



Philadelphia Suburban Corporation Reports Record First Quarter Earnings; Net income up 27.7 percent

BRYN MAWR, Pa.--(BUSINESS WIRE)--May 2, 2001--Philadelphia Suburban Corporation (NYSE:PSC) today reported record net income and earnings per share for the quarter ended March 31, 2001.

Net income available to common stock in the first quarter grew

- 27.7 percent to \$13.1 million versus 2000's first quarter net income of \$10.2 million. For the quarter, operating revenues increased to \$70.2 million versus the \$64.2 million reported in 2000.

Higher revenues from water sales, due to rate relief and continued customer growth, coupled with ongoing cost containment efforts and the success of the company's asset reallocation strategy largely impacted results for the quarter.

Diluted net income per common share for the quarter increased 20 percent to \$.24 versus \$.20 in 2000, on three million, or 5.9 percent, more shares outstanding.

According to PSC Chairman and President Nicholas DeBenedictis, "The company's growth through acquisition strategy continues to produce customer growth, higher revenues and net income, while our conversion of land holdings to cash is also contributing to our earnings. We recorded a \$1.7 million after-tax gain from a land sale during the quarter consistent with the land disposition strategy announced more than a year ago."

In January 2001, PSC sold 31 acres of land, for \$3.5 million, that will become part of a 40-home, high-end senior living development, and will produce water sale revenues well into the future. Proceeds will be used for the company's infrastructure rehabilitation program, eliminating the need to go to the capital market for these funds.

Absent the impacts from gains on land sales and the sale of securities (gains on sale of other assets), earnings from operations increased 16.7 percent to \$.21 per dilutive share versus \$.18 in 2000.

Operations and maintenance expenses as a percentage of revenue (ratio) continued to decrease, representing only 36.8 percent for the 12 months ended March 31, 2001, versus 38.5 percent for the 12 months ended March 31, 2000. These results indicate that the company's cost containment program continues to be effective.

The company's growth-through-acquisition strategy continues to produce positive results. Customer growth for the 12 months ended March 31, 2001 is approximately 4.7 percent. PSC began operations in its newest state -- North Carolina -- in December 2000 with the purchase of MidSouth Utilities, Inc.

In January 2001, the company announced the purchase of Hydraulics, Ltd., of Greensboro, North Carolina, which more than doubled its presence in one of the fastest growing states in the country.

The company's purchase of Media Borough wastewater system in Delaware County, Pennsylvania during the quarter ended March 31, 2001, significantly increased the customer base of the company's expanding Pennsylvania wastewater utility operation. "The Media wastewater acquisition is another example of our ability to purchase municipally-owned systems," said DeBenedictis. Following are the primary growth ventures announced so far this year:

- 1. Purchase of Hydraulics, Ltd. of Greensboro, North Carolina, a public water utility serving 16,000 residents in 22 counties surrounding the towns of Greensboro, Hickory, Raleigh, and Gastonia
- 2. Expansion of service franchise in Mahoning Township, Lawrence County, Pennsylvania to serve 1,000 residents
- 3. Operation and maintenance contract with Greenwich Township, Warren County, New Jersey serving approximately 450 residents
- 4. Purchase of Springton Court water system, serving approximately 100 residents in West Brandywine Township,

Chester County, Pennsylvania

- 5. Purchase of Media Borough wastewater system in Delaware County, Pennsylvania serving approximately 15,000 residents in Media Borough and neighboring townships
- 6. Purchase of Dresher Woods Condominium water system in Upper Dublin Township, Montgomery County, Pennsylvania serving approximately 400 residents

PSC is the holding company for regulated public utilities that provide water and wastewater services to approximately two million residents in Pennsylvania, Ohio, Illinois, New Jersey, Maine, and North Carolina.

PSC's common shares are traded 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 Daylight 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 p.m., Wednesday, May 2, 2001, and will run until 12:00 p.m., Friday, May 4, 2001. The dial-in telephone number for the audio replay is 402/220-9917 (pin number 3342).

The following table shows the comparative operating revenues, net income available to common stock and net income per share for Philadelphia Suburban Corporation for the quarters ended March 31, 2001 and 2000 (in thousands of dollars, except per share amounts):

	(Unaudited) Quarter Ended March 31,	
	2001	2000
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Operating revenues	\$70,193	\$64,208
Net income available to common stock	\$13,085	\$10,246
Net income per common share:		
Basic	\$ 0.24	\$ 0.20
Diluted	\$ 0.24	\$ 0.20
Average common shares outstanding:		
Basic	53,952	51,188
Diluted	54,598	51,571

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; weather conditions affecting customers' water usage or the company's costs of operations; the success of cost containment initiatives, including those arising from changes in regulations or regulatory treatment; availability and cost of capital and the success of growth initiatives.

(In thousands, except per share amounts)
(Unaudited)

	Quarter Ended	
	March 31,	
	2001	2000
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Operating revenues	\$ 70,193	\$ 64,208
Cost & expenses:		
Operations and maintenance	26,186	24,928
Depreciation	8,953	8,251
Amortization	522	270
Taxes other than income taxes	5,588	5,982
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Total	41,249	39,431
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Operating income	28,944	24,777
Other expense (income):		
Interest expense, net	10,262	9,855
Allowance for funds used during construction	(248)	(734)
Gain on sale of other assets	(2,791)	(1,363)
Minority interest	-	18
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Income before income taxes	21,721	17,001
Provision for income taxes	8,609	6,728
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Net income	13,112	10,273
Dividends on preferred stock	27	27
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Net income available to common stock	\$ 13,085	\$ 10,246
	=====	=====
Net income	\$ 13,112	\$ 10,273
Other comprehensive income (loss), net of tax	(557)	(654)
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Comprehensive income	\$ 12,555	\$ 9,619
	=====	=====
Net income per common share:		
Basic	\$ 0.24	\$ 0.20
Diluted	\$ 0.24	\$ 0.20
Average shares outstanding:		
Basic	53,952	51,188
	=====	=====
Diluted	54,598	51,571
	=====	=====

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