



## Philadelphia Suburban Corporation Reports a 13.8 Percent Increase in Earnings Per Share in Second Quarter 2000

BRYN MAWR, Pa. July 26, 2000 - Philadelphia Suburban Corporation (NYSE/PSC) today reported a 13.8 percent increase in diluted net income per common share to \$.33 in the quarter ended June 30 versus \$.29 in the corresponding quarter in 1999.

Despite unfavorable weather conditions in Pennsylvania and Ohio, the company achieved improved results. The increase in earnings was primarily due to various rate case settlements, the partial recovery of certain previously-expensed merger costs, customer growth from acquisitions and continued company-wide cost containment efforts.

Revenues for the second quarter increased to \$68.5 million, a 3.5 percent increase over the \$66.2 million reported in 1999. Net income was \$13.6 million, up \$1.6 million from the same period in 1999.

Year-to-date revenues from operations increased to \$133.0 million, a 6.6 percent increase over the \$124.8 million reported in 1999. Net income for the six months was \$23.8 million, up 93.5 percent from the \$12.3 million reported during the same period in 1999 resulting in improved diluted net income per common share to \$.58 from the \$.30 reported last year.

The improvement in 2000 was attributable to rate settlement awards, customer growth from acquisitions, partial recovery of previously-expensed merger costs, and the sale of securities, while 1999 was adversely effected by a non-recurring first quarter charge of \$8.6 million (net of taxes) from merger costs.

PSC's ongoing, company-wide cost containment initiatives continue to drive down its operating expense ratio to 38.1 percent on a trailing 12-month basis versus 38.9 percent in the same period last year, as synergies attained through the integration of the Consumers Water Company were realized.

Customer growth was nearly five percent since June 30, 1999, due primarily to PSC's growth-through-acquisitions strategy. The following recent growth ventures have contributed to this:

- Bensalem - Bucks County, PA
- Apple Grove - Stark County, OH
- Twin Hills - Chester County, PA
- Fulmor Heights - Montgomery County, PA
- Village of Bradley - Kankakee County, IL
- 5 additional smaller growth ventures

Nicholas DeBenedictis, Chairman and CEO commenting on the quarter stated, Our strong second quarter is an indication that our growth-through-acquisition strategy continues to be successful. Also, we are encouraged by the fair treatment we have received from state regulators in response to our growth initiatives and major capital investment in infrastructure.

PSC is the holding company for Philadelphia Suburban Water Company and Consumers Water Company, regulated public utilities that provide water to nearly 2 million residents in Pennsylvania, Ohio, New Jersey, Illinois and Maine. PSC's common shares are traded under the ticker symbol PSC on both the New York and Philadelphia Stock Exchanges. PSC has been committed to the preservation and improvement of the environment throughout its history which spans more than 100 years.

The following table shows the comparative operating revenues, net income and net income per share for Philadelphia Suburban Corporation for the quarters and six months ended June 30, 2000 and 1999 (in thousands, except per share amounts)

(Unaudited)

Quarter Ended June 30	Six Months Ended June 30
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	2000	1999	2000	1999
Operating revenues	\$ 68,494	\$ 66,165	\$ 133,004	\$ 124,762
Income before merger costs, net of tax	\$ 13,565	\$ 12,033	\$ 23,811	\$ 20,945
Merger costs, net of tax	--	--	--	\$ (8,596)
Net income available to common stock	\$ 13,565	\$ 12,033	\$ 23,811	\$ 12,349
Net income per common share:				
Basic net income per share	\$ .33	\$ .29	\$ .58	\$ .30
Diluted net income per share	\$ .33	\$ .29	\$ .58	\$ .30
Average common shares outstanding:				
Basic	40,981	40,800	40,961	40,784
Diluted	41,441	41,251	41,337	41,266

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; the success of certain cost containment initiatives, including the recovery of merger costs; changes in regulations or regulatory treatment; availability and cost of capital; and the success of growth.

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,	
	2000	1999	2000	1999
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Operating revenues	\$ 68,494	\$ 66,165	\$ 133,004	\$ 124,762
Cost & expenses:				
Operations and maintenance	24,350	24,203	49,278	46,928
Depreciation	7,665	7,608	15,916	15,027
Amortization	388	292	658	712
Taxes other than income taxes	5,597	5,624	11,579	11,212
Restructuring costs (recovery)	(396)	--	(396)	3,787
Total	37,604	37,727	77,035	77,666

Operating income	30,890	28,438	55,969	47,096
Interest expense, net	9,990	8,530	19,845	16,621
Gain on sale of securities	--	--	(1,061)	--
Minority interest	28	27	46	42
Allowance for funds used during construction	(985)	(469)	(1,719)	(857)
Merger transaction costs (recovery)	(663)	--	(663)	6,334
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Income before income taxes	22,520	20,350	39,521	24,956
Provision for income taxes	8,929	8,283	15,657	12,538
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Net income	13,591	12,067	23,864	12,418
Dividends on preferred stock	26	34	53	69
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Net income available to common stock	\$ 13,565	\$ 12,033	\$ 23,811	\$ 12,349
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Net income	\$ 13,591	\$ 12,067	\$ 23,864	\$ 12,418
Other comprehensive income (loss), net of tax	144	--	(510)	--
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Comprehensive income	\$ 13,735	\$ 12,067	\$ 23,354	\$ 12,418
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Net income per common share:				
Basic	\$ 0.33	\$ 0.29	\$ 0.58	\$ 0.30
Diluted	\$ 0.33	\$ 0.29	\$ 0.58	\$ 0.30
Average shares outstanding:				
Basic	40,981	40,800	40,961	40,784
	=====	=====	=====	=====
Diluted	41,441	41,251	41,337	41,266
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Philadelphia Suburban Corporation and Subsidiaries  
Consolidated Balance Sheets  
(In thousands of dollars, except per share amounts)

	(Unaudited) June 30, 2000	(Audited) December 31, 1999
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Assets		
Property, plant and equipment, at cost	\$ 1,451,533	\$ 1,393,027
Less accumulated		

depreciation	274,467	257,663
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Net property, plant and equipment	1,177,066	1,135,364
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Current assets:		
Cash and cash equivalents	8,429	4,658
Accounts receivable and unbilled revenues, net	48,585	44,399
Inventory, materials and supplies	4,442	3,948
Prepayments and other current assets	3,442	6,520
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Total current assets	64,898	59,525
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Regulatory assets	59,166	58,287
Deferred charges and other assets, net	31,210	27,629
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	\$ 1,332,340	\$ 1,280,805
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Liabilities and Stockholders' Equity		
Stockholders' equity:		
6.05% Series B cumulative preferred stock	\$ 1,760	\$ 1,760
Common stock at \$.50 par value, authorized 100,000,000 shares, issued 41,856,617 and 41,627,644 in 2000 and 1999	20,928	20,814
Capital in excess of par value	255,613	251,440
Retained earnings	110,589	101,533
Minority interest	2,613	2,604
Treasury stock, 792,764 and 615,038 shares in 2000 and 1999	(14,642)	(11,270)
Accumulated other comprehensive income	1,510	2,020
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Total stockholders' equity	378,371	368,901
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Long-term debt, excluding current portion	460,835	413,752
Commitments	--	--
Current liabilities:		
Current portion of long-term debt	12,973	12,194
Loans payable	94,926	103,069

Accounts payable	21,142	24,286
Accrued interest	10,241	8,994
Accrued taxes	11,706	12,689
Other accrued liabilities	22,211	22,581
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Total current liabilities	173,199	183,813
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Deferred credits and other liabilities:		
Deferred income taxes and investment tax credits	139,942	136,528
Customers' advances for construction	57,621	59,494
Other	7,716	8,434
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Total deferred credits and other liabilities	205,279	204,456
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Contributions in aid of construction	114,656	109,883
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	\$ 1,332,340	\$ 1,280,805
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