of his or her shares at the meeting. The shares of Common Stock represented by each properly executed proxy card will be voted at the meeting in accordance with each shareholder's direction. Shareholders are urged to specify their choices by marking the appropriate boxes on the enclosed proxy card; if no choice has been specified, the shares will be voted as recommended by the Board of Directors. If any other matters are properly presented to the meeting for action, the proxy holders will vote the proxies (which confer discretionary authority to vote on such matters) in accordance with their best judgment.

With regard to the election of directors, votes may be cast in favor or withheld; votes that are withheld will be excluded entirely from the vote and will have no effect, other than for purposes of determining the presence of a quorum. Brokers that are member firms of the New York Stock Exchange ("NYSE") and who hold shares in street name for customers, but have not received instructions from a beneficial owner, have the authority under the rules of the NYSE to vote those shares with respect to the election of directors. Such shares which are not voted by brokers will be considered present and entitled to vote at the meeting.

Execution of the accompanying proxy will not affect a shareholder's right to attend the meeting and vote in person. Any shareholder giving a proxy has the right to revoke it by giving written notice of revocation to the Secretary of the Company at any time before the proxy is voted by executing a proxy bearing a later date, which is voted at the meeting, or by attending the meeting and voting in person.

Your proxy vote is important. Accordingly, you are asked to complete, sign and return the accompanying proxy card regardless of whether or not you plan to attend the meeting.

Employees will not receive a separate proxy for shares owned (subject to vesting) under the Company's Thrift Plan or the Philadelphia Suburban Water Company Personal Savings Plan, as the trustee for these Plans will vote the shares of Common Stock held thereunder.

(PROPOSAL NO. 1)
ELECTION OF DIRECTORS

VOTING ON PROPOSAL NO. 1

The Board of Directors is divided into three classes. One class is elected each year to hold office for a three-year term and until successors of such class are duly elected and qualified, except in the event of death, resignation or removal. Upon the recommendation of the Nominating Committee of the Board of Directors (the "Nominating Committee"), the Board of Directors, at its February 4, 1997 meeting: increased the size of the Board from nine to ten members effective as of the 1997 Annual Meeting; increased the size of the class of directors to be elected at the 1997 Annual Meeting from three to four effective as of the 1997 Annual Meeting; and nominated John H. Austin, Jr., Alan R. Hirsig, John F. McCaughan and Harvey J. Wilson for election to this class of directors at the 1997 Annual Meeting (Messrs. Austin, McCaughan and Wilson are current directors whose terms expire at the 1997 Annual Meeting).

In view of the tragic death of Claudio Elia (a member of the class of directors with terms expiring at the 1998 Annual Meeting), and to avoid having two vacancies in the class of directors with terms ending at the 1998 Annual Meeting, upon recommendation of the Nominating Committee, the Board of Directors approved the retention of Joseph C. Ladd as a director until the 1997 Annual Meeting even though Mr. Ladd reached the mandatory retirement age of 70 in January 1997. Upon the recommendation of the Nominating Committee, the Board of Directors at its March 4, 1997 meeting elected Richard L. Smoot to fill the vacancy that will be created in the class of directors with terms expiring at the 1998 Annual Meeting by the retirement of Mr. Ladd, such election to be effective as of the August 5, 1997 regularly scheduled meeting of the Board.

Therefore, four directors, Messrs. Austin, Hirsig, McCaughan and Wilson, are to be elected by a plurality of the votes cast at the Annual Meeting, five directors will continue to serve in accordance with their prior election and one nominee for director will begin serving effective with the August 5, 1997 Board meeting. At the meeting, proxies in the accompanying form, properly executed, will be voted for the election of the four nominees listed below, unless authority to do so has been withheld in the manner specified in the instruction on the proxy card. Discretionary authority is reserved to cast votes for the election of a substitute should any nominee be unable or unwilling to serve as a director. Each nominee has stated his willingness to serve and the Company believes that all of the nominees will be available to serve.

The Board of Directors recommends that the shareholders vote FOR the election of Messrs. Austin, Hirsig, McCaughan and Wilson as directors.

GENERAL INFORMATION REGARDING THE BOARD OF DIRECTORS AND ITS COMMITTEES

The Board of Directors held six meetings in 1996. The Company's Bylaws provide that the Board of Directors, by resolution adopted by a majority of the whole Board, may designate an Executive Committee and one or more other committees, with each such committee to consist of two or more directors. The Board of Direc-

tors annually elects from its members the Executive, Audit, Executive Compensation and Employee Benefits, Nominating, and Pension Committees. Each incumbent director, for the period served in 1996, attended at least 75% of the aggregate of all meetings of the Board and the Committees on which he or she served.

Executive Committee. The Company's Bylaws provide that the Executive Committee shall have and exercise all of the authority of the Board in the management of the business and affairs of the Company, with certain exceptions. The Executive Committee is intended to serve in the event that action by the Board of Directors is necessary or desirable between regular meetings of the Board, or at a time when convening a meeting of the entire Board is not practical, and to make recommendations to the entire Board with respect to various matters. The Executive Committee did not meet in 1996. The Executive Committee currently has seven members, and the Chairman of the Company serves as Chairman of the Executive Committee.

Audit Committee. The Audit Committee is composed of four directors who are not officers of the Company or any of its subsidiaries. It meets periodically with the Company's financial officers and independent certified public accountants to review the scope of auditing procedures and the policies relating to the Company's accounting procedures and controls. The Committee also provides general oversight with respect to the accounting principles employed in the Company's financial reporting. The Audit Committee held two meetings in 1996.

Executive Compensation and Employee Benefits Committee. The Executive Compensation and Employee Benefits Committee is composed of three members of the Board who are not officers of the Company or any of its subsidiaries. The Executive Compensation and Employee Benefits Committee has the power to administer the Company's 1982 and 1988 Stock Option Plans and to administer and make awards of stock options, dividend equivalents and restricted stock under the Company's 1994 Equity Compensation Plan. In addition, the Executive Compensation and Employee Benefits Committee reviews the recommendations of the Company's Chief Executive Officer as to appropriate compensation of the Company's officers (other than the Chief Executive Officer) and key personnel and recommends to the Board the compensation of such officers and the Company's Chief Executive Officer for the ensuing year. The Executive Compensation and Employee Benefits Committee held three meetings in 1996.

Nominating Committee. The Nominating Committee reviews and makes recommendations to the Board of Directors with respect to candidates for director of the Company. The Nominating Committee has three members and held two meetings during 1996. It is the present policy of the Nominating Committee to consider nominees who are recommended by shareholders as additional members of the Board or to fill vacancies on the Board. Shareholders desiring to submit the names of, and any pertinent data with respect to, such nominees should send this information in writing to the Chairman of the Nominating Committee in care of the Company. See "Requirements for Advance Notifications of Nominations."

Pension Committee. The Pension Committee serves as the Plan Administrator for the Company's qualified benefit plans. The Committee reviews and recommends to the Board any actions to be taken by the Board in the discharge of the Board's fiduciary responsibilities under the Company's qualified benefit plans and meets periodically with the Company's financial, legal, actuarial, and investment advisors. The Committee consists of five members and met four times in 1996.

The current members of the Committees of the Board of Directors are as follows:

Executive Committee	Executive Compensation and Employee Benefits Committee	Audit Committee
Nicholas DeBenedictis*	John F. McCaughan*	John H. Austin, Jr.*
John H. Austin, Jr.	G. Fred DiBona, Jr.	John W. Boyer, Jr.
John W. Boyer, Jr.	Joseph C. Ladd	Richard H. Glanton, Esq.
G. Fred DiBona, Jr.		Harvey J. Wilson
Richard H. Glanton, Esq.		
Joseph C. Ladd		
John F. McCaughan		

Pension Committee	Nominating Committee
Joseph C. Ladd*	G. Fred DiBona, Jr.*
John H. Austin, Jr.	Mary C. Carroll
John W. Boyer, Jr.	Nicholas DeBenedictis
Mary C. Carroll	
Nicholas DeBenedictis	

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*Chairman

REQUIREMENTS FOR ADVANCE NOTIFICATION OF NOMINATIONS

Nominations for election of directors may be made at the Annual Meeting by any shareholder entitled to vote for the election of directors, provided that written notice (the "Notice") of the shareholder's intent to nominate a director at the meeting is filed with the Secretary of the Company prior to the Annual Meeting in accordance with provisions of the Company's Amended and Restated Articles of Incorporation and Bylaws.

Section 4.13 of the Company's Bylaws requires the Notice to be received by the Secretary of the Company not less than 14 days nor more than 50 days prior to any meeting of the shareholders called for the election of directors, with certain exceptions. These notice requirements do not apply to nominations for which proxies are solicited under applicable regulations of the Securities and Exchange Commission ("SEC"). The Notice must contain or be accompanied by the following information:

(1) the name and residence of the shareholder who intends to make the nomination;

(2) a representation that the shareholder is a holder of record of voting stock and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the Notice;

(3) such information regarding each nominee as would have been required to be included in a proxy statement filed pursuant to the SEC's proxy rules had each nominee been nominated, or intended to be nominated, by the management or the Board of Directors of the Company;

(4) a description of all arrangements or understandings among the shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder; and

(5) the consent of each nominee to serve as a director of the Company if so elected.

Pursuant to the above requirements, appropriate Notices in respect of nominations for directors must be received by the Secretary of the Company no later than May 1, 1997.

INFORMATION REGARDING NOMINEES AND DIRECTORS

For the four nominees for election as directors at the 1997 Annual Meeting and the six directors whose terms of office expire either at the 1998 Annual Meeting or the 1999 Annual Meeting, there follows information as to the positions and offices with the Company held by each, the principal occupation of each during the past five years, and certain directorships of public companies and other organizations held by each.

NOMINEES FOR ELECTION AT ANNUAL MEETING

John H. Austin, Jr. ... Berwyn, PA Director since 1981	Mr. Austin retired as President of Philadelphia Electric Company (now known as PECO Energy Company), a public utility, in 1988. Mr. Austin served as President of PECO Energy Company from 1982 to 1988. He is also a director of Selas Corporation of America. Age: 68.
John F. McCaughan ..... Doylestown, PA Director since 1984	Since 1995, Mr. McCaughan has served as President of BetzDearborn, Inc. Foundation. From 1995 to 1996, Mr. McCaughan was Chairman of Betz Laboratories, Inc., which provides engineered chemical treatment of water, wastewater and process systems. Mr. McCaughan was Chairman and Chief Executive Officer of Betz Laboratories from 1982 to 1994. He is also a director of BetzDearborn, Inc. and Penn Mutual Life Insurance Company. Age: 61.
Harvey J. Wilson ...... Delray Beach, FL Director since 1983	Mr. Wilson is President and CEO of Eclipsys Corporation, a healthcare information systems company. Mr. Wilson was a co-founder of Shared Medical Systems Corporation. He is also a director of Eclipsys Corporation, FPA Medical Management, RMSC of West Palm Beach, and Enterprise Application Systems, Inc. Age: 58.

Alan R. Hirsig .... Haverford, PA	Mr. Hirsig has been President and Chief Executive Officer of ARCO Chemical Company since 1991. From 1984 to 1990, Mr. Hirsig was President of ARCO Chemical European Operations. Mr. Hirsig is a director of ARCO Chemical Company, and BetzDearborn Inc., as well as Chairman of the Executive Committee of the Chemical Manufacturers Association, a director of Greater Philadelphia First and a trustee of Bryn Mawr College, the YMCA of Philadelphia and Vicinity and the Eisenhower Exchange Fellowships. He also is Chairman of the Advisory Board of PRIME, Inc. Age: 57.

DIRECTORS CONTINUING IN OFFICE WITH TERMS EXPIRING IN 1998

Mary C. Carroll .... Bryn Mawr, PA Director since 1981	Ms. Carroll is a consultant, a community volunteer and an advisor to nonprofit corporations, businesses and government agencies. Presently, she serves as Chair of the National Parks Mid-Atlantic Council. She is Vice Chair of Ft. Mifflin on the Delaware and is a founder, director or trustee of various civic and charitable organizations, including the Metropolitan YMCA, the Urban Affairs Coalition, Philadelphia Hospitality, Inc., International House, and Preservation Action. Age: 56.
Richard H. Glanton, Esq. ... Philadelphia, PA Director since 1995	Mr. Glanton has been a partner in the law firm of Reed, Smith, Shaw & McClay in Philadelphia since 1986. Mr. Glanton is a director of General Accident Insurance Company of North America, PECO Energy Company, the Greater Philadelphia Chamber of Commerce and the Philadelphia Industrial Development Corporation. Age: 50.

INDIVIDUAL NAMED TO BECOME A DIRECTOR WITH A TERM EXPIRING IN 1998

Richard L. Smoot ... Radnor, PA	Mr. Smoot has served as president and chief executive officer of PNC Bank in Philadelphia and Southern New Jersey, and its predecessor, Provident National Bank, since 1991. Prior to becoming president, he served as executive vice president responsible for Operations and Data Processing for PNC Bank Corp. Before joining PNC Bank in 1987, Mr. Smoot spent 10 years as first vice president and chief operating officer of the Federal Reserve Bank of Philadelphia. Mr. Smoot is a director of P.H. Glatfelter Company and Southco Inc. He also serves as Chairman of the Board of Directors of Greater Philadelphia First and Chairman of the Board of Trustees of the Agnes Irwin School and the Philadelphia Award and is a director of the Philadelphia Orchestra, the Settlement Music School, the Greater Philadelphia Urban Affairs Coalition and Widener University. Age: 56.

DIRECTORS CONTINUING IN OFFICE WITH TERMS EXPIRING IN 1999

John W. Boyer, Jr. ...... St. Davids, PA Director since 1981	Mr. Boyer retired as Chairman of the Company on May 20, 1993, having served in that capacity since the restructuring of the Company on July 1, 1981. Mr. Boyer also served as the Company's Chief Executive Officer from July 1, 1981 to July 1, 1992. Mr. Boyer is a director of Betz Laboratories, Inc., Gilbert Associates, Inc. and Rittenhouse Trust Company. Age: 68.
Nicholas DeBenedictis ...	Mr. DeBenedictis has served as Chairman of the Company since May 20, 1993. Mr. DeBenedictis

Ardmore, PA Director since 1992	also continues to serve as the Company's Chief Executive Officer and President, the positions he has held since joining the Company in July 1992. He also serves as Chairman, Chief Executive Officer and President of the Company's principal subsidiary, Philadelphia Suburban Water Company. Between April 1989 and June 1992, he served as Senior Vice President for Corporate Affairs of PECO Energy Company. From December 1986 to April 1989, he served as President of the Greater Philadelphia Chamber of Commerce and from 1983 to 1986 he served as the Secretary of the Pennsylvania Department of Environmental Resources. Mr. DeBenedictis is a director of Provident Mutual Life Insurance Company of Philadelphia, Air & Water Technologies Corporation and P.H. Glatfelter Company. Age: 51.
G. Fred DiBona, Jr. ..... Bryn Mawr, PA Director since 1993	Mr. DiBona has served since 1990 as President and Chief Executive Officer of Independence Blue Cross, the Delaware Valley region's largest health insurer. He also serves as Chairman of Independence Blue Cross' subsidiaries and affiliates. Between 1987 and 1990, Mr. DiBona served as President and Chief Executive Officer for Pennsylvania Blue Shield's holding company, Keystone Ventures, Inc. Mr. DiBona is also a director of Independence Blue Cross and its subsidiaries, Pennsylvania Savings Bank, Magellan Health Services, Inc., PECO Energy Company and various civic and charitable organizations. Age: 46.

OWNERSHIP OF COMMON STOCK

The following table sets forth certain information as of January 31, 1997, with respect to shares of Common Stock of the Company beneficially owned by each director, nominee for director and executive officer and by all directors, nominees and executive officers of the Company as a group. This information has been provided by each of the directors and officers at the request of the Company. Beneficial ownership of securities as shown below has been determined in accordance with applicable guidelines issued by the Securities and Exchange Commission ("SEC") and includes the possession, directly or indirectly, through any formal or informal arrangement, either individually or in a group, of voting power (which includes the power to vote, or to direct the voting of, such security) and/or investment power (which includes the power to dispose of, or to direct the disposition of, such security).

Beneficial Owner	Sole voting and/or sole investment power	Shared voting and/or shared investment power(1)(2)	Total and percent of class outstanding(3)
John H. Austin, Jr.	2,100	24	2,124
John W. Boyer, Jr.	70,668	--	70,668
Mary C. Carroll	1,350	706	2,056
Morrison Coulter	38,862	10,165(4)	49,027
Nicholas DeBenedictis	107,368	31,249(5)	138,617
G. Fred DiBona, Jr.	1,800	--	1,800
Richard H. Glanton, Esq.	728	43	771
Michael P. Graham	23,748	15,155	38,903
Alan R. Hirsig	--	--	--
Joseph C. Ladd	4,276	--	4,276
John F. McCaughan	5,100	--	5,100
Richard R. Riegler	28,028	1,890	29,918
Richard L. Smoot(6)	--	--	--
Roy H. Stahl	30,498	19,896	50,394
Harvey J. Wilson	10,350	--	10,350
All directors and executive officers as a group (15 persons)	324,876(7)	79,128(8)	404,004(2.1%)

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(1) The shareholdings indicated include 1,127 shares held in the Company's Dividend Reinvestment Program.

(2) Under the Company's Thrift Plan, participants do not have any present voting power with respect to shares allocated to their accounts. Such shares have been included in this column.

(3) Percentages for each person or group are based on the aggregate of the shares of Common Stock outstanding as of January 31, 1997 (19,210,537 shares) and all shares issuable to such person or group upon the exercise of outstanding stock options exercisable within 60 days of that date. Percentage ownership of less than 1% of the class then outstanding as of January 31, 1997 has not been shown.

(4) The shareholdings indicated include 2,052 shares owned of record by Mr. Coulter's wife. Mr. Coulter disclaims beneficial ownership as to such shares.

(5) The shareholdings indicated include 606 shares owned of record by Mr. DeBenedictis' wife and 5,944 shares owned of record by Mr. DeBenedictis' son. Mr. DeBenedictis disclaims beneficial ownership as to such shares.

(6) The shareholdings indicated do not include approximately 340,000 shares as to which PNC Bank, National Association, or its affiliates have sole voting power as trustee of the Philadelphia Suburban Corporation Thrift Plan and Philadelphia Suburban Water Company Personal Savings Plan for Local 473 Employees. Mr. Smoot is the President and Chief Executive Officer of PNC Bank in Philadelphia and Southern New Jersey. Mr. Smoot disclaims beneficial ownership of such shares.

(7) The shareholdings indicated include 204,117 shares exercisable under the 1982 and 1988 Stock Option Plans and the 1994 Equity Compensation Plan on or before April 1, 1997.

(8) The shareholdings indicated include 58,594 shares (i) held in joint ownership with spouses, (ii) held as custodian for minor children or (iii) owned by family members.

The following table sets forth certain information as of March 31, 1997, except as otherwise indicated, with respect to the ownership of shares of Common Stock of the Company by certain beneficial owners of 5% or more of the Company's total outstanding shares.

Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Outstanding Shares
Compagnie Generale des Eaux 52 Rue D'Anjou 75384 Paris, France	Sole voting and dispositive power over 2,710,900 shares (1)	14.1%

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(1) Based on the Form 4 of Compagnie General des Eaux dated March 7, 1997.

EXECUTIVE COMPENSATION

REPORT OF THE EXECUTIVE COMPENSATION AND EMPLOYEE BENEFITS COMMITTEE

OVERALL OBJECTIVES

Philadelphia Suburban Corporation's executive compensation program is designed to motivate its senior executives to achieve the Company's goals of providing its customers with cost-effective, reliable water services and providing the Company's shareholders with a market-based return on their investment.

Toward that end, the program:

- Provides compensation levels that are competitive with those provided by companies with which the Company may compete for executive talent.

- Motivates key senior executives to achieve strategic business initiatives and rewards them for their achievement.

- Creates a strong link between stockholder and financial performance and the compensation of the Company's senior executives.

In administering the executive compensation program, the Executive Compensation and Employee Benefits Committee (the "Committee") attempts to strike an appropriate balance among the above-mentioned objectives, each of which is discussed in greater detail below.

At present, the executive compensation program is comprised of three components: base salary, annual cash incentive opportunities and equity incentive opportunities. In determining the relative weighting of compensation components and the target level of compensation for the Company's executives, the Committee considers compensation programs of a peer group of companies. Because of the limited number of investor-owned water utilities from which comparable compensation data is available, the Committee utilizes survey data from a composite market ("Composite Market") compiled by a nationally recognized compensation consulting firm in assessing the competitiveness of the components of the Company's compensation program. The Composite Market for the base salary and annual cash incentive elements of the program consists of 50% water utilities, 25% other utilities and 25% general industrial businesses. There are fourteen water utilities in the Composite Market, twelve of which are included in the Edward Jones Water Utility Industry Index used for the stock performance chart contained herein. Competitive compensation levels are targeted at the median of the third quartile range of compensation levels in the Composite Market, except for equity incentives, which are targeted at the 50th percentile of the compensation consulting firm's data base of general industrial organizations, including utilities, that have long-term incentive programs.

COMPENSATION COMPONENTS

BASE SALARY

To ensure that its pay levels are competitive, the Company regularly compares its executive compensation levels with those of other companies and sets its salary structure in line with competitive data from the Composite Market. Individual salaries are considered for adjustment annually and any adjustments are based on gen-

eral movement in external salary levels, individual performance, and changes in individual duties and responsibilities.

CASH INCENTIVE AWARDS

The annual cash incentive plan is based on target incentive awards for each executive, which are stated as a percentage of their base salaries. Annual incentive awards for executive officers are calculated by a formula that multiplies the executive's target incentive percentage times a Company rating factor based on the Company's overall financial performance and an individual rating factor based on the executive's performance against established objectives. These factors can range from 0% to 125% for the Company rating factor and 0% to 150% for the individual rating factor. Each of these percentages are correlated with defined objectives and approved by the Committee each year. Regardless of the Company's financial performance, the Committee retains the authority to determine the final Company rating factor, and the actual payment and amount of any bonus is always subject to the discretion of the Committee.

EQUITY INCENTIVES

As part of its review of the total compensation package for the Company's officers, the Committee, with the assistance of a nationally-recognized compensation consulting firm, reviewed the Company's equity incentive compensation program. Given the importance of dividends to a utility investor, the consultant recommended using a combination of stock options with dividend equivalents to best link executive long-term incentives to corporate performance and shareholder interests.

Under the terms of the Company's Equity Compensation Plan, which was approved by the shareholders at the 1994 Annual Meeting, the Committee and the Board of Directors may grant stock options, dividend equivalents and restricted stock to officers and key employees, and stock options to key consultants of the Company and its subsidiaries who are in a position to contribute materially to the successful operation of the business of the Company. The purpose of the Plan is to help align executive compensation with shareholder interests by providing the participants with a long-term equity interest in the Company. The Plan also provides a means through which the Company can attract and retain employees of significant abilities.

SUMMARY OF ACTIONS TAKEN BY THE COMMITTEE

SALARY INCREASE

Under the Company's salary program, the base salary budget is based on salary levels for comparable positions in the Composite Market. The projected overall annual increase is based on annual salary budget increase data reported by published surveys. Under these guidelines, actual salary increases are determined based on a combination of an assessment of the individual's performance and the individual's salary compared to the market. In the case of executive officers named in this Proxy Statement, the determination of salary levels is made by the Committee, subject to approval by the Board of Directors.

Mr. DeBenedictis' salary for 1996 was consistent with the target level for the CEO position within the Composite Market. Mr. DeBenedictis' salary for 1997, which was approved by the Board of Directors on February 4, 1997 and effective on April 1, 1997, is consistent with published salary survey information on salary levels and projected annual salary increases for 1997 and is based on the Committee's favorable assessment of his and the Company's performance.

ANNUAL INCENTIVE AWARD

At its January 31, 1997 meeting, the Committee determined the annual cash incentive awards to be made to the participants in the annual incentive plan. The awards were based on the Company's performance compared to its financial goal for 1996 as well as the participants' achievement of their individual objectives. The incentive awards to the Company's officers were approved by the Board of Directors on February 4, 1997. Mr. DeBenedictis' annual incentive compensation for 1996, was based on the Company's earnings and the Committee's assessment of Mr. DeBenedictis' individual performance. Mr. DeBenedictis' achievements in 1996 included increasing revenues and net income to record levels, reducing controllable operating expenses and interest costs, increasing customer growth through acquisitions, improving return on equity and implementing other management initiatives intended to control costs, enhance customer satisfaction and increase shareholder value. It was the Committee's assessment that Mr. DeBenedictis exceeded all of his 1996 objectives.

EQUITY INCENTIVES

At its March 3, 1997 meeting, the Committee approved the grant of incentive stock options and dividend equivalents under the Company's 1994 Equity Compensation Plan to its executive officers at the fair market value on the date of grant for such stock options of $20.1875. The options are exercisable in installments of one-third each year starting on the first anniversary of the date of grant and expire at the end of 10 years from the date of grant. The dividend equivalents will accumulate dividends over a period of four years. Mr. DeBenedictis received a grant of 30,000 options and dividend equivalents on March 3, 1997 at the grant price stated above. In addition, at its March 3, 1997 meeting, the Committee approved management's recommendation to reduce the performance period for the dividend equivalents granted in 1995 and 1996 by one year based on the Company's performance against the measurement criteria established by the Committee for this purpose at its March 4, 1996 meeting. The measurement criteria involve targets for earnings per share, dividends, total return to shareholders and customer growth.

Section 162(m) of the Internal Revenue Code generally precludes the deduction for federal income tax purposes of more than $1 million in compensation paid to the Chief Executive Officer and the other officers named in the Summary Compensation Table in any one year, subject to certain specified exceptions. Given the nature of the stock option grants and the level of other compensation paid to the Chief Executive Officer and the other executive officers named in the Summary Compensation Table, the deduction limitation is presently inapplicable to the Company. The Committee will address this limitation if and when it becomes applicable to the Company's compensation program.

Respectfully submitted,

John F. McCaughan
G. Fred DiBona, Jr.
Joseph C. Ladd

The foregoing report of the Executive Compensation and Employee Benefits Committee shall not be deemed incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933 or Securities Exchange Act of 1934, except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under such Acts.

SUMMARY COMPENSATION TABLE

The following Summary Compensation Table shows compensation paid by the Company for services rendered during the years 1996, 1995 and 1994, or for the year in which the individual was an executive officer, if shorter, for the Company's Chief Executive Officer and the other four most highly compensated executive officers of the Company.

SUMMARY COMPENSATION TABLE

		Annual Compensation			Long Term Compensation: Awards		Long Term Compensation: Payouts	
Name and Principal Position	Year	Salary ($)(1)	Bonus($)(2)	Other Annual Compen-sation($)(3)	Restricted Stock Award(s) ($)(4)	Securities Under-lying Options/ SAR's (#)	LTIP Payouts ($)	All Other Compen-sation ($)(5)
N. DeBenedictis	1996	263,485	206,325	4,911	--	30,000	--	80,694
CEO	1995	252,372	229,281	4,666	--	30,000	--	55,505
	1994	241,027	157,697	4,620	174,375	22,500	--	30,240
R. Stahl	1996	158,852	49,808	4,911	--	6,000	--	13,042
Sr. V.P. & Gen. Cnsl.	1995	155,766	62,330	4,620	--	6,000	--	7,958
	1994	151,775	57,682	4,453	--	5,250	--	1,960
M. Graham	1996	134,934	45,763	4,048	--	6,000	--	13,261
Sr. V.P.-Finance	1995	129,501	52,078	3,885	--	6,000	--	8,157
	1994	122,554	43,812	3,677	--	5,250	--	1,960
R. Riegler (6)	1996	144,944	42,158	4,348	--	6,000	--	13,878
Sr. V.P.-Operations	1995	140,548	47,389	4,216	--	6,000	--	8,234
	1994	135,624	36,973	2,910	--	5,250	--	1,960
M. Coulter (7)	1996	132,756	37,455	3,589	--	6,000	--	15,494
Sr. V.P.-Production	1995	125,818	34,925	3,468	--	6,000	--	9,245

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(1) Salary deferred at the discretion of the executive and contributed to the Company's Thrift Plan or Executive Deferral Plan is included in this column.

(2) Includes cash bonuses for services rendered during the specified year, regardless of when paid.

(3) Company matching contributions pursuant to the Company's Thrift Plan and Executive Deferral Plan are included in this column.

(4) Mr. DeBenedictis was awarded a grant of 15,000 shares (adjusted for the 1996 3-for-2 stock split) of restricted stock under the Company's 1994 Equity Compensation Plan on May 19, 1994 at a fair market value on the date of grant of $11.96 per share (adjusted for the 1996 3-for-2 stock split), less the $.50 par value per share paid by Mr. DeBenedictis. One-third of the restricted stock under this grant is released to Mr. DeBenedictis each year starting on May 19, 1995 and he is entitled to receive the dividends on the restricted shares pending their release. At

year-end 1996, the value of the 5,000 shares still subject to restrictions was $99,375 based on a closing price for the stock of $19.875.

(5) Includes: (a) the dollar value, on a term loan approach, of the benefit of the whole-life portion of the premiums for a split dollar life insurance policy on Mr. DeBenedictis maintained by the Company, projected on an actuarial basis ($9,041); (b) Company payments on behalf of Mr. DeBenedictis to cover the premium attributable to the term life insurance portion of the split dollar life insurance policy ($9,436); (c) the amounts accrued for the named executive's accounts in 1996 in connection with the dividend equivalent awards made in 1994, 1995 and 1996 (Messrs. DeBenedictis $59,513; Stahl $12,496; Graham $12,496; Riegler $12,496; and Coulter $12,496); and (d) the value of group term life insurance maintained by the Company on the named executives (Messrs. DeBenedictis $2,704; Stahl $546; Graham $765; Riegler $1,382; and Coulter $2,998). The Company will be reimbursed for the amount of the premiums paid under the split dollar program for Mr. DeBenedictis upon his death or repaid such premiums by Mr. DeBenedictis if he leaves the Company.

(6) Mr. Riegler is Senior Vice President of the registrant's principal subsidiary and was designated as an executive officer of the registrant in 1994 by the Board of Directors.

(7) Mr. Coulter is Senior Vice President of the registrant's principal subsidiary and was designated as an executive officer of the registrant in 1995 by the Board of Directors.

COMPARATIVE STOCK PERFORMANCE

The graph below compares the cumulative total shareholder return on the Common Stock of the Company for the last five years with the weighted average cumulative total return of a peer group of companies represented by the Edward Jones ("EJ") Water Utility Industry Index (adjusted for total market capitalization) and the cumulative total return on the S&P 500 over the same period, assuming a $100 investment on January 1, 1991 and the reinvestment of all dividends. The EJ Water Utility Industry Index consists of the following companies: American Water Works Company, Inc.; Aquarion Company; California Water Service Company; Connecticut Water Service Company; Consumers Water Company; Dominguez Services Corporation; E'town Corporation; IWC Resources Corporation; Middlesex Water Company; Philadelphia Suburban Corporation; SJW Corporation; Southern California Water Company; Southwest Water Company; and United Water Resources, Inc.

COMPARISON OF FIVE YEAR CUMULATIVE TOTAL RETURN
AMOUNG PSC, S&P AND EJ WATER UTILITY AVERAGE

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260 |-------------------------------------------------------------------------|
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240 |-------------------------------------------------------------------------|
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120 |----------------------------------------@----------------------------|
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    |              #                                                      |
    |             *@                                                      |
100 |*#@------------------------------------------------------------------|
   1991          1992          1993          1994          1995          1996
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For 1997 Proxy		1991	1992	1993	1994	1995	1996
PSC	*	100	$108.75	$132.41	$138.57	$168.72	$254.27
EJ WEIGHTED AVG	#	100	$110.75	$126.19	$117.56	$147.90	$180.82
S&P 500	@	100	$107.61	$118.40	$120.01	$164.95	$202.72

The foregoing comparative stock performance graph shall not be deemed incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under such Acts.

STOCK OPTION GRANTS IN 1996

The following table sets forth information concerning individual grants of stock options under the Company's 1994 Equity Compensation Plan during 1996 to each executive officer identified in the Summary Compensation Table who received options during the period.

OPTION GRANTS IN LAST FISCAL YEAR

	Individual Grants				Grant Date Value
Name	Number of Securities Underlying Options/SAR's Granted(#)(1)	% of Total Options/SAR's Granted to Employees in Fiscal Year	Exercise or Base Price ($/Sh)(2)	Expiration Date	Grant Date Present Value($)(3)
DeBenedictis	30,000	15.7%	14.9167	3/4/06	60,600
Stahl	6,000	3.1%	14.9167	3/4/06	12,120
Graham	6,000	3.1%	14.9167	3/4/06	12,120
Riegler	6,000	3.1%	14.9167	3/4/06	12,120
Coulter	6,000	3.1%	14.9167	3/4/06	12,120

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(1) The options listed in the column are qualified stock options granted at an exercise price equal to the fair market value of the Company's common stock on the date of grant under the Company's 1994 Equity Compensation Plan. Grants become exercisable in installments of one-third per year commencing on the first anniversary of the grant date. An equal number of dividend equivalents, with a four year accumulation period, were awarded to the named individuals under the 1994 Equity Compensation Plan. The accrued value of the dividend equivalent awards for 1994, 1995 and 1996 is shown on the Summary Compensation Table.

(2) The exercise price for options granted is equal to the mean of the high and low sale prices of the Company's common stock on the New York Stock Exchange composite tape on the date the option is granted.

(3) The values in this column were determined using Black-Scholes Option Pricing Model. The actual value of stock options, if any, that may be realized will depend on the difference between the exercise price and the market price on the date of exercise. The estimated values under the

Black-Scholes model are based on assumptions as to such variables as interest rates, stock price volatility and dividend yield. The key assumptions used in the Black-Scholes model valuation of the stock options are (i) an assumed dividend yield of 6.3%, (ii) a risk free rate of return of 7.4%, (iii) volatility of 12.5%, (iv) an exercise date of 10 years from the date of grant, and (v) no reduction in values to reflect non-transferability or other restrictions on the options. These assumptions are not a forecast of future dividend yield, stock performance or volatility.

STOCK OPTION EXERCISES IN 1996 AND VALUE OF OPTIONS AT YEAR-END 1996

The following table sets forth information concerning the number of stock options exercised under the Company's 1982 and 1988 Stock Option Plans and the 1994 Equity Compensation Plan during 1996 by each executive officer listed below and the number and value of unexercised options as of December 31, 1996, indi- cating in each case the number and value of those options that were exercisable and unexercisable as of that date.

AGGREGATE OPTION/SAR EXERCISES IN LAST FISCAL YEAR
AND YEAR-END OPTION/SAR VALUES

			Number of Securities Underlying Unexercised Options/SAR's at Fiscal Year-End (#)		Value of Unexercised In-the-Money Options/SAR's at Fiscal Year-End ($)(1)	
Name	Shares Acquired on Exercise(#)	Value Realized($)	Exercisable	Unexercisable	Exercisable	Unexercisable
DeBenedictis	19,668	160,093	73,432	77,900	724,672	568,172
Stahl	--	--	23,499	16,251	210,948	115,547
Graham	--	--	16,749	16,251	149,354	115,547
Riegler	8,461	57,198	15,211	15,651	133,905	109,722
Coulter	--	--	31,900	16,100	308,256	114,083

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(1) Based on the closing price on the New York Stock Exchange-Composite Transactions of the Company's Common Stock on December 29, 1996 ($19.875).

CERTAIN COMPENSATION PLANS

RETIREMENT PLAN

The Retirement Plan for Employees of the Company (the "Retirement Plan") is a defined benefit pension plan. In general, participants are eligible for normal pension benefits upon retirement at age 65 and are eligible for early retirement benefits upon retirement at age 55 with ten years of credited service. Under the terms of the Retirement Plan, a participant becomes fully vested in his or her accrued pension benefit after five years of credited service. Benefits payable to employees under the Retirement Plan are based upon "final average compensation", which is defined as the average cash compensation through the five highest consecutive years of the last ten full years preceding retirement.

The Employee Retirement Income Security Act of 1974, as amended, ("ERISA") imposes maximum limitations on the annual amount of pension benefits that may be paid under, and the amount of compensation that may be taken into account in calculating benefits under, a qualified, funded defined benefit pension plan such as the Retirement Plan. The Retirement Plan complies with these ERISA limitations. Effective December 1, 1989, the Board of Directors adopted an Excess Benefits Plan for Salaried Employees (the "Excess Plan"). The Excess Plan is a nonqualified, unfunded pension benefit plan that is intended to provide an additional pension benefit to participants in the Retirement Plan and their beneficiaries whose benefits under the Retirement Plan are adversely affected by these ERISA limitations. The benefit under the Excess Plan is equal to the difference between (i) the amount of the benefit the participant would have been entitled to under the Retirement Plan absent such ERISA limitations, and (ii) the amount of the benefit actually payable under the Retirement Plan.

The following tabulation shows the estimated annual pension payable pursuant to the Retirement Plan and the Excess Plan to employees, including employees who are directors or officers of the Company, upon retirement after selected periods of service. This table is provided for illustrative purposes only and does not reflect pension benefits presently due under the Retirement Plan or Excess Plan.

PENSION TABLE

Average Salary During Five Years Preceding Retirement	Estimated Annual Pension Based on Service of 15 Years	20 Years	25 Years	30 Years	35 Years
$100,000	$ 25,100	$ 33,500	$ 41,900	$ 44,400	$ 46,900
125,000	31,900	42,500	53,100	56,300	59,400
150,000	38,600	51,500	64,400	68,100	71,900
175,000	45,400	60,500	75,600	80,000	84,400
200,000	52,100	69,500	86,900	91,900	96,900
225,000	58,900	78,500	98,100	103,800	109,400
250,000	65,600	87,500	109,400	115,600	121,900
300,000	79,100	105,500	131,900	139,400	146,900
350,000	92,600	123,500	154,400	163,100	171,900
400,000	106,100	141,500	176,900	186,900	196,900
450,000	119,600	159,500	199,400	210,600	221,900
500,000	133,100	177,500	221,900	234,400	246,900

The Company's contributions to the Retirement Plan are computed on the basis of straight life annuities. The following executive officers listed in Summary Compensation Table have the indicated number of completed years of service under the Retirement Plan, and would, upon retirement at age 65 on March 31, 1997, be entitled to a pension based on the remuneration level listed in the following table:

Name	Covered Remuneration	Completed Years of Credited Service
Nicholas DeBenedictis	$336,401	5
Roy H. Stahl	$195,781	15
Richard R. Riegler	$168,809	27
Michael P. Graham	$159,439	20
Morrison Coulter	$147,569	36

A Supplemental Executive Retirement Plan or SERP has been established for Mr. DeBenedictis. This Plan, which is nonqualified and unfunded, was approved by the Board of Directors and is intended to provide Mr. DeBenedictis with a total retirement benefit, in combination with the Retirement Plan and Excess Plan, that is commensurate with the retirement benefits for the chief executive officers of other companies. Under the terms of the SERP, Mr. DeBenedictis will be eligible to receive a benefit at normal retirement equal to the difference between (i) the benefit to which he would otherwise be entitled under the Retirement Plan assuming he had 25 years of service and absent the ERISA limitations referred to above, and (ii) the benefit payable to him under the Retirement Plan and the Excess Plan. Under the terms of Mr. DeBenedictis' SERP, if his employment is terminated for any reason prior to age 65, he is entitled to receive a supplemental retirement benefit equal to the

difference between (i) the benefit to which he would otherwise be entitled under the Retirement Plan assuming he was credited with two years of service for each of his first seven years of credited service and (ii) the benefit payable to him under the Retirement Plan and the Excess Plan. If Mr. DeBenedictis retires from the Company at age 65, the SERP is projected to provide an annual benefit of $88,300.

EMPLOYMENT CONTRACTS AND TERMINATION OF EMPLOYMENT AND CHANGE OF CONTROL

ARRANGEMENTS

Under the terms of Mr. DeBenedictis' employment arrangement, if his employment is terminated by the Company for any reason other than his disability, death or for cause, he will be entitled to receive a severance payment equal to twelve months of his base compensation paid in twelve equal monthly installments without offset. In the event that the employment of any of the executive officers named in the Summary Compensation Table set forth above is terminated, actually or constructively, within two years following a change of control of the Company, the executive officers will be entitled to certain payments under agreements with the Company and its primary subsidiary, Philadelphia Suburban Water Company. Under the terms of these agreements, the Chief Executive Officer will be entitled to two and one-half times his average annual base cash compensation and the other executive officers will be entitled to two times their average annual base cash compensation, plus continuation of their normal fringe benefits for a period of three years for the Chief Executive Officer and two years for the other executive officers. The agreement with the Chief Executive Officer also provides that, in exchange for a non-competition agreement, he will be entitled to receive one-half of his average annual base cash compensation and the transfer to him of a split dollar life insurance policy maintained by the Company on his life. Under the terms of the 1994 Equity Compensation Plan approved by the shareholders, outstanding stock options will become immediately exercisable, dividend equivalents will become immediately payable and the restrictions on restricted stock grants shall immediately lapse upon certain change of control events.

COMPENSATION OF DIRECTORS

Directors who are full-time employees of the Company do not receive a retainer or fees for service on the Board of Directors or Committees of the Board. Members of the Board of Directors who were not full-time employees of the Company or any of its subsidiaries ("Non-employee Directors") receive an annual retainer fee of $12,000, plus an annual grant of 300 shares of the Company's common stock (on a post-split basis). Directors also receive a fee of $1,000 for attendance at each meeting of the Board of Directors of the Company, including Committee meetings. In addition, each Committee Chairman who is a Non-employee Director receives an annual retainer fee of $2,500. All directors are reimbursed for reasonable expenses incurred in connection with attendance at Board or Committee meetings.

CERTAIN TRANSACTIONS

Richard H. Glanton, Esq., a director, is a partner in the law firm of Reed Smith Shaw & McClay, which firm has provided legal services to the Company in 1996.

SHAREHOLDER SUGGESTIONS AND PROPOSALS FOR 1998 ANNUAL MEETING

Consideration of certain matters is required at the Annual Meeting of Shareholders, such as the election of directors. In addition, pursuant to applicable regulations of the Securities and Exchange Commission, sharehold-

ers may present resolutions, which are proper subjects for inclusion in the proxy statement and for consideration at the Annual Meeting, by submitting their proposals to the Company on a timely basis. In order to be included for the 1998 Annual Meeting, resolutions must be received by December 5, 1997.

The Company receives many shareholder suggestions which are not in the form of resolutions. All are given careful consideration. We welcome and encourage your comments and suggestions. Your correspondence should be addressed as follows:

Patricia M. Mycek
Secretary
Philadelphia Suburban Corporation
762 W. Lancaster Avenue
Bryn Mawr, PA 19010

ADDITIONAL INFORMATION

The Company will provide without charge, upon written request, a copy of the Company's Annual Report on Form 10-K for 1996. Please direct your requests to Patricia M. Mycek, Secretary, Philadelphia Suburban Corporation, 762 W. Lancaster Avenue, Bryn Mawr, PA 19010.

COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT

Section 16(a) of the Securities Exchange Act of 1934 (the "Act") requires the Company's officers and directors, and persons who own more than 10% of a registered class of the Company's equity securities (a 10% Shareholder), to file reports of ownership and changes in ownership with the Securities and Exchange Commission ("SEC"). Officers, directors and 10% Shareholders are required by the SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

Based solely on its review of the copies of such forms received by it, or a written representation from certain reporting persons that no Form 5's were required for those persons, the Company believes that, during the period January 1, 1996 through December 31, 1996, all filing requirements applicable to its officers, directors and 10% Shareholders have been complied with.

OTHER MATTERS

The Board of Directors is not aware of any other matters which may come before the meeting. However, if any further business should properly come before the meeting, the persons named in the enclosed proxy will vote upon such business in accordance with their judgment.

By Order of the Board of Directors,

PATRICIA M. MYCEK
Secretary

April 4, 1997

PROXY

PHILADELPHIA SUBURBAN CORPORATION

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF PHILADELPHIA SUBURBAN CORPORATION

Proxy for Annual Meeting of Shareholders, May 15, 1997

The undersigned hereby appoints Nicholas DeBenedictis, Roy H. Stahl and Patricia M. Mycek, or a majority of them or any one of them acting singly in the absence of the others, with full power of substitution, the proxy or proxies of the undersigned, to attend the Annual Meeting of Shareholders of Philadelphia Suburban Corporation, to be held at 762 W. Lancaster Avenue, Bryn Mawr, Pennsylvania, 19010, at 10:00 a.m., on Thursday, May 15, 1997 and any adjournments thereof, and, with all powers the undersigned would possess, if present, to vote all shares of Common Stock of the undersigned in Philadelphia Suburban Corporation, including any shares held in the Dividend Reinvestment Plan of Philadelphia Suburban Corporation, as designated on the reverse side.

The proxy when properly executed will be voted in the manner directed herein by the undersigned. If the proxy is signed, but no vote is specified, this proxy will be voted FOR the nominees listed in item 1 on the reverse side, and in accordance with the proxies' best judgment upon other matters properly coming before the meeting and any adjournments thereof.

PLEASE MARK, SIGN, DATE AND PROMPTLY RETURN THE PROXY CARD USING THE ENCLOSED ENVELOPE.

(continued on reverse side)

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o FOLD AND DETACH HERE o

/X/ Please mark your vote as indicated in this example

1. Election of Directors. The Board of Directors recommends that you vote FOR all nominees: John H. Austin, Jr., Alan R. Hirsig, John F. McCaughan, Harvey J. Wilson.

VOTE FOR all nominees listed (except as marked to the contrary)	WITHHOLD AUTHORITY to vote for all nominees	To withhold authority to vote for any individual nominee while voting for the remainder, write that nominee's name in the space provided below:
		--

2. In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting.

Dated: ------------------------- , 1997

Signature

Signature (if held jointly)

THIS PROXY MUST BE SIGNED EXACTLY AS NAME APPEARS HEREIN.
Executors, Administrators, Trustees, etc. should give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer.

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o FOLD AND DETACH HERE o

Dear Shareholder:

Enclosed are materials relating to Philadelphia Suburban Corporation's 1997 Annual Meeting of Shareholders. The Notice of the Meeting and Proxy Statement describe the formal business to be transacted at the meeting.

Your vote is important to us. Please complete, sign and return the attached proxy card in the accompanying postage-paid envelope whether or not you expect to attend the meeting.

Nicholas DeBenedictis
Chairman & President