



Philadelphia Suburban Corporation Announces Increased Operating Results for 2001; Company passes 600,000-customer mark for year

BRYN MAWR, Pa.--(BUSINESS WIRE)--Feb. 15, 2002--Increased revenues from continued customer growth, rate relief in five of the six states in which the company operates and favorable weather conditions were cited by Philadelphia Suburban Corporation (NYSE:PSC) today when it reported increased earnings for the year 2001.

Chairman and President Nicholas DeBenedictis commenting on the year said, "2001 was another outstanding year for PSC. The company surpassed the 600,000-customer level, continued its commitment to shareholders by increasing the dividend by 6.9 percent and issuing a five-for-four stock split in the form of a 25 percent stock distribution."

PSC completed 20 acquisitions and other growth ventures during the year ended December 31, 2001, contributing to a four percent increase in the company's customer base.

As of December 31, 2001, PSC provided water and wastewater service to 602,510 customer connections (over two million people served) in the six states in which the company operates.

Of the 20 growth ventures completed during the year, four were completed during the fourth quarter of 2001, including PSC's purchase of the water assets of Chalfont Borough in Bucks County, Pennsylvania, putting the company past the 600,000-customer level. The Chalfont acquisition further confirms the company's ability to acquire public systems.

PSC continued to grow in its newest and fastest growing state, North Carolina, with the purchase of Hydraulics, Ltd. and in the Northeast (Poconos) region of Pennsylvania with the purchase of Paupack Water Company.

Diluted net income per share for the year increased 7.4 percent to \$0.87, versus \$0.81 in 2000, on 5.1 percent more average shares outstanding. Net income increased 13.6 percent to \$60.0 million versus \$52.8 million in the prior year.

Diluted income per share from operations increased to \$0.87 per share, up 13.0 percent in comparison to \$0.77 in 2000 (2000 income from operations is exclusive of one-time recovery of net merger expenses). Income from operations increased 18.8 percent to \$60.0 million versus \$50.5 million for the year ended December 31, 2000.

PSC attributes its increase in income from operations to rate awards granted throughout the company, increased water consumption related to weather conditions and the company's successful growth-through-acquisition strategy, including further expansion into its fast-growing North Carolina and Northeastern Pennsylvania territories.

Revenues for the year ended December 31, 2001 increased 12.2 percent to \$307.3 million from \$274.0 for the same period in 2000.

Diluted net income per share was \$0.18 for the quarters ended December 31, 2001 and 2000. Fourth quarter 2000 net income was positively impacted by \$0.02 per share as a result of the sale of the company's securities holdings in E'Town (water) Corporation.

Corresponding income from operations, exclusive of the impacts from the sale of the company's securities holdings in E'Town (water) Corporation, was up 10.9 percent to \$12.2 million in comparison to \$11.0 million in 2000.

Operating revenues for the quarter ended December 31, 2001 increased 8.5 percent to \$75.1 million, versus \$ 69.2 million for the same period in the prior year.

Operations and maintenance expenses as a percent of revenue (O&M ratio) continued to improve in 2001 to 36.4 percent, versus 37.1 percent in 2000. This continues a three-year trend of an average 100 basis point annual decrease in the O&M ratio since the Consumers merger in 1999.

O&M expenses for the year ended December 31, 2001 increased 10.0 percent in comparison to 2000 due to expenses associated with newly-acquired systems and higher water production costs, including increased chemical and treatment costs,

associated with increased water sales for the year, along with other cost increases.

PSC is one of the nation's largest 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 11:00 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 p.m., Friday, February 15, 2002, and will run until 12:00 p.m., Tuesday, February 19, 2002.

The dial-in telephone number for the audio replay is (973) 341-3080 (pin number 3111066).

The following table shows selected operating data for the quarters and years ended December 31, 2001 and 2000 (in thousands, except per share data). All share and per share data have been restated to reflect the December 1, 2001 five-for-four stock split effected in the form of a 25 percent stock distribution.

	(Unaudited)			
	Quarter Ended December 31,		Year Ended December 31,	
	2001	2000	2001	2000
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Operating revenues	\$ 75,121	\$ 69,189	\$ 307,280	\$ 274,014
Net income available to common stock*	\$ 12,209	\$ 12,434	\$ 60,005	\$ 52,784
Merger recovery, net of tax	-	-	-	(2,236)
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Income from operations*	\$ 12,209	\$ 12,434	\$ 60,005	\$ 50,548
	=====	=====	=====	=====
Basic net income per share*	\$ 0.18	\$ 0.19	\$ 0.88	\$ 0.82
Diluted net income per share*	\$ 0.18	\$ 0.18	\$ 0.87	\$ 0.81
Merger recovery, net of tax	-	-	-	(0.04)
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Income per common share from operations*	\$ 0.18	\$ 0.18	\$ 0.87	\$ 0.77
	=====	=====	=====	=====
Average common shares outstanding:				
Basic	68,284	66,455	67,873	64,759
Diluted	69,159	67,223	68,755	65,414

*The 2000 amounts include a net gain of \$1,458 or \$0.02 per share in the fourth quarter and \$2,079 or \$0.03 per share for the year for the sale of the company's securities holdings in E'Town (water) Corporation.

Note: The recovery of merger costs is related to the March 1999 merger with Consumers Water Company.

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 December 31,		Year Ended December 31,	
	2001	2000	2001	2000
Operating revenues	\$ 75,121	\$ 69,189	\$307,280	\$274,014
Cost & expenses:				
Operations and maintenance	30,243	27,426	111,885	101,741
Depreciation	9,618	8,315	37,979	32,271
Amortization	547	654	2,189	1,829
Taxes other than income taxes	5,399	5,481	20,887	22,520
Recovery of restructuring costs	-	-	-	(1,136)
Total	45,807	41,876	172,940	157,225
Operating income	29,314	27,313	134,340	116,789
Other expense (income):				
Interest expense, net	9,832	10,233	39,859	40,360
Allowance for funds used during construction	(357)	(428)	(1,222)	(2,688)
Gain on sale of other assets	(287)	(2,500)	(3,384)	(5,076)
Minority interest	-	27	-	103
Recovery of merger transaction costs	-	-	-	(2,905)
Income before income taxes	20,126	19,981	99,087	86,995
Provision for income taxes	7,891	7,521	38,976	34,105
Net income	12,235	12,460	60,111	52,890
Dividends on preferred stock	26	26	106	106
Net income available to common stock	\$ 12,209	\$ 12,434	\$ 60,005	\$ 52,784

Net income	\$ 12,235	\$ 12,460	\$ 60,111	\$ 52,890
Other comprehensive income (loss), net of tax	-	(704)	(200)	(1,094)
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Comprehensive income	\$ 12,235	\$ 11,756	\$ 59,911	\$ 51,796
	=====	=====	=====	=====
Income from operations, exclusive of net merger recovery	\$ 12,209	\$ 12,434	\$ 60,005	\$ 50,548
Merger recovery, net of tax	-	-	-	2,236
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Net income available for common stock	\$ 12,209	\$ 12,434	\$ 60,005	\$ 52,784
	=====	=====	=====	=====
Net income per common share:				
Basic	\$ 0.18	\$ 0.19	\$ 0.88	\$ 0.82
Diluted	\$ 0.18	\$ 0.18	\$ 0.87	\$ 0.81
Income per common share from operations, exclusive of net merger recovery:				
Basic	\$ 0.18	\$ 0.19	\$ 0.88	\$ 0.78
Diluted	\$ 0.18	\$ 0.18	\$ 0.87	\$ 0.77
Average common shares outstanding:				
Basic	68,284	66,455	67,873	64,759
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Diluted	69,159	67,223	68,755	65,414
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