



Philadelphia Suburban Corporation Reports Second Quarter 2002 Operating Results

BRYN MAWR, Pa.--(BUSINESS WIRE)--July 22, 2002--Philadelphia Suburban Corporation (NYSE: PSC) today reported net income of \$14.8 million, or \$0.21 per share, for the second quarter of 2002, compared to \$15.4 million, or \$0.22 per share a year earlier.

PSC said its second quarter 2002 earnings were adversely affected by weather conditions.

Second quarter 2002 net income includes \$0.01 per share for the net gain on the sale of other assets, consistent with the company's previously announced operating strategy to sell non-core assets and invest the proceeds in the company's infrastructure rehabilitation program.

Revenues for the quarter were down 0.8 percent to \$76.6 million from \$77.2 million for the second quarter of 2001 primarily due to drought restrictions on water use in Pennsylvania - the company's largest service territory - and New Jersey. The state-imposed restrictions prohibited non-essential water use such as lawn watering and car washing. In comparison, the company's second quarter 2001 operating results were enhanced by higher-than-normal water consumption as a result of favorable weather conditions.

PSC Chairman and President Nicholas DeBenedictis said, "When drought restrictions are in place, our customers' water usage is limited. However, higher than average rainfall in June has allowed the Commonwealth of Pennsylvania to reduce the previously declared drought emergency (mandatory water use restrictions) to a drought warning calling for voluntary conservation in two Southeastern Pennsylvania counties on June 14 and a third county in July 16. The relaxation of drought restrictions affects over two-thirds of PSC's Pennsylvania customers."

DeBenedictis went on to say, "The effects of the four percent decrease in our second quarter water sales were partially offset by customer growth and rate relief."

PSC has completed eight acquisitions and growth ventures through the first six months of 2002, four of which were completed during the second quarter. As of June 30, 2002 PSC serves approximately 615,000 customers in the six states in which the company operates.

On July 18, 2002 the Pennsylvania Public Utility Commission (PAPUC) voted to grant a \$21.2 million (10.2 percent) base rate increase for PSC's Pennsylvania Suburban Water subsidiary. The award represents 75 percent of the company's November 9, 2001 rate request. New rates will become effective on or after the day that the July 18 order is officially entered by the PAPUC.

The company's quarterly conference call with analysts will be held today at 10:00 a.m. Eastern Daylight Time. Interested parties may listen to the conference call over the Internet by logging onto www.suburbanwater.com. The call will be recorded and an audio replay will be available from 12:00 noon Monday, July 22, 2002 through 12:00 noon Wednesday, July 24, 2002. The dial-in telephone number for the audio replay is (973) 341-3080 (pin number 3388647).

PSC is one of the nation's largest investor-owned water utilities serving nearly 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 following table shows selected operating data for the quarters ended June 30, 2002 and 2001 (in thousands, except per share data) for Philadelphia Suburban Corporation.

(Unaudited)

Quarter Ended	Six Months Ended
June 30,	June 30,

	2002	2001	2002	2001
	-----	-----	-----	-----
Operating revenues	\$ 76,615	\$ 77,240	\$148,284	\$147,433
Net income available to common stock	\$ 14,818	\$ 15,432	\$ 26,693	\$ 28,517
Gain on sale of other assets, net of tax	846	71	1,056	1,746
	-----	-----	-----	-----
Income exclusive of net gain on sale of other assets	\$ 13,972	\$ 15,361	\$ 25,637	\$ 26,771
	=====	=====	=====	=====
Diluted net income per share	\$ 0.21	\$ 0.22	\$ 0.38	\$ 0.42
Gain on sale of other assets, net of tax	0.01	--	0.01	0.03
	-----	-----	-----	-----
Income per share exclusive of net gain on sale of other assets	\$ 0.20	\$ 0.22	\$ 0.37	\$ 0.39
	=====	=====	=====	=====
Average common shares outstanding:				
Basic	68,701	67,754	68,576	67,598
Diluted	69,461	68,587	69,408	68,403

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.

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

	Quarter Ended		Six Months Ended	
	June 30,		June 30,	
	-----	-----	-----	-----
	2002	2001	2002	2001
	----	----	----	----
Operating revenues	\$ 76,615	\$ 77,240	\$ 148,284	\$ 147,433
Cost & expenses:				
Operations and maintenance	28,915	26,462	56,200	52,648
Depreciation	10,307	9,729	20,200	18,682
Amortization	669	623	1,209	1,145
Taxes other than income taxes	4,621	5,350	9,935	10,938
	-----	-----	-----	-----
Total	44,512	42,164	87,544	83,413
	-----	-----	-----	-----

Operating income	32,103	35,076	60,740	64,020
Other expense (income):				
Interest expense, net	9,891	9,904	19,671	20,166
Allowance for funds used during construction	(546)	(264)	(932)	(512)
Gain on sale of other assets	(1,409)	(118)	(1,758)	(2,909)
	-----	-----	-----	-----
Income before income taxes	24,167	25,554	43,759	47,275
Provision for income taxes	9,337	10,096	17,039	18,705
	-----	-----	-----	-----
Net income	14,830	15,458	26,720	28,570
Dividends on preferred stock	12	26	27	53
	-----	-----	-----	-----
	-----	-----	-----	-----
Net income available to common stock	\$ 14,818	\$ 15,432	\$ 26,693	\$ 28,517
	=====	=====	=====	=====
Net income	\$ 14,830	\$ 15,458	\$ 26,720	\$ 28,570
Other comprehensive income (loss), net of tax:				
Unrealized gain on securities	217	605	345	48
Reclassification adjustment for gains reported in net income	(466)	(36)	(693)	(36)
	-----	-----	-----	-----
	-----	-----	-----	-----
Comprehensive income	\$ 14,581	\$ 16,027	\$ 26,372	\$ 28,582
	=====	=====	=====	=====
Net income per common share:				
Basic	\$ 0.22	\$ 0.23	\$ 0.39	\$ 0.42
Diluted	\$ 0.21	\$ 0.22	\$ 0.38	\$ 0.42
Average shares outstanding:				
Basic	68,701	67,754	68,576	67,598
	=====	=====	=====	=====
Diluted	69,461	68,587	69,408	68,403
	=====	=====	=====	=====

CONTACT: Philadelphia Suburban Corporation: Keya W. Epps, Director, Investor Relations, 610/645-1084, eppsk@suburbanwater.com, or Philadelphia Suburban Corporation: Donna Alston, Manager, Communications, 610/645-1095, alstond@suburbanwater.com