

06-03-2004

Form PTO-1594 (Rev. 10/02) OMB No. 0651-0027 (exp. 6/30/2006) Tab settings



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U.S. DEPARTMENT OF COMMERCE U.S. Patent and Trademark Office

To the Honorable Commissioner of Patents and Trademarks: Please return the attached original documents or copy thereof.

1. Name of conveying party(ies): Philadelphia Suburban Corporation

- Individual(s) Association General Partnership Limited Partnership Corporation-State- PA Other

Additional name(s) of conveying party(ies) attached? Yes No

- Assignment Merger Security Agreement Change of Name Other

Execution Date: 1/16/2004

2. Name and address of receiving party(ies) Name: Aqua America, Inc.

Internal Address: 762 W. Lancaster Avenue Street Address: 762 W. Lancaster Avenue

City: Bryn Mawr State: PA Zip: 19010

- Individual(s) citizenship Association General Partnership Limited Partnership Corporation-State Pennsylvania Other

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No (Designations must be a separate document from assignment) Additional name(s) & address(es) attached? Yes No

4. Application number(s) or registration number(s): A. Trademark Application No.(s) 76/331,771

B. Trademark Registration No.(s)

Additional number(s) attached Yes No

5. Name and address of party to whom correspondence concerning document should be mailed: Name: Evelyn H. McConathy, Esquire Dilworth Paxson, LLP

Internal Address: 3200 Mellon Bank Center 1735 Market Street

Street Address: 3200 Mellon Bank Center 1735 Market Street

City: Philadelphia State: PA Zip: 19103

6. Total number of applications and registrations involved: 1

7. Total fee (37 CFR 3.41) \$ 40.00

- Enclosed Authorized to be charged to deposit account

8. Deposit account number: Commissioner is hereby authorized to charge any additional fee(s) to deposit account: 50-0979.

DO NOT USE THIS SPACE

9. Signature.

Evelyn H. McConathy

Name of Person Signing

Signature

May 28, 2004 Date

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Total number of pages including cover sheet, attachments, and document:

40.00 Documents to be recorded with required cover sheet information to: Commissioner of Patent & Trademarks, Box Assignments Washington, D.C. 20224

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TRADEMARK REEL: 002981 FRAME: 0285

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE

May 07, 2004

TO ALL WHOM THESE PRESENTS SHALL COME , GREETING :

AQUA AMERICA, INC.

I, Pedro A. Cortés, Secretary of the Commonwealth of Pennsylvania do hereby certify that the foregoing and annexed is a true and correct photocopy of Articles of Incorporation and all Amendments

which appear of record in this department



IN TESTIMONY WHEREOF , I have hereunto set my hand and caused the Seal of the Secretary's Office to be affixed, the day and year above written.

Pedro A. Cortés

Secretary of the Commonwealth

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Articles of
Incorporation
Individual Incorporator

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
CORPORATION BUREAU

In compliance with the requirements of the Business Corporation Law, approved May 5, 1933, P.L. 364, as amended, the undersigned, a natural person of full age, desiring that he may be incorporated as a business corporation, does hereby certify:

FIRST. The name of the corporation is
PHILADELPHIA SUBURBAN CORPORATION

SECOND. The location and post office address of its registered office in this Commonwealth is

762 Lancaster Avenue
Bryn Mawr, Pennsylvania 19010

THIRD. The purpose or purposes for which the corporation is incorporated under the Business Corporation Law of the Commonwealth of Pennsylvania are to engage in, and to do any lawful act concerning, any or all lawful business for which corporations may be incorporated under said Business Corporation Law, including but not limited to, manufacturing, processing, owning, using and dealing in personal property of every class and description, engaging in research and development, furnishing services, and acquiring, owning, using and disposing of real property of any nature whatsoever.

FOURTH. The term for which the corporation is to exist is perpetual.

FIFTH. The aggregate number of shares which the corporation shall have authority to issue is 12,000,000 shares, divided into 10,000,000 shares of Common Stock, par value \$1.00 per share, 1,922,500 shares of Series Preferred Stock, par value \$1.00 per share, and 77,500 shares of Prior Preferred Stock, par value \$1.00 per share. The board of directors shall have the full authority permitted by law to fix by resolution full, limited, multiple or fractional, or no voting rights, and such designations, preferences, qualifications, privileges, limitations, restrictions, options, conversion rights, and other special or relative rights of any class or any series of any class that may be desired.

SIXTH. The shareholders of the corporation shall not have the right to cumulate their votes for the election of directors of the corporation.

SEVENTH. Any action which may be taken at a meeting of shareholders or of a class of shareholders may be taken without a meeting if a consent or consents in writing to such action, setting forth the action so taken, shall be signed by shareholders entitled to cast a majority (or such larger percentage as may at the time of such action be required by statute for the taking of action by shareholders without a meeting) of the votes which all such shareholders are authorized to cast thereon.


EIGHTH. These articles of incorporation may be amended in the manner now or hereafter prescribed by statute, and all rights conferred upon shareholders herein are granted subject to this reservation.

NINTH. The name and address of the incorporator of the corporation is William E. Zeiter, 123 South Broad Street, Philadelphia, Pa. 19109, who has subscribed for one share of Common Stock of the corporation.

IN TESTIMONY WHEREOF, the incorporator has signed these Articles of Incorporation this 1st day of November, 1968.


William E. Zeiter

Filed in the Department of State on the 11th day of November A.D. 1968


Secretary of the Commonwealth

3-1-68.37 194

Commonwealth of Pennsylvania



Department of State
Office of the
Secretary of the Commonwealth

To all to whom these Presents shall come, Greeting:

WHEREAS, Under the provisions of the Business Corporation Law, approved the 5th day of May, Anno Domini one thousand nine hundred and thirty-three, P. L. 364, as amended, the Department of State is authorized and required to issue a

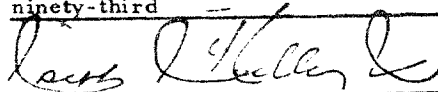
CERTIFICATE OF INCORPORATION

evidencing the incorporation of a business corporation organized under the terms of that law.

AND WHEREAS, The stipulations and conditions of that law have been fully complied with by the persons desiring to incorporate as
PHILADELPHIA SUBURBAN CORPORATION

THEREFORE, KNOW YE, That subject to the Constitution of this Commonwealth and under the authority of the Business Corporation Law, I do by these presents, which I have caused to be sealed with the Great Seal of the Commonwealth, create, erect, and incorporate the incorporators of and the subscribers to the shares of the proposed corporation named above, their associates and successors, and also those who may thereafter become subscribers or holders of the shares of such corporation, into a body politic and corporate in deed and in law by the name chosen and hereinbefore specified, which shall exist perpetually and shall be invested with and have and enjoy all the powers, privileges, and franchises incident to a business corporation and be subject to all the duties, requirements, and restrictions specified and enjoined in and by the Business Corporation Law and all other applicable laws of this Commonwealth.

GIVEN under my Hand and the Great Seal of the Commonwealth, at the City of Harrisburg, this 14th day of November in the year of our Lord one thousand nine hundred and sixty-eight and of the Commonwealth the one hundred and ninety-third


Secretary of the Commonwealth ip

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Statement
Affecting
Class or
Series of Shares

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
CORPORATION BUREAU

In compliance with the requirements of Section 602 of the Business Corporation Law approved the 5th day of May, 1933, P.L. 364, as amended, the applicant, desiring to state the voting rights, designations, privileges, limitations, options, conversion rights, and other special rights, if any, of a series of a class of its shares, hereby certifies, under its corporate seal that:

1. The name of the corporation is:

PHILADELPHIA SUBURBAN CORPORATION

2. The resolution establishing and designating the Prior Preferred Stock of the Corporation and fixing and determining the relative rights and preferences thereof is set forth in Exhibit A attached hereto and made a part hereof.
3. The aggregate number of shares of Prior Preferred Stock established and designated by such resolution is 77,500.
4. The resolution was adopted by the Board of Directors of the Corporation pursuant to Unanimous Consent dated January 16, 1969.

IN TESTIMONY WHEREOF, the applicant has caused this Statement to be signed by its President and its corporate seal, duly attested by its Secretary, to be hereunto affixed this 21st day of January, 1969.

PHILADELPHIA SUBURBAN CORPORATION

By: James Ballenger
President

Attest:

Richard W. Egan
Secretary

[CORPORATE SEAL]

Filed in the Department of State on the 22nd day of January
A.D. 1969.

Lois C. ...
Secretary of the Commonwealth
fmk

**RESOLUTIONS OF THE BOARD OF DIRECTORS OF
PHILADELPHIA SUBURBAN CORPORATION
ESTABLISHING AND DESIGNATING
VARIOUS SERIES OF PRIOR PREFERRED STOCK**

RESOLVED, that pursuant to the authority expressly vested in the Board of Directors of Philadelphia Suburban Corporation (herein called the "Corporation") by Article Fifth of the Articles of Incorporation of the Corporation, said Board of Directors hereby fixes and determines the voting rights, and designations, preferences, qualifications, privileges, limitations, restrictions and other special and relative rights of 77,500 shares of Prior Preferred Stock, par value \$1.00 per share (such class being herein called the "Prior Preferred Stock") by establishing and designating four series of such Prior Preferred Stock as follows:

1. *Designation.* There shall be four series of Prior Preferred Stock which shall consist of 77,500 shares, divided and designated as follows:

"\$4.20 Prior Preferred Stock" consisting of 27,500 shares.

"\$4.55 Prior Preferred Stock" consisting of 10,000 shares.

"\$5.70 Prior Preferred Stock" consisting of 20,000 shares.

"\$5.75 Prior Preferred Stock" consisting of 20,000 shares.

The aforesaid four series being herein collectively called the "Prior Preferred Stock". All shares of the Prior Preferred Stock of all series shall be of equal rank.

2. *Dividends.* The holders of Prior Preferred Stock shall be entitled to receive out of any funds legally available for the purpose when and as declared by the Board of Directors cash dividends thereon in the following amounts per annum, and no more:

\$4.20 Prior Preferred Stock: \$4.20 per share.

\$4.55 Prior Preferred Stock: \$4.55 per share.

\$5.70 Prior Preferred Stock: \$5.70 per share.

\$5.75 Prior Preferred Stock: \$5.75 per share.

Dividends on the Prior Preferred Stock shall be payable commencing the first day of March, June, September or December which is at least thirty days after the Effective Date of the merger of PSW Company, a wholly-owned subsidiary of the Corporation, into Philadelphia Suburban Water Company, a Pennsylvania corporation, (herein called "PSW") and dividends on each share of Prior Preferred Stock shall be cumulative from the last date to which dividends were paid on the PSW share or shares which were exchanged for and converted into and became such share of Prior Preferred Stock, regardless of the date of issue of any such share of Prior Preferred Stock. Accumulations of dividends shall not bear interest. Dividends on Prior Preferred Stock shall be payable quarterly on the first day of each of the months of March, June, September and December in each year to shareholders of record on the respective dates, not exceeding forty (40) days preceding such dividend payment dates, fixed for the purpose by the Board of Directors. Whenever there shall be paid on Prior Preferred Stock of any series the full amount or any part of the dividends payable thereon there shall also be paid at the same time upon the shares of each other series of Prior Preferred Stock then outstanding, the full amount or the same proportionate part, as the case may be, of the dividends payable thereon (including unpaid cumulative dividends, if any).

No deposit or payment shall be made in or to any purchase or sinking fund applicable to any Prior Preferred Stock or any class of stock ranking on a parity with or junior to Prior Preferred Stock as to dividends or the distribution of assets upon liquidation, unless all dividends on Prior Preferred Stock for all past quarterly dividend periods have been paid.

So long as any Prior Preferred Stock shall remain outstanding, no dividend or other distribution (except in stock of the Corporation of a class ranking junior to Prior Preferred Stock as to dividends and the distribution of assets upon liquidation) shall be paid or made on Common Stock, Series Preferred Stock or other shares of the Corporation ranking junior to Prior Preferred Stock as to dividends or the distribution of assets upon liquidation (herein called "junior shares") and no Common Stock or Series Preferred Stock or junior shares shall be purchased or otherwise acquired by the Corporation or any subsidiary of the Corporation, as hereinafter defined in this Section 2, other than by exchange therefor of Common Stock, Series Preferred Stock or other junior shares of the Corporation, or out of the proceeds of the substantially concurrent sale of Common Stock, Series Preferred Stock or other junior shares of the Corporation, unless (whether or not there shall be funds legally available therefor) (a) all dividends on Prior Preferred Stock for all past quarterly dividend periods shall have been paid and (b) no default in making the sinking fund payments required pursuant to Section 8 hereof shall exist.

The term "subsidiary" or the plural thereof, as used herein shall mean any corporation of which the Corporation or one or more subsidiaries own or control, directly or indirectly, more than fifty per cent (50%) of the outstanding stock having by its terms ordinary voting power to elect a majority of the Board of Directors of such corporation, irrespective of whether or not at the time stock of any one class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency.

Subject to the above limitations, dividends may be paid on Common Stock, Series Preferred Stock or junior shares out of any funds legally available for such purpose when and as declared by the Board of Directors.

3. Liquidation Rights. In the event of any liquidation, dissolution or winding up of the Corporation, the holders of Prior Preferred Stock shall be entitled to receive from the assets of the Corporation, whether represented by capital, surplus, reserves or earnings, payment in cash of \$100 per share in the case of \$4.20 Prior Preferred Stock and \$4.55 Prior Preferred Stock, \$102 per share in the case of \$5.70 Prior Preferred Stock and \$102 per share (\$103 per share prior to March 1, 1972) in the case of \$5.75 Prior Preferred Stock, plus a further amount equal to unpaid cumulative dividends on Prior Preferred Stock accrued to the date when such payment shall be made available to the holders thereof, and no more, before any distribution of assets shall be made to the holders of the Common Stock, Series Preferred Stock or other shares ranking junior to Prior Preferred Stock as to the distribution of assets upon liquidation. If, upon such liquidation, dissolution or winding up, the assets distributable to the holders of Prior Preferred Stock of all series shall be insufficient to permit the payment in full to such holders of the preferential amounts to which they are entitled, then such assets shall be distributed ratably among the shares of all series of Prior Preferred Stock in accordance with the respective preferential amounts (including unpaid cumulative dividends, if any) payable with respect thereto.

After payment in full to the holders of Prior Preferred Stock of the preferential amounts set forth in the preceding paragraph or after moneys or other assets sufficient for such payment shall have been deposited by the Corporation with a bank or trust company doing business in the City of Philadelphia, Commonwealth of Pennsylvania, and having capital, surplus and undivided profits aggregating at least \$2,000,000, so as to be and to continue to be available for such payment to the holders of Prior Preferred Stock, the remaining assets of the Corporation available for payment and distribution to shareholders shall be paid and distributed to the holders of Common Stock, Series Preferred Stock and junior shares.

Neither a consolidation or merger of the Corporation with or into any other corporation, nor a merger of any other corporation into the Corporation, nor a reorganization of the Corporation, nor the purchase or redemption of all or part of the outstanding shares of any class or classes of the Corporation, nor a sale or transfer of all or any part of its assets shall be considered a liquidation, dissolution or winding up of the Corporation within the meaning of this Section 3.

4. Redemption of Prior Preferred Stock. The Prior Preferred Stock may be called for redemption and redeemed at the option of the Corporation by action of the Board of Directors, in whole at any time

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or in part at any time or from time to time upon the notice hereinafter provided for in Section 5 hereof, by the payment therefor of \$102 per share (\$103 per share prior to March 1, 1972 in the case of \$5.75 Prior Preferred Stock) (herein called the "redemption price") plus an amount equal to the accrued and unpaid cumulative dividends thereon to the date fixed by the Board of Directors as the redemption date. If at any time less than all of any series of Prior Preferred Stock then outstanding shall be called for redemption, the shares so called for redemption shall be selected pro rata (by lot in the case of \$5.75 Prior Preferred Stock) subject to any limitations contained herein. The Corporation may also, from time to time, purchase or otherwise acquire Prior Preferred Stock theretofore issued and at the time outstanding at a price not in excess of the redemption price.

The foregoing paragraph is subject to the provision that, in the event that any quarterly dividend due on, or any sinking fund payment pursuant to Section 8 hereof with respect to, any series of Prior Preferred Stock shall be in default (whether or not there shall be funds legally available therefor), and until all such defaults shall have been cured, the Corporation shall not redeem any Prior Preferred Stock of any series or any parity shares, as hereinafter defined in this Section 4, unless all outstanding shares of Prior Preferred Stock are redeemed, and neither the Corporation nor any subsidiary shall purchase or otherwise acquire for value any Prior Preferred Stock of any series or any parity shares except in accordance with an offer made simultaneously by the Corporation or such subsidiary to all holders of record of Prior Preferred Stock and any parity shares providing for the purchase thereof at a stated price or prices which will result in equal treatment among the respective series of Prior Preferred Stock and such parity shares on a basis proportionate to the respective redemption prices of the Prior Preferred Stock and such parity shares and upon stated terms, other than price, which shall be the same with respect to all series of Prior Preferred Stock and all parity shares.

"Parity shares" as used herein shall mean shares ranking on a parity with the Prior Preferred Stock with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up of the Corporation.

Shares of Prior Preferred Stock redeemed by operation of the sinking fund or otherwise shall be retired and cancelled and shall not be reclassified or otherwise reissued. Except as to shares redeemed, Prior Preferred Stock purchased or otherwise acquired by the Corporation shall be held as treasury shares (and may be sold or disposed of) or shall be retired and cancelled as may be determined by the Board of Directors.

5. *Manner of Redemption of Prior Preferred Stock.* Notice of redemption of any shares of Prior Preferred Stock shall be mailed by the Corporation not less than 30 nor more than 90 days prior to the date fixed by the Board of Directors of the Corporation for redemption (herein called the "redemption date"), to the holders of record of the shares to be redeemed at their respective addresses then appearing on the records of the Corporation. At any time before the redemption date the Corporation shall deposit in trust, for the account of the holders of the shares to be redeemed, so as to be and continue to be available therefor, the moneys necessary for such redemption with a bank or trust company, to be designated in the notice of such redemption, doing business in the City of Philadelphia, Commonwealth of Pennsylvania, and having capital, surplus and undivided profits aggregating at least \$2,000,000. Upon the making of such deposit, and upon the mailing as hereinabove provided of the notice of such redemption or upon the earlier delivery to said bank or trust company of irrevocable authorization and direction to mail such notice, all shares with respect to the redemption of which such deposit shall have been made and such mailing effected or authorization therefor given shall, whether or not the certificates for such shares shall have been surrendered or cancelled, be deemed to be no longer outstanding for any purpose and all rights with respect to such shares shall thereupon cease and terminate, except only the right (which shall be stated in such notice of redemption) of the holders of the certificates for such shares to receive, out of the moneys so deposited in trust, from and after the time of such deposit, the amount payable upon the redemption thereof, without interest. At the expiration of two years after the redemption date any such moneys then remaining on deposit with such bank or trust company shall be paid over to the Corporation, free of trust, and thereafter the holders of the certificates for such shares shall have no claims against such bank or trust company, but only claims

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as unsecured creditors against the Corporation for amounts equal to their pro rata portions of the moneys so paid over, without interest. Interest, if any, accrued on moneys deposited with any bank or trust company pursuant to the foregoing provisions shall belong to the Corporation.

6. *Voting Rights.* Holders of the Prior Preferred Stock shall be entitled to vote, share and share alike, with the holders of Common Stock of the Corporation and holders of any series of Series Preferred Stock of the Corporation having voting rights under the terms of such series, except upon matters with respect to which the holders of Prior Preferred Stock, Series Preferred Stock and Common Stock have separate voting rights as provided in the Articles of the Corporation, or as otherwise required by law. If and when dividends payable on Prior Preferred Stock shall be in default in an aggregate amount equivalent to four full quarterly dividends, or if and so long as the Corporation shall be in default in making the sinking fund payments required pursuant to Section 8 hereof, the occurrence of any such default shall mark the beginning of a period (herein referred to as the "default period") which shall extend until such time as all accrued and unpaid dividends for all previous quarterly dividend periods on all shares of Prior Preferred Stock then outstanding shall have been declared and paid and until all defaults in sinking fund payments pursuant to Section 8 hereof shall have been cured, or until the Board of Directors shall have failed to declare and pay such dividends or make such sinking fund payments out of available surplus earnings for a period of 30 days following written demand by any holder of Common Stock or any series of Series Preferred Stock having voting rights.

Upon the beginning of any such default period, but without duplication because of contemporaneous defaults in the payment of dividends or defaults in sinking fund payments pursuant to Section 8 hereof, the Board of Directors shall immediately amend the By-Laws of the Corporation so as to increase the number of Directors by the smallest number of additional directors as shall be required to permit the holders of all series of Prior Preferred Stock, voting as a single class for such additional directors, to elect not less than a majority of the Board of Directors as thus increased and during such default period the holders of Prior Preferred Stock, voting as a single class, shall be entitled to elect such additional members of the Board of Directors (herein called "prior preferred stock directors") and the Board of Directors so elected shall apply all surplus earnings of the Corporation arising from time to time after their election, so far as lawfully available therefore, in payment of dividends on Prior Preferred Stock and in making required sinking fund payments until all accumulated and unpaid dividends on the Prior Preferred Stock and all sinking fund payments then required pursuant to Section 8 hereof shall have been paid in full. During such default period, the holders of Common Stock and any series of Series Preferred Stock having voting rights for such purpose voting separately and as a single class, shall have the right to elect the remaining number of members of the Board of Directors of the Corporation as provided in the By-Laws. If the Board of Directors shall fail to so amend the By-Laws, such holders of Prior Preferred Stock shall be entitled to make such amendment at an extraordinary meeting convened in accordance with the following paragraph, provided that upon the termination of any default period, any By-Law amendment so adopted by the holders of Prior Preferred Stock may be rescinded by the Board of Directors.

Except as provided below, within 30 days after the beginning of the default period, upon the same notice and in accordance with the procedure as provided in the By-Laws for the calling of an extraordinary meeting of shareholders, the Board of Directors shall call a special meeting of such holders of Prior Preferred Stock at which such holders shall vote as a single class for the election of the prior preferred stock directors. If such meeting shall have not been called by the Board of Directors within said 30 day period, such meeting may be called, upon like notice, at the expense of the Corporation, at any time thereafter prior to the next annual meeting of shareholders or the termination of such default period, by the holders of not less than 1% of the number of shares of Prior Preferred Stock at that time outstanding. If the annual meeting of shareholders is required by the By-Laws of the Corporation to be held within 60 days after the beginning of a default period, the prior preferred stock directors shall be elected at the annual meeting of shareholders by such holders of Prior Preferred Stock voting as a single class. After the first election of prior preferred stock directors, as herein provided, and as long as the default period continues, the prior preferred stock directors shall be elected annually by the holders of Prior Preferred Stock then entitled to elect prior preferred stock directors voting as a single class at the annual meeting of shareholders.

All meetings at which the holders of Prior Preferred Stock shall be entitled to vote share and share alike with the holders of Common Stock of the Corporation and holders of any series of Series Preferred Stock of the Corporation having voting rights under the terms of such series shall be held as provided in the By-Laws of the Corporation. All other meetings of the holders of Prior Preferred Stock shall be held at the place designated in the By-Laws of the Corporation as the place for holding its annual meeting of shareholders or at its registered office if no such place is specified in the By-Laws. The holders of shares of Prior Preferred Stock entitled to be voted at such meeting shall be the only shareholders of the Corporation entitled to receive notice of and to vote at any special meeting of the holders of Prior Preferred Stock.

So long as any default period continues, no prior preferred stock director of the Corporation may be removed from office without the vote (or written consent, if permitted by law) of the holders of a majority of the outstanding Prior Preferred Stock then entitled to elect prior preferred stock directors, and any vacancy on the Board of Directors occurring among prior preferred stock directors shall be filled by vote of a majority of the remaining prior preferred stock directors; or, if there are no remaining prior preferred stock directors, such vacancies shall be filled by such holders of Prior Preferred Stock, voting as a single class, at a special meeting of such holders called as above provided. Likewise in the case of any vacancy on the Board of Directors occurring among directors elected by shareholders other than holders of Prior Preferred Stock shall be filled by vote of a majority of the remaining such directors; or, if there are no remaining such directors, such vacancies shall be filled by such shareholders other than holders of Prior Preferred Stock, voting as a single class, at a special meeting of such holders called as above provided. So long as any default period continues and during such time as there shall exist an executive committee elected by the Board of Directors from its members as authorized by the By-Laws, not less than a majority of the number of the members of such executive committee shall be prior preferred stock directors.

Upon the termination of a default period, the terms of the prior preferred stock directors, including their terms as members of any executive committee, shall thereupon expire and the right of the holders of Prior Preferred Stock, as a class, to elect prior preferred stock directors shall cease, subject to the reversion of such right in the event of the beginning of another default period. Except as expressly provided herein, nothing herein contained shall limit or otherwise affect the right of the Board of Directors or the holders of Common Stock and Prior Preferred Stock of the Corporation and the holders of Series Preferred Stock of the Corporation having voting rights for such purpose, to fix or change the number of members of the Board of Directors.

Except when some mandatory provision of law shall be controlling and except as provided in paragraph (b) of Section 7 hereof, as long as two or more series of Prior Preferred Stock are outstanding, no particular series of Prior Preferred Stock shall be entitled to vote as a separate series on any matter and all shares of Prior Preferred Stock of all series shall be deemed to constitute but one class for any purpose for which a vote of the shareholders of the Corporation by classes may now or hereafter be required.

7. *Restrictions on Certain Corporate Action.* So long as any Prior Preferred Stock shall remain outstanding, the Corporation shall not, without the consent (given in writing or by vote at a meeting called for the purpose) of the holders of two-thirds of the outstanding Prior Preferred Stock effect or validate any one or more of the following:

(a) The authorization of any Prior Preferred Stock in addition to the 77,500 shares now authorized or of any other class of stock ranking prior to or on a parity with the Prior Preferred Stock with respect to either the payment of dividends or the distribution of assets or of any securities convertible into Prior Preferred Stock or any such shares ranking prior thereto or on a parity therewith.

(b) The amendment of the Articles of the Corporation so as to affect adversely any of the preferences or other rights of the holders of Prior Preferred Stock, provided that an amendment adversely affecting less than all of the outstanding series of the Prior Preferred Stock shall require such consent or vote only of two-thirds of the outstanding shares of all series so affected.

8. *Sinking Fund.* So long as any shares of the Prior Preferred Stock are outstanding, the Corporation shall, after full dividends on the Prior Preferred Stock for all past quarter-yearly dividend periods have been paid or declared and set apart for payment, redeem on March 1 of each year, commencing March 1, 1980, 10% of the aggregate number of all shares of each series of Prior Preferred Stock originally issued, at the price of \$100 per share plus accrued and unpaid dividends to date of redemption, to the extent that it has funds legally available for such purpose, subject to the following provisions of this Section 8. Funds shall not be deemed legally available for said purpose in excess of the amount of the capital and surplus of the Corporation legally available for the redemption of shares of Prior Preferred Stock determined in accordance with generally accepted accounting principles. Treasury shares shall be deemed to be outstanding for the purpose of this Section 8.

On or before each such March 1, the Corporation shall, subject to the foregoing, deposit all funds necessary for the redemption of shares of each series of Prior Preferred Stock as above provided, in trust for the account of the holders of the shares to be redeemed, so as to be and continue to be available therefor, with a bank or trust company doing business in the City of Philadelphia, Commonwealth of Pennsylvania, and having capital, surplus and undivided profits aggregating at least \$2,000,000. The particular shares of each series so to be redeemed shall be determined and notice of such redemption shall be given by the Corporation in the manner and with the effect provided in Sections 4 and 5 hereof; except that such notice shall state that redemption is being made pursuant to the sinking fund requirement for shares of each such series.

If the Corporation fails to comply with its sinking fund obligation as heretofore provided, it shall make good any such deficiency at the earliest possible time thereafter subject to the foregoing provisions of this Section 8. The obligation to redeem shares of each series of Prior Preferred Stock for the sinking fund as aforesaid shall be cumulative if and to the extent not satisfied in any year, whether or not there shall be funds legally available therefor as aforesaid, but without interest on the amount of any deficiencies.

No sinking fund provision for any series of the Prior Preferred Stock shall have priority over the sinking fund provision for the benefit of any other series of Prior Preferred Stock, and no sinking fund redemptions and payments shall be made for any series of the Prior Preferred Stock unless like proportionate sinking fund redemptions and payments shall be made, or provision therefor duly made, for all series of the Prior Preferred Stock.

Statement
Affecting
Class or
Series of Shares

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
CORPORATION BUREAU

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In compliance with the requirements of Section 602 of the Business Corporation Law, approved the 5th day of May, 1933, P.L. 364, as amended, the applicant, desiring to state the voting rights, designations, preferences, qualifications, privileges, limitations, options, conversion rights, and other special rights, if any, of a class or series of a class of its shares, hereby certifies, under its corporate seal that:

1. The name of the corporation is:

PHILADELPHIA SUBURBAN CORPORATION

2. The resolution establishing and designating \$4.50 Convertible Preferred Stock, Series A, as a series of its Series Preferred Stock and fixing and determining the relative rights and preferences thereof is set forth in Exhibit A attached hereto and made a part hereof.

3. The aggregate number of shares of such series established and designated by (i) such resolution, (ii) all prior statements, if any, filed under said Business Corporation Law with respect thereto, and (iii) any other provision of the articles is 100,000 shares.

4. The resolution was adopted by a consent in writing dated the 24th day of September, 1969, signed by all of the directors of the corporation and filed with the Secretary of the corporation.

IN TESTIMONY WHEREOF, the applicant has caused this Statement to be signed by its President and its corporate seal, duly attested by its Secretary, to be hereunto affixed this 26 day of September, 1969.



[CORPORATE SEAL]

Attest:

Margaret M. Styan
Secretary

PHILADELPHIA SUBURBAN CORPORATION

By James W. Ballinger
President

Filed in the Department of State on the 29th day of September ,
A.D. 1969 .

Lawrence J. Kelly
Secretary of the Commonwealth

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RESOLUTIONS OF THE BOARD OF DIRECTORS OF
PHILADELPHIA SUBURBAN CORPORATION
ESTABLISHING AND DESIGNATING
\$4.50 CONVERTIBLE PREFERRED STOCK, SERIES A
AS A SERIES OF THE SERIES PREFERRED STOCK

RESOLVED, that pursuant to the authority expressly vested in the Board of Directors of Philadelphia Suburban Corporation (herein called the "Corporation") by Article Fifth of the Articles of Incorporation of the Corporation, said Board of Directors hereby fixes and determines the voting rights, and designations, preferences, qualifications, privileges, limitations, restrictions and other special and relative rights of 100,000 shares of Series Preferred Stock, par value \$1.00 per share (such class being herein called the "Series Preferred Stock") by establishing and designating an initial series of such Series Preferred Stock as follows:

1. Designation. There shall be an initial series of Series Preferred Stock which shall consist of 100,000 shares and shall be designated as "\$4.50 Convertible Preferred Stock, Series A" (such series being herein called the "1969 Preferred Stock").

2. Dividends. The holders of 1969 Preferred Stock shall be entitled to receive out of any funds legally available for the purpose when and as declared by the Board of Directors cash dividends thereon of \$4.50 per annum, and no more. Dividends on the 1969 Preferred Stock shall be payable quarterly on the first day of each of the months of March, June, September and December in each year. The dividends on all shares of 1969 Preferred Stock shall be cumulative from the date of original issuance. Accumulations of dividends shall not bear interest. Whenever there shall be paid on Series Preferred Stock of any series the full amount or any part of the dividends payable thereon there shall also be paid at the same time upon the shares of each other series of Series Preferred Stock then outstanding, the full amount or the same proportionate part, as the case may be, of the dividends payable thereon (including unpaid cumulative dividends, if any).

No deposit or payment shall be made in or to any purchase or sinking fund applicable to any other series of Series Preferred Stock or any class of stock ranking on a parity with or junior to 1969 Preferred Stock as to dividends or the distribution of assets upon liquidation, unless all dividends on 1969 Preferred Stock for all past quarterly dividend periods have been paid.

So long as any 1969 Preferred Stock shall remain outstanding, no dividend or other distribution (except in stock

of the Corporation of a class ranking junior to 1969 Preferred Stock as to dividends and the distribution of assets upon liquidation) shall be paid or made on Common Stock as hereinafter defined in Section 8 hereof, or other shares of the Corporation ranking junior to 1969 Preferred Stock as to dividends or the distribution of assets upon liquidation (herein called "junior shares") and no Common Stock or junior shares shall be purchased or otherwise acquired by the Corporation or any subsidiary of the Corporation, as hereinafter defined in this Section 2, other than by exchange therefor of junior shares of stock of the Corporation of a class ranking junior to 1969 Preferred Stock as to dividends and the distribution of assets upon liquidation, or out of the proceeds of the substantially concurrent sale of shares of stock of the Corporation of a class ranking junior to 1969 Preferred Stock as to dividends and the distribution of assets upon liquidation, unless (whether or not there shall be funds legally available therefor) all dividends on 1969 Preferred Stock for all past quarterly dividend periods shall have been paid.

The term "subsidiary" or the plural thereof, as used herein shall mean any corporation of which the Corporation or one or more subsidiaries own or control, directly or indirectly, more than fifty per cent (50%) of the outstanding stock having by its terms ordinary voting power to elect a majority of the Board of Directors of such corporation, irrespective of whether or not at the time stock of any one class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency.

Subject to the above limitations, dividends may be paid on Common Stock, or junior shares out of any funds legally available for such purpose when and as declared by the Board of Directors.

3. Liquidation Rights. In the event of any liquidation, dissolution or winding up of the Corporation, the holders of 1969 Preferred Stock shall be entitled to receive from the assets of the Corporation, whether represented by capital, surplus, reserves or earnings, payment in cash, in the case of any voluntary such liquidation, dissolution or winding up, of \$100.00 per share, or in the case of any involuntary such liquidation, dissolution or winding up, of \$100.00 per share, plus, in either case, a further amount equal to unpaid cumulative dividends on 1969 Preferred Stock accrued to the date when such payments shall be made available to the holders thereof, and no more, before any distribution of assets shall be made to the holders of the

Common Stock or other shares ranking junior to 1969 Preferred Stock as to the distribution of assets upon liquidation. If, upon such liquidation, dissolution or winding up, the assets distributable to the holders of Series Preferred Stock of all series shall be insufficient to permit the payment in full to such holders of the preferential amounts to which they are entitled, then such assets shall be distributed ratably among the shares of all series of Series Preferred Stock in accordance with the respective preferential amounts (including unpaid cumulative dividends, if any) payable with respect thereto.

After payment in full to the holders of 1969 Preferred Stock of the preferential amounts set forth in the preceding paragraph or after moneys or other assets sufficient for such payment shall have been deposited by the Corporation with a bank or trust company doing business in the City of Philadelphia, Commonwealth of Pennsylvania, and having capital, surplus and undivided profits aggregating at least \$2,000,000, so as to be and to continue to be available for such payment to the holders of 1969 Preferred Stock, the remaining assets of the Corporation available for payment and distribution to shareholders shall be paid and distributed to the holders of Common Stock, and junior shares.

Neither a consolidation or merger of the Corporation with or into any other corporation, nor a merger of any other corporation into the Corporation, nor a reorganization of the Corporation, nor the purchase or redemption of all or part of the outstanding shares of any class or classes of the Corporation, nor a sale or transfer of all or any part of its assets shall be considered a liquidation, dissolution or winding up of the Corporation within the meaning of this Section 3.

4. Redemption of 1969 Preferred Stock. The 1969 Preferred Stock may be called for redemption and redeemed at the option of the Corporation by action of the Board of Directors, in whole at any time or in part at any time or from time to time upon the notice hereinafter provided for in Section 5 hereof, by the payment therefor of \$104.50 per share at any time prior to October 1, 1974, \$102.25 per share on October 1, 1974 or at any time thereafter prior to October 1, 1979, and \$100.00 per share on October 1, 1979 or at any time thereafter (herein called the "redemption price") plus an amount equal to the accrued and unpaid cumulative dividends thereon to the date fixed by the Board of Directors as the redemption date. If at any time less than all 1969 Preferred Stock then outstanding shall be called for redemption, the shares so called for redemption shall be selected by lot or pro rata as the Board of Directors by resolution may determine subject to any limitations contained herein. The Corporation may also, from time

to time, purchase or otherwise acquire 1969 Preferred Stock theretofore issued and at the time outstanding without limitation as to price or amount.

The foregoing paragraph is subject to the provision that, in the event that any quarterly dividend due on 1969 Preferred Stock shall be in default (whether or not there shall be funds legally available therefor), and until all such defaults shall have been cured, the Corporation shall not redeem any Series Preferred Stock of any series or any parity shares, as hereinafter defined in this Section 4, unless all outstanding shares of 1969 Preferred Stock are redeemed, and neither the Corporation nor any subsidiary shall purchase or otherwise acquire for value any Series Preferred Stock of any series or any parity shares except in accordance with an offer made simultaneously by the Corporation or such subsidiary to all holders of record of Series Preferred Stock and any parity shares providing for the purchase thereof at a stated price or prices which will result in equal treatment among the respective series of Series Preferred Stock and such parity shares on a basis proportionate to the respective redemption prices of the Series Preferred Stock and such parity shares and upon stated terms, other than price, which shall be the same with respect to all series of Series Preferred Stock and all parity shares.

"Parity shares" as used herein shall mean shares ranking on a parity with the Series Preferred Stock with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up of the Corporation.

Shares of 1969 Preferred Stock redeemed, purchased or otherwise acquired by the Corporation shall be held as treasury shares (and may be sold or disposed of) or shall be reclassified or retired and cancelled as may be determined by the Board of Directors.

5. Manner of Redemption of 1969 Preferred Stock.

Notice of redemption of any shares of 1969 Preferred Stock shall be mailed by the Corporation not less than 30 nor more than 90 days prior to the date fixed by the Board of Directors of the Corporation for redemption (herein called the "redemption date"), to the holders of record of the shares to be redeemed at their respective addresses then appearing on the records of the Corporation. At any time before the redemption date the Corporation shall deposit in trust, for the account of the holders of the shares to be redeemed, so as to be and continue to be available therefor, the moneys necessary for such redemption with a bank or trust company, to be designated in the notice of such redemption, doing business in the City of Philadelphia, Commonwealth of Pennsylvania, and having capital, surplus and undivided profits

aggregating at least \$2,000,000. Upon the making of such deposit, and upon the mailing as hereinabove provided of the notice of such redemption or upon the earlier delivery to said bank or trust company of irrevocable authorization and direction to mail such notice, all shares with respect to the redemption of which such deposit shall have been made and such mailing effected or authorization therefor given shall, whether or not the certificates for such shares shall have been surrendered for cancellation, be deemed to be no longer outstanding for any purpose and all rights with respect to such shares shall thereupon cease and terminate, except only the right (which shall be stated in such notice of redemption) of the holders of the certificates for such shares (a) to receive, out of the moneys so deposited in trust, from and after the time of such deposit, the amount payable upon the redemption thereof, without interest and (b) to exercise any privilege of conversion or exchange not theretofore expiring. At the expiration of two years after the redemption date any such moneys then remaining on deposit with such bank or trust company shall be paid over to the Corporation, free of trust, and thereafter the holders of the certificates for such shares shall have no claims against such bank or trust company, but only claims as unsecured creditors against the Corporation for amounts equal to their pro rata portions of the moneys so paid over, without interest, provided, however, any moneys so deposited which shall not be required for the payment of the redemption price of such shares because of the exercise of any right of conversion or exchange subsequent to the date of such deposit, shall be paid over to the Corporation forthwith. Interest, if any, accrued on moneys deposited with any bank or trust company pursuant to the foregoing provisions shall belong to the Corporation.

6. Voting Rights. Holders of the 1969 Preferred Stock shall be entitled to vote, share and share alike, with the holders of Prior Preferred Stock and Common Stock of the Corporation and holders of any other series of Series Preferred Stock of the Corporation having voting rights under the terms of such series, except upon matters with respect to which the holders of Prior Preferred Stock, Series Preferred Stock and Common Stock have separate voting rights as provided in the Articles of the Corporation, or as otherwise required by law.

Except when some mandatory provision of law shall be controlling and except as provided in Section 7 hereof, as long as two or more series of Series Preferred Stock are outstanding, no particular series of Series Preferred Stock shall be entitled to vote as a separate series on any matter and all shares of Series Preferred Stock of all series shall be deemed to constitute but one class for any purpose for which a vote of the shareholders of the Corporation by classes may now or hereafter be required.

7. Restrictions on Certain Corporate Action. So long as any 1969 Preferred Stock shall remain outstanding, the Corporation shall not, without the consent (given in writing or by vote at a meeting called for the purpose) of the holders of two-thirds of the outstanding Series Preferred Stock of all series effect or validate any amendment of the Articles of the Corporation so as to affect adversely any of the preferences or other rights of the holders of Series Preferred Stock, provided that an amendment adversely affecting less than all of the outstanding series of the Series Preferred Stock shall require such consent or vote only of two-thirds of the outstanding shares of all series so affected.

8. Conversion Rights. (a) The holder of any share or shares of 1969 Preferred Stock shall have the right to convert, subject to the provisions of this Section 8, any such share or shares into fully paid and non-assessable shares of Common Stock (calculated as to each conversion to the nearest one one-hundredth of a share) of the Corporation at the basic conversion rate of 4 shares of Common Stock for each share of 1969 Preferred Stock; provided however (i) that such conversion rate shall be subject to adjustment upon the happening of certain contingencies as provided in paragraph (b) of this Section 8, (ii) that whenever the Corporation shall call for redemption any 1969 Preferred Stock, the conversion rights of the holder thereof shall terminate as to the shares called for redemption at the close of business on the business day next preceding the redemption date unless default shall be made in the payment of the redemption price or in the conversion thereof, and (iii) that in the event of the dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, or the sale, transfer or other disposition, with or without a dissolution of the Corporation, of all or substantially all of its property, assets or business as a result of which sale, transfer or other disposition, cash only shall be payable or distributable to the holders of the Common Stock, the conversion rights of the holders of 1969 Preferred Stock shall terminate on such date as shall be fixed by the Board of Directors, not less than 30 days after the mailing to such holders of the notice required by paragraph (g) of this Section 8.

The transfer books of the Corporation shall not be closed at any time prior to the termination of the conversion right of the holders of 1969 Preferred Stock, but this provision shall not prevent the fixing of a record date for the determination of stockholders for any proper purpose.

"Common Stock", as such term is used herein, shall mean stock of the Corporation of any class, whether now or hereafter authorized, which has the the right to participate in the distribution of either earnings or assets of the Corporation with-

out limit as to the amount or percentage; provided, however, that Common Stock issuable upon conversion of 1969 Preferred Stock as herein provided shall mean only Common Stock authorized at the time of original issue of the 1969 Preferred Stock and stock of any other class into which the then authorized Common Stock may thereafter have been changed. In determining the number of shares of Common Stock outstanding at any particular time, for the purpose of computations pursuant to the formula in the following paragraph (b), there shall be included all Common Stock then owned of record or beneficially by the Corporation and Common Stock issuable in respect of any then outstanding scrip certificates representing fractional interests with respect to Common Stock.

(b) The conversion rate shall be subject to adjustment as follows:

(1) In case the Corporation shall (i) pay a dividend in shares of its capital stock, (ii) subdivide its outstanding shares of Common Stock, (iii) combine its outstanding shares of Common Stock into a smaller number of shares, or (iv) issue by reclassification of its shares of Common Stock any shares of the Corporation, the conversion rate in effect immediately prior thereto shall be adjusted as provided below so that the holder of any share of 1969 Preferred Stock thereafter surrendered for conversion shall be entitled to receive the number of shares of the Corporation which he would have owned or have been entitled to receive after the happening of any of the events described above, had such share of 1969 Preferred Stock been converted immediately prior to the happening of such event. An adjustment made pursuant to this subparagraph (1) shall become effective retroactively immediately after the record date in the case of a dividend and shall become effective immediately after the effective date in the case of a subdivision, combination or reclassification.

(2) In case the Corporation shall issue rights or warrants to all holders of its Common Stock entitling them (for a period expiring within 45 days after the record date mentioned below) to subscribe for or purchase shares of Common Stock at a price per share less than the current market price (as hereinafter defined) per share of Common Stock at the record date mentioned below, the number of shares of Common Stock into which each share of 1969 Preferred Stock shall thereafter be convertible shall be determined by multiplying the number of shares of Common Stock into which such share of 1969 Preferred Stock was theretofore convertible by a fraction, of which the numerator shall be the number of shares of Common Stock outstanding on the date of issuance

of such rights or warrants plus the number of additional shares of Common Stock offered for subscription or purchase, and of which the denominator shall be the number of shares of Common Stock outstanding on the date of issuance of such rights or warrants plus the number of shares which the aggregate offering price of the total number of shares so offered would purchase at such current market price. Such adjustment shall be made whenever such rights or warrants are issued, and shall become effective retroactively immediately after the record date for the determination of stockholders entitled to receive such rights or warrants.

(3) In case the Corporation shall distribute to all holders of its Common Stock evidences of its indebtedness or assets (excluding cash dividends or distributions to the extent permitted by Section 2 hereof) or rights or warrants to subscribe for or purchase securities issued by the Corporation or property of the Corporation (excluding those referred to in subparagraph (2) above), then in each such case the number of shares of Common Stock into which each share of 1969 Preferred Stock shall thereafter be convertible shall be determined by multiplying the number of shares of Common Stock into which such share of 1969 Preferred Stock was theretofore convertible by a fraction, of which the numerator shall be the current market price per share of Common Stock on the date of such distribution, and of which the denominator shall be such current market price per share of the Common Stock, less the then fair market value (as determined by the Board of Directors of the Corporation, whose determination shall be conclusive) of the portion of the assets or evidences of indebtedness so distributed or of such rights or warrants applicable to one share of the Common Stock. Such adjustment shall be made whenever any such distribution is made, and shall become effective retroactively immediately after the record date for the determination of stockholders entitled to receive such distribution.

If any such rights or warrants shall by their terms provide for an increase or increases, with the passage of time, in the amount of additional consideration payable to the Corporation upon the exercise thereof, the conversion rate then applicable shall, forthwith upon any such increase becoming effective, be readjusted to reflect such increase, provided that the conversion rate shall not be increased as a result of any such readjustment to a rate higher than it would have been if such rights or warrants had never been issued.

If any such rights or warrants shall expire without having been exercised, the conversion rate as theretofore adjusted

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because of the issue of such rights or warrants shall forthwith be readjusted to the conversion rate which would have been in effect had an adjustment been made on the basis that the only rights or warrants, so issued or sold, were those rights or warrants actually exercised and that with respect to any such rights or warrants to subscribe for or purchase securities issued by the Corporation, other than Common Stock, or property of the Corporation the fair market value thereof shall be the fair market value of the rights or warrants actually exercised.

For the purpose of any computation under this paragraph (b) the current market price per share of Common Stock at any date shall be deemed to be the average of the daily closing prices for the thirty consecutive business days commencing forty-five business days before the day in question. The closing price for each day shall be the last reported sale price regular way or, in case no such reported sale takes place on such day, the average of the reported closing bid and asked prices regular way, in either case on the New York Stock Exchange, or, if the Common Stock is not listed or admitted to trading on such Exchange, on any national securities exchange, designated by the Board of Directors, on which the Common Stock is listed or admitted to trading, or if not listed or admitted to trading on any national securities exchange, the average of the closing bid and asked prices as furnished by any New York Stock Exchange firm selected from time to time by the Corporation for the purpose.

No adjustment in the conversion rate shall be required unless such adjustment would require an increase or decrease of at least 1/100 of a share; provided, however, that any adjustments which by reason of this sentence are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this paragraph (b) shall be made to the nearest cent or to the nearest 1/100 of a share as the case may be.

(c) No adjustment of the conversion rate shall be made as a result of or in connection with the issuance of Common Stock of the Corporation pursuant to options or stock purchase agreements now or hereafter granted or entered into with officers or employees of the Corporation or its subsidiaries in connection with their employment, whether entered into at the beginning of the employment or at any time thereafter.

(d) In case of any capital reorganization of the Corporation, or in case of the consolidation or merger of the Corporation with or into another corporation, or in case of the sale, transfer or other disposition of all or substantially all of the property, assets or business of the Corporation as a

result of which sale, transfer or other disposition property other than cash shall be payable or distributable to the holders of the Common Stock, each share of 1969 Preferred Stock shall thereafter be convertible into the number and class of shares or other securities or property of the Corporation, or of the corporation resulting from such consolidation or merger or to which such sale, transfer or other disposition shall have been made, to which the Common Stock otherwise issuable upon conversion of such share of 1969 Preferred Stock would have been entitled upon such reorganization, consolidation, merger, or sale, transfer or other disposition if outstanding at the time thereof; and in any such case appropriate adjustment, as determined by the Board of Directors, shall be made in the application of the provisions set forth in this Section 8 with respect to the conversion rights thereafter of the holders of the 1969 Preferred Stock, to the end that such provisions shall thereafter be applicable, as nearly as reasonably may be, in relation to any shares or securities or other property thereafter issuable or deliverable upon the conversion of 1969 Preferred Stock. Proper provision shall be made as a part of the terms of any such consolidation, merger or sale, transfer or other disposition whereby the conversion rights of the holders of 1969 Preferred Stock shall be protected and preserved in accordance with the provisions of this paragraph (d). The provisions of this paragraph (d) shall similarly apply to successive capital reorganizations, consolidations, mergers, sales, transfers or other dispositions of property as aforesaid.

(e) Upon conversion of any shares of 1969 Preferred Stock, no payment or adjustment shall be made on account of dividends accrued, whether or not in arrears, on such shares or on account of dividends declared and payable to holders of Common Stock of record on a date prior to the date of conversion.

(f) Whenever the conversion rates shall be adjusted as provided in paragraph (b) of this Section 8 the Corporation, as soon as practicable and in no event later than ten full business days thereafter, shall file with each Transfer Agent for 1969 Preferred Stock a statement, signed by the President, any Vice President or the Treasurer of the Corporation, stating the adjusted conversion rates determined as provided in said paragraph (b) and setting forth in reasonable detail the facts requiring such adjustment, and shall promptly mail a copy of such statement to each holder of 1969 Preferred Stock at his address then appearing on the record books of the Corporation. Each Transfer Agent shall be fully protected in relying on such statement and shall be under no duty to examine into the truth or accuracy thereof. If any question shall at any time arise with respect to the adjusted conversion rates, such question shall be determined by a firm of independent public accountants selected by the Corporation,

who may be the Corporation's auditors, and acceptable to the Transfer Agent, or to the New York Transfer Agent, if there be more than one such agent, and such determination shall be binding upon the Corporation and the holders of such shares.

(g) In case:

(1) the Corporation shall propose to pay any dividend in stock upon its Common Stock or to make any other distribution, other than cash dividends, to the holders of its Common Stock; or

(2) the Corporation shall propose to offer to the holders of its Common Stock rights to subscribe to any additional shares of any class or any other rights or options; or

(3) the Corporation shall propose to effect any reclassification of its Common Stock (other than a reclassification involving merely the subdivision or combination of outstanding Common Stock), or to effect any capital reorganization, or shall propose to consolidate with or merge into another corporation, or to sell, transfer or otherwise dispose of all or substantially all of its property, assets or business; or

(4) the Corporation shall propose to liquidate, dissolve or wind up;

then, in each such case, the Corporation shall file with each Transfer Agent for 1969 Preferred Stock and shall mail to the holders of record of 1969 Preferred Stock at their respective addresses then appearing on the record books of the Corporation notice of such proposed action, such notice to be filed and mailed at least 10 days, if the proposed action is that referred to in subparagraph (1) or (2) above, and at least 30 days, if the proposed action is that referred to in subparagraph (3) or (4) above, prior to the record date for the purpose of determining holders of the Common Stock entitled to the benefits of the action referred to in subparagraph (1) or (2) or to vote with respect to the action referred to in subparagraph (3) or (4) or, if no record date is taken for any such purpose, the date of the taking of such proposed action. Such notice shall specify the date on which the books of the Corporation shall close, or a record be taken, for such stock dividend, distribution of such rights or options, or the date on which such reclassification, reorganization, consolidation, merger, liquidation, dissolution or winding up shall take place, as the case may be, and the date of participation therein by the holders of Common Stock if any such date is

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to be fixed. If such notice relates to any proposed action referred to in subparagraph (3) or (4) above, it shall set forth facts with respect thereto as shall be reasonably necessary to inform the Transfer Agents and the holders of such shares as to the effect of such action upon their conversion rights. Failure to file any certificate or notice or to mail any notice, or any defect in any certificate or notice, pursuant to this paragraph (g), shall not affect the legality or validity of any adjustment, dividend, distribution or right referred to herein.

(h) In order to convert shares of 1969 Preferred Stock into Common Stock the holder thereof shall surrender at the office of the Transfer Agent the certificate or certificates therefor, duly endorsed to the Corporation or in blank, and give written notice to the Corporation at said office that he elects to convert such shares and shall state in writing therein the name or names (with addresses) in which he wishes the certificate or certificates for Common Stock to be issued. Shares of 1969 Preferred Stock shall be deemed to have been converted on the date of the surrender of such certificate or certificates for shares for conversion as provided above, and the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such Common Stock on such date. As soon as practicable on or after the date of conversion as aforesaid, the Corporation will issue and deliver at said office a certificate or certificates for the number of full shares of Common Stock issuable upon such conversion, together with a scrip certificate for, or cash in lieu of, any fraction of a share, as hereinafter in paragraph (j) provided, to the person or persons entitled to receive the same.

The Corporation will pay any and all federal or Pennsylvania original issue taxes that may be payable in respect of the issue or delivery of shares of Common Stock on conversion of shares of 1969 Preferred Stock pursuant hereto. The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of shares of Common Stock in a name other than that in which the shares of 1969 Preferred Stock so converted were registered, and no issue or delivery shall be made unless and until the person requesting such issue has paid to the Corporation the amount of any such tax, or has established to the satisfaction of the Corporation either that such tax has been paid or that no such tax is payable.

(i) Shares of 1969 Preferred Stock converted into Common Stock shall be retired and cancelled and shall not be reissued, only when required by mandatory provision of law or when provided by resolution of the Board of Directors.

(j) The Corporation shall not issue fractional shares of Common Stock upon any conversion of shares of 1969 Preferred Stock. As to any final fraction of a share which the holder of one or more shares of 1969 Preferred Stock would be entitled to receive upon exercise of his conversion right the Corporation shall, at its option as to any such exercise, either (i) deliver a scrip certificate of the Corporation in respect of such final fraction, or (ii) pay a cash adjustment in respect of such final fraction in an amount equal to the same fraction of the last sale price (or bid price if there were no sales) per share of Common Stock on the New York Stock Exchange on the business day which next precedes the day of exercise or, if such Common Stock is not then listed on the New York Stock Exchange, of the market price per share (as determined in a manner prescribed by the Board of Directors of the Corporation) at the close of business on the business day which next precedes the day of exercise. Such scrip certificate shall be in bearer form and, when surrendered within a specified time fixed by the Board of Directors (which shall not be less than three years from the date of issue), with other scrip certificates representing in the aggregate one or more full shares of Common Stock, shall be exchangeable for a certificate representing such full share or shares. Such scrip certificate shall not entitle the bearer thereof to exercise any voting rights, to receive dividends, to participate in any distribution of assets of the Corporation, or to exercise any other rights as a stockholder of the Corporation. Such scrip certificates shall be in such form, and shall contain such provisions, whether relating to the sale of such scrip certificates for the account of the holders thereof, or otherwise, as shall be determined by the Board of Directors prior to the issue thereof in accordance with the provisions of applicable law.

(k) The Corporation shall at all times have authorized and unissued, or in its treasury, a number of shares of Common Stock sufficient for the satisfaction of any scrip certificates and the conversion of all shares of 1969 Preferred Stock at the time outstanding.

If any shares of Common Stock require registration with or approval of any governmental authority under any Federal or State law, before such shares may be validly issued upon conversion, then the Corporation will in good faith and as expeditiously as possible endeavor to secure such registration or approval as the case may be.

The Corporation warrants that all Common Stock issued upon conversion of shares of 1969 Preferred Stock will upon issue be fully paid and non-assessable by the Corporation and free from original issue taxes.

Statement
Affecting
Class or
Series of Shares

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
CORPORATION BUREAU

In compliance with the requirements of Section 602 of the Business Corporation Law, approved the 5th day of May, 1933, P.L. 364, as amended, the applicant, desiring to state the voting rights, designations, preferences, qualifications, privileges, limitations, options, conversion rights, and other special rights, if any, of a class or series of a class of its shares, hereby certifies, under its corporate seal that:

1. The name of the Corporation is:

PHILADELPHIA SUBURBAN CORPORATION

2. The resolution establishing and designating the class or series of shares and fixing and determining the relative rights and preferences thereof is set forth in Exhibit A attached hereto and made a part hereof.

3. The aggregate number of shares of such class or series established and designated by (i) such resolution, (ii) all prior statements, if any, filed under said Business Corporation Law with respect thereto, and (iii) any other provision of the articles is 200,000 shares.

4. (Strike out (a) or (b) below, whichever is not applicable)

(a) The resolution was adopted by the Board of Directors of the Corporation at a duly called meeting held on the 26th day of December, 1969.

~~(b) The resolution was adopted by the Board of Directors of the Corporation at a duly called meeting held on the _____ day of _____, 19____, signed by all of the Directors of the Corporation and filed with the Secretary of the Corporation.~~

IN TESTIMONY WHEREOF, the applicant has caused this Statement to be signed by its President and its corporate seal, duly attested by its Secretary, to be hereunto affixed this 26th day of December, 1969.

PHILADELPHIA SUBURBAN CORPORATION

By: [Signature]
President

Attest:

[Signature]
Secretary

[CORPORATE SEAL]

Filed in the Department of State on the 29th day of December
A.D. 1969.

[Signature]
Secretary of the Commonwealth

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RESOLVED, that 100,000 shares of the presently authorized but unclassified Series Preferred Stock, par value \$1.00 per share, of this Corporation be and they are hereby established and designated with the same voting rights, and designations, preferences, qualifications, privileges, limitations, restrictions and other special and relative rights as the presently authorized series of Series Preferred Stock of this Corporation designated "\$4.50 Convertible Preferred Stock, Series A", as set forth in a Statement Affecting Class or Series of Shares filed in the Department of State of the Commonwealth of Pennsylvania on September 29, 1969 (the "Series A Stock") so as to increase the total number of shares of the Series A Stock of the Corporation from 100,000 shares to 200,000 shares, and that the proper officers of the Corporation be and they are hereby authorized to execute and file in the Department of State of the Commonwealth of Pennsylvania a Statement Affecting Class or Series of Shares so increasing the presently authorized amount of the Series A Stock of this Corporation.

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ARTICLES OF MERGER

OF

SICILIANO BROS., INC.
(a Pennsylvania corporation)

WITH AND INTO

PHILADELPHIA SUBURBAN CORPORATION
(a Pennsylvania corporation)

TO THE DEPARTMENT OF STATE
COMMONWEALTH OF PENNSYLVANIA:

In compliance with the requirements of the Business Corporation Law, the Act of May 5, 1933 (P.L. 364) as amended, providing for the merger of corporations, SICILIANO BROS., INC., a corporation of the Commonwealth of Pennsylvania, and PHILADELPHIA SUBURBAN CORPORATION, a corporation of the Commonwealth of Pennsylvania, hereby certify under their respective corporate seals:

1. That the name of the surviving domestic corporation is PHILADELPHIA SUBURBAN CORPORATION, its domiciliary state is Pennsylvania, and the location of its registered office in this Commonwealth is 762 Lancaster Avenue, Bryn Mawr, Pennsylvania.

2. That the name of the merging domestic corporation is SICILIANO BROS., INC., and the location of its registered office in this Commonwealth is 105 Delta Drive, Pittsburgh, Pennsylvania.

3(a). That the Plan of Merger attached hereto as Exhibit A was adopted by the shareholders of SICILIANO BROS., INC., pursuant to a Unanimous Written Consent of Shareholders, dated April 5, 1972.

3(b). That the Plan of Merger was adopted by Philadelphia Suburban Corporation under Section 902.1(2) of the Pennsylvania Business Corporation Law, pursuant to a resolution adopted by a majority of the Board of Directors of the corporation at a meeting duly called and held on March 17, 1972.

IN TESTIMONY WHEREOF, SICILIANO BROS., INC. a
Pennsylvania corporation, has caused these Articles of Merger to

be signed by its President and Secretary, and its corporate seal to be hereunto affixed this 5th day of April, 1972.

SICILIANO BROS., INC.
(a Pennsylvania corporation)

By *Anthony Massaro*
President

(CORPORATE SEAL)

Attest:

Luca M. Siciliano Jr.
Secretary

IN TESTIMONY WHEREOF, PHILADELPHIA SUBURBAN CORPORATION, a Pennsylvania corporation, has caused these Articles of Merger to be signed by its President and Secretary, and its corporate seal to be hereunto affixed this 5th day of April, 1972.

PHILADELPHIA SUBURBAN CORPORATION
(a Pennsylvania corporation)

By *John W. Boyer Jr.*
Vice President

(CORPORATE SEAL)

Attest:

Margaret M. Hogan
Secretary

EXHIBIT A

PLAN OF MERGER
of
SICILIANO BROS., INC.
(a Pennsylvania Corporation)
With and Into
PHILADELPHIA SUBURBAN CORPORATION
(a Pennsylvania Corporation)

1. Upon the later of the filing of Articles of Merger with the Secretary of State of Pennsylvania or the effective date specified therein, SICILIANO BROS., INC. (the Company), a Pennsylvania corporation, shall be merged with and into PHILADELPHIA SUBURBAN CORPORATION (PSC), a Pennsylvania corporation, which latter company shall be, and is hereinafter referred to as, the Surviving Corporation.

2. The manner of converting the shares of the Company into shares of the Surviving Corporation and the amount of securities of PSC to be paid or delivered to the shareholders of the Company in exchange for or upon surrender of their shares shall be as follows:

(a) Each share of Common Stock of the Company issued and outstanding immediately prior to the merger shall upon the effective date of the merger, by virtue of the merger and without any action on the part of the holder thereof, be exchanged for and converted into and become 1,363 7/11 shares of Common Stock of PSC.

(b) No fractional shares of Common Stock of PSC shall be issued in connection with the merger,

and each shareholder of the Company, upon surrender of his shares of Common Stock of the Company, shall receive the whole number of shares of Common Stock of PSC determined on the basis hereinbefore set forth, rounded, if necessary, to the nearest whole share.

(c) From and after the effective date of the merger, each certificate which, prior to such effective date, represented shares of the outstanding Common Stock of the Company, shall evidence ownership of Common Stock of PSC on the basis hereinbefore set forth. The aforesaid exchange and conversion shall be complete and effective on the effective date of the merger without regard to the date or dates upon which outstanding Common Stock of the Company is surrendered for appropriate certificates for the Common Stock of PSC as hereinafter provided.

(d) Promptly after the effective date of the merger, each holder of an outstanding certificate or certificates theretofore representing shares of outstanding Common Stock of the Company shall surrender the same to an agent or agents designated by the President of PSC, and such holder shall be entitled upon such surrender to receive in exchange therefor a certificate or certificates representing the number of whole shares of Common Stock of PSC into which the shares of outstanding Common Stock of the Company theretofore represented by the certificate or certificates so surrendered shall have been exchanged and converted as aforesaid.

(e) In the event any certificates formerly representing shares of Common Stock of the Company are not surrendered for exchange within two years after the effective date of the merger, PSC as agent for the holders of the shares represented by unsurrendered certificates, shall sell the shares of Common Stock of PSC and shall hold the net proceeds of such sale or sales for the holders of such unsurrendered outstanding certificates to be paid to them upon the surrender of such outstanding certificates. From and after such sale or sales the sole right of the holders of the unsurrendered outstanding certificates shall be the right to collect the net sales proceeds, without interest, held for their account.

3. The obligations of the Company and PSC to effect the merger by filing the Articles of Merger with the Secretary of State of Pennsylvania shall be subject to all of the conditions precedent specified in the Agreement and Plan of Reorganization dated March 17, 1972, between the Company, Anthony N. Siciliano, Vincent J. Siciliano and Fred W. Siciliano, Sr., and PSC.

4. This Plan of Merger may be terminated or amended prior to the effective date of the merger in the manner and upon the conditions set forth in said Agreement and Plan of Reorganization.

Filed in the Department of State on the 5th day of April,
A. D., 1972.

C. McLaughlin

Secretary of the Commonwealth

jmw

Commonwealth of Pennsylvania



Department of State

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETING:

WHEREAS, Under the terms of the Business Corporation Law, approved May 5, 1933, P. L. 364, as amended, the Department of State is authorized and required to issue a

CERTIFICATE OF MERGER

evidencing the merger of one or more corporations into one of such corporations under the provisions of that law:

AND WHEREAS, The stipulations and conditions of that law relating to the merger of such corporations have been fully complied with by SICILIANO BROS., INC., and PHILADELPHIA SUBURBAN CORPORATION.

THEREFORE, KNOW YE, That subject to the Constitution of this Commonwealth, and under the authority of the Business Corporation Law, approved May 5, 1933, P. L. 364, as amended, I DO BY THESE PRESENTS, which I have caused to be sealed with the Great Seal of the Commonwealth, merge the above named

SICILIANO BROS., INC.

into and with

PHILADELPHIA SUBURBAN CORPORATION, the surviving corporation

which shall continue to be invested with and have and enjoy all the powers, privileges and franchises incident to a domestic business corporation, and be subject to all the duties, requirements and restrictions specified and enjoined in and by the Business Corporation Law and all other applicable laws of this Commonwealth.

GIVEN under my Hand and the Great Seal of the Commonwealth, at the City of Harrisburg, this 5th day of April in the year of our Lord one thousand nine hundred and seventy-two and of the Commonwealth the one hundred and ninety-sixth.

C. McLaughlin

Secretary of the Commonwealth

jmw

REGISTRATION ACT 1933

FORM 901 - 203 (Rev. 8-72)

Filing Fee: \$20 plus \$10 for each party incorporated in excess of two.

Articles of Incorporation
Statutory Corporation

3-1-74-45

236

(Line for numbering)

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
CORPORATION BUREAU

First City: Lancaster
Date: 10/11/73
Commonwealth of Pennsylvania
Department of State

C. McLaughlin

Secretary of the Commonwealth

(Box for Certification)

In compliance with the requirements of section 903 of the Business Corporation Law, act of May 5, 1933 (P. L. 364) (15 P. S. §1903), the undersigned corporations, desiring to effect a merger, hereby certify that:

1. The name of the corporation surviving the merger is:

Philadelphia Suburban Corporation

2. (Check and complete one of the following):

The surviving corporation is a domestic corporation and the location of its registered office in this Commonwealth is (the Department of State is hereby authorized to correct the following statement to conform to the records of the Department):

762 Lancaster Avenue

(NUMBER)

(STREET)

Bryn Mawr,

(CITY)

Pennsylvania

19010

(ZIP CODE)

The surviving corporation is a foreign corporation incorporated under the laws of _____ and the location of its office registered with such domiciliary jurisdiction is:

(NAME OF JURISDICTION)

(NUMBER)

(STREET)

(CITY)

(STATE)

(ZIP CODE)

3. The name and the location of the registered office of each other domestic business corporation and qualified foreign business corporation which is a party to the plan of merger are as follows:

Fire Protection Industries, Inc.

263 Keswick Avenue
Glenside, Pennsylvania

Fire Protection Supply Company

941 Woodcrest Road
Abington, Pennsylvania

National Foam System, Inc.

Union & Adams Streets
West Chester, Pennsylvania

Worsham Sprinkler Co., Inc.
(not qualified in Pa.)

2nd Floor, Massey Building
Fourth & Main Streets
Richmond, Virginia 23219

IN TESTIMONY WHEREOF, each undersigned corporation has caused these Articles of Merger to be signed by a duly authorized officer and its corporate seal, duly attested by another such officer, to be hereunto affixed this 5th day of November, 1974.

PHILADELPHIA SUBURBAN CORPORATION

By: Allen R. Howard Jr.
(Signature)

Vice President
(Title: President, Vice President, Etc.)

Attest:

Howard Roberts
(Signature)

Asst Secretary
(Title: Secretary, Assistant Secretary, Etc.)
(Corporate Seal)

FIRE PROTECTION INDUSTRIES, INC.

By: John H. Keenan Jr.
(Signature)

President
(Title: President, Vice President, Etc.)

Attest:

W. Howard Miller
(Signature) Secretary

(Title: Secretary, Assistant Secretary, Etc.)
(Corporate Seal)

FIRE PROTECTION SUPPLY COMPANY

By: John H. Keenan Jr.
(Signature)

President
(Title: President, Vice President, Etc.)

Attest:

John H. Keenan Jr.
(Signature)

SECRETARY
(Title: Secretary, Assistant Secretary, Etc.)
(Corporate Seal)

3-1-74AE

WORSNAM SPRINKLER CO., INC.

By:

James W. Badger
(Signature)
Vice President

(Title: President, Vice President, Etc.)

Attest:

Harold C. Smith

(Signature)

Assistant Secretary

(Title: Secretary, Assistant Secretary, Etc.)

(Corporate Seal)

NATIONAL FOAM SYSTEM, INC.

By:

Oliver Martin
(Signature)

Vice Pres + Treasurer

(Title: President, Vice President, Etc.)

Attest:

J. Smith

(Signature)

SECRETARY

(Title: Secretary, Assistant Secretary, Etc.)

(Corporate Seal)

TRADEMARK

EXHIBIT 1

PLAN OF MERGER OF
NATIONAL FOAM SYSTEM, INC.,
WORSHAM SPRINKLER CO., INC.,
FIRE PROTECTION INDUSTRIES, INC.
AND
FIRE PROTECTION SUPPLY COMPANY
WITH AND INTO
PHILADELPHIA SUBURBAN CORPORATION

PLAN OF MERGER, dated August 14, 1974 for National Foam System, Inc., a Delaware corporation ("NFS"), Worsham Sprinkler Co., Inc., a Virginia corporation ("WSC"), Fire Protection Industries, Inc., a Pennsylvania corporation ("FPI"), Fire Protection Supply Company, a Pennsylvania corporation ("FPSC"), and Philadelphia Suburban Corporation, a Pennsylvania corporation (the "Surviving Corporation"), (collectively the "Constituent Corporations").

ARTICLE I. General.

1.01. The authorized capital stock of NFS consists of 1,000 shares of capital stock, par value \$1.00 per share, 1,000 of which are presently issued and outstanding and are held by the Surviving Corporation.

1.02. The authorized capital stock of WSC consists of 1,000 shares of capital stock, par value \$10.00 per share, 1,000 of which are presently issued and outstanding and are held by the Surviving Corporation.

1.03. The authorized capital stock of FPI consists of 2,000 shares of capital stock, par value \$50.00 per share, 1,285 of which are presently issued and outstanding and are held by the Surviving Corporation.

1.04. The authorized capital stock of FPSC consists of 250 shares of capital stock, par value \$100.00 per share, 48 of which are presently issued and outstanding and are held by the Surviving Corporation.

1.05. The authorized capital stock of the Surviving Corporation consists of 10,000,000 shares of common stock, par value \$1.00 per share, 3,715,856 of which shares are presently issued and outstanding; 1,922,500 shares of Series preferred stock, par value \$1.00, 23,721 of which are issued and outstanding and designated as \$4.50 Series A; and 77,500 shares of prior preferred stock, par value \$1.00 per share, all of which shares are presently issued and outstanding.

ARTICLE 2. Effect of Merger.

2.01. Upon the filing of Articles of Merger with the Pennsylvania Department of State or on November 5, 1974, whichever shall be later, (the "Effective Date"), NFS, WSC, FPI and FPSC shall be merged into the Surviving Corporation, the name of which shall then be and remain Philadelphia Suburban Corporation.

2.02. The number of authorized shares of capital stock of the Surviving Corporation shall not be affected by the merger.

2.03. At the Effective Date all of the outstanding shares of capital stock of NFS, WSC, FPI and FPSC shall be cancelled and no additional shares of capital stock of any of the Constituent Corporations will be issued in respect of the merger.

2.04. At the Effective Date the Articles of Incorporation of the Surviving Corporation, as in effect immediately prior to the Effective Date, shall be and remain the Articles of Incorporation of the Surviving Corporation until further amended.

2.05. At the Effective Date the By-Laws of the Surviving Corporation shall remain such until altered, amended or repealed.

2.06. The officers and directors of the Surviving Corporation on the Effective Date shall be the persons who on said date are the officers and directors of Philadelphia Suburban Corporation and shall hold office until their successors shall have been elected and qualified or until their resignation or removal, according to law or the by-laws of the Surviving Corporation.

2.07. At the Effective Date the separate existence of NFS, WSC, FPI and FPSC shall cease and NFS shall be merged into the Surviving Corporation, with the effect specified by Section 907 of the Act of May 5, 1933, P.L. 364, as amended, known as the Business Corporation Law.

ARTICLE 3. Adoption of the Plan of Merger.

3.01. After adoption of the Plan of Merger by the Board of Directors of the Constituent Corporations and by the sole shareholder of NPS, WSC, FPI and FPSC, Articles of Merger shall be filed with:

(i) the Department of State of the Commonwealth of Pennsylvania in accordance with the Business Corporation Law of the Commonwealth of Pennsylvania;

(ii) the Secretary of State of the State of Delaware; and

(iii) the State Corporation Commission of the State of Virginia.

Commonwealth of Pennsylvania



Department of State

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETING:

WHEREAS, Under the provisions of Article IX of the Business Corporation Law (Act of May 5, 1933, P. L. 364), as amended, the Department of State is authorized and required to issue a

CERTIFICATE OF MERGER

evidencing the merger of any one or more domestic corporations, and any one or more foreign corporations into one of such domestic corporations under the provisions of that law:

AND WHEREAS, The stipulations and conditions of that law relating to the merger of such corporations have been fully complied with by FIRE PROTECTION INDUSTRIES, INC., FIRE PROTECTION SUPPLY COMPANY, PHILADELPHIA SUBURBAN CORPORATION all Pennsylvania corporations, and NATIONAL FOAM SYSTEM, INC., a Delaware corporation and WORSHAM SPRINKLER CO., INC. a Virginia corporation.

IT IS, THEREFORE, CERTIFIED, That from the Articles of Merger filed with the Department of State, it appears that FIRE PROTECTION INDUSTRIES, INC., FIRE PROTECTION SUPPLY COMPANY and PHILADELPHIA SUBURBAN CORPORATION all Pennsylvania corporations and NATIONAL FOAM SYSTEM, INC., a Delaware corporation and WORSHAM SPRINKLER CO., INC., a Virginia corporation have merged into PHILADELPHIA SUBURBAN CORPORATION the Pennsylvania corporation.

THEREFORE, KNOW YE, That subject to the Constitution of this Commonwealth, and under authority of the Business Corporation Law, I DO BY THESE PRESENTS, which I have caused to be sealed with the Great Seal of the Commonwealth, hereby declare that the Pennsylvania corporation shall be the surviving corporation, under the name, style and title of

PHILADELPHIA SUBURBAN CORPORATION

and shall continue to be invested with all the franchises and be subject to all the duties of a domestic business corporation under the Business Corporation Law.

GIVEN under my Hand and the Great Seal of the Commonwealth, at the City of Harrisburg, this 8th day of November in the year of our Lord one thousand nine hundred and seventy-four and of the Commonwealth the one hundred and ninety-ninth.

C. McLaughlin

Secretary of the Commonwealth

cc

TRADEMARK

REEL: 002981 FRAME: 0326

APPLICANT'S ADDRESS

DSCB ECL-806 (Rev. 9-72)

Filing Fee: 340
AS-7

Articles of
Amendment—
Domestic Business Corporation

3-1-74.47 638
(Line for numbering)

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
CORPORATION BUREAU

Filed this 2nd day of
December 1974
Commonwealth of Pennsylvania
Department of State

E. McLaughlin Tucker
Secretary of the Commonwealth

(Box for Certification)

In compliance with the requirements of section 806 of the Business Corporation Law, act of May 5, 1933 (P. L. 364) (15 P. S. §1806), the undersigned corporation, desiring to amend its Articles, does hereby certify that

1. The name of the corporation is:

Philadelphia Suburban Corporation

2. The location of its registered office in this Commonwealth is (the Department of State is hereby authorized to correct the following statement to conform to the records of the Department).

762 Lancaster Avenue

(NUMBER)

(STREET)

Bryn Mawr

Pennsylvania

19010

(CITY)

(ZIP CODE)

3. The statute by or under which it was incorporated is

Pennsylvania Business Corporation Law, Act of May, 1933, P.L. 364, as amended

4. The date of its incorporation is: November 14, 1968

5. Check, and if appropriate, complete one of the following:

The meeting of the shareholders of the corporation at which the amendment was adopted was held at the time and place and pursuant to the kind and period of notice herein stated

Time: The twenty-fifth day of April, 1974

Place: 762 Lancaster Avenue, Bryn Mawr, Pennsylvania

Kind and period of notice: Written notice mailed March 29, 1974 to all shareholders of record on March 15, 1974.

The amendment was adopted by a consent in writing, setting forth the action so taken, signed by all of the shareholders entitled to vote thereon and filed with the Secretary of the corporation

6. At the time of the action of shareholders:

(a) The total number of shares outstanding was

Common Stock - 3,673,894 Preferred Stock - 77,500
Series Preferred Stock - 33,958

(b) The number of shares entitled to vote was

Common Stock - 3,673,894 Preferred Stock - 77,500
Series Preferred Stock - 33,958

DSCB BCL-806 (Rev 6-72)-2

7. In the action taken by the shareholders:

(a) The number of shares voted in favor of the amendment was:

Prior Preferred Stock - 59,321	Common Stock	- 2,641,373
Series Preferred Stock - 29,587	All outstanding shares voting as a single class	- 2,730,281

(b) The number of shares voted against the amendment was:

Prior Preferred Stock - 6,020	Common Stock	- 63,210
Series Preferred Stock - 155	All outstanding shares voting as a single class	- 69,385

8. The amendment adopted by the shareholders, set forth in full, is as follows:

"RESOLVED, that the Articles of Incorporation of the Company be amended and restated to read in full as set forth in Exhibit A . . ."

A copy of the said Exhibit A is attached hereto and made a part hereof.

IN TESTIMONY WHEREOF, the undersigned corporation has caused these Articles of Amendment to be signed by a duly authorized officer and its corporate seal, duly attested by another such officer, to be hereunto affixed this 26th day of November, 1974.

Attest

Howard L. Sheets
(SIGNATURE)

Assistant Secretary
(TITLE SECRETARY, ASSISTANT SECRETARY, ETC.)

Philadelphia Suburban Corporation
(NAME OF CORPORATION)

By: John A. [Signature]
(SIGNATURE)

Vice President - Administration & Finance
(TITLE PRESIDENT, VICE PRESIDENT, ETC.)

CORPORATE SEAL

INSTRUCTIONS FOR COMPLETION OF FORM

- A. Any necessary copies of Form DSCB:17.2 (Consent to Appropriation of Name) or Form DSCB 17.3 (Consent to Use of Similar Name) shall accompany Articles of Amendment effecting a change of name.
- B. Any necessary governmental approvals shall accompany this form.
- C. Where action is taken by partial written consent pursuant to the Articles, the second - ternate of Paragraph 5 should be modified accordingly.
- D. If the shares of any class were entitled to vote as a class, the number of shares of each class so entitled and the number of shares of all other classes entitled to vote should be set forth in Paragraph 6(b).
- E. If the shares of any class were entitled to vote as a class, the number of shares of such class and the number of shares of all other classes voted for and against such amendment respectively should be set forth in Paragraphs 7(a) and 7(b).
- F. ECL §807 (15 P. S. §1807) requires that the corporation shall advertise its intention to file or the filing of Articles of Amendment. Proofs of publication of such advertising should not be delivered to the Department, but should be filed with the minutes of the corporation.

AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
PHILADELPHIA SUBURBAN CORPORATION

ARTICLE I. The name of the Corporation is PHILADELPHIA SUBURBAN CORPORATION.

ARTICLE II. The location and post office address of the Corporation in this Commonwealth is 762 Lancaster Avenue, Bryn Mawr, Pennsylvania 19010.

ARTICLE III. The purpose or purposes for which the Corporation is incorporated under the Business Corporation Law of the Commonwealth of Pennsylvania are to engage in, and to do any lawful act concerning, any or all lawful business for which corporations may be incorporated under said Business Corporation Law, including but not limited to, manufacturing, processing, owning, using and dealing in personal property of every class and description, engaging in research and development, furnishing services, and acquiring, owning, using and disposing of real property of any nature whatsoever.

ARTICLE IV. The term for which the Corporation is to exist is perpetual.

ARTICLE V. The aggregate number of shares which the Corporation shall have authority to issue is 12,082,500 shares, divided into 10,000,000 shares of Common Stock, par value \$1.00 per share, 1,922,500 shares of Series Preferred Stock, par value \$1.00 per share, and 160,000 shares of Prior Preferred Stock, par value \$1.00 per share. The board of directors shall have the full authority permitted by law to fix by resolution full, limited, multiple or fractional, or no voting rights, and such designations, preferences, qualifications, privileges, limitations, restrictions, options, conversion rights, and other special or relative rights of any class or any series of any class that may be desired.

A description of each class of shares, and a statement of the preferences, qualifications, limitations, restrictions, and the special or relative rights granted to or imposed upon the shares of each class is as follows:

A. SERIES PREFERRED STOCK

1. Designation. There shall be an initial series of Series Preferred Stock which shall consist of 100,000 shares and shall be designated as "\$4.50 Convertible Preferred Stock, Series A" (such series being herein called the "1969 Preferred Stock").

2. Dividends. The holders of 1969 Preferred Stock shall be entitled to receive out of any funds legally available for the purpose when and as declared by the Board of Directors cash dividends thereon of \$4.50 per annum, and no more. Dividends on the 1969 Preferred Stock shall be payable quarterly on the first day of each of the months of March, June, September and December in each year. The dividends on all shares of 1969 Preferred Stock shall be cumulative from the date of original issuance. Accumulations of dividends shall not bear interest. Whenever there shall be paid on Series Preferred Stock of any series the full amount or any part of the dividends payable thereon there shall also be paid at the same time upon the shares of each other series of Series Preferred Stock then outstanding, the full amount or the same proportionate part, as the case may be, of the dividends payable thereon (including unpaid cumulative dividends, if any).

No deposit or payment shall be made in or to any purchase or sinking fund applicable to any other series of Series Preferred Stock or any class of stock ranking on a parity with or junior to 1969 Preferred Stock as to dividends or the distribution of assets upon liquidation, unless all dividends on 1969 Preferred Stock for all past quarterly dividend periods have been paid.

So long as any 1969 Preferred Stock shall remain outstanding, no dividend or other distribution (except in stock of the Corporation of a class ranking junior to 1969 Preferred Stock as to dividends and the distribution of assets upon liquidation) shall be paid or made on Common Stock as hereinafter defined in Section 8 hereof, or other shares of the Corporation ranking junior to 1969 Preferred Stock as to dividends or the distribution of assets upon liquidation (herein called "junior shares") and no Common Stock or junior shares shall be purchased or otherwise acquired by the Corporation or any subsidiary of the Corporation, as hereinafter defined in this Section 2, other than by exchange therefor of junior shares of stock of the Corporation of a class ranking junior to 1969 Preferred Stock as to dividends and the distribution of assets upon liquidation, or out of the proceeds of the substantially concurrent sale of shares of stock of the Corporation of a class ranking junior to 1969 Preferred Stock as to dividends and the distribution of assets upon liquidation, unless (whether or not there shall be funds legally available therefor) all dividends on 1969 Preferred Stock for all past quarterly dividend periods shall have been paid.

The term "subsidiary" or the plural thereof, as used herein shall mean any corporation of which the Corporation or one or more subsidiaries own or control, directly or indirectly, more than fifty per cent (50%) of the outstanding stock having by its terms ordinary voting power to elect a majority of the Board of Directors of such corporation, irrespective of whether or not at the time stock of any one class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency.

Subject to the above limitations, dividends may be paid on Common Stock, or junior shares out of any funds legally available for such purpose when and as declared by the Board of Directors.

3. Liquidation Rights. In the event of any liquidation, dissolution or winding up of the Corporation, the holders of 1969 Preferred Stock shall be entitled to receive from the assets of the Corporation, whether represented by capital, surplus, reserves or earnings, payment in cash, in the case of any voluntary such liquidation, dissolution or winding up, of \$100.00 per share, or in the case of any involuntary such liquidation, dissolution or winding up, of \$100.00 per share, plus, in either case, a further amount equal to unpaid cumulative dividends on 1969 Preferred Stock accrued to the date when such payments shall be made available to the holders thereof, and no more, before any distribution of assets shall be made to the holders of the Common Stock or other shares ranking junior to 1969 Preferred Stock as to the distribution of assets upon liquidation. If, upon such liquidation, dissolution or winding up, the assets distributable to the holders of Series Preferred Stock of all series shall be insufficient to permit the payment in full to such holders of the preferential amounts to which they are entitled, then such assets shall be distributed ratably among the shares of all series of Series Preferred Stock in accordance with the respective preferential amounts (including unpaid cumulative dividends, if any) payable with respect thereto.

After payment in full to the holders of 1969 Preferred Stock of the preferential amounts set forth in the preceding paragraph or after moneys or other assets sufficient for such payment shall have been deposited by the Corporation with a bank or trust company doing business in the City of Philadelphia, Commonwealth of Pennsylvania, and having capital, surplus and undivided profits aggregating at least \$2,000,000, so as to be and to continue to be available for such payment to the holders of 1969 Preferred Stock, the remaining assets of the Corporation available for payment and distribution to shareholders shall be paid and distributed to the holders of Common Stock, and junior shares.

Neither a consolidation or merger of the Corporation with or into any other corporation, nor a merger of any other corporation into the Corporation, nor a reorganization of the Corporation, nor the purchase or redemption of all or part of the outstanding shares of any class or classes of the Corporation, nor a sale or transfer of all or any part of its assets shall be considered a liquidation, dissolution or winding up of the Corporation within the meaning of this Section 3.

4. Redemption of 1969 Preferred Stock. The 1969 Preferred Stock may be called for redemption and redeemed at the option of the Corporation by action of the Board of Directors, in whole at any time or in part at any time or from time to time upon the notice hereinafter provided for in Section 5 hereof, by the payment therefor of \$104.50 per share at any time prior to October 1, 1974, \$102.25 per share on October 1, 1974 or at any time thereafter prior to October 1, 1979, and \$100.00 per share on October 1, 1979 or at any time thereafter (herein called the "redemption price") plus an amount equal to the accrued and unpaid cumulative dividends thereon to the date fixed by the Board of Directors as the redemption date. If at any time less than all 1969 Preferred Stock then outstanding shall be called for redemption, the shares so called for redemption shall be selected by lot or pro rata as the Board of Directors by resolution may determine subject to any limitations contained herein. The Corporation may also, from time to time, purchase or otherwise acquire 1969 Preferred Stock theretofore issued and at the time outstanding without limitation as to price or amount.

The foregoing paragraph is subject to the provision that, in the event that any quarterly dividend due on 1969 Preferred Stock shall be in default (whether or not there shall be funds legally available therefor), and until all such defaults shall have been cured, the Corporation shall not redeem any Series Preferred Stock of any series or any parity shares, as hereinafter defined in this Section 4, unless all outstanding shares of 1969 Preferred Stock are redeemed, and neither the Corporation nor any subsidiary shall purchase or otherwise acquire for value any Series Preferred Stock of any series or any parity shares except in accordance with an offer made simultaneously by the Corporation or such subsidiary to all holders of record of Series Preferred Stock and any parity shares providing for the purchase thereof at a stated price or prices which will result in equal treatment among the respective series of Series Preferred Stock and such parity shares on a basis proportionate to the respective redemption prices of the Series Preferred Stock and such parity shares and upon stated terms, other than price, which shall be the same with respect to all series of Series Preferred Stock and all parity shares.

"Parity shares" as used herein shall mean shares ranking on a parity with the Series Preferred Stock with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up of the Corporation.

Shares of 1969 Preferred Stock redeemed, purchased or otherwise acquired by the Corporation shall be held as treasury shares (and may be sold or disposed of) or shall be reclassified or retired and cancelled as may be determined by the Board of Directors.

5. Manner of Redemption of 1969 Preferred Stock. Notice of redemption of any shares of 1969 Preferred Stock shall be mailed by the Corporation not less than 30 nor more than 90 days prior to the date fixed by the Board of Directors of the Corporation for redemption (herein called the "redemption date"), to the holders of record of the shares to be redeemed at their respective addresses then appearing on the records of the Corporation. At any time before the redemption date the Corporation shall deposit in trust, for the account of the holders of the shares to be redeemed, so as to be and continue to be available therefor, the moneys necessary for such redemption with a bank or trust company, to be designated in the notice of such redemption, doing business in the City of Philadelphia, Commonwealth of Pennsylvania, and having capital, surplus and undivided profits aggregating at least \$2,000,000. Upon the making of such deposit, and upon the mailing as hereinabove provided of the notice of such redemption or upon the earlier delivery to said bank or trust company of irrevocable authorization and direction to mail such notice, all shares with respect to the redemption of which such deposit shall have been made and such mailing effected or authorization therefor given shall, whether or not the certificates for such shares shall have been surrendered for cancellation, be deemed to be no longer outstanding for any purpose and all rights with respect to such shares shall thereupon cease and terminate, except only the right (which shall be stated in such notice of redemption) of the holders of the certificates for such shares (a) to receive, out of the moneys so deposited in trust, from and after the time of such deposit, the amount payable upon the redemption thereof, without interest and (b) to exercise any privilege of conversion or exchange not theretofore expiring. At the expiration of two years after the redemption date any such moneys then remaining on deposit with such bank or trust company shall be paid over to the Corporation, free of trust, and thereafter the holders of the certificates for such shares shall have no claims against such bank or trust company, but only claims as unsecured creditors against the Corporation for amounts equal to their pro rata portions of the moneys so paid over, without interest, provided, however, any moneys so deposited which shall not be required for the payment of the redemption price of such shares because of the exercise of any right of conversion or exchange subsequent to the date of such deposit, shall be paid over to the Corporation forthwith. Interest, if any, accrued on moneys deposited with any bank or trust company pursuant to the foregoing provisions shall belong to the Corporation.

6. Voting Rights. Holders of the 1969 Preferred Stock shall be entitled to vote, share and share alike, with the holders of Prior Preferred Stock and Common Stock of the Corporation and holders of any other series of Series Preferred Stock of the Corporation having voting rights under the terms of such series, except upon matters with respect to which the holders of Prior Preferred Stock, Series Preferred Stock and Common Stock have separate voting rights as provided in the Articles of the Corporation, or as otherwise required by law.

Except when some mandatory provision of law shall be controlling and except as provided in Section 7 hereof, as long as two or more series of Series Preferred Stock are outstanding, no particular series of Series Preferred Stock shall be entitled to vote as a separate series on any matter and all shares of Series Preferred Stock of all series shall be deemed to constitute but one class for any purpose for which a vote of the shareholders of the Corporation by classes may now or hereafter be required.

7. Restrictions on Certain Corporate Action. So long as any 1969 Preferred Stock shall remain outstanding, the Corporation shall not, without the consent (given in writing or by vote at a meeting called for the purpose) of the holders of two-thirds of the outstanding Series Preferred Stock of all series effect or validate any amendment of the Articles of the Corporation so as to affect adversely any of the preferences or other rights of the holders of Series Preferred Stock, provided that an amendment adversely affecting less than all of the outstanding series of the Series Preferred Stock shall require such consent or vote only of two-thirds of the outstanding shares of all series so affected.

8. Conversion Rights. (a) The holder of any share or shares of 1969 Preferred Stock shall have the right to convert, subject to the provisions of this Section 8, any such share or shares into fully paid and non-assessable shares of Common Stock (calculated as to each conversion to the nearest one one-hundredth of a share) of the Corporation at the basic conversion rate of 4 shares of Common Stock for each share of 1969 Preferred Stock; provided however (i) that such conversion rate shall be subject to adjustment upon the happening of certain contingencies as provided in paragraph (b) of this Section 8, (ii) that whenever the Corporation shall call for redemption any 1969 Preferred Stock, the conversion rights of the holder thereof shall terminate as to the shares called for redemption at the close of business on the business day next preceding the redemption date unless default shall be made in the payment of the redemption price or in the conversion thereof, and (iii) that in the event of the dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, or the sale, transfer or other disposition, with or without a dissolution of the Corporation, of all or substantially all of its property, assets or business as a result of which sale, transfer or other disposition, cash only shall be payable or distributable to the holders of the Common Stock, the conversion rights of the holders of 1969 Preferred Stock shall terminate on such date as shall be fixed by the Board of Directors, not less than 30 days after the mailing to such holders of the notice required by paragraph (g) of this Section 8.

The transfer books of the Corporation shall not be closed at any time prior to the termination of the conversion right of the holders of 1969 Preferred Stock, but this provision shall not prevent the fixing of a record date for the determination of stockholders for any proper purpose.

"Common Stock", as such term is used herein, shall mean stock of the Corporation of any class, whether now or hereafter authorized, which has the right to participate in the distribution of either earnings or assets of the Corporation without limit as to the amount or percentage; provided, however, that Common Stock issuable upon conversion of 1969 Preferred Stock as herein provided shall mean only Common Stock authorized at the time of original issue of the 1969 Preferred Stock and stock of any other class into which the then authorized Common Stock may hereafter have been changed. In determining the number of shares of Common Stock outstanding at any particular time, for the purpose of computations pursuant to the formula in the following paragraph (b), there shall be included all Common Stock then owned of record or beneficially by the Corporation and Common Stock issuable in respect of any then outstanding scrip certificates representing fractional interests with respect to Common Stock.

(b) The conversion rate shall be subject to adjustment as follows:

(1) In case the Corporation shall (i) pay a dividend in shares of its capital stock, (ii) subdivide its outstanding shares of Common Stock, (iii) combine its outstanding shares of Common Stock into a smaller number of shares, or (iv) issue by reclassification of its shares of Common Stock any shares of the Corporation, the conversion rate in effect immediately prior thereto shall be adjusted as provided below so that the holder of any share of 1969 Preferred Stock thereafter surrendered for conversion shall be entitled to receive the number of shares of the Corporation which he would have owned or have been entitled to receive after the happening of any of the events described above, had such share of 1969 Preferred Stock been converted immediately prior to the happening of such event. An adjustment made pursuant to this subparagraph (1) shall become effective retroactively immediately after the record date in the case of a dividend and shall become effective immediately after the effective date in the case of a subdivision, combination or reclassification.

(2) In case the Corporation shall issue rights or warrants to all holders of its Common Stock entitling them (for a period expiring within 45 days after the record date mentioned below) to subscribe for or purchase shares of Common Stock at a price per share less than the current market price (as hereinafter defined) per share of Common Stock at the record date mentioned below, the number of shares of Common Stock into which each share of 1969 Preferred Stock shall thereafter be convertible shall be determined by multiplying the number of shares of Common Stock into which such share of 1969 Preferred Stock was theretofore convertible by a fraction, of which the numerator shall be the number of

shares of Common Stock outstanding on the date of issuance of such rights or warrants plus the number of additional shares of Common Stock offered for subscription or purchase, and of which the denominator shall be the number of shares of Common Stock outstanding on the date of issuance of such rights or warrants plus the number of shares which the aggregate offering price of the total number of shares so offered would purchase at such current market price. Such adjustment shall be made whenever such rights or warrants are issued, and shall become effective retroactively immediately after the record date for the determination of stockholders entitled to receive such rights or warrants.

(3) In case the Corporation shall distribute to all holders of its Common Stock evidences of its indebtedness or assets (excluding cash dividends or distributions to the extent permitted by Section 2 hereof) or rights or warrants to subscribe for or purchase securities issued by the Corporation or property of the Corporation (excluding those referred to in subparagraph (2) above), then in each such case the number of shares of Common Stock into which each share of 1969 Preferred Stock shall thereafter be convertible shall be determined by multiplying the number of shares of Common Stock into which such share of 1969 Preferred Stock was theretofore convertible by a fraction, of which the numerator shall be the current market price per share of Common Stock on the date of such distribution, and of which the denominator shall be such current market price per share of the Common Stock, less the then fair market value (as determined by the Board of Directors of the Corporation, whose determination shall be conclusive) of the portion of the assets or evidences of indebtedness so distributed or of such rights or warrants applicable to one share of the Common Stock. Such adjustment shall be made whenever any such distribution is made, and shall become effective retroactively immediately after the record date for the determination of stockholders entitled to receive such distribution.

If any such rights or warrants shall by their terms provide for an increase or increases, with the passage of time, in the amount of additional consideration payable to the Corporation upon the exercise thereof, the conversion rate then applicable shall, forthwith upon any such increase becoming effective, be readjusted to reflect such increase, provided that the conversion rate shall not be increased as a result of any such readjustment to a rate higher than it would have been if such rights or warrants had never been issued.

If any such rights or warrants shall expire without having been exercised, the conversion rate as theretofore adjusted because of the issue of such rights or warrants shall forthwith be readjusted to the conversion rate which would have been in effect had an adjustment been made on the basis that the only rights or warrants, so issued or sold, were those rights or warrants actually exercised and that with respect to any such rights or warrants to subscribe for or purchase securities issued by the Corporation, other than Common Stock, or property of the Corporation the fair market value thereof shall be the fair market value of the rights or warrants actually exercised.

For the purpose of any computation under this paragraph (b) the current market price per share of Common Stock at any date shall be deemed to be the average of the daily closing prices for the thirty consecutive business days commencing forty-five business days before the day in question. The closing price for each day shall be the last reported sale price regular way or, in case no such reported sale takes place on such day, the average of the reported closing bid and asked prices regular way, in either case on the New York Stock Exchange, or, if the Common Stock is not listed or admitted to trading on such Exchange, on any national securities exchange, designated by the Board of Directors, on which the Common Stock is listed or admitted to trading, or if not listed or admitted to trading on any national securities exchange, the average of the closing bid and asked prices as furnished by any New York Stock Exchange firm selected from time to time by the Corporation for the purpose.

No adjustment in the conversion rate shall be required unless such adjustment would require an increase or decrease of at least 1/100 of a share; provided, however, that any adjustments which by reason of this sentence are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this paragraph (b) shall be made to the nearest cent or to the nearest 1/100 of a share as the case may be.

(c) No adjustment of the conversion rate shall be made as a result of or in connection with the issuance of Common Stock of the Corporation pursuant to options or stock purchase agreements now or hereafter granted or entered into with officers or employees of the Corporation or its subsidiaries in connection with their employment, whether entered into at the beginning of the employment or at any time thereafter.

(d) In case of any capital reorganization of the Corporation, or in case of the consolidation or merger of the Corporation with or into another corporation, or in case of the sale, transfer or other disposition of all or substantially all of the property, assets or business of the Corporation as a result of which sale, transfer or other disposition property other than cash shall be payable or distributable to the holders of the Common Stock, each share of 1969 Preferred Stock

shall thereafter be convertible into the number and class of shares or other securities or property of the Corporation, or of the corporation resulting from such consolidation or merger or to which such sale, transfer or other disposition shall have been made, to which the Common Stock otherwise issuable upon conversion of such share of 1969 Preferred Stock would have been entitled upon such reorganization, consolidation, merger, or sale, transfer or other disposition if outstanding at the time thereof; and in any such case appropriate adjustment, as determined by the Board of Directors, shall be made in the application of the provisions set forth in this Section 8 with respect to the conversion rights thereafter of the holders of the 1969 Preferred Stock, to the end that such provisions shall thereafter be applicable, as nearly as reasonably may be, in relation to any shares or securities or other property thereafter issuable or deliverable upon the conversion of 1969 Preferred Stock. Proper provision shall be made as a part of the terms of any such consolidation, merger or sale, transfer or other disposition whereby the conversion rights of the holders of 1969 Preferred Stock shall be protected and preserved in accordance with the provisions of this paragraph (d). The provisions of this paragraph (d) shall similarly apply to successive capital reorganizations, consolidations, mergers, sales, transfers or other dispositions of property as aforesaid.

(e) Upon conversion of any shares of 1969 Preferred Stock, no payment or adjustment shall be made on account of dividends accrued, whether or not in arrears, on such shares or on account of dividends declared and payable to holders of Common Stock of record on a date prior to the date of conversion.

(f) Whenever the conversion rates shall be adjusted as provided in paragraph (b) of this Section 8 the Corporation, as soon as practicable and in no event later than ten full business days thereafter, shall file with each Transfer Agent for 1969 Preferred Stock a statement, signed by the President, any Vice President or the Treasurer of the Corporation, stating the adjusted conversion rates determined as provided in said paragraph (b) and setting forth in reasonable detail the facts requiring such adjustment, and shall promptly mail a copy of such statement to each holder of 1969 Preferred Stock at his address then appearing on the record books of the Corporation. Each Transfer Agent shall be fully protected in relying on such statement and shall be under no duty to examine into the truth or accuracy thereof. If any question shall at any time arise with respect to the adjusted conversion rates, such question shall be determined by a firm of independent public accountants selected by the Corporation, who may be the Corporation's auditors, and acceptable to the Transfer Agent, or to the New York Transfer Agent, if there be more than one such agent, and such determination shall be binding upon the Corporation and the holders of such shares.

(g) In case:

(1) the Corporation shall propose to pay any dividend in stock upon its Common Stock or to make any other distribution, other than cash dividends, to the holders of its Common Stock; or

(2) the Corporation shall propose to offer to the holders of its Common Stock rights to subscribe to any additional shares of any class or any other rights or options; or

(3) the Corporation shall propose to effect any reclassification of its Common Stock (other than a reclassification involving merely the subdivision or combination of outstanding Common Stock), or to effect any capital reorganization, or shall propose to consolidate with or merge into another corporation, or to sell, transfer or otherwise dispose of all or substantially all of its property, assets or business; or

(4) the Corporation shall propose to liquidate, dissolve or wind up;

then, in each such case, the Corporation shall file with each Transfer Agent for 1969 Preferred Stock and shall mail to the holders of record of 1969 Preferred Stock at their respective addresses then appearing on the record books of the Corporation notice of such proposed action, such notice to be filed and mailed at least 10 days, if the proposed action is that referred to in subparagraph (1) or (2) above, and at least 30 days, if the proposed action is that referred to in subparagraph (3) or (4) above, prior to the record date for the purpose of determining holders of the Common Stock entitled to the benefits of the action referred to in subparagraph (1) or (2) or to vote with respect to the action referred to in subparagraph (3) or (4) or, if no record date is taken for any such purpose, the date of the taking of such proposed action. Such notice shall specify the date on which the books of the Corporation shall close, or a record be taken, for such stock dividend, distribution of such rights or options, or the date on which such reclassification, reorganization, consolidation, merger, liquidation, dissolution or winding up shall take place, as the case may be, and the date of participation therein by the holders of Common Stock if any such date is to be fixed. If such notice relates to any proposed action referred to in subparagraph (3) or (4) above, it shall set forth facts with respect thereto as shall be reasonably necessary to inform the Transfer Agents and the holders of such shares as to the effect of such action upon their conversion rights. Failure to file any certificate or notice or to mail any notice, or any defect in any certificate or notice, pursuant to this paragraph (g), shall not affect the legality or validity of any adjustment, dividend, distribution or right referred to herein.

(h) In order to convert shares of 1969 Preferred Stock into Common Stock the holder thereof shall surrender at the office of the Transfer Agent the certificate or certificates therefor, duly endorsed to the Corporation or in blank, and give written notice to the Corporation at said office that he elects to convert such shares and shall state in writing therein the name or names (with addresses) in which he wishes the certificate or certificates for Common Stock to be issued. Shares of 1969 Preferred Stock shall be deemed to have been converted on the date of the surrender of such certificate or certificates for shares for conversion as provided above, and the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such Common Stock on such date. As soon as practicable on or after the date of conversion as aforesaid, the Corporation will issue and deliver at said office a certificate or certificates for the number of full shares of Common Stock issuable upon such conversion, together with a scrip certificate for, or cash in lieu of, any fraction of a share, as hereinafter in paragraph (j) provided, to the person or persons entitled to receive the same.

The Corporation will pay any and all federal or Pennsylvania original issue taxes that may be payable in respect of the issue or delivery of shares of Common Stock on conversion of shares of 1969 Preferred Stock pursuant hereto. The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of shares of Common Stock in a name other than that in which the shares of 1969 Preferred Stock so converted were registered, and no issue or delivery shall be made unless and until the person requesting such issue has paid to the Corporation the amount of any such tax, or has established to the satisfaction of the Corporation either that such tax has been paid or that no such tax is payable.

(i) Shares of 1969 Preferred Stock converted into Common Stock shall be retired and cancelled and shall not be reissued, only when required by mandatory provision of law or when provided by resolution of the Board of Directors.

(j) The Corporation shall not issue fractional shares of Common Stock upon any conversion of shares of 1969 Preferred Stock. As to any final fraction of a share which the holder of one or more shares of 1969 Preferred Stock would be entitled to receive upon exercise of his conversion right the Corporation shall, at its option as to any such exercise, either (i) deliver a scrip certificate of the Corporation in respect of such final fraction, or (ii) pay a cash adjustment in respect of such final fraction in an amount equal to the same fraction of the last sale price (or bid price if there were no sales) per share

of Common Stock on the New York Stock Exchange on the business day which next precedes the day of exercise or, if such Common Stock is not then listed on the New York Stock Exchange, of the market price per share (as determined in a manner prescribed by the Board of Directors of the Corporation) at the close of business on the business day which next precedes the day of exercise. Such scrip certificate shall be in bearer form and, when surrendered within a specified time fixed by the Board of Directors (which shall not be less than three years from the date of issue), with other scrip certificates representing in the aggregate one or more full shares of Common Stock, shall be exchangeable for a certificate representing such full share or shares. Such scrip certificate shall not entitle the bearer thereof to exercise any voting rights, to receive dividends, to participate in any distribution of assets of the Corporation, or to exercise any other rights as a stockholder of the Corporation. Such scrip certificates shall be in such form, and shall contain such provisions, whether relating to the sale of such scrip certificates for the account of the holders thereof, or otherwise, as shall be determined by the Board of Directors prior to the issue thereof in accordance with the provisions of applicable law.

(k) The Corporation shall at all times have authorized and unissued, or in its treasury, a number of shares of Common Stock sufficient for the satisfaction of any scrip certificates and the conversion of all shares of 1969 Preferred Stock at the time outstanding.

If any shares of Common Stock require registration with or approval of any governmental authority under any Federal or State law, before such shares may be validly issued upon conversion, then the Corporation will in good faith and as expeditiously as possible endeavor to secure such registration or approval as the case may be.

The Corporation warrants that all Common Stock issued upon conversion of shares of 1969 Preferred Stock will upon issue be fully paid and non-assessable by the Corporation and free from original issue taxes.

B. PRIOR PREFERRED STOCK

1. Designation. There shall be four initial series of Prior Preferred Stock which shall consist of 77,500 shares, divided and designated as follows:

"\$4.20 Prior Preferred Stock" consisting of 27,500 shares.

"\$4.55 Prior Preferred Stock" consisting of 10,000 shares.

"\$5.70 Prior Preferred Stock" consisting of 20,000 shares.

"\$5.75 Prior Preferred Stock" consisting of 20,000 shares.

The aforesaid series being herein collectively called the "1969 Preferred Stock." All shares of the Prior Preferred Stock of all series shall be of equal rank.

2. Dividends. The holders of 1969 Preferred Stock shall be entitled to receive out of any funds legally available for the purpose when and as declared by the Board of Directors cash dividends thereon in the following amounts per annum, and no more:

\$4.20 Prior Preferred Stock: \$4.20 per share.

\$4.55 Prior Preferred Stock: \$4.55 per share.

\$5.70 Prior Preferred Stock: \$5.70 per share.

\$5.75 Prior Preferred Stock: \$5.75 per share.

Dividends on the 1969 Preferred Stock shall be payable commencing the first day of March, June, September or December which is at least thirty days after the Effective Date of the merger of PSW Company, a wholly-owned subsidiary of the Corporation, into Philadelphia Suburban Water Company, a Pennsylvania corporation, (herein called "PSW") and dividends on each share of 1969 Preferred Stock shall be cumulative from the last date to which dividends were paid on the PSW share or shares which were exchanged for and converted into and became such share of 1969 Preferred Stock, regardless of the date of issue of any such share of 1969 Preferred Stock. Accumulations of dividends shall not bear interest. Dividends on 1969 Preferred Stock shall be payable quarterly on the first day of each of the months of March, June, September and December in each year to shareholders of record on the respective dates, not exceeding forty (40) days preceeding such dividend payment dates, fixed for the purpose by the Board of Directors. Whenever there shall be paid on Prior Preferred Stock of any series the full amount or any part of the dividends payable thereon there shall also be paid at the same time upon the shares of each other series of Prior Preferred Stock then outstanding, the full amount or the same proportionate part, as the case may be, of the dividends payable thereon (including unpaid cumulative dividends, if any).

No deposit or payment shall be made in or to any purchase or sinking fund applicable to any Prior Preferred Stock or any class of stock ranking on a parity with or junior to 1969 Preferred Stock as to dividends or the distribution of assets upon liquidation, unless all dividends on 1969 Preferred Stock for all past quarterly

dividend periods have been paid.

So long as any 1969 Preferred Stock shall remain outstanding, no dividend or other distribution (except in stock of the Corporation of a class ranking junior to 1969 Preferred Stock as to dividends and the distribution of assets upon liquidation) shall be paid or made on Common Stock, Series Preferred Stock or other shares of the Corporation ranking junior to 1969 Preferred Stock as to dividends or the distribution of assets upon liquidation (herein called "junior shares") and no Common Stock or Series Preferred Stock or junior shares shall be purchased or otherwise acquired by the Corporation or any subsidiary of the Corporation, as hereinafter defined in this Section 2, other than by exchange therefor of Common Stock, Series Preferred Stock or other junior shares of the Corporation, or out of the proceeds of the substantially concurrent sale of Common Stock, Series Preferred Stock or other junior shares of the Corporation, unless (whether or not there shall be funds legally available therefor) (a) all dividends on 1969 Preferred Stock for all past quarterly dividend periods shall have been paid and (b) no default in making the sinking fund payments required pursuant to Section 8 hereof shall exist.

The term "subsidiary" or the plural thereof, as used herein shall mean any corporation of which the Corporation or one or more subsidiaries own or control, directly or indirectly, more than fifty per cent (50%) of the outstanding stock having by its terms ordinary voting power to elect a majority of the Board of Directors of such corporation, irrespective of whether or not at the time stock of any one class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency.

Subject to the above limitations, dividends may be paid on Common Stock, Series Preferred Stock or junior shares out of any funds legally available for such purpose when and as declared by the Board of Directors.

3. Liquidation Rights. In the event of any liquidation, dissolution or winding up of the Corporation, the holders of 1969 Preferred Stock shall be entitled to receive from the assets of the Corporation, whether represented by capital, surplus, reserves or earnings, payment in cash of \$100 per share in the case of 34.20 Prior Preferred Stock and \$4.55 Prior Preferred Stock, \$100 per share

in the case of \$5.70 Prior Preferred Stock and \$102 per share in the case of \$5.75 Prior Preferred Stock, plus a further amount equal to unpaid cumulative dividends on 1969 Preferred Stock accrued to the date when such payment shall be made available to the holders thereof, and no more, before any distribution of assets shall be made to the holders of the Common Stock, Series Preferred Stock or other shares ranking junior to 1969 Preferred Stock as to the distribution of assets upon liquidation. If, upon such liquidation, dissolution or winding up, the assets distributable to the holders of Prior Preferred Stock of all series shall be insufficient to permit the payment in full to such holders of the preferential amounts to which they are entitled, then such assets shall be distributed ratably among the shares of all series of Prior Preferred Stock in accordance with the respective preferential amounts (including unpaid cumulative dividends, if any) payable with respect thereto.

After payment in full to the holders of 1969 Preferred Stock of the preferential amounts set forth in the preceding paragraph or after moneys or other assets sufficient for such payment shall have been deposited by the Corporation with a bank or trust company doing business in the City of Philadelphia, Commonwealth of Pennsylvania, and having capital, surplus and undivided profits aggregating at least \$2,000,000, so as to be and to continue to be available for such payment to the holders of 1969 Preferred Stock, the remaining assets of the Corporation available for payment and distribution to shareholders shall be paid and distributed to the holders of Common Stock, Series Preferred Stock and junior shares.

Neither a consolidation or merger of the Corporation with or into any other corporation, nor a merger of any other corporation into the Corporation, nor a reorganization of the Corporation, nor the purchase or redemption of all or part of the outstanding shares of any class or classes of the Corporation, nor a sale or transfer of all or any part of its assets shall be considered a liquidation, dissolution or winding up of the Corporation within the meaning of this Section 3.

4. Redemption of 1969 Preferred Stock. The 1969 Preferred Stock may be called for redemption and redeemed at the option of the Corporation by action of the Board of Directors, in whole at any time or in part at any time or from time to time upon the notice herein-after provided for in section 5 hereof, by the payment therefor of \$102 per share (herein called the "redemption price") plus an amount

equal to the accrued and unpaid cumulative dividends thereon to the date fixed by the Board of Directors as the redemption date. If at any time less than all of any series of 1969 Preferred Stock then outstanding shall be called for redemption, the shares so called for redemption shall be selected pro rata (by lot in the case of \$5.75 Prior Preferred Stock) subject to any limitations contained herein. The Corporation may also, from time to time, purchase or otherwise acquire 1969 Preferred Stock theretofore issued and at the time outstanding at a price not in excess of the redemption price.

The foregoing paragraph is subject to the provision that, in the event that any quarterly dividend due on, or any sinking fund payment pursuant to Section 8 hereof with respect to, any series of 1969 Preferred Stock shall be in default (whether or not there shall be funds legally available therefor), and until all such defaults shall have been cured, the Corporation shall not redeem any Prior Preferred Stock of any series or any parity shares, as hereinafter defined in this Section 4, unless all outstanding shares of 1969 Preferred Stock are redeemed, and neither the Corporation nor any subsidiary shall purchase or otherwise acquire for value any Prior Preferred Stock of any series or any parity shares except in accordance with an offer made simultaneously by the Corporation or such subsidiary to all holders of record of Prior Preferred Stock and any parity shares providing for the purchase thereof at a stated price or prices which will result in equal treatment among the respective series of Prior Preferred Stock and such parity shares on a basis proportionate to the respective redemption prices of the Prior Preferred Stock and such parity shares and upon stated terms, other than price, which shall be the same with respect to all series of Prior Preferred Stock and all parity shares.

"Parity shares" as used herein shall mean shares ranking on a parity with the Prior Preferred Stock with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up of the Corporation.

Shares of 1969 Preferred Stock redeemed by operation of the sinking fund or otherwise shall be retired and cancelled and shall not be reclassified or otherwise reissued. Except as to shares redeemed, 1969 Preferred Stock purchased or otherwise acquired by the Corporation shall be held as treasury shares (and may be sold or disposed of) or shall be retired and cancelled as may be determined by the Board of Directors.

5. Manner of Redemption of 1969 Preferred Stock. Notice

of redemption of any shares of 1969 Preferred Stock shall be mailed by the Corporation not less than 30 nor more than 90 days prior to the date fixed by the Board of Directors of the Corporation for redemption (herein called the "redemption date"), to the holders of record of the shares to be redeemed at their respective addresses then appearing on the records of the Corporation. At any time before the redemption date the Corporation shall deposit in trust, for the account of the holders of the shares to be redeemed, so as to be and continue to be available therefor, the moneys necessary for such redemption with a bank or trust company, to be designated in the notice of such redemption, doing business in the City of Philadelphia, Commonwealth of Pennsylvania, and having capital, surplus and undivided profits aggregating at least \$2,000,000. Upon the making of such deposit, and upon the mailing as hereinabove provided of the notice of such redemption or upon the earlier delivery to said bank or trust company of irrevocable authorization and direction to mail such notice, all shares with respect to the redemption of which such deposit shall have been made and such mailing effected or authorization therefor given shall, whether or not the certificates for such shares shall have been surrendered for cancellation, be deemed to be no longer outstanding for any purpose and all rights with respect to such shares shall thereupon cease and terminate, except only the right (which shall be stated in such notice of redemption) of the holders of the certificates for such shares to receive, out of the moneys so deposited in trust, from and after the time of such deposit, the amount payable upon the redemption thereof, without interest. At the expiration of two years after the redemption date any such moneys then remaining on deposit with such bank or trust company shall be paid over to the Corporation, free of trust, and thereafter the holders of the certificates for such shares shall have no claims against such bank or trust company, but only claims as unsecured creditors against the Corporation for amounts equal to their pro rata portions of the moneys so paid over, without interest. Interest, if any, accrued on moneys deposited with any bank or trust company pursuant to the foregoing provisions shall belong to the Corporation.

6. Voting Rights. Holders of the 1969 Preferred Stock shall be entitled to vote, share and share alike, with the holders of Common Stock of the Corporation and holders of any other series of Prior Preferred Stock or any series of Series Preferred Stock of the Corporation having voting rights under the terms of such series, except upon matters with respect to which the holders of

Prior Preferred Stock, Series Preferred Stock and Common Stock have separate voting rights as provided in the Articles of the Corporation, or as otherwise required by law. If and when dividends payable on Prior Preferred Stock shall be in default in an aggregate amount equivalent to four quarterly dividends, or if and so long as the Corporation shall be in default in making the sinking fund payments required pursuant to Section 8 hereof or pursuant to any similar provision of any other series of Prior Preferred Stock, the occurrence of any such default shall mark the beginning of a period (herein referred to as the "default period") which shall extend until such time as all accrued and unpaid dividends for all previous quarterly dividend periods on all shares of Prior Preferred Stock then outstanding shall have been declared and paid and until all defaults in sinking fund payments pursuant to Section 8 hereof, or pursuant to any similar provision of any other series of Prior Preferred Stock shall have been cured, or until the Board of Directors shall have failed to declare and pay such dividends or make such sinking fund payments out of available surplus earnings for a period of 30 days following written demand by any holder of Common Stock or any series of Series Preferred Stock having voting rights.

Upon the beginning of any such default period, but without duplication because of contemporaneous defaults in the payment of dividends or defaults in sinking fund payments pursuant to Section 8 hereof, or pursuant to any similar provision of any other series of Prior Preferred Stock, the Board of Directors shall immediately amend the By-Laws of the Corporation so as to increase the number of Directors by the smallest number of additional directors as shall be required to permit the holders of all series of Prior Preferred Stock, voting as a single class for such additional directors, to elect not less than a majority of the Board of Directors as thus increased and during such default period the holders of Prior Preferred Stock, voting as a single class, shall be entitled to elect such additional members of the Board of Directors (herein called "prior preferred stock directors") and the Board of Directors so elected shall apply all surplus earnings of the Corporation arising from time to time after their election, so far as lawfully available therefore, in payment of dividends on Prior Preferred Stock and in making required sinking fund payments until all accumulated and unpaid dividends on the Prior Preferred Stock and all sinking fund payments then required pursuant to Section 8 hereof or pursuant to any similar provision of any other series of Prior Preferred Stock shall have been paid in full. During such default period, the holders of Common Stock and any series of Series Preferred Stock having vot-

ing rights for such purpose voting separately and as a single class, shall have the right to elect the remaining number of members of the Board of Directors of the Corporation as provided in the By-Laws. If the Board of Directors shall fail to so amend the By-Laws, such holders of Prior Preferred Stock shall be entitled to make such amendment at an extraordinary meeting convened in accordance with the following paragraph, provided that upon the termination of any default period, any By-Law amendment so adopted by the holders of Prior Preferred Stock may be rescinded by the Board of Directors.

Except as provided below, within 30 days after the beginning of the default period, upon the same notice and in accordance with the procedure as provided in the By-Laws for the calling of an extraordinary meeting of shareholders, the Board of Directors shall call a special meeting of such holders of Prior Preferred Stock at which such holders shall vote as a single class for the election of the prior preferred stock directors. If such meeting shall have not been called by the Board of Directors within said 30 day period, such meeting may be called, upon like notice, at the expense of the Corporation, at any time thereafter prior to the next annual meeting of shareholders or the termination of such default period, by the holders of not less than 1% of the number of shares of Prior Preferred Stock at that time outstanding. If the annual meeting of shareholders is required by the By-Laws of the Corporation to be held within 60 days after the beginning of a default period, the prior preferred stock directors shall be elected at the annual meeting of shareholders by such holders of Prior Preferred Stock voting as a single class. After the first election of prior preferred stock directors, as herein provided, and as long as the default period continues, the prior preferred stock directors shall be elected annually by the holders of Prior Preferred Stock then entitled to elect prior preferred stock directors voting as a single class at the annual meeting of shareholders.

All meetings at which the holders of 1969 Preferred Stock shall be entitled to vote share and share alike with the holders of Common Stock of the Corporation and holders of any other series of Prior Preferred Stock or any series of Series Preferred Stock of the Corporation having voting rights under the terms of such series shall be held as provided in the By-Laws of the Corporation. All other meetings of the holders of Prior Preferred Stock shall be held at the place designated in the By-Laws of the Corporation as the place for holding its annual meeting of shareholders or at its registered office if no such place is specified in the By-Laws. The holders of shares of Prior

Preferred Stock entitled to be voted at such meeting shall be the only shareholders of the Corporation entitled to receive notice of and to vote at any special meeting of the holders of Prior Preferred Stock.

So long as any default period continues, no prior preferred stock director of the Corporation may be removed from office without the vote (or written consent, if permitted by law) of the holders of a majority of the outstanding Prior Preferred Stock then entitled to elect prior preferred stock directors, and any vacancy on the Board of Directors occurring among prior preferred stock directors shall be filled by vote of a majority of the remaining prior preferred stock directors; or, if there are no remaining prior preferred stock directors, such vacancies shall be filled by such holders of Prior Preferred Stock, voting as a single class, at a special meeting of such holders called as above provided. Likewise in the case of any vacancy on the Board of Directors occurring among directors elected by shareholders other than holders of Prior Preferred Stock shall be filled by vote of a majority of the remaining such directors; or, if there are no remaining such directors, such vacancies shall be filled by such shareholders other than holders of Prior Preferred Stock, voting as a single class, at a special meeting of such holders called as above provided. So long as any default period continues and during such time as there shall exist an executive committee elected by the Board of Directors from its members as authorized by the By-Laws, not less than a majority of the number of the members of such executive committee shall be prior preferred stock directors.

Upon the termination of a default period, the terms of the prior preferred stock directors, including their terms as members of any executive committee, shall thereupon expire and the right of the holders of Prior Preferred Stock, as a class, to elect prior preferred stock directors shall cease, subject to the reversioning of such right in the event of the beginning of another default period. Except as expressly provided herein, nothing herein contained shall limit or otherwise affect the right of the Board of Directors or the holders of Common Stock and Prior Preferred Stock of the Corporation and the holders of Series Preferred Stock of the Corporation having rights for such purpose, to fix or change the number of members of the Board of Directors.

Except when some mandatory provision of law shall be controlling and except as provided in paragraph (b) of Section 7 hereof, as long as two or more series of Prior Preferred Stock are outstanding, no particular series of Prior Preferred Stock shall be entitled

to vote as a separate series on any matter and all shares of Prior Preferred Stock of all series shall be deemed to constitute but one class for any purpose for which a vote of the shareholders of the Corporation by classes may now or hereafter be required.

7. Restrictions on Certain Corporate Action. So long as any 1969 Preferred Stock shall remain outstanding, the Corporation shall not, without the consent (given in writing or by vote at a meeting called for the purpose) of the holders of two-thirds of the outstanding Prior Preferred Stock effect or validate any one or more of the following:

(a) The authorization of any Prior Preferred Stock in addition to the 160,000 shares now authorized or of any other class of stock ranking prior to or on a parity with the Prior Preferred Stock with respect to either the payment of dividends or the distribution of assets or of any securities convertible into Prior Preferred Stock or any such shares ranking prior thereto or on a parity therewith.

(b) The amendment of the Articles of the Corporation so as to affect adversely any of the preferences or other rights of the holders of Prior Preferred Stock, provided that an amendment adversely affecting less than all of the outstanding series of the Prior Preferred Stock shall require such consent or vote only of two-thirds of the outstanding shares of all series so affected.

8. Sinking Fund. So long as any shares of the 1969 Preferred Stock are outstanding, the Corporation shall, after full dividends on the Prior Preferred Stock for all past quarterly dividend periods have been paid or declared and set apart for payment, redeem on March 1 of each year, commencing March 1, 1980, 10% of the aggregate number of all shares of each series of 1969 Preferred Stock originally issued, at the price of \$100 per share plus accrued and unpaid dividends to date of redemption, to the extent that it has funds legally available for such purpose, subject to the following provisions of this Section 8. Funds shall not be deemed legally available for said purpose in excess of the amount of the capital and surplus of the Corporation legally available for the redemption of shares of 1969 Preferred Stock determined in accordance with generally accepted accounting principles. Treasury shares shall be deemed to be outstanding for the purpose of this Section 8.

On or before each such March 1, the Corporation shall, subject to the foregoing, deposit all funds necessary for the redemption of shares of each series of 1969 Preferred Stock as above provided, in trust for the account of the holders of the shares to be redeemed, so as to be and continue to be available therefor, with a bank or trust company doing business in the City of Philadelphia, Commonwealth of Pennsylvania, and having capital, surplus and undivided profits aggregating at least \$2,000,000. The particular shares of each series so to be redeemed shall be determined and notice of such redemption shall be given by the Corporation in the manner and with the effect provided in Sections 4 and 5 hereof; except that such notice shall state that redemption is being made pursuant to the sinking fund requirement for shares of each such series.

If the Corporation fails to comply with its sinking fund obligation as heretofore provided, it shall make good any such deficiency at the earliest possible time thereafter subject to the foregoing provisions of this Section 8. The obligation to redeem shares of each series of 1969 Preferred Stock for the sinking fund as aforesaid shall be cumulative if and to the extent not satisfied in any year, whether or not there shall be funds legally available therefor as aforesaid, but without interest on the amount of any deficiencies.

No sinking fund provision for any series of the Prior Preferred Stock shall have priority over the sinking fund provision for the benefit of any other series of Prior Preferred Stock, and no sinking fund redemptions and payments shall be made for any series of the Prior Preferred Stock unless like proportionate sinking fund redemptions and payments shall be made, or provision therefor duly made, for all series of the Prior Preferred Stock.

ARTICLE VI. The shareholders of the corporation shall not have the right to cumulate their votes for the election of directors of the corporation.

ARTICLE VII. Any action which may be taken at a meeting of shareholders or of a class of shareholders may be taken without a meeting if a consent or consents in writing to such action, setting forth the action so taken, shall be signed by shareholders entitled to cast a majority (or such larger percentage as may at the time of such action be required by statute for the taking of action by shareholders without a meeting) of the votes which all such shareholders are authorized to cast thereon.

3-1-74.47 664

ARTICLE VIII. These articles of incorporation may be amended in the manner now or hereafter prescribed by statute, and all rights conferred upon shareholders herein are granted subject to this reservation.

Commonwealth of Pennsylvania



Department of State Office of the Secretary of the Commonwealth

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETING:

WHEREAS, In and by Article VIII of the Business Corporation Law, approved the fifth day of May, Anno Domini one thousand nine hundred and thirty-three, the Department of State is authorized and required to issue a

CERTIFICATE OF AMENDMENT

evidencing the amendment and restatement of the Articles of Incorporation in their entirety of a business corporation organized under or subject to the provisions of that Law; and

WHEREAS, The stipulations and conditions of that Law pertaining to the amendment of Articles of Incorporation have been fully complied with by

PHILADELPHIA SUBURBAN CORPORATION

HENCEFORTH, The "Articles," as defined in Article I of the Business Corporation Law, shall not include any prior documents;

THEREFORE, KNOW YE, That subject to the Constitution of this Commonwealth and under the authority of the Business Corporation Law, I do by these presents, which I have caused to be Sealed with the Great Seal of the Commonwealth, extend the rights and powers of the corporation named above, in accordance with the terms and provisions of the Articles of Amendment presented by it to the Department of State, with full power and authority to use and enjoy such rights and powers, subject to all the provisions and restrictions of the Business Corporation Law and all other applicable laws of this Commonwealth.

GIVEN under my Hand and the Great Seal of the Commonwealth, at the City of Harrisburg, this 2nd day of December, in the year of our Lord, one thousand nine hundred and seventy-four, and of the Commonwealth, the one hundred and ninety-ninth.

C. H. Lores Tucker
Secretary of the Commonwealth

Applicant's Account No. _____

DSCR BCL-806 (Rev. 3-72)

Filing Fee: \$40
AB-2

3-1-76:25 392

Articles of
Amendment—
Domestic Business Corporation

²⁷⁹⁷⁵⁷
COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
CORPORATION BUREAU

Filed this 15th day of June, 1976
Commonwealth of Pennsylvania
Department of State

C. McLaughlin
Secretary of the Commonwealth

In compliance with the requirements of section 806 of the Business Corporation Law, act of May 5, 1933 (P. L. 364) (15 P. S. §1806), the undersigned corporation, desiring to amend its Articles, does hereby certify that:

1. The name of the corporation is:

Philadelphia Suburban Corporation

2. The location of its registered office in this Commonwealth is (the Department of State is hereby authorized to correct the following statement to conform to the records of the Department):

762 Lancaster Avenue

(NUMBER)

(STREET)

Bryn Mawr

Pennsylvania

19010

(CITY)

(ZIP CODE)

3. The statute by or under which it was incorporated is:

Pennsylvania Business Corporation Law, Act of May, 1933, P.L. 364, as amended

4. The date of its incorporation is: November 14, 1968

5. (Check, and if appropriate, complete one of the following):

The meeting of the shareholders of the corporation at which the amendment was adopted was held at the time and place and pursuant to the kind and period of notice herein stated.

Time: The 13th day of May, 1976

Place: Bellevue-Stratford Hotel, Broad and Walnut Sts., Philadelphia, Pa.
19102

Kind and period of notice Written notice mailed April 5, 1976 to all shareholders
of record on March 25, 1976.

The amendment was adopted by a consent in writing, setting forth the action so taken, signed by all of the shareholders entitled to vote thereon and filed with the Secretary of the corporation.

c. At the time of the action of shareholders:

(a) The total number of shares on standing was:

Common Shares - 7,426,732 Series Preferred Shares - 5,609
Prior Preferred Shares - 77,500

(b) The number of shares entitled to vote was:

Common Shares - 7,426,732 Series Preferred Shares - 5,609
Prior Preferred Shares - 77,500

3-1-76:25

398

7. In the action taken by the shareholders:

(a) The number of shares voted in favor of the amendment was:

Common Shares - 5,836,207 Series Preferred Shares - 4,217 Total 5,904,127
Prior Preferred Shares 63,713

(b) The number of shares voted against the amendment was:

Common Shares - 78,918, Series Preferred Shares - None, Total 79,747
Prior Preferred Shares - 829,

8. The amendment adopted by the shareholders, set forth in full, is as follows:

RESOLVED, that the first sentence of Article 5 be amended to read as follows:

ARTICLE V. The aggregate number of shares which the Corporation shall have authority to issue is 22,082,500 shares, divided into 20,000,000 shares of Common Stock, par value \$1.00 per share, 1,922,500 shares of Series Preferred Stock, par value \$1.00 per share, and 160,000 shares of Prior Preferred Stock, par value \$1.00 per share.

IN TESTIMONY WHEREOF, the undersigned corporation has caused these articles of amendment to be signed by a duly authorized officer and its corporate seal, duly attested by another such officer, to be hereunto affixed this 4th day of June, 1976.

Philadelphia Suburban Corporation
(NAME OF CORPORATION)

Attest:

Howard L. Shecter
(SIGNATURE)

By:

John A. Sergovic
(SIGNATURE)

John A. Sergovic, Vice President-
Administration and Finance
(TITLE: PRESIDENT, VICE PRESIDENT, ETC.)

Howard L. Shecter, Assistant Sec.
(TITLE: SECRETARY, ASSISTANT SECRETARY, ETC.)

(CORPORATE SEAL)

INSTRUCTIONS FOR COMPLETION OF FORM:

- A. Any necessary copies of Form DSCB-17.2 (Consent to Appropriation of Name) or Form DSCB-17.3 (Consent to Use of Similar Name) shall accompany Articles of Amendment effecting a change of name.
- B. Any necessary governmental approvals shall accompany this form.
- C. Where action is taken by partial written consent pursuant to the Articles, the second alternative of Paragraph 5 should be modified accordingly.
- D. If the shares of any class were entitled to vote as a class, the number of shares of each class so entitled and the number of shares of all other classes entitled to vote should be set forth in Paragraph 6.
- E. If the shares of any class were entitled to vote as a class, the number of shares of such class and the number of shares of all other classes voted for and against such amendment respectively should be set forth in Paragraphs 7(a) and 7(b).
- F. BUL 3807 (15 P. S. 51807) requires that the corporation shall advertise its intention to file or the filing of Articles of Amendment. Proofs of publication of such advertising should not be delivered to the Department, but should be filed with the minutes of the corporation.

RECEIVED
76 JUN 15 11:15 AM '76
DEPARTMENT OF STATE

TRADEMARK

Commonwealth of Pennsylvania



Department of State

To All to Whom These Presents Shall Come, Greeting:

Whereas, In and by Article VIII of the Business Corporation Law, approved the fifth day of May, Anno Domini one thousand nine hundred and thirty-three, P. L. 364, as amended, the Department of State is authorized and required to issue a

CERTIFICATE OF AMENDMENT

evidencing the amendment of the Articles of Incorporation of a business corporation organized under or subject to the provisions of that Law, and

Whereas, The stipulations and conditions of that Law pertaining to the amendment of Articles of Incorporation have been fully complied with by

PHILADELPHIA SUBURBAN CORPORATION

Therefore, Know Ye, That subject to the Constitution of this Commonwealth and under the authority of the Business Corporation Law, I do by these presents, which I have caused to be sealed with the Great Seal of the Commonwealth, extend the rights and powers of the corporation named above, in accordance with the terms and provisions of the Articles of Amendment presented by it to the Department of State, with full power and authority to use and enjoy such rights and powers, subject to all the provisions and restrictions of the Business Corporation Law and all other applicable laws of this Commonwealth.

Given under my Hand and the Great Seal of the Commonwealth, at the City of Harrisburg, this 15th day of June in the year of our Lord one thousand nine hundred and seventy-six and of the Commonwealth the two hundredth

C. McLaughlin Tisher

Secretary of the Commonwealth
ec

APPLICANT'S ACCOUNT NO

DSCP BCL-307 (Rev 8-72)

Filing Fee: \$40
AB-2

Statement of
Change of Registered
Office—Domestic
Business Corporation

3-1-78:21 886

(Line for numbering)
279757

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
CORPORATION BUREAU

Filed this 18th day of
May 1978
Commonwealth of Pennsylvania
Department of State

Barton A. Fields

Secretary of the Commonwealth sc

(Box for Certification)

In compliance with the requirements of section 307 of the Business Corporation Law, act of May 5, 1933 (P. L. 364) (15 P. S. §1307) the undersigned corporation, desiring to effect a change in registered office, does hereby certify that:

1. The name of the corporation is:

Philadelphia Suburban Corporation

2. The address of its present registered office in this Commonwealth is (the Department of State is hereby authorized to correct the following statement to conform to the records of the Department):

762 Lancaster Avenue

(NUMBER)

(STREET)

Bryn Mawr

(CITY)

Pennsylvania

19010

(ZIP CODE)

3. The address to which the registered office in this Commonwealth is to be changed is:

Two Radnor Corporate Center, 100 Matsonford Road

(NUMBER)

(STREET)

Radnor

(CITY)

Pennsylvania

19087

(ZIP CODE)

4. Such change was authorized by resolution duly adopted by at least a majority of the members of the board of directors of the corporation.

IN TESTIMONY WHEREOF, the undersigned corporation has caused this statement to be signed by a duly authorized officer, and its corporate seal, duly attested by another such officer, to be hereunto affixed, this 18th day of May, 1978.

Philadelphia Suburban Corporation

(NAME OF CORPORATION)

By

Robert J. Lynch

Robert J. Lynch,
Treasurer

(TITLE: PRESIDENT, VICE PRESIDENT, ETC.)

Attest:

Howard L. Shacter

Howard L. Shacter

(SIGNATURE)

Assistant Secretary

(TITLE: SECRETARY, ASSISTANT SECRETARY, ETC.)

(CORPORATE SEAL)

APPLICANT'S ACCT NO.

DSCB: BCL--709 (Rev. 8-72)

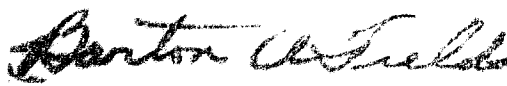
Filing Fee: \$40
AB-2

Statement of Reduction
of Authorized Shares—
General Business Corporation

3-1-78:21 887

(Line for numbering)
279757

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
CORPORATION BUREAU

Filed this <u>18th</u> day of <u>May</u> , 1978. Commonwealth of Pennsylvania Department of State  Secretary of the Commonwealth ec

(Box for Certification)

In compliance with the requirements of section 709 of the Business Corporation Law, act of May 5, 1933 (P. L. 364) (15 P. S. §1709), the undersigned corporation, desiring to effect a reduction in its authorized shares, does hereby certify that:

1. The name of the corporation is:

Philadelphia Suburban Corporation

2. The location of its registered office in this Commonwealth is (the Department of State is hereby authorized to correct the following statement to conform to the records of the Department):

Two Radnor Corporate Center, 100 Matsonford Road

(NUMBER)

(STREET)

Radnor

(CITY)

Pennsylvania

19087

(ZIP CODE)

3. The aggregate number of shares which the corporation had authority to issue is:

See Exhibit A attached hereto

4. (Check, and if appropriate, complete one or more of the following):

The provisions of the Articles of the corporation prohibiting the reissue of the shares to which this statement relates are as follows:

OCSB:BCI-709 (Rev. 8-72)-2

The shares to which this statement relates have been acquired on conversion thereof into or exchange thereof for other shares of the corporation.

The resolution of the board of directors directing the reduction in authorized shares to which this statement relates is set forth in Exhibit A attached hereto and made a part hereof.

The resolution of the shareholders approving the reduction in authorized shares to which this statement relates is set forth in Exhibit B attached hereto and made a part hereof. At the time of the action of shareholders:

(i) The total number of shares outstanding was:

(ii) The number of shares entitled to vote was:

In the action taken by the shareholders:

(iii) The number of shares voted in favor of the reduction was:

(iv) The number of shares voted against the reduction was:

5. The number of shares which the corporation has authority to issue after giving effect to such reduction is:

See Exhibit B attached hereto.

IN TESTIMONY WHEREOF, the undersigned corporation has caused this statement to be signed by a duly authorized officer and its corporate seal, duly attested by another such officer, to be hereunto affixed this 11th day of May, 1978.

Philadelphia Suburban Corporation

(NAME OF CORPORATION)

By:

Robert J. Lynch

Robert J. Lynch,
Treasurer

(TITLE: PRESIDENT, VICE PRESIDENT, ETC.)

Attest:

Howard L. Shecter

Howard L. Shecter

Assistant Secretary

(TITLE: SECRETARY, ASSISTANT SECRETARY, ETC.)

(CORPORATE SEAL)

3-1-78:21

889

Exhibit A

<u>Title of Class</u>	<u>Series</u>	<u>Total Authorized Per Class</u>	<u>Total Authorize Per Series</u>
Common Stock	(None)	20,000,000	-
Series Preferred Stock		1,922,500	-
	\$4.50 Convertible Preferred Stock, Series A	-	200,000
Prior Preferred Stock		160,000	
	\$4.20 Prior Preferred Stock	-	27,500
	\$4.55 Prior Preferred Stock	-	10,000
	\$5.70 Prior Preferred Stock	-	20,000
	\$5.75 Prior Preferred Stock	-	20,000

Exhibit B

<u>Title of Class</u>	<u>Series</u>	<u>Total Authorized Per Class</u>	<u>Total Authorized Per Series</u>
Common Stock	(None)	20,000,000	-
Series Preferred Stock		1,771,249	-
	\$4.50 Convertible Preferred Stock, Series A	-	48,749
Prior Preferred Stock		160,000	
	\$4.20 Prior Preferred Stock	-	27,500
	\$4.55 Prior Preferred Stock	-	10,000
	\$5.70 Prior Preferred Stock	-	20,000
	\$5.75 Prior Preferred Stock	-	20,000

APPLICANT'S ACCT NO

DSCB:BCL--709 (Rev. 8-72)

Filing Fee: \$46
AB-2

Statement of Reduction
of Authorized Shares—
Domestic Business Corporation

79:26 1212

(Line for numbering)

279757

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
CORPORATION BUREAU

Filed this 8th day of

May, 1979

Commonwealth of Pennsylvania
Department of State

Edith D. Alley, D.O.

Secretary of the Commonwealth

(Box for Certification)

In compliance with the requirements of section 709 of the Business Corporation Law, act of May 5, 1933 (P. L. 364) (15 P. S. §1709), the undersigned corporation, desiring to effect a reduction in its authorized shares, does hereby certify that:

1. The name of the corporation is:

PHILADELPHIA SUBURBAN CORPORATION

2. The location of its registered office in this Commonwealth is (the Department of State is hereby authorized to correct the following statement to conform to the records of the Department):

Two Radnor Corporate Center, 100 Matsonford Road

(NUMBER)

(STREET)

Radnor

Pennsylvania

19087

(CITY)

(ZIP CODE)

3. The aggregate number of shares which the corporation had authority to issue is:

See Exhibit A attached hereto.

4. (Check, and if appropriate, complete one or more of the following):

The provisions of the Articles of the corporation prohibiting the reissue of the shares to which this statement relates are as follows.

79:26 1213

DSCB:BCL-709 (Rev. 8-72)-2

The shares to which this statement relates have been acquired on conversion thereof into or exchange thereof for other shares of the corporation.

The resolution of the board of directors directing the reduction in authorized shares to which this statement relates is set forth in Exhibit A attached hereto and made a part hereof

The resolution of the shareholders approving the reduction in authorized shares to which this statement relates is set forth in Exhibit B attached hereto and made a part hereof. At the time of the action of shareholders:

(i) The total number of shares outstanding was:

(ii) The number of shares entitled to vote was:

In the action taken by the shareholders:

(iii) The number of shares voted in favor of the reduction was:

(iv) The number of shares voted against the reduction was:

5. The number of shares which the corporation has authority to issue after giving effect to such reduction is:

See Exhibit B attached hereto.

RECEIVED
MAY 10 1979
DEPARTMENT OF STATE

RECEIVED
MAY 8 1979
DEPARTMENT OF STATE

IN TESTIMONY WHEREOF, the undersigned corporation has caused this statement to be signed by a duly authorized officer and its corporate seal, duly attested by another such officer, to be hereunto affixed this 24th day of April, 1979.

Philadelphia Suburban Corporation

(NAME OF CORPORATION)

By

Robert J. Lynch
(SIGNATURE)

Robert J. Lynch, Treasurer

(TITLE: PRESIDENT, VICE PRESIDENT, ETC.)

Attest

Howard Shecter
(SIGNATURE)

Howard Shecter, Assistant Sec.

(TITLE: SECRETARY, ASSISTANT SECRETARY, ETC.)

(CORPORATE SEAL)

Exhibit A

<u>Title of Class</u>	<u>Series</u>	<u>Total Authorized Per Class</u>	<u>Total Authorized Per Series</u>
Common Stock	(None)	20,000,000	-
Series Preferred Stock		1,771,249	-
	\$4.50 Convertible Preferred Stock, Series A	-	48,749
	Undesignated Series		1,722,500
Prior Preferred Stock		160,000	
	\$4.20 Prior Preferred Stock	-	27,500
	\$4.55 Prior Preferred Stock	-	10,000
	\$5.70 Prior Preferred Stock	-	20,000
	\$5.75 Prior Preferred Stock	-	20,000
	Undesignated Series	-	82,500

Exhibit B

<u>Title of Class</u>	<u>Series</u>	<u>Total Authorized Per Class</u>	<u>Total Authorized Per Series</u>
Common Stock	(None)	20,000,000	-
Series Preferred Stock		1,770,819	-
	\$4.50 Convertible Preferred Stock, Series A	-	68,319
	Undesignated Series	-	1,722,500
Prior Preferred Stock		160,000	-
	\$4.50 Prior Preferred Stock	-	27,000
	\$4.55 Prior Preferred Stock	-	10,000
	\$5.70 Prior Preferred Stock	-	20,000
	\$5.75 Prior Preferred Stock	-	20,000
	Undesignated Series	-	82,500

APPLICANT'S ACCT NO

DSCB:BCL-709 (Rev. 8-72)

Filing Fee: \$48
AB-2

Statement of Reduction
of Authorized Shares—
Domestic Business Corporation

79-44 1298

(Line for numbering)
279757

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
CORPORATION BUREAU

Filed this 17th day of August, 1979
Commonwealth of Pennsylvania
Department of State

Edw. D. Alley, D.O.

Secretary of the Commonwealth ec

(Box for Certification)

In compliance with the requirements of section 709 of the Business Corporation Law, act of May 5, 1933 (P. L. 364) (15 P. S. §1709), the undersigned corporation, desiring to effect a reduction in its authorized shares, does hereby certify that:

1. The name of the corporation is:

PHILADELPHIA SUBURBAN CORPORATION

2. The location of its registered office in this Commonwealth is (the Department of State is hereby authorized to correct the following statement to conform to the records of the Department):

Two Radnor Corporate Center, 100 Matsonford Road

(NUMBER)

(STREET)

Radnor
(CITY)

Pennsylvania

19087
(ZIP CODE)

3. The aggregate number of shares which the corporation had authority to issue is:

See Exhibit A attached hereto.

4. (Check, and if appropriate, complete one or more of the following):

The provisions of the Articles of the corporation prohibiting the reissue of the share to which this statement relates are as follows:

DSCB:BCL-709 (Rev. 8-72)-2

The shares to which this statement relates have been acquired on conversion thereof into or exchange thereof for other shares of the corporation.

The resolution of the board of directors directing the reduction in authorized shares to which this statement relates is set forth in Exhibit A attached hereto and made a part hereof

The resolution of the shareholders approving the reduction in authorized shares to which this statement relates is set forth in Exhibit B attached hereto and made a part hereof. At the time of the action of shareholders:

(i) The total number of shares outstanding was:

(ii) The number of shares entitled to vote was:

In the action taken by the shareholders:

(iii) The number of shares voted in favor of the reduction was:

(iv) The number of shares voted against the reduction was:

5. The number of shares which the corporation has authority to issue after giving effect to such reduction is:

See Exhibit B attached hereto.

79 AUG 17 PM 3:16
DEPARTMENT OF STATE

IN TESTIMONY WHEREOF, the undersigned corporation has caused this statement to be signed by a duly authorized officer and its corporate seal, duly attested by another such officer, to be hereunto affixed this 15th day of August, 1979.

PHILADELPHIA SUBURBAN CORPORATION
(NAME OF CORPORATION)

By: Robert J. Lynch
(SIGNATURE)

Robert J. Lynch, Treasurer
(TITLE: PRESIDENT, VICE PRESIDENT, ETC.)

Attest:
Nancy L. Brown
(SIGNATURE)

Nancy L. Brown, Sec.
(TITLE: SECRETARY, ASSISTANT SECRETARY, ETC.)

(CORPORATE SEAL)

TRADEMARK

Exhibit A

<u>Title of Class</u>	<u>Series</u>	<u>Total Authorized Per Class</u>	<u>Total Authorized Per Series</u>
Common Stock	(None)	20,000,000	-
Series Preferred Stock		1,771,249	-
	\$4.50 Convertible Preferred Stock, Series A	-	48,749
	Undesignated Series		1,722,500
Prior Preferred Stock		160,000	
	\$4.20 Prior Preferred Stock	-	27,500
	\$4.55 Prior Preferred Stock	-	10,000
	\$5.70 Prior Preferred Stock	-	20,000
	\$5.75 Prior Preferred Stock	-	20,000
	Undesignated Series	-	82,500

Exhibit B

<u>Title of Class</u>	<u>Series</u>	<u>Total Authorized Per Class</u>	<u>Total Authorized Per Series</u>
Common Stock	(None)	20,000,000	-
Series Preferred Stock		1,770,819	-
	\$4.50 Convertible Preferred Stock Series A	-	48,319
	Undesignated Series	-	1,722,500
Prior Preferred Stock		160,000	-
	\$4.50 Prior Preferred Stock	-	27,500
	\$4.55 Prior Preferred Stock	-	10,000
	\$5.70 Prior Preferred Stock	-	20,000
	\$5.75 Prior Preferred Stock	-	20,000
	Undesignated Series	-	82,500

APPLICANT'S ACCOUNT NO

DSCB BCL-709 (Rev 8-72)

Filing Fee: \$40
AB-2

Statement of Reduction
of Authorized Shares—
Domestic Business Corporation

80-64 118

(Line for numbering)
279757

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
CORPORATION BUREAU

Filed this 21st day of
October, 1980.
Commonwealth of Pennsylvania
Department of State

William L. Davis

Secretary of the Commonwealth slg

(Box for Certification)

In compliance with the requirements of section 709 of the Business Corporation Law, act of May 5, 1933 (P. L. 364) (15 P. S. §1709), the undersigned corporation, desiring to effect a reduction in its authorized shares, does hereby certify that:

1. The name of the corporation is:

Philadelphia Suburban Corporation

2. The location of its registered office in this Commonwealth is (the Department of State is hereby authorized to correct the following statement to conform to the records of the Department):

Two Radnor Corporate Center
(NUMBER)

100 Matsonford Road

(STREET)

Radnor
(CITY)

Pennsylvania

19087

(ZIP CODE)

3. The aggregate number of shares which the corporation had authority to issue is

See Exhibit A attached hereto.

4. Check, and if appropriate, complete one or more of the following:

The provisions of the Articles of the corporation prohibiting the resale of the shares to which this statement relates are as follows:

DSCB BCL-709 (Rev. 8-72)-2

The shares to which this statement relates have been acquired on conversion thereof into or exchange thereof for other shares of the corporation.

The resolution of the board of directors directing the reduction in authorized shares to which this statement relates is set forth in Exhibit A attached hereto and made a part hereof.

The resolution of the shareholders approving the reduction in authorized shares to which this statement relates is set forth in Exhibit B attached hereto and made a part hereof at the time of the action of shareholders.

(i) The total number of shares outstanding was:

(ii) The number of shares entitled to vote was:

In the action taken by the shareholders

(iii) The number of shares voted in favor of the reduction was:

(iv) The number of shares voted against the reduction was:

5. The number of shares which the corporation has authority to issue after giving effect to such reduction is:

See Exhibit B attached hereto.

RECEIVED
DEPARTMENT OF
OCT 28 PM 3:07

IN TESTIMONY WHEREOF, the undersigned corporation has caused this statement to be signed by a duly authorized officer and its corporate seal duly attested by another such officer to be hereunto affixed this 28th day of October, 1980.

PHILADELPHIA SUBURBAN CORPORATION
(NAME OF CORPORATION)

By *Robert J. Lynch*
(SIGNATURE)

Robert J. Lynch, Treasurer
(TITLE, PRESIDENT, VICE PRESIDENT, ETC.)

ALSO:

Howard L. Shecter
SIGNATURE

Howard L. Shecter, Assistant Secretary
(TITLE, SECRETARY, ASSISTANT SECRETARY, ETC.)

EXHIBIT A

<u>Title of Class</u>	<u>Series</u>	<u>Total Authorized Per Class</u>	<u>Total Authorized Per Series</u>
Common Stock	(None)	20,000,000	-
Series Preferred Stock		1,770,819	-
	\$4.50 Convertible Preferred Stock Series A	-	48,319
	Undesignated Series	-	1,722,500
Prior Preferred Stock		160,000	-
	\$4.50 Prior Preferred Stock	-	27,500
	\$4.55 Prior Preferred Stock	-	10,000
	\$5.70 Prior Preferred Stock	-	20,000
	\$5.75 Prior Preferred Stock	-	20,000
	Undesignated Series	-	82,500

EXHIBIT B

<u>Title of Class</u>	<u>Series</u>	<u>Total Authorized Per Class</u>	<u>Total Authorized Series</u>
Common Stock	(None)	20,000,000	-
Series Preferred Stock		1,770,819	-
	\$4.50 Convertible Preferred Stock Series A	-	319
	Undesignated Series	-	1,770,500
Prior Preferred Stock		152,250	-
	\$4.50 Prior Preferred Stock	-	750
	\$4.55 Prior Preferred Stock	-	100
	\$5.70 Prior Preferred Stock	-	100
	\$5.75 Prior Preferred Stock	-	100
	Undesignated Series	-	100

APPLICANT'S ACCT NO

DSCB BCL—709 (Rev. 8-72)

Filing Fee: \$40
AB-2

Statement of Reduction
of Authorized Shares—
Domestic Business Corporation

81-37 445

(Line for numbering)
279757

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
CORPORATION BUREAU

Filed this 24th day of April, 1981

Commonwealth of Pennsylvania
Department of State

William L Davis

Secretary of the Commonwealth

(Box for Certification) pjd

In compliance with the requirements of section 709 of the Business Corporation Law, act of May 5, 1933 (P. L. 364) (15 P. S. §1709), the undersigned corporation, desiring to effect a reduction in its authorized shares, does hereby certify that:

1. The name of the corporation is:

Philadelphia Suburban Corporation

2. The location of its registered office in this Commonwealth is (the Department of State is hereby authorized to correct the following statement to conform to the records of the Department):

Two Radnor Corporate Center

(NUMBER)

100 Matsonford Road

(STREET)

Radnor

(CITY)

Pennsylvania

19087

(ZIP CODE)

3. The aggregate number of shares which the corporation had authority to issue is:

See Exhibit A attached hereto.

4. (Check, and if appropriate, complete one or more of the following):

The provisions of the Articles of the corporation prohibiting the reissue of the shares to which this statement relates are as follows:

Article V(B) (4) of Philadelphia Suburban Corporation's Amended and Restated Articles of Incorporation provide, in pertinent part, as follows:

"Shares of 1969 Preferred Stock [defined as \$4.20, \$4.55, \$5.70 and \$5.75 Prior Preferred Stock] redeemed by operation of the sinking fund or otherwise shall be retired and cancelled and shall not be reclassified or otherwise reissued."

DSCB:BCL-709 (Rev. 8-72)-2

The shares to which this statement relates have been acquired on conversion thereof into or exchange thereof for other shares of the corporation.

The resolution of the board of directors directing the reduction in authorized shares to which this statement relates is set forth in Exhibit A attached hereto and made a part hereof.

The resolution of the shareholders approving the reduction in authorized shares to which this statement relates is set forth in Exhibit B attached hereto and made a part hereof. At the time of the action of shareholders:

(i) The total number of shares outstanding was:

(ii) The number of shares entitled to vote was:

In the action taken by the shareholders:

(iii) The number of shares voted in favor of the reduction was:

(iv) The number of shares voted against the reduction was:

5. The number of shares which the corporation has authority to issue after giving effect to such reduction is:

See Exhibit B attached hereto.

IN TESTIMONY WHEREOF, the undersigned corporation has caused this statement to be signed by a duly authorized officer and its corporate seal, duly attested by another such officer, to be hereunto affixed this 23rd day of April 1981.

PHILADELPHIA SUBURBAN CORPORATION

(NAME OF CORPORATION)

By

Nancy L. Brown
(SIGNATURE)

Treasurer

(TITLE PRESIDENT VICE PRESIDENT ETC)

Attest:

Nancy L. Brown
(SIGNATURE)

Secretary

(TITLE SECRETARY ASSISTANT SECRETARY ETC)

(CORPORATE SEAL)

EXHIBIT A

<u>Title of Class</u>	<u>Series</u>	<u>Total Authorized Per Class</u>	<u>Total Authorized Per Series</u>
Common Stock	(None)	20,000,000	-
Series Preferred Stock		1,770,819	-
	\$4.50 Convertible Preferred Stock Series A	-	48,319
	Undesignated Series	-	1,722,500
Prior Preferred Stock		160,000	-
	\$4.20 Prior Preferred Stock	-	27,500
	\$4.55 Prior Preferred Stock	-	10,000
	\$5.70 Prior Preferred Stock	-	20,000
	\$5.75 Prior Preferred Stock	-	20,000
	Undesignated Series	-	82,500

EXHIBIT B

<u>Title of Class</u>	<u>Series</u>	<u>Total Authorized Per Class</u>	<u>Total Authorized Per Series</u>
Common Stock	(None)	20,000,000	-
Series Preferred Stock		1,770,819	-
	\$4.50 Convertible Preferred Stock Series A	-	48,319
	Undesignated Series	-	1,722,500
Prior Preferred Stock		152,250	-
	\$4.20 Prior Preferred Stock	-	24,750
	\$4.55 Prior Preferred Stock	-	9,000
	\$5.70 Prior Preferred Stock	-	18,000
	\$5.75 Prior Preferred Stock	-	18,000
	Undesignated Series	-	82,500

APPLICANT'S ACCT NO

DSCB BCL -602 (Rev. 8-72)

Filing Fee: \$40
AB-2

Statement Affecting Class
or Series of Shares—
Domestic Business Corporation

81-37 449

(Line for numbering)
279757

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
CORPORATION BUREAU

Filed this 24th day of
April 19 81
Commonwealth of Pennsylvania
Department of State
William C. Davis
Secretary of the Commonwealth

(Box for Certification)

pjd

In compliance with the requirements of section 602 of the Business Corporation Law, act of May 5, 1933 (P. L. 364) (15 P. S. §1602), the undersigned corporation, desiring to state the voting rights, designations, preferences, qualifications, privileges, limitations, options, conversion rights, and other special rights, if any, of a class or series of a class of its shares, hereby certifies that

1. The name of the corporation is:

Philadelphia Suburban Corporation

2. (Check and complete one of the following)

The resolution establishing and designating the class or series of shares and fixing and determining the relative rights and preferences thereof, set forth in full, is as follows.

The resolution ~~establishing and designating the class or series of shares and fixing and determining the relative rights and preferences thereof~~ decreasing the authorized number of shares of the is set forth in full in Exhibit A attached hereto and made a part hereof.

3. The aggregate number of shares of such class or series established and designated by (a) such resolution, (b) all prior statements, if any, filed under the Business Corporation Law with respect thereto, and (c) any other provision of the Articles is 1,770,819 shares.

4. (Check and complete one of the following):

The resolution was adopted by the Board of Directors of the corporation at a duly called meeting held on the _____ day of _____, 19____.

DSCB:BCL-602 (Rev. 8-72)-2

The resolution was adopted by a consent or consents in writing dated the 30th day of March, 1981, signed by all of the Directors of the corporation and filed with the Secretary of the corporation.

IN TESTIMONY WHEREOF, the undersigned corporation has caused this statement to be signed by a duly authorized officer and its corporate seal, duly attested by another such officer, to be hereunto affixed this 23rd day of April, 1981.

PHILADELPHIA SUBURBAN CORPORATION

(NAME OF CORPORATION)

By:

Robert J. Cooper
(SIGNATURE)

Treasurer

(TITLE PRESIDENT, VICE PRESIDENT, ETC.)

Attest:

Nancy L. Brown
(SIGNATURE)

Secretary

(TITLE SECRETARY, ASSISTANT SECRETARY, ETC.)

(CORPORATE SEAL)

DEPT. OF COMMERCE
PHILADELPHIA

Resolution relating to \$4.50
Convertible Preferred Stock,
Series A

RESOLVED, that all previously authorized but unissued shares of the series of Series Preferred Stock designated "\$4.50 Convertible Preferred Stock, Series A," be returned to the status of Series Preferred Stock undesignated as to series.

APPLICANT'S ACCT NO.

DSCB:BCL--709 (Rev. 8-72)

Filing Fee: \$40
AB-2

Statement of Reduction
of Authorized Shares—
Domestic Business Corporation

81-37 452

(Line for numbering)
279757

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
CORPORATION BUREAU

Filed this 24th day of
April, 1981.

Commonwealth of Pennsylvania
Department of State

William L. Davis

Secretary of the Commonwealth

(Box for Certification) pjd

In compliance with the requirements of section 709 of the Business Corporation Law, act of May 5, 1933 (P. L. 364) (15 P. S. §1709), the undersigned corporation, desiring to effect a reduction in its authorized shares, does hereby certify that:

1. The name of the corporation is:

Philadelphia Suburban Corporation

2. The location of its registered office in this Commonwealth is (the Department of State is hereby authorized to correct the following statement to conform to the records of the Department):

Two Radnor Corporate Center

(NUMBER)

100 Matsonford Road

(STREET)

Radnor

(CITY)

Pennsylvania

19087

(ZIP CODE)

3. The aggregate number of shares which the corporation had authority to issue is:

See Exhibit A attached hereto.

4. (Check, and if appropriate, complete one or more of the following):

The provisions of the Articles of the corporation prohibiting the reissue of the shares to which this statement relates are as follows:

Article V(B) (4) of Philadelphia Suburban Corporation's Amended and Restated Articles of Incorporation provide, in pertinent part, as follows:

"Shares of 1969 Preferred Stock [defined as \$4.20, \$4.55, \$5.70 and \$5.75 Prior Preferred Stock] redeemed by operation of the sinking fund or otherwise shall be retired and cancelled and shall not be re-classified or otherwise reissued."

DSCB:BCL-709 (Rev. 8-72)-2

The shares to which this statement relates have been acquired on conversion thereof into or exchange thereof for other shares of the corporation.

The resolution of the board of directors directing the reduction in authorized shares to which this statement relates is set forth in Exhibit A attached hereto and made a part hereof.

The resolution of the shareholders approving the reduction in authorized shares to which this statement relates is set forth in Exhibit B attached hereto and made a part hereof. At the time of the action of shareholders:

(i) The total number of shares outstanding was:

(ii) The number of shares entitled to vote was:

In the action taken by the shareholders:

(iii) The number of shares voted in favor of the reduction was:

(iv) The number of shares voted against the reduction was:

5. The number of shares which the corporation has authority to issue after giving effect to such reduction is:

See Exhibit B attached hereto.

IN TESTIMONY WHEREOF, the undersigned corporation has caused this statement to be signed by a duly authorized officer and its corporate seal, duly attested by another such officer, to be hereunto affixed this 23rd day of April 1981.

PHILADELPHIA SUBURBAN CORPORATION
(NAME OF CORPORATION)

By:

Robert J. [Signature]
(SIGNATURE)

Treasurer

(TITLE: PRESIDENT, VICE PRESIDENT, ETC.)

Attest

Nancy L. Brown
(SIGNATURE)

Secretary

(TITLE: SECRETARY, ASSISTANT SECRETARY, ETC.)

(CORPORATE SEAL)

TRADEMARK

EXHIBIT A

<u>Title of Class</u>	<u>Series</u>	<u>Total Authorized Per Class</u>	<u>Total Authoriz Per Series</u>
Common Stock	(None)	20,000,000	-
Series Preferred Stock	(None)	1,770,819	-
Prior Preferred Stock		152,250	-
	\$4.20 Prior Preferred Stock	-	24,750
	\$4.55 Prior Preferred Stock	-	9,000
	\$5.70 Prior Preferred Stock	-	18,000
	\$5.75 Prior Preferred Stock	-	18,000
	Undesignated Series	-	82,500

EXHIBIT B

<u>Title of Class</u>	<u>Series</u>	<u>Total Authorized Per Class</u>	<u>Total Authorized Per Series</u>
Common Stock	(None)	20,000,000	-
Series Preferred Stock	(None)	1,770,819	-
Prior Preferred Stock		144,500	-
	\$4.20 Prior Preferred Stock	-	22,000
	\$4.55 Prior Preferred Stock	-	8,000
	\$5.70 Prior Preferred Stock	-	16,000
	\$5.75 Prior Preferred Stock	-	16,000
	Undesignated Series	-	82,500

Applicant's Account No. _____

DSCB:BCL-806 (Rev. 8-72)

Filing Fee: \$40
AB-2

81-37 726

Articles of
Amendment--
Domestic Business Corporation

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
CORPORATION BUREAU
279757

Filed this 28th day of
May, A.D. 1981

Commonwealth of Pennsylvania
Department of State

William R. Davis

Secretary of the Commonwealth

In compliance with the requirements of section 806 of the Business Corporation Law, act of May 5, 1933 (P.L. 364) (15 P.S. §1806), the undersigned corporation, desiring to amend its Articles, does hereby certify that:

1. The name of the corporation is:

Philadelphia Suburban Corporation

2. The location of its registered office in this Commonwealth is (the Department of State is hereby authorized to correct the following statement to conform to the records of the Department)

Two Radnor Corporate Center

100 Matsonford Road

(NUMBER)

(STREET)

Radnor

Pennsylvania

19087

(CITY)

(ZIP CODE)

3. The statute by or under which it was incorporated is

The Act of May 5, 1933, P.L. 364, Known as the "Business Corporation Law"

4. The date of its incorporation is: November 14, 1968

5. (Check, and if appropriate, complete one of the following)

The meeting of the shareholders of the corporation at which the amendment was adopted was held at the time and place and pursuant to the kind and period of notice herein stated.

Time The 28th day of May, 1981

Place: Bellevue Stratford Hotel, Broad and Walnut Streets, Philadelphia, P

Kind and period of notice Notice was given by mail 34 days prior to the
meeting of the shareholders.

The amendment was adopted by a consent in writing, setting forth the action so taken, signed by all of the shareholders entitled to vote thereon and filed with the Secretary of the corporation

6. At the time of the action of shareholders

(a) The total number of shares outstanding was

8,856,550 Shares of Common Stock

(b) The number of shares entitled to vote was:

8,856,550 Shares of Common Stock

7. In the action taken by the shareholders:

(a) The number of shares voted in favor of the amendment was:

6,246,411

(b) The number of shares voted against the amendment was:

332,184

8. The amendment adopted by the shareholders, set forth in full, is as follows:

See attached rider marked Exhibit A

IN TESTIMONY WHEREOF, the undersigned corporation has caused these Articles of Amendment to be signed by a duly authorized officer and its corporate seal, duly attested by another such officer, to be hereunto affixed this 28th day of May, 1981.

Attest:

Nancy L. Brown
(SIGNATURE)
Secretary

(TITLE: SECRETARY, ASSISTANT SECRETARY, ETC.)

Philadelphia Suburban Corporation

(NAME OF CORPORATION)

James W. Ballenger
(SIGNATURE)

President

(TITLE: PRESIDENT, VICE PRESIDENT, ETC.)

(CORPORATE SEAL)

INSTRUCTIONS FOR COMPLETION OF FORM:

- A. Any necessary copies of Form DSCB:17.2 (Consent to Appropriation of Name) or Form DSCB:17.3 (Consent to Use of Similar Name) shall accompany Articles of Amendment effecting a change of name.
- B. Any necessary governmental approvals shall accompany this form.
- C. Where action is taken by partial written consent pursuant to the Articles, the second alternate of Paragraph 5 should be modified accordingly.
- D. If the shares of any class were entitled to vote as a class, the number of shares of each class so entitled and the number of shares of all other classes entitled to vote should be set forth in Paragraph 6(b).
- E. If the shares of any class were entitled to vote as a class, the number of shares of such class and the number of shares of all other classes voted for and against such amendment respectively should be set forth in Paragraphs 7(a) and 7(b).
- F. BCL §807 (15 P.S. §1807) requires that the corporation shall advertise its intention to file or the filing of Articles of Amendment. Proofs of publication of such advertising should not be delivered to the Department, but should be filed with the minutes of the corporation.

The Amended and Restated Articles of Incorporation of Philadelphia Suburban Corporation shall be amended by deleting Articles VI, VII and VIII thereto in their entirety and by adding new Articles VI and VII thereto as set forth below.

ARTICLE VI

(Provisions for the Regulation of the Affairs of the Corporation)

(a) Board of Directors

(1) **Number: Classification.** The Board of Directors of the Corporation shall consist of such number of directors as shall be fixed from time to time by resolution of the Board adopted by a vote of three-quarters of the entire Board of Directors. Cumulative voting for directors shall not be permitted. The Board of Directors shall be divided into three classes, which shall be as nearly equal in number as possible. Directors of each class shall serve for a term of three years and until their successors shall have been elected and qualified. The three initial classes of directors shall be comprised as follows:

Class I shall be comprised of directors who shall serve until the annual meeting of Shareholders in 1982 and until their successors shall have been elected and qualified.

Class II shall be comprised of directors who shall serve until the annual meeting of Shareholders in 1983 and until their successors shall have been elected and qualified.

Class III shall be comprised of directors who shall serve until the annual meeting of Shareholders in 1984 and until their successors shall have been elected and qualified.

(2) **Qualifications.** Directors of the Corporation need not be residents of Pennsylvania or Shareholders. No person shall be appointed or elected a director of the Corporation unless:

(i) such person is elected to fill a vacancy in the Board of Directors (including any vacancy resulting from any increase in the authorized number of directors) by a vote of a majority of the entire Board of Directors, and any director so elected shall hold office until the next election of the class for which such director shall have been elected and until a successor shall have been elected and qualified; or

(ii) the name of such person, together with such consents and information concerning present and prior occupations, transactions with the Corporation or its subsidiaries and other matters as may at the time be required by or pursuant to the By-laws, shall have been filed with the Secretary of the Corporation no later than a time fixed by or pursuant to the By-laws immediately preceding the annual or special meeting at which such person intends to be a candidate for director.

(3) **Removal of Directors.** Directors of the Corporation may be removed without cause by vote of the Shareholders only if authorized in the manner provided in Subparagraph (e)(2) of this Article. No decrease or increase in the size of the Board shall shorten or otherwise affect the term of any incumbent director.

(b) **By-laws.** By-laws may be adopted, amended or repealed by the Board of Directors to the full extent permitted by law.

(c) **Special Meetings.** A special meeting of Shareholders may be called by the President, the Board of Directors, or Shareholders entitled to cast a majority of the votes which all Shareholders are entitled to cast at the particular meeting or by such other officers or persons as may be provided in the By-laws.

(d) *Amendment of Articles.* Any amendment of the Articles of Incorporation may be proposed by either the Board of Directors or by the Shareholders. An amendment initiated by the Shareholders shall be proposed only by a petition of Shareholders entitled to cast a majority of the votes which all Shareholders are entitled to cast thereon, setting forth the proposed amendment, which petition shall be directed to and filed with the Board of Directors.

(e) *Fundamental and Other Transactions*

(1) *Shareholder Authorization of Corporate Action Recommended by Management.* Whenever any corporate action, other than the election of directors, is to be taken by vote of the Shareholders on recommendation of a vote of three-quarters of the entire Board of Directors, the proposed corporate action, including a Fundamental Transaction, shall be authorized upon receiving the minimum vote required for the authorization of such action by statute, after taking into account the express terms of any class or any series of any class of shares of the Corporation with respect to such vote.

(2) *Shareholder Authorization of Other Corporate Action.* Except as provided in Subparagraph (1) of this Paragraph (e), whenever any corporate action, other than the election of directors, is to be taken by vote of the Shareholders, the proposed corporate action, including a Fundamental Transaction, shall be authorized only upon receiving at least three-quarters of the vote which all voting Shareholders, voting as a single class, are entitled to cast thereon and, in addition, the affirmative vote of the number or proportion of shares of any class or any series of any class of shares of the Corporation, if any, as shall at the time be required by the express terms of any such class or series of shares of the Corporation.

(f) *Fundamental Transaction Defined.* For the purposes of this Article VI, the term "Fundamental Transaction" shall mean:

(1) Any of the following, if such action is effected by vote of the Shareholders: amendment of the Articles of Incorporation; adoption, amendment or repeal of the By-laws; a change in the number of directors constituting the entire Board of Directors; or removal of one or more directors; or

(2) Any of the following, if any such transaction requires the approval of the Shareholders under the Articles of Incorporation of the Corporation as then in effect or the Business Corporation Law as then in effect with respect to the Corporation: the sale, lease, exchange or other disposition of all or substantially all of the assets of the Corporation; the issuance in a single or one or more related transactions of voting shares of the Corporation sufficient to elect a majority of the directors of the Corporation; or the merger, consolidation, division, reorganization, recapitalization, dissolution, liquidation or winding up of the Corporation.

(g) *Series Preferred Stock Provisions.* The provisions of subparagraphs (a), (c) and (d) of this Article VI shall be subject to the express terms of any class or series of any class of the Corporation.

ARTICLE VII

Reservation of Right to Amend. Subject to the provisions of Article VI hereof, the Corporation reserves the right to amend, alter, change or repeal any provision contained in these Articles of Incorporation in the manner now or hereafter prescribed by the statute, and all rights conferred upon Shareholders herein are granted subject to this reservation.

Commonwealth of Pennsylvania



Department of State

To All to Whom These Presents Shall Come, Greeting:

Whereas, in and by Article VIII of the Business Corporation Law, approved the fifth day of May, Anno Domini one thousand nine hundred and thirty-three, P. L. 364, as amended, the Department of State is authorized and required to issue a

CERTIFICATE OF AMENDMENT

evidencing the amendment of the Articles of Incorporation of a business corporation organized under or subject to the provisions of that Law and

Whereas, The stipulations and conditions of that Law pertaining to the amendment of Articles of Incorporation have been fully complied with by

PHILADELPHIA SUBURBAN CORPORATION

Therefore, Know Ye, That subject to the Constitution of this Commonwealth and under the authority of the Business Corporation Law, I do by these presents, which I have caused to be sealed with the Great Seal of the Commonwealth, extend the rights and powers of the corporation named above, in accordance with the terms and provisions of the Articles of Amendment presented by it to the Department of State, with full power and authority to use and enjoy such rights and powers, subject to all the provisions and restrictions of the Business Corporation Law and all other applicable laws of this Commonwealth.

Given under my Hand and the Great Seal of the Commonwealth, at the City of Harrisburg, this 28th day of May in the year of our Lord one thousand nine hundred and eighty-one and of the Commonwealth the two hundred and fifth.

William R. Davis

Secretary of the Commonwealth

jw

Applicant's Account No. _____

DSCB:BCL-806 (Rev. 8-72)

Filing Fee: \$40
AB-2

81-43 1842

Articles of
Amendment—
Domestic Business Corporation

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
CORPORATION BUREAU

279757

Filed this 30th day of
June, A.D. 1981

Commonwealth of Pennsylvania
Department of State

William R. Davis

Secretary of the Commonwealth

In compliance with the requirements of section 806 of the Business Corporation Law, act of May 5, 1933 (P.L. 364) (15 P.S. §1806), the undersigned corporation, desiring to amend its Articles, does hereby certify that:

1. The name of the corporation is:

Philadelphia Suburban Corporation

2. The location of its registered office in this Commonwealth is (the Department of State is hereby authorized to correct the following statement to conform to the records of the Department):

Two Radnor Corporate Center

100 Matsonford Road

(NUMBER)

(STREET)

Radnor

Pennsylvania

19087

(CITY)

(ZIP CODE)

3. The statute by or under which it was incorporated is:

The Act of May 5, 1933, P.L. 364, Known as the "Business Corporation Law"

4. The date of its incorporation is: November 14, 1968

5. (Check, and if appropriate, complete one of the following):

The meeting of the shareholders of the corporation at which the amendment was adopted was held at the time and place and pursuant to the kind and period of notice herein stated.

Time: The 28th day of May, 1981.

Place: Bellevue Stratford Hotel, Broad & Walnut Streets, Philadelphia, PA

Kind and period of notice Notice was given by mail 34 days prior to the
meeting of the shareholders.

The amendment was adopted by a consent in writing, setting forth the action so taken, signed by all of the shareholders entitled to vote thereon and filed with the Secretary of the corporation.

6. At the time of the action of shareholders:

(a) The total number of shares outstanding was:

8,856,550

(b) The number of shares entitled to vote was:

8,856,550

7. In the action taken by the shareholders:

(a) The number of shares voted in favor of the amendment was:
6,505,161

(b) The number of shares voted against the amendment was:
2,457

8. The amendment adopted by the shareholders, set forth in full, is as follows:

Effective as of the close of business June 30, 1981, Article V of the Amended and Restated Articles of Incorporation of the Corporation is hereby amended to read in its entirety as follows:

Article V

The aggregate number of shares which the Corporation shall have authority to issue is 11,770,819 shares, divided into 10,000,000 shares of Common Stock, par value \$.50 per share, and 1,770,819 shares of Series Preferred Stock, par value \$1.00 per share. The Board of Directors shall have the full authority permitted by law to fix by resolution full, limited, multiple or fractional, or no voting rights, and such designations, preferences, qualifications, privileges, limitations, restrictions, options, conversion rights, and other special or relative rights of any class or any series of any class that may be desired.

IN TESTIMONY WHEREOF, the undersigned corporation has caused these Articles of Amendment to be signed by a duly authorized officer and its corporate seal, duly attested by another such officer, to be hereunto affixed this 30th

day of June, 1981

Attest:

Nancy L. Brown
(SIGNATURE)
Secretary
(TITLE: SECRETARY, ASSISTANT SECRETARY, ETC.)

Philadelphia Suburban Corporation

(NAME OF CORPORATION)

By:

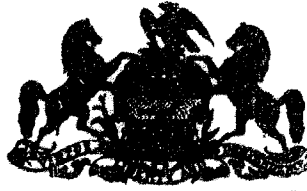
James H. Callender
(SIGNATURE)
President
(TITLE: PRESIDENT, VICE PRESIDENT, ETC.)

(CORPORATE SEAL)

INSTRUCTIONS FOR COMPLETION OF FORM:

- A. Any necessary copies of Form DSCB:17.2 (Consent to Appropriation of Name) or Form DSCB:17.3 (Consent to Use of Similar Name) shall accompany Articles of Amendment effecting a change of name.
- B. Any necessary governmental approvals shall accompany this form.
- C. Where action is taken by partial written consent pursuant to the Articles, the second alternate of Paragraph 5 should be modified accordingly.
- D. If the shares of any class were entitled to vote as a class, the number of shares of each class so entitled and the number of shares of all other classes entitled to vote should be set forth in Paragraph 6(b).
- E. If the shares of any class were entitled to vote as a class, the number of shares of such class and the number of shares of all other classes voted for and against such amendment respectively should be set forth in Paragraphs 7(a) and 7(b).
- F. BCL 5807 (15 P.S. 51807) requires that the corporation shall advertise its intention to file or the filing of Articles of Amendment. Proofs of publication of such advertising should not be delivered to the Department, but should be filed with the minutes of the corporation.

Commonwealth of Pennsylvania



Department of State

To All to Whom These Presents Shall Come, Greeting:

Whereas, In and by Article VIII of the Business Corporation Law, approved the fifth day of May, Anno Domini one thousand nine hundred and thirty-three, P. L. 364, as amended, the Department of State is authorized and required to issue a

CERTIFICATE OF AMENDMENT

evidencing the amendment of the Articles of Incorporation of a business corporation organized under or subject to the provisions of that Law, and

Whereas, The stipulations and conditions of that Law pertaining to the amendment of Articles of Incorporation have been fully complied with by

Philadelphia Suburban Corporation

Therefore, Know Ye. That subject to the Constitution of this Commonwealth and under the authority of the Business Corporation Law, I do by these presents, which I have caused to be sealed with the Great Seal of the Commonwealth, extend the rights and powers of the corporation named above, in accordance with the terms and provisions of the Articles of Amendment presented by it to the Department of State, with full power and authority to use and enjoy such rights and powers, subject to all the provisions and restrictions of the Business Corporation Law and all other applicable laws of this Commonwealth.

Given under my Hand and the Great Seal of the Commonwealth, at the City of Harrisburg, this 30th day of June in the year of our Lord one thousand nine hundred and eighty-one and of the Commonwealth the two hundred and fifth.

William R. Davis

Secretary of the Commonwealth

Filing Fee: \$40
AB-2

81-47 1037

279757

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
CORPORATION BUREAU

Statement of
Change of Registered
Office—Domestic
Business Corporation

Filed this 9th day of
July A.D. 19 81

Commonwealth of Pennsylvania
Department of State

William L. Davis

Secretary of the Commonwealth dp

In compliance with the requirements of section 307 of the Business Corporation Law, act of May 5, 1933 (P.L. 364) (15 P. S. §1307) the undersigned corporation, desiring to effect a change in registered office, does hereby certify that:

1. The name of the corporation is:

Philadelphia Suburban Corporation

2. The address of its present registered office in this Commonwealth is (the Department of State is hereby authorized to correct the following statement to conform to the records of the Department):

Two Radnor Corporate Center, 100 Matsonford Road
(NUMBER) (STREET)

Radnor Pennsylvania 19087
(CITY) (ZIP CODE)

3. The address to which the registered office in this Commonwealth is to be changed is:

762 Lancaster Ave.
(NUMBER) (STREET)

Bryn Mawr Pennsylvania 19010
(CITY) (ZIP CODE)

4. Such change was authorized by resolution duly adopted by at least a majority of the members of the board of directors of the corporation.

IN TESTIMONY WHEREOF, the undersigned corporation has caused this statement to be signed by a duly authorized officer, and its corporate seal, duly attested by another such officer, to be hereunto affixed, this 1st day of July, 19 81.

Philadelphia Suburban Corporation
(NAME OF CORPORATION)

By *David R. Wilson*
(SIGNATURE)
David R. Wilson

Vice President and Treasurer
(TITLE: PRESIDENT, VICE PRESIDENT, ETC.)

Attest:

Alan L. Reed
(SIGNATURE)

Alan L. Reed
Assistant Secretary

(TITLE: SECRETARY, ASSISTANT SECRETARY, ETC.)

(CORPORATE SEAL)

APPLICANT'S ACCT NO.

DSCB:BCL-709 (Rev. 8-72)

Filing Fee: \$40
AB-2

Statement of Reduction
of Authorized Shares—
Domestic Business Corporation

81-51 677

(Line for numbering)

279757

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
CORPORATION BUREAU

Filed this 16th day of July, 1981

Commonwealth of Pennsylvania
Department of State

William L. Davis

Secretary of the Commonwealth dp

(Box for Certification)

In compliance with the requirements of section 709 of the Business Corporation Law, act of May 5, 1933 (P. L. 364) (15 P. S. §1709), the undersigned corporation, desiring to effect a reduction in its authorized shares, does hereby certify that:

1. The name of the corporation is:

Philadelphia Suburban Corporation

2. The location of its registered office in this Commonwealth is (the Department of State is hereby authorized to correct the following statement to conform to the records of the Department):

~~--Two-Radnor-Corporate-Center--~~ 762 Lancaster Avenue ~~-100-Matsonford-Road-~~

(NUMBER)

(STREET)

Radnor-

Bryn Mawr

Pennsylvania

19087

(CITY)

(ZIP CODE)

3. The aggregate number of shares which the corporation had authority to issue is:

See Exhibit A attached hereto

4. (Check, and if appropriate, complete one or more of the following):

The provisions of the Articles of the corporation prohibiting the reissue of the shares to which this statement relates are as follows:

Article V(B) (4) of Philadelphia Suburban Corporation's Amended and Restated Articles of Incorporation provide, in pertinent part, as follows:

"Shares of 1969 Preferred Stock [defined as \$4.20, \$4.55, \$5.70 and \$5.75 Prior Preferred Stock] redeemed by operation of the sinking fund or otherwise shall be retired and cancelled and shall not be reclassified or otherwise reissued."

DSCB:BCL-709 (Rev. 8-72)-2

The shares to which this statement relates have been acquired on conversion thereof into or exchange thereof for other shares of the corporation.

The resolution of the board of directors directing the reduction in authorized shares to which this statement relates is set forth in Exhibit B attached hereto and made a part hereof.

The resolution of the shareholders approving the reduction in authorized shares to which this statement relates is set forth in Exhibit B attached hereto and made a part hereof. At the time of the action of shareholders:

(i) The total number of shares outstanding was:

(ii) The number of shares entitled to vote was:

In the action taken by the shareholders:

(iii) The number of shares voted in favor of the reduction was:

(iv) The number of shares voted against the reduction was:

5. The number of shares which the corporation has authority to issue after giving effect to such reduction is:

See Exhibit C attached hereto

IN TESTIMONY WHEREOF, the undersigned corporation has caused this statement to be signed by a duly authorized officer and its corporate seal, duly attested by another such officer, to be hereunto affixed this 30th day of June, 1981.

Philadelphia Suburban Corporation
(NAME OF CORPORATION)

By:

[Handwritten Signature]
(SIGNATURE)

Treasurer

(TITLE: PRESIDENT, VICE PRESIDENT, ETC.)

Attest:

[Handwritten Signature: Nancy L. Brown]
(SIGNATURE)

Secretary

(TITLE: SECRETARY, ASSISTANT SECRETARY, ETC.)

(CORPORATE SEAL)

EXHIBIT A

<u>Title of Class</u>	<u>Series</u>	<u>Total Authorized Per Class</u>	<u>Total Authorized Per Series</u>
Common Stock	(None)	20,000,000	-
Series Preferred Stock	(None)	1,770,819	-
Prior Preferred Stock		144,500	-
	\$4.20 Prior Preferred Stock	-	22,000
	\$4.55 Prior Preferred Stock	-	8,000
	\$5.70 Prior Preferred Stock	-	16,000
	\$5.75 Prior Preferred Stock	-	16,000
	Undesignated Series	-	82,500

EXHIBIT B

RESOLVED, that this Corporation call for redemption on such date as the President and Chairman of this Corporation shall select (the "Redemption Date") the balance of all shares of outstanding Prior Preferred Stock, not called for redemption pursuant to the sinking fund on March 2, 1981, consisting of 22,000 shares of \$4.20 Prior Preferred Stock, 8,000 shares of \$4.55 Prior Preferred Stock, 16,000 shares of \$5.70 Prior Preferred Stock and 16,000 shares of \$5.75 Prior Preferred Stock at the redemption price of \$102 per share plus accrued and unpaid dividends to the date of redemption, without interest thereon; and it is further

* * *

RESOLVED, that this Corporation shall deposit funds equal to the aggregate redemption price for the redemption hereinabove authorized with the Redemption Agent for payment of the redemption price to the holders of Prior Preferred Stock upon surrender of the certificates for such shares, on or before the Redemption Date, and that upon deposit of said money and upon the mailing of notice as hereinabove provided, such shares called for redemption, whether or not the certificates therefor shall have been surrendered for cancellation, shall be deemed to be no longer outstanding for any purpose and all rights with respect to such shares shall thereupon cease and terminate, except only the right of the holders of the certificates for such shares to receive, from and after the time of such deposit, the amount payable upon the redemption thereof, without interest thereon....

EXHIBIT C

<u>Title of Class</u>	<u>Series</u>	<u>Total Authorized Per Class</u>	<u>Total Authorized Per Series</u>
Common Stock	(None)	20,000,000	-
Series Preferred Stock	(None)	1,770,819	-
Prior Preferred Stock	(None)	82,500	-

APPLICANT'S ACC'T NO

DSCB: BCL-806 (Rev. 8-72)

Filing Fee: \$40
AB-2

Articles of
Amendment—
Domestic Business Corporation

87561457

(Line for numbering)

279757

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
CORPORATION BUREAU

Filed this 20 day of

Aug, 1987

Commonwealth of Pennsylvania
Department of State

Secretary of the Commonwealth

(Box for Certification)

In compliance with the requirements of section 806 of the Business Corporation Law, act of May 5, 1933 (P. L. 364) (15 P. S. §1806), the undersigned corporation, desiring to amend its Articles, does hereby certify that:

1. The name of the corporation is:

PHILADELPHIA SUBURBAN CORPORATION

2. The location of its registered office in this Commonwealth is (the Department of State is hereby authorized to correct the following statement to conform to the records of the Department)

762 Lancaster Avenue

(NUMBER)

(STREET)

Bryn Mawr

Pennsylvania

19010

(CITY)

(ZIP CODE)

3. The statute by or under which it was incorporated is:

Act of May 5, 1933, P.L. 364 as amended k/a Business Corporation Law

4. The date of its incorporation is November 14, 1968

5. (Check, and if appropriate, complete one of the following):

The meeting of the shareholders of the corporation at which the amendment was adopted was held at the time and place and pursuant to the kind and period of notice herein stated.

Time: The 21st day of May, 1987

Place: Three Mellon Bank Center, 37th Floor, Philadelphia, PA

Kind and period of notice Proxy Statement - 38 days notice from date of mailing to date
of annual meeting

The amendment was adopted by a consent in writing, setting forth the action so taken, signed by all of the shareholders entitled to vote thereon and filed with the Secretary of the corporation.

6. At the time of the action of shareholders:

(a) The total number of shares outstanding was:

6,861,111

(b) The number of shares entitled to vote was:

6,861,111

87561458

7. In the action taken by the shareholders:

(a) The number of shares voted in favor of the amendment was:

4,973,858

(b) The number of shares voted against the amendment was:

546,431

8. The amendment adopted by the shareholders, set forth in full, is as follows:

The aggregate number of shares which the Corporation shall have authority to issue is 21,770,819 shares, divided into 20,000,000 shares of Common Stock, par value \$.50 per share, and 1,770,819 shares of Series Preferred Stock, par value \$1.00 per share. The Board of Directors shall have the full authority permitted by law to fix by resolution full, limited, multiple or fractional, or no voting rights, and such designations, preferences, qualifications, privileges, limitations, restrictions, options, conversion rights, and other special or relative rights of any class or any series of any class that may be desired.

IN TESTIMONY WHEREOF, the undersigned corporation has caused these Articles of Amendment to be signed by a duly authorized officer and its corporate seal, duly attested by another such officer, to be hereunto affixed this 3rd day of August 1987

Attest
Patricia M. Myer
(SIGNATURE)
Secretary
(TITLE SECRETARY ASSISTANT SECRETARY ETC.)

Philadelphia Suburban Corporation
(NAME OF CORPORATION)
By: Boyd H. Stahl
(SIGNATURE)
Vice President
(TITLE PRESIDENT VICE PRESIDENT ETC.)

(CORPORATE SEAL)

INSTRUCTIONS FOR COMPLETION OF FORM

- A. Any necessary copies of Form DSCB 17.2 (Consent to Appropriation of Name) or Form DSCB:17.3 (Consent to Use of Similar Name) shall accompany Articles of Amendment effecting a change of name.
- B. Any necessary governmental approvals shall accompany this form.
- C. Where action is taken by partial written consent pursuant to the Articles, the second alternate of Paragraph 5 should be modified accordingly.
- D. If the shares of any class were entitled to vote as a class, the number of shares of each class so entitled and the number of shares of all other classes entitled to vote should be set forth in Paragraph 6(b).
- E. If the shares of any class were entitled to vote as a class, the number of shares of such class and the number of shares of all other classes voted for and against such amendment respectively should be set forth in Paragraphs 7(a) and 7(b).
- F. BCL §807 (15 P. S. §1807) requires that the corporation shall advertise its intention to file or the filing of Articles of Amendment. Proofs of publication of such advertising should not be delivered to the Department, but should be filed with the minutes of the corporation.

Commonwealth of Pennsylvania

87561459



Department of State

To All to Whom These Presents Shall Come, Greeting:

Whereas, In and by Article VIII of the Business Corporation Law, approved the fifth day of May, Anno Domini one thousand nine hundred and thirty-three, P. L. 364, as amended, the Department of State is authorized and required to issue a

CERTIFICATE OF AMENDMENT

evidencing the amendment of the Articles of Incorporation of a business corporation organized under or subject to the provisions of that Law, and

Whereas, The stipulations and conditions of that Law pertaining to the amendment of Articles of Incorporation have been fully complied with by

PHILADELPHIA SUBURBAN CORPORATION

Therefore, Know Ye, That subject to the Constitution of this Commonwealth and under the authority of the Business Corporation Law, I do by these presents, which I have caused to be sealed with the Great Seal of the Commonwealth, extend the rights and powers of the corporation named above, in accordance with the terms and provisions of the Articles of Amendment presented by it to the Department of State, with full power and authority to use and enjoy such rights and powers, subject to all the provisions and restrictions of the Business Corporation Law and all other applicable laws of this Commonwealth.

Given under my Hand and the Great Seal of the Commonwealth, at the City of Harrisburg, this 20th day of August in the year of our Lord one thousand nine hundred and eighty-seven and of the Commonwealth the two hundred twelfth.

James J. Hoyt

Secretary of the Commonwealth

pjd

APPLICANT'S ACCT NO.

DSCB:BCL-802 (Rev. 8-72)

8818 111

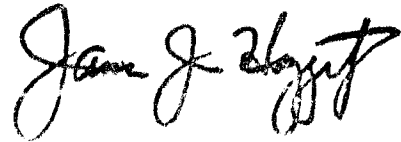
(Line for numbering)

279757

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
CORPORATION BUREAU

Filed this _____ day of _____
FEB 24 1988, 19__

Commonwealth of Pennsylvania
Department of State



Secretary of the Commonwealth

(Box for Certification)

In compliance with the requirements of section 602 of the Business Corporation Law, act of May 5, 1933 (P. L. 364) (15 P. S. §1602), the undersigned corporation, desiring to state the voting rights, designations, preferences, qualifications, privileges, limitations, options, conversion rights, and other special rights, if any, of a class or series of a class of its shares, hereby certifies that:

1. The name of the corporation is:

Philadelphia Suburban Corporation

2. (Check and complete one of the following):

The resolution establishing and designating the class or series of shares and fixing and determining the relative rights and preferences thereof, set forth in full, is as follows:

The resolution establishing and designating the class or series of shares and fixing and determining the relative rights and preferences thereof is set forth in full in Exhibit A attached hereto and made a part hereof.

3. The aggregate number of shares of such class or series established and designated by (a) such resolution, (b) all prior statements, if any, filed under the Business Corporation Law with respect thereto, and (c) any other provision of the Articles is 100,000 shares.

4. (Check and complete one of the following):

The resolution was adopted by the Board of Directors of the corporation at a duly called meeting held on the 19th day of February, 1988.

DSCB:BCL-002 (Rev. 8-72)-2

The resolution was adopted by a consent or consents in writing dated the _____ day of _____, 19____, signed by all of the Directors of the corporation and filed with the Secretary of the corporation.

IN TESTIMONY WHEREOF, the undersigned corporation has caused this statement to be signed by a duly authorized officer and its corporate seal, duly attested by another such officer, to be hereunto affixed this 19th day of February, 1988.

PHILADELPHIA SUBURBAN CORPORATION
(NAME OF CORPORATION)

By: *Roy H. Stahl*
(SIGNATURE)
Vice President
(TITLE: PRESIDENT, VICE PRESIDENT, ETC.)

Attest:
Patricia M. Meyer
(SIGNATURE)
Secretary
(TITLE: SECRETARY, ASSISTANT SECRETARY, ETC.)

(CORPORATE SEAL)

RECEIVED
FEB 19 1988
11 3 16

EXHIBIT A

RESOLUTION OF THE BOARD OF DIRECTORS OF
 PHILADELPHIA SUBURBAN CORPORATION
 ESTABLISHING AND DESIGNATING
 SERIES A JUNIOR PARTICIPATING PREFERRED SHARES
 AS A SERIES OF THE SERIES PREFERRED STOCK

RESOLVED, that pursuant to the authority expressly vested in the Board of Directors of Philadelphia Suburban Corporation (the "Corporation") by Article FIFTH of the Articles of the Corporation, the Board of Directors hereby fixes and determines the voting rights, designations, preferences, qualifications, privileges, limitations, restrictions, options, conversion rights and other special or relative rights of the first series of the Series Preferred Stock, par value \$1.00 per share, which shall consist of 100,000 shares and shall be designated as Series A Junior Participating Preferred Shares (the "Series A Preferred Shares").

C. Special Terms of the Series A Preferred Shares.

Section 1. Dividends and Distributions.

(a) The rate of dividends payable per share of Series A Preferred Shares on the first day of January, April, July and October in each year or such other quarterly payment date as shall be specified by the Board of Directors (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of the Series A Preferred Shares, shall be (rounded to the nearest cent) equal to the greater of (i) \$10.00 or (ii) subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per share amount of all cash dividends, and 100 times the aggregate per share amount (payable in cash, based upon the fair market value at the time the non-cash dividend or other distribution is declared or paid as determined in good faith by the Board of Directors) of all non-cash dividends or other distributions other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock, \$.50 par value, of the Corporation since the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of the Series A Preferred Shares. Dividends on the Series A Preferred Shares shall be paid out of funds legally available for

such purpose. In the event the Corporation shall at any time after February 19, 1988 (the "Rights Declaration Date") (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding shares of Common Stock, or (iii) combine the outstanding shares of Common Stock into a smaller number of shares, then in each such case the amounts to which holders of Series A Preferred Shares were entitled immediately prior to such event under clause (ii) of the preceding sentence shall be adjusted by multiplying each such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(b) Dividends shall begin to accrue and be cumulative on outstanding Series A Preferred Shares from the Quarterly Dividend Payment Date next preceding the date of issue of such Series A Preferred Shares, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of Series A Preferred Shares entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the Series A Preferred Shares in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding.

Section 2. Voting Rights. In addition to any other voting rights required by law, the holders of Series A Preferred Shares shall have the following voting rights:

(a) Subject to the provision for adjustment hereinafter set forth, each Series A Preferred Share shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the shareholders of the Corporation. In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding shares of Common Stock, or (iii) combine the outstanding shares of Common Stock into a smaller number of shares, then in each such case the number of votes per share to which holders of Series A Preferred Shares were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock

that were outstanding immediately prior to such event.

(b) Except as otherwise provided herein, in the articles of the Corporation or by law, the holders of Series A Preferred Shares and the holders of Common Stock (and the holders of shares of any other series or class entitled to vote thereon) shall vote together as one class on all matters submitted to a vote of shareholders of the Corporation.

Section 3. Reacquired Shares. Any Series A Preferred Shares purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued Series Preferred Stock and may be reissued as part of a new series of Series Preferred Stock to be created by resolution or resolutions of the Board of Directors.

Section 4. Liquidation, Dissolution or Winding Up. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of Series A Preferred Shares shall be entitled to receive the greater of (a) \$100.00 per share, plus accrued dividends to the date of distribution, whether or not earned or declared, or (b) an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount to be distributed per share to holders of Common Stock. In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding shares of Common Stock, or (iii) combine the outstanding shares of Common Stock into a smaller number of shares, then in each such case the amount to which holders of Series A Preferred Shares were entitled immediately prior to such event pursuant to clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 5. Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case the Series A Preferred Shares shall at the same time be similarly exchanged or changed in an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 100 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time after the Rights Declaration Date (i)

declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding shares of Common Stock, or (iii) combine the outstanding shares of Common Stock into a smaller number of shares, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Preferred Shares shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 6. No Redemption. The Series A Preferred Shares shall not be redeemable.

Section 7. Ranking. The Series A Preferred Shares shall rank junior to all other series of the Corporation's Series Preferred Stock as to the payment of dividends and the distribution of assets, unless the terms of any such series shall provide otherwise.

Section 8. Fractional Shares. Series A Preferred Shares may be issued in fractions of a share which shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series A Preferred Shares.

Microfilm Number _____

Filed with the Department of State on JUL 14 1992

Entity Number 279757

[Signature]
Secretary of the Commonwealth JD

ARTICLES OF AMENDMENT-DOMESTIC BUSINESS CORPORATION

DSCB:15-1915 (Rev 91)

In compliance with the requirements of 15 Pa.C.S. § 1915 (relating to articles of amendment), the undersigned business corporation, desiring to amend its Articles, hereby states that:

1. The name of the corporation is: Philadelphia Suburban Corporation

2. The (a) address of this corporation's current registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is (the Department is hereby authorized to correct the following information to conform to the records of the Department):

(a) 762 Lancaster Avenue	Bryn Mawr	PA	19010	Montgomery
Number and Street	City	State	Zip	County

(b) c/o: _____
 Name of Commercial Registered Office Provider _____ County _____

For a corporation represented by a commercial registered office provider, the county in (b) shall be deemed the county in which the corporation is located for venue and official publication purposes.

3. The statute by or under which it was incorporated is: Act of May 5, 1923 (P.L. 364)

4. The date of its incorporation is: November 14, 1968

5. (Check, and if appropriate complete, one of the following):

The amendment shall be effective upon filing these Articles of Amendment in the Department of State.

The amendment shall be effective on: _____ at _____
 Date Hour

6. (Check one of the following):

The amendment was adopted by the shareholders (or members) pursuant to 15 Pa.C.S. § 1914(a) and (b).

The amendment was adopted by the board of directors pursuant to 15 Pa.C.S. § 1914(c).

7. (Check, and if appropriate complete, one of the following):

The amendment adopted by the corporation, set forth in full, is as follows:
 RESOLVED, that the Articles of Incorporation of the Corporation be and they are hereby amended and restated as set forth in full in Exhibit A attached hereto and made a part hereof.

The amendment adopted by the corporation is set forth in full in Exhibit A attached hereto and made a part hereof.

8. (Check if the amendment restates the Articles):

The restated Articles of Incorporation supersede the original Articles and all amendments thereto.

IN TESTIMONY WHEREOF, the undersigned corporation has caused these Articles of Amendment to be signed by a duly authorized officer thereof this 10th day of July, 1992

PHILADELPHIA SUBURBAN CORPORATION

(Name of Corporation)

BY: 

(Signature)

TITLE: Senior Vice President

PHILADELPHIA SUBURBAN CORPORATION
AMENDED AND RESTATED ARTICLES OF INCORPORATION

ARTICLE I
NAME

The name of the Corporation is Philadelphia Suburban Corporation.

ARTICLE II
ADDRESS OF REGISTERED OFFICE

The location and address of the registered office of the Corporation in this Commonwealth is 762 Lancaster Avenue, Bryn Mawr, Montgomery County, Pennsylvania, 19010.

ARTICLE III
PURPOSE

The purpose or purposes for which the Corporation is incorporated under the Pennsylvania Business Corporation Law of 1988 are to engage in, and to do any lawful act concerning, any or all lawful business for which corporations may be incorporated under said Business Corporation Law, including but not limited to, manufacturing, processing, owning, using and dealing in personal property of every class and description, engaging in research and development, furnishing services, and acquiring, owning, using and disposing of real property of any nature whatsoever.

ARTICLE IV
CAPITAL STOCK

The aggregate number of shares which the Corporation shall have authority to issue is 21,770,819 shares, divided into 20,000,000 shares of Common Stock, par value \$.50 per share, and 1,770,819 shares of Series Preferred Stock, par value \$1.00 per share. The Board of Directors shall have the full authority permitted by law to fix by resolution full, limited, multiple or fractional, or no voting rights, and such designations, preferences, qualifications, privileges, limitations, restrictions, options, conversion rights, and other special or relative rights of any class or any series of any class that may be desired.

**ARTICLE V
MANAGEMENT**

Section 5.01 Board of Directors

(a) **Number; Classification.** The Board of Directors of the Corporation shall consist of such number of directors as shall be fixed from time to time by resolution of the Board adopted by a vote of three-quarters of the entire Board of Directors. Cumulative voting for directors shall not be permitted. The Board of Directors shall be divided into three classes, which shall be as nearly equal in number as possible. Directors of each class shall serve for a term of three years and until their successors shall have been elected and qualified.

(b) **Qualifications.** Directors of the Corporation need not be residents of Pennsylvania or Shareholders. No person shall be appointed or elected a director of the Corporation unless:

(1) such person is elected to fill a vacancy in the Board of Directors (including any vacancy resulting from any increase in the authorized number of directors) by a vote of a majority of the entire Board of Directors, and any director so elected shall hold office until the next election of the class for which such director shall have been elected and until a successor shall have been elected and qualified: or

(2) the name of such person, together with such consents and information concerning present and prior occupations, transactions with the Corporation or its subsidiaries and other matters as may at the time be required by or pursuant to the Bylaws, shall have been filed with the Secretary of the Corporation no later than a time fixed by or pursuant to the Bylaws immediately preceding the annual or special meeting at which such person intends to be a candidate for director.

(c) **Removal of Directors.** Directors of the Corporation may be removed without cause by vote of the shareholders only if authorized in the manner provided in Section 5.05(b). No decrease or increase in the size of the Board shall shorten or otherwise affect the term of any incumbent director.

Section 5.02. Bylaws. Bylaws may be adopted, amended or repealed by the Board of Directors to the full extent permitted by law.

Section 5.03. Special Meetings. A special meeting of shareholders may be called by the President, the Board of Directors, or shareholders entitled to cast a majority of the votes which all shareholders are entitled to cast at the particular meeting or by such other officers or persons as may be provided in the Bylaws.

Section 5.04. Amendment of Articles. Any amendment of the Articles of Incorporation may be proposed by either the Board of Directors or by the shareholders. An amendment initiated by the shareholders shall be proposed only by a petition of shareholders entitled to cast a majority of the votes which all shareholders are entitled to cast thereon, setting forth the proposed amendment, which petition shall be directed to and filed with the Board of Directors.

Section 5.05. Fundamental and Other Transactions.

(a) **Shareholder Authorization of Corporate Action Recommended by Management.** Whenever any corporate action, other than the election of directors, is to be taken by vote of the Shareholders on recommendation of a vote of three-quarters of the entire Board of Directors, the proposed corporate action, including a Fundamental Transaction (as defined in Section 5.06), shall be authorized upon receiving the minimum vote required for the authorization of such action by statute, after taking into account the express terms of any class or any series of any class of shares of the Corporation with respect to such vote.

(b) **Shareholder Authorization of Other Corporate Action.** Except as provided in Subsection (a), whenever any corporate action, other than the election of directors, is to be taken by vote of the shareholders, the proposed corporate action, including a Fundamental Transaction (as defined in Section 5.06), shall be authorized only upon receiving at least three-quarters of the vote which all voting shareholders, voting as a single class, are entitled to cast thereon and, in addition, the affirmative vote of the number or proportion of shares of any class or any series of any class of shares of the Corporation, if any, as shall at the time be required by the express terms of any such class or series of shares of the Corporation.

Section 5.06. Fundamental Transactions Defined. For the purposes of this Article V, the term "Fundamental Transaction" shall mean:

(a) Any of the following, if such action is effected by vote of the shareholders: amendment of the Articles of Incorporation; adoption, amendment or repeal of the Bylaws; a change in the number of directors constituting the entire Board of Directors; or removal of one or more directors; or

(b) Any of the following, if any such transaction requires the approval of the shareholders under the Articles of Incorporation of the Corporation as then in effect or the Business Corporation Law as then in effect with respect to the Corporation: the sale, lease, exchange or other disposition of all or substantially all of the assets of the Corporation; the issuance in a single or one or more related transactions of voting shares of

the Corporation sufficient to elect a majority of the directors of the Corporation; or the merger, consolidation, division, reorganization, recapitalization, dissolution, liquidation or winding up of the Corporation.

Section 5.06. Series Preferred Stock Provisions. The provisions of Sections 5.01, 5.03 and 5.04 shall be subject to the express terms of any class or series of any class of the Corporation.

**ARTICLE VI
MISCELLANEOUS**

Reservation of Right to Amend. Subject to the provisions of Article V hereof, the Corporation reserves the right to amend, alter, change or repeal any provision contained in these Articles of Incorporation in the manner now or hereafter prescribed by the statute, and all rights conferred upon Shareholders herein are granted subject to this reservation.

AUG 18 1995

Microfilm Number _____

Filed with the Department of State on _____

Entity Number 279757

Walter Keenan
Secretary of the Commonwealth 94

STATEMENT OF CORRECTION

DSCB:15-138 (Rev 91)

In compliance with the requirements of 15 Pa.C.S. § 138 (relating to statement of correction) the undersigned association or other person, desiring to correct an inaccurate record of corporate or other action or correct defective or erroneous execution of a document, hereby states that:

1. The name of the association or other person is: Philadelphia Suburban Corporation

2. The (a) address of this association's current registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is (the Department is hereby authorized to correct the following information to conform to the records of the Department):

(a) <u>762 Lancaster Avenue</u>	<u>Bryn Mawr</u>	<u>PA</u>	<u>19010</u>	<u>Montgomery</u>
Number and Street	City	State	Zip	County

(b) c/o: _____
Name of Commercial Registered Office Provider County

For an association represented by a commercial registered office provider, the county in (b) shall be deemed the county in which the association is located for venue and official publication purposes.

3. The statute by or under which it was incorporated or the preceding filing was made, in the case of a filing that does not constitute a part of the articles of incorporation of a corporation, is: Business Corporation Law of 1988

4. The inaccuracy or defect, which appears in Department of State form DSCB:15-1915 filed on 7/14/92 and recorded in Roll and Film Number 9255/1227-1232 et seq., is: Articles of Amendment
Article IV does not contain the preferred stock terms.

5. (Check one of the following):
- The portion of the document requiring correction in corrected form is set forth in Exhibit A attached hereto and made a part hereof.
 - The original document to which this statement relates shall be deemed reexecuted.
 - The original document to which this statement relates shall be deemed stricken from the records of the Department.

IN TESTIMONY WHEREOF, the undersigned association or other person has caused this statement to be signed by a duly authorized officer thereof or otherwise in its name this 1st day of August, 1995.

PHILADELPHIA SUBURBAN CORPORATION
(Name)

BY: *Walter H. Stahl*
(Signature)

TITLE: Senior Vice President and
General Counsel

PA DEPT. OF STATE
AUG 18 1995

PA DEPT. OF STATE
SEP 26 1995

TRADEMARK
REEL: 002981 FRAME: 0414

PHILADELPHIA SUBURBAN CORPORATION

AMENDED AND RESTATED ARTICLES OF INCORPORATION

**ARTICLE I
NAME**

The name of the Corporation is Philadelphia Suburban Corporation.

**ARTICLE II
ADDRESS OF REGISTERED OFFICE**

The location and address of the registered office of the Corporation in this Commonwealth is 762 Lancaster Avenue, Bryn Mawr, Montgomery County, Pennsylvania, 19010.

**ARTICLE III
PURPOSE**

The purpose or purposes for which the Corporation is incorporated under the Pennsylvania Business Corporation Law of 1988 are to engage in, and to do any lawful act concerning, any or all lawful business for which corporations may be incorporated under said Business Corporation Law, including but not limited to, manufacturing, processing, owning, using and dealing in personal property of every class and description, engaging in research and development, furnishing services, and acquiring, owning, using and disposing of real property of any nature whatsoever.

**ARTICLE IV
CAPITAL STOCK**

The aggregate number of shares which the Corporation shall have authority to issue is 21,770,819 shares, divided into 20,000,000 shares of Common Stock, par value \$.50 per share, and 1,770,819 shares of Series Preferred Stock, par value \$1.00 per share. The Board of Directors shall have the full authority permitted by law to fix by resolution full, limited, multiple or fractional, or no voting rights, and such designations, preferences, qualifications, privileges, limitations, restrictions, options, conversion rights, and other special or relative rights of any class or any series of any class that may be desired.

Series A Preferred Shares. The first series of the Series Preferred Stock, par value \$1.00 per share, shall consist of 100,000 shares and shall be designated as Series A Junior Participating Preferred Shares (the "Series A Preferred Shares").

A. Special Terms of the Series A Preferred Shares.

Section 1. Dividends and Distributions.

(a) The rate of dividends payable per share of Series A Preferred Shares on the first day of January, April, July and October in each year or such other quarterly payment date as shall be specified by the Board of Directors (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of the Series A Preferred Shares, shall be (rounded to the nearest cent) equal to the greater of (i) \$10.00 or (ii) subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per share amount of all cash dividends, and 100 times the aggregate per share amount (payable in cash, based upon the fair market value at the time the non-cash dividend or other distribution is declared or paid as determined in good faith by the Board of Directors) of all non-cash dividends or other distributions other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock, \$.50 par value, of the Corporation since the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of the Series A Preferred Shares. Dividends on the Series A Preferred Shares shall be paid out of funds legally available for such purpose. In the event the Corporation shall at any time after February 19, 1988 (the "Rights Declaration Date") (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding shares of Common Stock, or (iii) combine the outstanding shares of Common Stock into a smaller number of shares, then in each such case the amounts to which holders of Series A Preferred Shares were entitled immediately prior to such event under clause (ii) of the preceding sentence shall be adjusted by multiplying each such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(b) Dividends shall begin to accrue and be cumulative on outstanding Series A Preferred Shares from the Quarterly Dividend Payment Date next preceding the date of issue of such Series A Preferred Shares, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from

the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of Series A Preferred Shares entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the Series A Preferred Shares in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding.

Section 2. Voting Rights. In addition to any other voting rights required by law, the holders of Series A Preferred Shares shall have the following voting rights:

(a) Subject to the provision for adjustment hereinafter set forth, each Series A Preferred Share shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the shareholders of the Corporation. In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding shares of Common Stock, or (iii) combine the outstanding shares of Common Stock into a smaller number of shares, then in each such case the number of votes per share to which holders of Series A Preferred Shares were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(b) Except as otherwise provided herein, in the articles of the Corporation or by law, the holders of Series A Preferred Shares and the holders of Common Stock (and the holders of shares of any other series or class entitled to vote thereon) shall vote together as one class on all matters submitted to a vote of shareholders of the Corporation.

Section 3. Reacquired Shares. Any Series A Preferred Shares purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued Series Preferred Stock and may be reissued as part of a new series of Series Preferred Stock to be created by resolution or resolutions of the Board of Directors.

Section 4. Liquidation, Dissolution or Winding Up. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of Series A Preferred Shares shall be entitled to receive the greater of (a) \$100.00 per

share, plus accrued dividends to the date of distribution, whether or not earned or declared, or (b) an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount to be distributed per share to holders of Common Stock. In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding shares of Common Stock, or (iii) combine the outstanding shares of Common Stock into a smaller number of shares, then in each such case the amount to which holders of Series A Preferred Shares were entitled immediately prior to such event pursuant to clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 5. Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case the Series A Preferred Shares shall at the same time be similarly exchanged or changed in an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 100 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding shares of Common Stock, or (iii) combine the outstanding shares of Common Stock into a smaller number of shares, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Preferred Shares shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 6. No Redemption. The Series A Preferred Shares shall not be redeemable.

Section 7. Ranking. The Series A Preferred Shares shall rank junior to all other series of the Corporation's Series Preferred Stock as to the payment of dividends and the distribution of assets, unless the terms of any such series shall provide otherwise.

Section 8. Fractional Shares. Series A Preferred Shares may be issued in fractions of a share which shall entitle the holder, in proportion to such holder's fractional shares, to

exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series A Preferred Shares.

**ARTICLE V
MANAGEMENT**

Section 5.01. Board of Directors

(a) Number; Classification. The Board of Directors of the Corporation shall consist of such number of directors as shall be fixed from time to time by resolution of the Board adopted by a vote of three-quarters of the entire Board of Directors. Cumulative voting for directors shall not be permitted. The Board of Directors shall be divided into three classes, which shall be as nearly equal in number as possible. Directors of each class shall serve for a term of three years and until their successors shall have been elected and qualified.

(b) Qualifications. Directors of the Corporation need not be residents of Pennsylvania or Shareholders. No person shall be appointed or elected a director of the Corporation unless:

(1) such person is elected to fill a vacancy in the Board of Directors (including any vacancy resulting from any increase in the authorized number of directors) by a vote of a majority of the entire Board of Directors, and any director so elected shall hold office until the next election of the class for which such director shall have been elected and until a successor shall have been elected and qualified; or

(2) the name of such person, together with such consents and information concerning present and prior occupations, transactions with the Corporation or its subsidiaries and other matters as may at the time be required by or pursuant to the Bylaws, shall have been filed with the Secretary of the Corporation no later than a time fixed by or pursuant to the Bylaws immediately preceding the annual or special meeting at which such person intends to be a candidate for director.

(c) Removal of Directors. Directors of the Corporation may be removed without cause by vote of the shareholders only if authorized in the manner provided in Section 5.05(b). No decrease or increase in the size of the Board shall shorten or otherwise affect the term of any incumbent director.

Section 5.02. Bylaws. Bylaws may be adopted, amended or repealed by the Board of Directors to the full extent permitted by law.

Section 5.03. Special Meetings. A special meeting of shareholders may be called by the President, the Board of Directors, or shareholders entitled to cast a majority of the votes which all shareholders are entitled to cast at the particular meeting or by such other officers or persons as may be provided in the Bylaws.

Section 5.04. Amendment of Articles. Any amendment of the Articles of Incorporation may be proposed by either the Board of Directors or by the shareholders. An amendment initiated by the shareholders shall be proposed only by a petition of shareholders entitled to cast a majority of the votes which all shareholders are entitled to cast thereon, setting forth the proposed amendment, which petition shall be directed to and filed with the Board of Directors.

Section 5.05. Fundamental and Other Transactions.

(a) **Shareholder Authorization of Corporate Action Recommended by Management.** Whenever any corporate action, other than the election of directors, is to be taken by vote of the Shareholders on recommendation of a vote of three-quarters of the entire Board of Directors, the proposed corporate action, including a Fundamental Transaction (as defined in Section 5.06), shall be authorized upon receiving the minimum vote required for the authorization of such action by statute, after taking into account the express terms of any class or any series of any class of shares of the Corporation with respect to such vote.

(b) **Shareholder Authorization of Other Corporate Action.** Except as provided in Subsection (a), whenever any corporate action, other than the election of directors, is to be taken by vote of the shareholder, the proposed corporate action, including a Fundamental Transaction (as defined in Section 5.06), shall be authorized only upon receiving at least three-quarters of the vote which all voting shareholders, voting as a single class, are entitled to cast thereon and, in addition, the affirmative vote of the number or proportion of shares of any class or any series of any class of shares of the Corporation, if any, as shall at the time be required by the express terms of any such class or series of shares of the Corporation.

Section 5.06. Fundamental Transactions Defined. For the purposes of this Article V, the term "Fundamental Transaction shall mean:

(a) Any of the following, if such action is effected by vote of the shareholders: amendment of the Articles of Incorporation; adoption, amendment or repeal of the Bylaws; a change in the number of directors constituting the entire Board of Directors; or removal of one or more directors; or

(b) Any of the following, if any such transaction requires the approval of the shareholders under the Articles of Incorporation of the Corporation as then in effect or the Business Corporation Law as then in effect with respect to the Corporation: the sale, lease, exchange or other disposition of all or substantially all of the assets of the Corporation; the issuance in a single or one or more related transactions of voting shares of the Corporation sufficient to elect a majority of the directors of the Corporation; or the merger, consolidation, division, reorganization, recapitalization, dissolution, liquidation or winding up of the Corporation.

Section 5.06. Series Preferred Stock Provisions. The provisions of Sections 5.01, 5.03 and 5.04 shall be subject to the express terms of any class or series of any class of the Corporation.

**ARTICLE VI
MISCELLANEOUS**

Reservation of Right to Amend. Subject to the provisions of Article V hereof, the Corporation reserves the right to amend, alter, change or repeal any provision contained in these Articles of Incorporation in the manner now or hereafter prescribed by the statute, and all rights conferred upon Shareholders herein are granted subject to this reservation.

JUN 05 1996

Microfilm Number _____

Filed with the Department of State on _____

Entity Number 279757

Joette Kaufman

Secretary of the Commonwealth

ARTICLES OF AMENDMENT-DOMESTIC BUSINESS CORPORATION

DSCB:15-1915 (Rev 90)

In compliance with the requirements of 15 Pa.C.S. § 1915 (relating to articles of amendment), the undersigned business corporation, desiring to amend its Articles, hereby states that:

1. The name of the corporation is: Philadelphia Suburban Corporation

2. The (a) address of this corporation's current registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is (the Department is hereby authorized to correct the following information to conform to the records of the Department):

(a) <u>762 Lancaster Avenue</u>	<u>Bryn Mawr</u>	<u>PA</u>	<u>19010</u>	<u>Montgomery</u>
Number and Street	City	State	Zip	County

(b) c/o: _____
 Name of Commercial Registered Office Provider County

For a corporation represented by a commercial registered office provider, the county in (b) shall be deemed the county in which the corporation is located for venue and official publication purposes.

3. The statute by or under which it was incorporated is: Act of May 5, 1933 (P.L. 364)

4. The date of its incorporation is: November 14, 1968

5. (Check, and if appropriate complete, one of the following):

The amendment shall be effective upon filing these Articles of Amendment in the Department of State.

The amendment shall be effective on: _____ at _____
Date Hour

6. (Check one of the following):

The amendment was adopted by the shareholders (or members) pursuant to 15 Pa.C.S. § 1914(a) and (b).

The amendment was adopted by the board of directors pursuant to 15 Pa.C.S. § 1914(c).

7. (Check, and if appropriate complete, one of the following):

The amendment adopted by the corporation, set forth in full, is as follows:

The amendment adopted by the corporation is set forth in full in Exhibit A attached hereto and made a part hereof.

PA DEPT OF STATE

JUN 05 1996

TRADEMARK
REEL: 002981 FRAME: 0422

8. (Check if the amendment restates the Articles):

The restated Articles of Incorporation supersede the original Articles and all amendments thereto.

IN TESTIMONY WHEREOF, the undersigned corporation has caused these Articles of Amendment to be signed by a duly authorized officer thereof this _____ day of _____, 19 96.

PHILADELPHIA SUBURBAN CORPORATION

(Name of Corporation)

BY: _____

(Signature)

TITLE: _____

Senior Vice Pres. Secy

PHILADELPHIA SUBURBAN CORPORATION

PROPOSED RESOLUTION TO INCREASE THE CORPORATION'S

AUTHORIZED SHARES OF COMMON STOCK

RESOLVED, that the Corporation's Amended and Restated Articles of Incorporation, be, subject to the requisite shareholder approval, amended to increase the number of authorized shares which the Company is authorized to issue to 41,770,819 and to provide 40,000,000 of such shares shall be shares of Common Stock (the "Amendment").

FURTHER RESOLVED, that the Board of Directors of the Corporation hereby finds and declares that the adoption of the Amendment is in the best interests of the Corporation.

FURTHER RESOLVED, that the Amendment be submitted to the shareholders of the Corporation for their approval.

9677-638

NOV 22 1996

Filing Number _____

Filed with the Department of State on _____

File Number 219757

[Signature]
Secretary of the Commonwealth

[Initials]

STATEMENT WITH RESPECT TO SHARES-DOMESTIC BUSINESS CORPORATION

DSCB: 15-1522 (Rev 91)

In compliance with the requirements of 15 Pa.C.S. § 1522(b) (relating to statement with respect to shares), the undersigned corporation, desiring to state the designation and voting rights, preferences, limitations, and special rights, if any, of one or more series of its shares, hereby states that:

The name of the corporation is: Philadelphia Suburban Corporation

Check and complete one of the following):

The resolution amending the Articles under 15 Pa.C.S. § 1522(b) (relating to divisions and determinations by the board), set forth in full, is as follows:

The resolution amending the Articles under 15 Pa.C.S. § 1522(b) is set forth in full in Exhibit A attached hereto and made a part hereof.

The aggregate number of shares of such class or series established and designated by (a) such resolution, (b) all prior statements, if any, filed under 15 Pa.C.S. § 1522 or corresponding provisions of prior law with respect thereto, and (c) any other provision of the Articles is 32,200 shares.

The resolution was adopted by the Board of Directors or an authorized committee thereof on: March 5, 1996

Check, and if appropriate complete, one of the following):

The resolution shall be effective upon the filing of this statement with respect to shares in the Department of State.

The resolution shall be effective on: _____ at _____
Date Hour

IN TESTIMONY WHEREOF, the undersigned corporation has caused this statement to be signed by a duly authorized officer thereof this 22 day of November, 19 96.

Philadelphia Suburban Corporation

(Name of Corporation)

BY: [Signature]
(Signature)

TITLE: Senior Vice President

9677-889

Exhibit A to Statement With Respect to Shares

STATEMENT OF DESIGNATION
SERIES B PREFERRED STOCK
OF
PHILADELPHIA SUBURBAN CORPORATION

Philadelphia Suburban Corporation, a Pennsylvania corporation (the "Corporation"),
DOES HEREBY CERTIFY:

A. That, pursuant to authority conferred upon the Board of Directors by the Articles of Incorporation and in accordance with the provisions of Section 1522 of the Pennsylvania Business Corporation Law of 1988, as amended, the Board of Directors of the Corporation adopted the following resolution at a duly called and noticed meeting held on the 5th day of March, 1996:

BE IT RESOLVED, that pursuant to the authority expressly vested in the Board of Directors by the Corporation's Articles of Incorporation, the Board of Directors deems it advisable to, and hereby does, designate a new series of preferred stock of the Corporation, par value one dollar (\$1.00) per share, to be known as the "Series B Preferred Stock." The voting rights, preferences, limitations and special rights of the Series B Preferred Stock are as follows:

1. Designation. The shares of such series of Preferred Stock shall be designated as "Series B Preferred Stock."

2. Authorized Number. The number of shares constituting the Series B Preferred Stock shall be 32,200 shares.

3. Dividends. Beginning on March 1, 1997, and on each June 1, September 1, December 1 and March 1 thereafter, the holders of shares of Series B Preferred Stock shall be entitled to receive a quarterly dividend in arrears equal to \$1.5125 per share of Series B Preferred Stock (as adjusted for any stock dividends, combinations or splits with respect to such shares) out of funds legally available for such purpose. Such dividends shall be payable only when, as and if declared by the Board of Directors, provided that quarterly dividends that are not so paid shall be cumulative, and accumulations of dividends shall bear interest at the rate of 6.05% per annum. No dividend or other distribution shall be declared or paid (other than dividends payable in shares of common stock of the Corporation, par value \$.50 per share (the "Common Stock") or options to purchase or rights to subscribe for Common Stock, or securities by their terms convertible into or exchangeable for Common Stock, or options to purchase or rights to subscribe for such convertible or exchangeable securities, provided that such securities rank junior to the Series B Preferred Stock with respect to the payment of dividends and liquidation proceeds) on any shares of the Corporation's capital stock ranking junior to the Series B Preferred Stock as to payment of dividends unless all dividends on the Series B Preferred Stock accrued for all past quarterly dividend periods shall have been paid and the full dividend thereon for the current dividend period shall be paid or declared and set apart for payment. The Corporation's Series B Preferred Stock shall rank senior to its Series A Preferred Stock and its Common Stock with respect to the right to receive dividends and other distributions.

4. Rights on Liquidation, Dissolution, Winding-Up.

(a) In the event of any liquidation, dissolution or winding-up of the affairs of the Corporation (collectively, a "Liquidation"), whether voluntary or involuntary, before any payment of cash or distribution of other property is made to the holders of the Common Stock or any other class or series of shares ranking on Liquidation junior to the Series B Preferred Stock, the holders of Series B Preferred Stock shall be entitled to receive out of the assets of the Corporation legally available for distribution to its shareholders, an amount per share (rounded to the nearest \$0.01 equal to the Liquidation Preference (as defined below), plus an amount equal to any accrued but unpaid cumulative dividends and any interest accrued thereon. The Liquidation Preference shall be equal to \$100.00 per share (as adjusted for any stock dividends, combinations or splits with respect to such shares).

(b) If upon the occurrence of any Liquidation, whether voluntary or involuntary, the assets and funds to be distributed among holders of Series B Preferred Stock and any other class or series of stock ranking equal to the Series B Preferred Stock as to distribution of assets upon Liquidation shall be insufficient to permit the payment to the holders of the preferential amounts described in Section 4(a), then the entire assets and funds of the Corporation legally available for distribution shall be distributed ratably among holders of Series B Preferred Stock and any other class or series of stock ranking equal to the Series B Preferred Stock as to distribution of assets upon Liquidation in accordance with the sums that would be payable on such distribution if all sums payable thereon to holders of all shares of such classes or series were paid in full.

(c) If upon the occurrence of any liquidation, the assets and funds thus distributed among holders of Series B Preferred Stock shall be sufficient to permit the payment to such holders of the preferential amounts described in Section 4(a), then the holders of shares of Series B Preferred Stock shall be entitled to no further participation in the distribution of the assets of the Corporation and any remaining net assets of the Corporation may be distributed to the holders of Common Stock and any other class or series of stock ranking junior to the Series B Preferred Stock as to the distribution of assets upon Liquidation in accordance with their relative liquidation preferences. Written notice of such liquidation, dissolution or winding up, stating a payment date, the amount of the Liquidation payments and the place where said Liquidation payments shall be payable, shall be given by mail, postage prepaid, not less than 30 days prior to the payment date stated therein, to the holders of record of Series B Preferred Stock, such notice to be addressed to each such holder at his post office address as shown by the records of the Corporation.

Except as provided in Section 5, a consolidation or merger of the Corporation into or with any other corporation or corporations shall not be deemed to be a liquidation, dissolution or winding up of the Corporation within the meanings of the provisions of this section 4.

The Company's Series B Preferred Stock shall rank senior to its Series A Preferred Stock with respect to the right to the distribution of the Company's assets upon liquidation.

5. Merger, Consolidation, etc. The Corporation shall give notice to each holder of Series B Preferred Stock at least 20 days prior to the effective date of (i) any consolidation or merger of the Corporation with or into any other corporation or corporations (other than a merger or consolidation in which the holders of Series B Preferred Stock receive securities of the surviving corporation having substantially similar rights to the Series B Preferred Stock and in which the shareholders of the Corporation immediately prior to the transaction will be the holders of at least a majority of the voting securities of the surviving corporation immediately after the transaction); (ii) a sale, conveyance or disposition of all or substantially all of the assets of the Corporation; or (iii) the effectuation by the Corporation of a transaction or series of related transactions in which more than 50% of the voting power of the Corporation is disposed of. The holders of a majority of the Series B Preferred Stock shall be entitled, by electing prior to the effective date of any of the foregoing types of transactions, to require the Corporation to treat any such transaction as if it were a Liquidation and to cause the proceeds of such transaction, or any property deliverable from such transaction to be distributed among the shareholders as if such transaction were a Liquidation.

6. Protective Provisions. So long as any shares of Series B Preferred Stock shall remain outstanding, the Corporation shall not, without the affirmative vote of the holders of at least a majority of the shares of Series B Preferred Stock at the time outstanding adopt any amendment to its Articles of Incorporation which would adversely affect in any material respect the rights or preferences of shares of the Series B Preferred Stock as set forth in this Statement of Designation.

7. Conversion. The Series B Preferred Stock shall not be convertible into any other class or series of capital stock of the Corporation.

8. Redemption.

(a) The Series B Preferred Stock shall not be redeemable by the Corporation prior to November 30, 2001. Thereafter, up to 20% of the number of the number of shares of Series B Preferred Stock originally issued may be called for redemption by the Corporation, in whole or in part, each year starting on December 1, 2001 (the "Redemption Date"), upon 30 days' prior written notice, by the payment therefor of an amount per share (rounded to the nearest \$0.01) equal to the sum of (i) the Liquidation Preference and (ii) all accumulations of accrued and unpaid dividends on such outstanding shares of Series B Preferred Stock (together with any

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accrued interest thereon) through the date of redemption (such amount, the "Redemption Price"). The Corporation's right to redeem shall be cumulative, such that any shares the Corporation has a right to redeem in one year that are not so redeemed, may be redeemed by the Corporation in a subsequent year. At the election of the holders of the Series B Preferred Stock called for redemption by the Corporation, the Redemption Price may be paid in cash or by the delivery of a promissory note of the Corporation in substantially the form attached hereto as Exhibit "A" (the "Note"). The election by the holders of the shares being redeemed shall be made by written notice to the Corporation no less than 15 days prior to the Redemption Date, otherwise the Corporation may elect to pay the Redemption Price in cash.

(b) The Series B Preferred Stock shall not be called for redemption by the holders prior to December 1, 1998. Thereafter, the Series B Preferred Stock may be called for redemption, in whole or in part, by such holders, and thereupon shall be redeemed for cash by the Corporation, upon 30 days' prior written notice, from such holders at a per share price equal to the Redemption Price.

(c) Shares of Series B Preferred Stock are not subject to or entitled to the benefit of a sinking fund.

(d) Shares of Series B Preferred Stock that are redeemed shall be canceled and shall not be reissuable by the Corporation and the Articles of Incorporation of the Corporation shall be appropriately amended to effect a corresponding reduction in the Corporation's authorized capital stock.

(e) If notice of redemption as provided in Section (a) above shall have been duly given or if the Corporation shall have given to the bank or trust company hereinafter referred to irrevocable authorization promptly to give such notice, and if on or before the Redemption Date specified therein the Corporation shall have either deposited the funds necessary for such redemption with, or delivered a Note in the amount of the applicable Redemption to, such bank or trust company in trust for the benefit of the holders of the shares called for redemption, then, notwithstanding that any certificates for shares so called for redemption shall not have been surrendered for cancellation, from and after the Redemption Date, all shares so called for redemption shall no longer be deemed to be outstanding and all rights with respect to such shares shall forthwith cease and terminate, except only the right of the holders thereof to receive from such bank or trust company at any time after the time of such deposit the funds so deposited, without interest. Any interest accrued on such funds shall be paid to the Corporation from time to time. The aforesaid bank or trust company shall be organized and in good standing under the laws of the United States of America, or the Commonwealth of Pennsylvania, shall be doing business in Pennsylvania, and shall be identified in the notice of redemption. Any funds so set aside or deposited, as the case may be, and unclaimed at the end of two years from such Redemption Date shall, to the extent permitted by law, be released or repaid to the Corporation, after which repayment the holders of the shares so called for redemption shall look only to the Corporation for payment thereof.

3677-013

B. The aggregate number of shares of Series B Preferred Stock established by the foregoing resolutions, all prior statements, if any, filed under Section 1522 of the Pennsylvania Business Law of 1988, as amended, or corresponding provisions of prior law with respect thereto, and any other provisions of the Corporation's Articles of Incorporation shall be 32,200 shares.

IN WITNESS WHEREOF, the undersigned has executed this Statement
this 22nd day of November, 1996.

PHILADELPHIA SUBURBAN CORPORATION
By 

EXHIBIT A

PROMISSORY NOTE

\$ _____

FOR VALUE RECEIVED, the undersigned, PHILADELPHIA SUBURBAN CORPORATION, a Pennsylvania, corporation ("Borrower"), HEREBY IRREVOCABLY PROMISES TO PAY to _____ ("Payee"), the principal sum of _____ AND 00/100 DOLLARS (\$ _____), together with interest on the principal balance hereof from time to time unpaid at the rates provided below until payment in full thereof.

Interest shall accrue on the principal balance from time to time outstanding hereunder at a rate per annum equal to 6.05% per annum. The principal amount of this note shall be due within sixty (60) days of Borrower's receipt of written demand from the Payee, but no later than [insert date 5 years after the applicable date of redemption]. All accrued and unpaid interest shall be due and payable quarterly, in arrears, on [insert interest payment dates].

If any payment of interest or principal hereunder becomes due and payable on a day other than a business day, the maturity thereof shall be extended to the next succeeding business day and, with respect to payments or principal, interest thereon at the then applicable rate and for the period of such extension shall be payable on such next succeeding business day. The term "business day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Philadelphia, Pennsylvania are not required to be open.

Both principal and interest hereunder are payable in lawful money of the United States of America via first class United States mail to [insert payee's address].

Demand, presentment, protest and notice of nonpayment and protest, notice of intention to accelerate maturity, notice of acceleration of maturity, and notice of dishonor are hereby waived by Borrower.

If Borrower shall make a general assignment for the benefit of creditors or any proceeding shall be instituted by or against Borrower seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its assets, or if Borrower shall take any corporate action to authorize any of the actions set forth above in this paragraph, then all of the obligations evidenced by this Promissory Note shall automatically, without notice or demand by Payee, be immediately due and payable. If Borrower shall fail to make payment of principal or interest when due hereunder and if Borrower has not

9677- 615

made such payment within ten business days of receipt of notice by Payee, the obligations evidenced by this Promissory Note shall, at the option of Payee, be due in payable in full.

Whenever possible each provision of this Promissory Note shall be interpreted in such manner as to be effective and valued under applicable law, but if any provision of this Promissory Note shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Promissory Note.

THIS PROMISSORY NOTE SHALL BE INTERPRETED, AND THE RIGHTS AND LIABILITIES OF THE PARTIES HERETO DETERMINED, IN ACCORDANCE WITH THE INTERNAL LAWS AND DECISIONS, AND NOT THE CONFLICTS OF LAW PROVISIONS, OF THE COMMONWEALTH OF PENNSYLVANIA.

PHILADELPHIA SUBURBAN CORPORATION

By: _____
Name: _____
Title: _____

9815-1726

FEB 27 1998

Microfilm Number _____

Filed with the Department of State on _____

Entity Number 279757

Shelley K. ...
Secretary of the Commonwealth

ARTICLES OF AMENDMENT-DOMESTIC BUSINESS CORPORATION
DSCB:15-1915 (Rev 91)

In compliance with the requirements of 15 Pa.C.S. § 1915 (relating to articles of amendment), the undersigned business corporation, desiring to amend its Articles, hereby states that:

1. The name of the corporation is: Philadelphia Suburban Corporation

2. The (a) address of this corporation's current registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is (the Department is hereby authorized to correct the following information to conform to the records of the Department):

(a) <u>762 Lancaster Avenue</u>	<u>Bryn Mawr</u>	<u>Pennsylvania</u>	<u>19010</u>	<u>Delaware</u>
Number and Street	City	State	Zip	County

(b) c/o: _____
Name of Commercial Registered Office Provider County

For a corporation represented by a commercial registered office provider, the county in (b) shall be deemed the county in which the corporation is located for venue and official publication purposes.

3. The statute by or under which it was incorporated is: Pennsylvania Business Corporation Act

4. The date of its incorporation is: November 14, 1968

5. (Check, and if appropriate complete, one of the following):

- The amendment shall be effective upon filing these Articles of Amendment in the Department of State.
- The amendment shall be effective on: _____ at _____
Date Hour

6. (Check one of the following):

- The amendment was adopted by the shareholders (or members) pursuant to 15 Pa.C.S. § 1914(a) and (b).
- The amendment was adopted by the board of directors pursuant to 15 Pa.C.S. § 1914(c).

7. (Check, and if appropriate complete, one of the following):

- The amendment adopted by the corporation, set forth in full, is as follows:
- The amendment adopted by the corporation is set forth in full in Exhibit A attached hereto and made a part hereof.

FEB 27 1998
PA Dept. of State

9815-1727

DSCB:15-1915 (Rev 91)-2

8. (Check if the amendment restates the Articles):

The restated Articles of Incorporation supersede the original Articles and all amendments thereto.

IN TESTIMONY WHEREOF, the undersigned corporation has caused these Articles of Amendment to be signed by a
duly authorized officer thereof this 26th day of February, 19 98.

Philadelphia Suburban Corporation

(Name of Corporation)

BY: 

Roy H. Stahl

(Signature)

TITLE: Senior Vice President & General Counsel

TRADEMARK

REEL: 002981 FRAME: 0434

EXHIBIT A

Part A Article IV of the Amended and Restated Articles of Incorporation of Philadelphia Suburban Corporation is hereby amended and restated as set forth below:

Series A Preferred Shares. The first series of the Series Preferred Stock, par value \$1.00 per share, shall consist of 100,000 shares and shall be designated as Series A Junior Participating Preferred Shares (the "Series A Preferred Shares").

A. Special Terms of the Series A Preferred Shares

Section 1. Dividends and Distributions.

(a) The rate of dividends payable per share of Series A Preferred Shares on the first day of January, April, July and October in each year or such other quarterly payment date as shall be specified by the Board of Directors (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of the Series A Preferred Shares, shall be (rounded to the nearest cent) equal to the greater of (i) \$10.00 or (ii) subject to the provision for adjustment hereinafter set forth, 1,000 times the aggregate per share amount of all cash dividends, and 1,000 times the aggregate per share amount (payable in cash, based upon the fair market value at the time the non-cash dividend or other distribution is declared or paid as determined in good faith by the Board of Directors) of all non-cash dividends or other distributions other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock, \$.50 par value per share, of the Corporation since the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of the Series A Preferred Shares. Dividends on the Series A Preferred Shares shall be paid out of funds legally available for such purpose. In the event the Corporation shall at any time after March 1, 1998 (the "Rights Declaration Date") (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding shares of Common Stock, or (iii) combine the outstanding shares of Common Stock into a smaller number of shares, then in each such case the amounts to which holders of Series A Preferred Shares were entitled immediately prior to such event under clause (ii) of the preceding sentence shall be adjusted by multiplying each such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(b) Dividends shall begin to accrue and be cumulative on outstanding Series A Preferred Shares from the Quarterly Dividend Payment Date next preceding the date of issue of such Series A Preferred Shares, unless the date of issue of such shares is prior to the record date

for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of Series A Preferred Shares entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the Series A Preferred Shares in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding.

Section 2. Voting Rights. In addition to any other voting rights required by law, the holders of Series A Preferred Shares shall have the following voting rights:

(a) Subject to the provision for adjustment hereinafter set forth, each Series A Preferred Share shall entitle the holder thereof to 1,000 votes on all matters submitted to a vote of the shareholders of the Corporation. In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding shares of Common Stock, or (iii) combine the outstanding shares of Common Stock into a smaller number of shares, then in each such case the number of votes per share to which holders of Series A Preferred Shares were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(b) In the event that dividends upon the Series A Preferred Shares shall be in arrears to an amount equal to six full quarterly dividends thereon, the holders of such Series A Preferred Shares shall become entitled to the extent hereinafter provided to vote noncumulatively at all elections of directors of the Corporation, and to receive notice of all shareholders' meetings to be held for such purpose. At such meetings, to the extent that directors are being elected, the holders of such Series A Preferred Shares voting as a class shall be entitled solely to elect two members of the Board of Directors of the Corporation; and all other directors of the Corporation shall be elected by the other shareholders of the Corporation entitled to vote in the election of directors. Such voting rights of the holders of such Series A Preferred Shares shall continue until all accumulated and unpaid dividends thereon shall have been paid or funds sufficient therefor set aside, whereupon all such voting rights of the holders of shares of such series shall cease, subject to being again revived from time to time upon the reoccurrence of the conditions above described as giving rise thereto.

At any time when such right to elect directors separately as a class shall have so vested, the Corporation may, and upon the written request of the holders of record of not less than 20% of the then outstanding total number of shares of all the Series A Preferred Shares having the right to elect directors in such circumstances shall, call a special meeting of holders of

such Series A Preferred Shares for the election of directors. In the case of such a written request, such special meeting shall be held within 90 days after the delivery of such request, and, in either case, at the place and upon the notice provided by law and in the By-laws of the Corporation; provided, that the Corporation shall not be required to call such a special meeting if such request is received less than 120 days before the date fixed for the next ensuing annual or special meeting of shareholders of the Corporation. Upon the mailing of the notice of such special meeting to the holders of such Series A Preferred Shares, or, if no such meeting be held, then upon the mailing of the notice of the next annual or special meeting of shareholders for the election of directors, the number of directors of the Corporation shall, ipso facto, be increased to the extent, but only to the extent, necessary to provide sufficient vacancies to enable the holders of such Series A Preferred Shares to elect the two directors hereinabove provided for, and all such vacancies shall be filled only by vote of the holders of such Series A Preferred Shares as hereinabove provided. Whenever the number of directors of the Corporation shall have been increased, the number as so increased may thereafter be further increased or decreased in such manner as may be permitted by the By-laws and without the vote of the holders of Series A Preferred Shares, provided that no such action shall impair the right of the holders of Series A Preferred Shares to elect and to be represented by two directors as herein provided.

So long as the holders of Series A Preferred Shares are entitled hereunder to voting rights, any vacancy in the Board of Directors caused by the death or resignation of any director elected by the holders of Series A Preferred Shares, shall, until the next meeting of shareholders for the election of directors, in each case be filled by the remaining director elected by the holders of Series A Preferred Shares having the right to elect directors in such circumstances.

Upon termination of the voting rights of the holders of any series of Series A Preferred Shares the terms of office of all persons who shall have been elected directors of the Corporation by vote of the holders of Series A Preferred Shares or by a director elected by such holders shall forthwith terminate.

(c) Except as otherwise provided herein, in the Articles of Incorporation of the Corporation or by law, the holders of Series A Preferred Shares and the holders of Common Stock (and the holders of shares of any other series or class entitled to vote thereon) shall vote together as one class on all matters submitted to a vote of shareholders of the Corporation.

Section 3. Reacquired Shares. Any Series A Preferred Shares purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued Series Preferred Stock and may be reissued as part of a new series of Series Preferred Stock to be created by resolution or resolutions of the Board of Directors.

Section 4. Liquidation, Dissolution or Winding Up. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of Series A Preferred Shares shall be entitled to receive the greater of (a) \$100.00 per share, plus accrued dividends to the date of distribution, whether or not earned or declared, or (b) an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1,000 times the aggregate amount to be distributed per share to holders of Common Stock. In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding shares of Common Stock, or (iii) combine the outstanding shares of Common Stock into a smaller number of shares, then in each such case the amount to which holders of Series A Preferred Shares were entitled immediately prior to such event pursuant to clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 5. Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case the Series A Preferred Shares shall at the same time be similarly exchanged or changed in an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 1,000 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding shares of Common Stock, or (iii) combine the outstanding shares of Common Stock into a smaller number of shares, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Preferred Shares shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 6. No Redemption. The Series A Preferred Shares shall not be redeemable.

Section 7. Ranking. The Series A Preferred Shares shall rank junior to all other series of the Corporation's Series Preferred Stock as to the payment of dividends and the distribution of assets, unless the terms of any such series shall provide otherwise.

Section 8. Fractional Shares. Series A Preferred Shares may be issued in fractions of a share which shall entitle the holder, in proportion to such holder's fractional shares,

9815-1732

to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series A Preferred Shares.

PH07/218558 1

TRADEMARK
REEL: 002981 FRAME: 0439

DEC 31 1998

Microfilm Number _____

Filed with the Department of State on _____

Entity Number 279757

Kim Fitzgerald
ACTING Secretary of the Commonwealth

ARTICLES OF AMENDMENT-DOMESTIC BUSINESS CORPORATION

DSCB.15-1915 (Rev 91)

In compliance with the requirements of 15 Pa.C.S. § 1915 (relating to articles of amendment), the undersigned business corporation, desiring to amend its Articles, hereby states that:

1. The **name** of the corporation is: Philadelphia Suburban Corporation

2. The (a) **address** of this corporation's current registered office in this Commonwealth or (b) **name** of its commercial registered office provider and the county of venue is (the Department is hereby authorized to correct the following information to conform to the records of the Department):

(a) 762 W. Lancaster Avenue Bryn Mawr PA 19010 Montgomery
Number and Street City State Zip County

(b) c/o: _____
Name of Commercial Registered Office Provider County

For a corporation represented by a commercial registered office provider, the county in (b) shall be deemed the county in which the corporation is located for venue and official publication purposes

3. The **statute** by or under which it was incorporated is: Act of May 5, 1933 (P.L. 364)

4. The **date** of its incorporation is: November 14, 1968

5. (Check, and if appropriate complete, one of the following):

The amendment shall be effective upon filing these Articles of Amendment in the Department of State.

The amendment shall be effective on: _____ at _____
Date Hour

6. (Check one of the following):

The amendment was adopted by the shareholders (or members) pursuant to 15 Pa.C.S. § 1914(a) and (b).

The amendment was adopted by the board of directors pursuant to 15 Pa.C.S. § 1914(c).

7. (Check, and if appropriate complete, one of the following):

The amendment adopted by the corporation, set forth in full, is as follows:

The amendment adopted by the corporation as set forth in full in Exhibit A attached hereto and made a part hereof.

DEPT OF STATE
DEC 31 1998

8. (Check if the amendment restates the Articles):

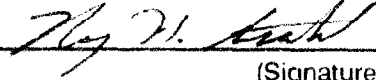
The restated Articles of Incorporation supersede the original Articles and all amendments thereto.

IN TESTIMONY WHEREOF, the undersigned corporation has caused these Articles of Amendment to be signed by a duly authorized officer thereof this 23rd day of December, 19 98.

PHILADELPHIA SUBURBAN CORPORATION

(Name of Corporation)

BY:



(Signature)

TITLE:

Senior Vice President

EXHIBIT A

AMENDMENTS TO PSC'S ARTICLES OF INCORPORATION

The Articles of Incorporation of this corporation are to be amended as follow:

1. Paragraph one of Article IV thereof is amended in its entirety to read as follows:

The aggregate number of shares which the Corporation shall have authority to issue is 101,770.819 shares, divided into 100,000,000 shares of Common Stock, par value \$.50 per share, and 1,770.819 shares of Series Preferred Stock, par value: \$1.00 per share. The Board of Directors shall have the full authority permitted by law to fix by resolution full, limited, multiple or fractional, or no voting rights, and such designations, preferences, qualifications, privileges, limitations, restrictions, options, conversion rights, and other special or relative rights of any class or any series of any class that may be desired.

JUN 08 2000

Microfilm Number _____

Filed with the Department of State on _____

Entity Number 279757

Kim Hingengulit
Secretary of the Commonwealth

ARTICLES OF AMENDMENT-DOMESTIC BUSINESS CORPORATION
DSCB:15-1915 (Rev 90)

In compliance with the requirements of 15 Pa C S. § 1915 (relating to articles of amendment), the undersigned business corporation, desiring to amend its Articles, hereby states that:

1 The **name** of the corporation is: Philadelphia Suburban Corporation

2 The (a) **address** of this corporation's current registered office in this Commonwealth or (b) **name** of its commercial registered office provider and the county of venue is (the Department is hereby authorized to correct the following information to conform to the records of the Department):

(a) 762 W. Lancaster Avenue, Bryn Mawr, PA 19010 Montgomery
Number and Street City State Zip County

(b) c/o _____
Name of Commercial Registered Office Provider County

For a corporation represented by a commercial registered office provider, the county in (b) shall be deemed the county in which the corporation is located for venue and official publication purposes.

3 The **statute** by or under which it was incorporated is Act of May 5, 1933 (P.L. 364)

4 The **date** of its incorporation is November 14, 1968

5. (Check, and if appropriate complete, one of the following):

____ The amendment shall be effective upon filing these Articles of Amendment in the Department of State.

The amendment shall be effective on May 15, 2000 at 12:00 pm
Date Hour

6 (Check one of the following):

The amendment was adopted by the shareholders (or members) pursuant to 15 Pa.C.S. § 1914(a) and (b)

____ The amendment was adopted by the board of directors pursuant to 15 Pa.C.S. § 1914(c).

7. (Check, and if appropriate complete, one of the following):

____ The amendment adopted by the corporation, set forth in full, is as follows:

The amendment adopted by the corporation is set forth in full in Exhibit A attached hereto and made a part hereof.

BY _____
SECRETARY

200045-1662

DSCB: 15-1915 (Rev 90)-2

8. (Check if the amendment restates the Articles):

The restated Articles of Incorporation supersede the original Articles and all amendments thereto.

IN TESTIMONY WHEREOF, the undersigned corporation has caused these Articles of Amendment to be signed by a duly authorized officer thereof this 22nd day of May, 2000

Philadelphia Suburban Corporation
(Name of Corporation)

BY: [Signature]
(Signature)

TITLE: Executive Vice President

[Section 5.05 (a) is replaced in its entirety with the following:]

Section 5.05. Fundamental and Other Transactions.

(a) Shareholder Authorization of Corporate Action Recommended by Management. Whenever any corporate action, other than the election of directors, is to be taken by vote of the Shareholders on recommendation of a vote of a majority of the entire Board of Directors, the proposed corporate action, including a Fundamental Transaction (as defined in Section 5.06), shall be authorized upon receiving the minimum vote required for the authorization of such action by statute, after taking into account the express terms of any class or any series of any class of shares of the Corporation with respect to such vote.

SEP 10 2001

Microfilm Number _____

Filed with the Department of State on _____

Entity Number _____

Kim Fungjungsak

Secretary of the Commonwealth

ARTICLES OF AMENDMENT-DOMESTIC BUSINESS CORPORATION
DSCB:15-1915 (Rev 90)

In compliance with the requirements of 15 Pa.C.S. § 1915 (relating to articles of amendment), the undersigned business corporation, desiring to amend its Articles, hereby states that:

1. The **name** of the corporation is: Philadelphia Suburban Corporation

2. The (a) **address** of this corporation's current registered office in this Commonwealth or (b) **name** of its commercial registered office provider and the county of venue is (the Department is hereby authorized to correct the following information to conform to the records of the Department)

(a) <u>762 W. Lancaster Ave.</u>	<u>Bryn Mawr</u>	<u>PA</u>	<u>19010</u>	<u>Montgomery</u>
Number and Street	City	State	Zip	County

(b) c/o: _____
Name of Commercial Registered Office Provider County

For a corporation represented by a commercial registered office provider, the county in (b) shall be deemed the county in which the corporation is located for venue and official publication purposes.

3. The **statute** by or under which it was incorporated is: Act of May 5, 1933 (P.L. 364)

4. The **date** of its incorporation is: November 14, 1968

5. (Check, and if appropriate complete, one of the following):

The amendment shall be effective upon filing these Articles of Amendment in the Department of State.

The amendment shall be effective on _____ at _____
Date Hour

6. (Check one of the following):

The amendment was adopted by the shareholders (or members) pursuant to 15 Pa.C.S. § 1914(a) and (b).

The amendment was adopted by the board of directors pursuant to 15 Pa.C.S. § 1914(c).

7. (Check, and if appropriate complete, one of the following):

The amendment adopted by the corporation, set forth in full, is as follows:

The amendment adopted by the corporation is set forth in full in Exhibit A attached hereto and made a part hereof.

PA DEPT OF STATE
SEP 10 2001

200170 - 892

DSCB: 15-1915 (Rev 90)-2

8. (Check if the amendment restates the Articles):

The restated Articles of Incorporation supersede the original Articles and all amendments thereto.

IN TESTIMONY WHEREOF, the undersigned corporation has caused these Articles of Amendment to be signed by a duly authorized officer thereof this 10th day of September, 2001.

Philadelphia Suburban Corporation
(Name of Corporation)

BY: [Signature]
(Signature)

TITLE: Executive Vice President

PHILADELPHIA SUBURBAN CORPORATION
RESTATED ARTICLES OF INCORPORATION
(As of May 17, 2001)

ARTICLE I
NAME

The name of the Corporation is Philadelphia Suburban Corporation.

ARTICLE II
ADDRESS OF REGISTERED OFFICE

The location and address of the registered office of the Corporation in this Commonwealth is 762 Lancaster Avenue, Bryn Mawr, Montgomery County, Pennsylvania, 19010.

ARTICLE III
PURPOSE

The purpose or purposes for which the Corporation is incorporated under the Pennsylvania Business Corporation Law of 1988 are to engage in, and to do any lawful act concerning, any or all lawful business for which corporations may be incorporated under said Business Corporation Law, including but not limited to, manufacturing, processing, owning, using and dealing in personal property of every class and description, engaging in research and development, furnishing services, and acquiring, owning, using and disposing of real property of any nature whatsoever.

ARTICLE IV
CAPITAL STOCK

4.01 The aggregate number of shares which the Corporation shall have authority to issue is 101,770,819 shares, divided into 100,000,000 shares of Common Stock, par value \$.50 per share, and 1,770,819 shares of Series Preferred Stock, par value \$1.00 per share. The Board of Directors shall have the full authority permitted by law to fix by resolution full, limited, multiple or fractional, or no voting rights, and such designations, preferences, qualifications, privileges, limitations, restrictions, options, conversion rights, and other special or relative rights of any class or any series of any class that may be desired.

4.02 Series A Preferred Shares. The first series of the Series Preferred Stock, par value \$1.00 per share, shall consist of 100,000 shares and shall be designated as Series A Junior Participating Preferred Shares (the "Series A Preferred Shares").

4.02 (a) Dividends and Distributions.

(1) The rate of dividends payable per share of Series A Preferred Shares on the first day of January, April, July and October in each year or such other quarterly payment date as shall be specified by the Board of Directors (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of the Series A Preferred Shares, shall be (rounded to the nearest cent) equal to the greater of (i) \$10.00 or (ii) subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per share amount of all cash dividends, and 100 times the aggregate per share amount (payable in cash, based upon the fair market value at the time the non-cash dividend or other distribution is declared or paid as determined in good faith by the Board of Directors) of all non-cash dividends or other distributions other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock, \$.50 par value, of the Corporation since the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of the Series A Preferred Shares. Dividends on the Series A Preferred Shares shall be paid out of funds legally available for such purpose. In the event the Corporation shall at any time after February 19, 1988 (the "Rights Declaration Date") (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding shares of Common Stock, or (iii) combine the outstanding shares of Common Stock into a smaller number of shares, then in each such case the amounts to which holders of Series A Preferred Shares were entitled immediately prior to such event under clause (ii) of the preceding sentence shall be adjusted by multiplying each such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(2) Dividends shall begin to accrue and be cumulative on outstanding Series A Preferred Shares from the Quarterly Dividend Payment Date next preceding the date of issue of such Series A Preferred Shares, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of Series A Preferred Shares entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the Series A Preferred Shares in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding.

4.02 (b) Voting Rights. In addition to any other voting rights required by law, the holders of Series A Preferred Shares shall have the following voting rights:

(1) Subject to the provision for adjustment hereinafter set forth, each Series A Preferred Share shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the shareholders of the Corporation. In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common

Stock, (ii) subdivide the outstanding shares of Common Stock, or (iii) combine the outstanding shares of Common Stock into a smaller number of shares, then in each such case the number of votes per share to which holders of Series A Preferred Shares were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(2) Except as otherwise provided herein, in the articles of the Corporation or by law, the holders of Series A Preferred Shares and the holders of Common Stock (and the holders of shares of any other series or class entitled to vote thereon) shall vote together as one class on all matters submitted to a vote of shareholders of the Corporation.

4.02(c) Reacquired Shares. Any Series A Preferred Shares purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued Series Preferred Stock and may be reissued as part of a new series of Series Preferred Stock to be created by resolution or resolutions of the Board of Directors.

4.02(d) Liquidation, Dissolution or Winding Up. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of Series A Preferred Shares shall be entitled to receive the greater of (a) \$100.00 per share, plus accrued dividends to the date of distribution, whether or not earned or declared, or (b) an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount to be distributed per share to holders of Common Stock. In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding shares of Common Stock, or (iii) combine the outstanding shares of Common Stock into a smaller number of shares, then in each such case the amount to which holders of Series A Preferred Shares were entitled immediately prior to such event pursuant to clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

4.02(e) Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case the Series A Preferred Shares shall at the same time be similarly exchanged or changed in an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 100 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding shares of Common Stock, or (iii) combine the outstanding shares of Common Stock into a smaller number of shares, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Preferred Shares shall be adjusted by multiplying such amount by a fraction the numerator of

which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

4.02(f) No Redemption. The Series A Preferred Shares shall not be redeemable.

4.02(g) Ranking. The Series A Preferred Shares shall rank junior to all other series of the Corporation's Series Preferred Stock as to the payment of dividends and the distribution of assets, unless the terms of any such series shall provide otherwise.

4.02(h) Fractional Shares. Series A Preferred Shares may be issued in fractions of a share which shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series A Preferred Shares.

4.03 Series B Preferred Shares. The second series of the Series Preferred Stock, par value \$1.00 per share, shall consist of 32,200 shares and shall be designated as the Series B Preferred Stock.

4.03(a) Designation. The shares of such series of Preferred Stock shall be designated as "Series B Preferred Stock."

4.03(b) Authorized Number. The number of shares constituting the Series B Preferred Stock shall be 32,200 shares.

4.03(c) Dividends. Beginning on March 1, 1997, and on each June 1, September 1, December 1 and March 1 thereafter, the holders of shares of Series B Preferred Stock shall be entitled to receive a quarterly dividend in arrears equal to \$1.5125 per share of Series B Preferred Stock (as adjusted for any stock dividends, combinations or splits with respect to such shares) out of funds legally available for such purchase. Such dividends shall be payable only when, as and if declared by the Board of Directors, provided that quarterly dividends that are not so paid shall be cumulative, and accumulations of dividends shall bear interest at the rate of 6.05% per annum. No dividend or other distribution shall be declared or paid (other than dividends payable in shares of common stock of the Corporation, par value \$.50 per share (the "Common Stock") or options to purchase or rights to subscribe for Common Stock, or securities by their terms convertible into or exchangeable for Common Stock, or options to purchase or rights to subscribe for such convertible or exchangeable securities, provided that such securities rank junior to the Series B Preferred Stock with respect to the payment of dividends and liquidation proceeds) on any shares of the Corporation's capital stock ranking junior to the Series B Preferred Stock as to payment of dividends unless all dividends on the Series B Preferred Stock accrued for all past quarterly dividend periods shall have been paid and the full dividend thereon for the current dividend period shall be paid or declared and set apart for payment. The Corporation's Series B Preferred Stock shall rank senior to its Series A Preferred Stock and its Common Stock with respect to the right to receive dividends and other distributions.

4.03(d) Rights on Liquidation, Dissolution, Winding-Up.

(1) In the event of any liquidation, dissolution or winding-up of the affairs of the Corporation (collectively, a "Liquidation"), whether voluntary or involuntary, before any payment of cash or distribution of other property is made to the holders of the Common Stock or any other class or series of shares ranking on Liquidation junior to the Series B Preferred Stock, the holders of Series B Preferred Stock shall be entitled to receive out of the assets of the Corporation legally available for distribution to its shareholders, an amount per share (rounded to the nearest \$0.01 equal to the Liquidation Preference (as defined below), plus an amount equal to any accrued but unpaid cumulative dividends and any interest accrued thereon. The Liquidation Preference shall be equal to \$100.00 per share (as adjusted for any stock dividends, combinations or splits with respect to such shares).

(2) If upon the occurrence of any Liquidation, whether voluntary or involuntary, the assets and funds to be distributed among holders of Series B Preferred Stock and any other class or series of stock ranking equal to the Series B Preferred Stock as to distribution of assets upon Liquidation shall be insufficient to permit the payment to the holders of the preferential amounts described in Section 4.03 (d)(1), then the entire assets and funds of the Corporation legally available for distribution shall be distributed ratably among holders of Series B Preferred Stock and any other class or series of stock ranking equal to the Series B Preferred Stock as to distribution of assets upon Liquidation in accordance with the sums that would be payable on such distribution if all sums payable thereon to holders of all shares of such classes or series were paid in full.

(3) If upon the occurrence of any liquidation, the assets and funds thus distributed among holders of Series B Preferred Stock shall be sufficient to permit the payment to such holders of the preferential amounts described in 4.03(d)(1), then the holders of shares of Series B Preferred Stock shall be entitled to no further participation in the distribution of the assets of the Corporation and any remaining net assets of the Corporation may be distributed to the holders of Common Stock and any other class or series of stock ranking junior to the Series B Preferred Stock as to the distribution of assets upon Liquidation in accordance with their relative liquidation preferences. Written notice of such liquidation, dissolution or winding up, stating a payment date, the amount of the Liquidation payments and the place where said Liquidation payments shall be payable, shall be given by mail, postage prepaid, not less than 30 days prior to the payment date stated therein, to the holders of record of Series B Preferred Stock, such notice to be addressed to each such holder at his post office address as shown by the records of the Corporation.

(4) Except as provided in 4.03(e), a consolidation or merger of the Corporation into or with any other corporation or corporations shall not be deemed to be a liquidation, dissolution or winding up of the Corporation within the meanings of the provisions of 4.03(d).

(5) The Company's Series B Preferred Stock shall rank senior to its Series A Preferred stock with respect to the right to the distribution of the Company's assets upon liquidation.

4.03(e) Merger, Consolidation, etc. The Corporation shall give notice to each holder of Series B Preferred Stock at least 20 days prior to the effective date of (i) any consolidation or

merger of the Corporation with or into any other corporation or corporations (other than a merger or consolidation in which the holders of Series B Preferred Stock receive securities of the surviving corporation having substantially similar rights to the Series B Preferred Stock and in which the shareholders of the Corporation immediately prior to the transaction will be the holders of at least a majority of the voting securities of the surviving corporation immediately after the transaction); (ii) a sale, conveyance or disposition of all or substantially all of the assets of the Corporation; or (iii) the effectuation by the Corporation of a transaction or series of related transactions in which more than 50% of the voting power of the Corporation is disposed of. The holders of a majority of the Series B Preferred Stock shall be entitled, by electing prior to the effective date of any of the foregoing types of transactions, to require the Corporation to treat any such transaction as if it were a Liquidation and to cause the proceeds of such transaction, or any property deliverable from such transaction to be distributed among the shareholders as if such transaction were a Liquidation.

4.03(f) Protective Provisions. So long as any shares of Series B Preferred Stock shall remain outstanding, the Corporation shall not, without the affirmative vote of the holders of at least a majority of the shares of Series B Preferred Stock at the time outstanding adopt any amendment to its Articles of Incorporation which would adversely affect in any material respect the rights or preferences of shares of the Series B Preferred Stock as set forth in this Statement of Designation.

4.03(g) Conversion. The Series B Preferred Stock shall not be convertible into any other class or series of capital stock of the Corporation.

4.03(h) Redemption.

(1) The Series B Preferred Stock shall not be redeemable by the Corporation prior to November 30, 2001. Thereafter, up to 20% of the number of the number of shares of Series B Preferred Stock originally issued may be called for redemption by the Corporation, in whole or in part, each year starting on December 1, 2001 (the "Redemption Date"), upon 30 days prior written notice, by the payment therefor of an amount per share (rounded to the nearest \$0.01) equal to the sum of (i) the Liquidation Preference and (ii) all accumulations of accrued and unpaid dividends on such outstanding shares of Series B Preferred Stock (together with any accrued interest thereon) through the date of redemption (such amount, the "Redemption Price"). The Corporation's right to redeem shall be cumulative, such that any shares the Corporation has a right to redeem in one year that are not so redeemed, may be redeemed by the Corporation in a subsequent year. At the election of the holders of the Series B Preferred Stock called for redemption by the Corporation, the Redemption Price may be paid in cash or by the delivery of a promissory note of the Corporation in substantially the form attached hereto as Exhibit "A" (the "Note"). The election by the holders of the shares being redeemed shall be made by written notice to the Corporation no less than 15 days prior to the Redemption Date, otherwise the Corporation may elect to pay the Redemption Price in cash.

(2) The Series B Preferred Stock shall not be called for redemption by the holders prior to December 1, 1998. Thereafter, the Series B Preferred Stock may be called for redemption, in whole or in part, by such holders, and thereupon shall be redeemed for cash by the Corporation,

upon 30 days prior written notice, from such holders at a per share price equal to the Redemption Price.

(3) Shares of Series B Preferred Stock are not subject to or entitled to the benefit of a sinking fund.

(4) Shares of Series B Preferred Stock that are redeemed shall be canceled and shall not be reissuable by the Corporation and the Articles of Incorporation of the Corporation shall be appropriately amended to effect a corresponding reduction in the Corporation's authorized capital stock.

(5) If notice of redemption as provided in Section 4.03 (h) (1) above shall have been duly given or if the Corporation shall have given to the bank or trust company hereinafter referred to irrevocable authorization promptly to give such notice, and if on or before the Redemption Date specified therein the Corporation shall have either deposited the funds necessary for such redemption with, or delivered a Note in the amount of the applicable Redemption to, such bank or trust company in trust for the benefit of the holders of the shares called for redemption, then, notwithstanding that any certificates for shares so called for redemption shall not have been surrendered for cancellation, from and after the Redemption Date, all shares so called for redemption shall no longer be deemed to be outstanding and all rights with respect to such shares shall forthwith cease and terminate, except only the right of the holders thereof to receive from such bank or trust company at any time after the time of such deposit the funds so deposited, without interest. Any interest accrued on such funds shall be paid to the Corporation from time to time. The aforesaid bank or trust company shall be organized and in good standing under the laws of the United States of America, or the Commonwealth of Pennsylvania, shall be doing business in Pennsylvania, and shall be identified in the notice of redemption. Any funds so set aside or deposited, as the case may be, and unclaimed at the end of two years from such Redemption Date shall, to the extent permitted by law, be released or repaid to the Corporation, after which repayment the holders of the shares so called for redemption shall look only to the Corporation for payment thereof.

ARTICLE V MANAGEMENT

5.01 Board of Directors

5.01(a) Number; Classification. The Board of Directors of the Corporation shall consist of such number of directors as shall be fixed from time to time by resolution of the Board adopted by a vote of three-quarters of the entire Board of Directors. Cumulative voting for directors shall not be permitted. The Board of Directors shall be divided into three classes, which shall be as nearly equal in number as possible. Directors of each class shall serve for a term of three years and until their successors shall have been elected and qualified.

5.01(b) Qualifications. Directors of the Corporation need not be residents of Pennsylvania or Shareholders. No person shall be appointed or elected a director of the Corporation unless:

(1) such person is elected to fill a vacancy in the Board of Directors (including any vacancy resulting from any increase in the authorized number of directors) by a vote of a majority of the entire Board of Directors, and any director so elected shall hold office until the next election of the class for which such director shall have been elected and until a successor shall have been elected and qualified; or

(2) the name of such person, together with such consents and information concerning present and prior occupations, transactions with the Corporation or its subsidiaries and other matters as may at the time be required by or pursuant to the Bylaws, shall have been filed with the Secretary of the Corporation no later than a time fixed by or pursuant to the Bylaws immediately preceding the annual or special meeting at which such person intends to be a candidate for director.

5.01(c) Removal of Directors. Directors of the Corporation may be removed without cause by vote of the shareholders only if authorized in the manner provided in Section 5.05 (b). No decrease or increase in the size of the Board shall shorten or otherwise affect the term of any incumbent director.

5.02 Bylaws. Bylaws may be adopted, amended or repealed by the Board of Directors to the full extent permitted by law.

5.03 Special Meetings. A special meeting of shareholders may be called by the President, the Board of Directors, or shareholders entitled to cast a majority of the votes, which all shareholders are entitled to cast at the particular meeting or by such other officers or persons as may be provided in the Bylaws.

5.04 Amendment of Articles. Any amendment of the Articles of Incorporation may be proposed by either the Board of Directors or by the shareholders. An amendment initiated by the shareholders shall be proposed only by a petition of shareholders entitled to cast a majority of the votes which all shareholders are entitled to cast thereon, setting forth the proposed amendment, which petition shall be directed to and filed with the Board of Directors.

5.05 Fundamental and Other Transactions.

5.05(a) Shareholder Authorization of Corporate Action Recommended by Management. Whenever any corporate action, other than the election of directors, is to be taken by vote of the Shareholders on recommendation of a vote of a majority of the entire Board of Directors, the proposed corporate action, including a Fundamental Transaction (as defined in Section 5.06), shall be authorized upon receiving the minimum vote required for the authorization of such action by statute, after taking into account the express terms of any class or any series of any class of shares of the Corporation with respect to such vote.

5.05(b) Shareholder Authorization of Other Corporate Action. Except as provided in Section 5.05 (a), whenever any corporate action, other than the election of directors, is to be taken by vote of the shareholder, the proposed corporate action, including a Fundamental Transaction (as defined in Section 5.06), shall be authorized only upon receiving at least three-quarters of the vote which all voting shareholders, voting as a single class, are entitled to cast

thereon and, in addition, the affirmative vote of the number or proportion of shares of any class or any series of any class of shares of the Corporation, if any, as shall at the time be required by the express terms of any such class or series of shares of the Corporation.

5.06 Fundamental Transactions Defined. For the purposes of this Article V, the term "Fundamental Transaction shall mean:

5.06(a) Any of the following, if such action is effected by vote of the shareholders: amendment of the Articles of Incorporation; adoption, amendment or repeal of the Bylaws; a change in the number of directors constituting the entire Board of Directors; or removal of one or more directors; or

5.06(b) Any of the following, if any such transaction requires the approval of the shareholders under the Articles of Incorporation of the Corporation as then in effect or the Business Corporation Law as then in effect with respect to the Corporation: the sale, lease, exchange or other disposition of all or substantially all of the assets of the Corporation; the issuance in a single or one or more related transactions of voting shares of the Corporation sufficient to elect a majority of the directors of the Corporation; or the merger, consolidation, division, reorganization, recapitalization, dissolution, liquidation or winding up of the Corporation.

5.07 Series Preferred Stock Provisions. The provisions of Sections 5.01, 5.03 and 5.04 shall be subject to the express terms of any class or series of any class of the Corporation.

ARTICLE VI MISCELLANEOUS

Reservation of Right to Amend. Subject to the provisions of Article V hereof, the Corporation reserves the right to amend, alter, change or repeal any provision contained in these Articles of Incorporation in the manner now or hereafter prescribed by the statute, and all rights conferred upon Shareholders herein are granted subject to this reservation.

PROMISSORY NOTE

§ _____

FOR VALUE RECEIVED, the undersigned, PHILADELPHIA SUBURBAN CORPORATION, a Pennsylvania, corporation ("Borrower"), HEREBY IRREVOCABLY PROMISES TO PAY to _____ ("Payee"), the principal sum of _____ AND 00/100 DOLLARS (\$ _____), together with interest on the principal balance hereof from time to time unpaid at the rates provided below until payment in full thereof.

Interest shall accrue on the principal balance from time to time outstanding hereunder at a rate per annum equal to 6.05% per annum. The principal amount of this note shall be due within sixty (60) days of Borrower's receipt of written demand from the Payee, but no later than [insert date 5 years after the applicable date of redemption]. All accrued and unpaid interest shall be due and payable quarterly, in arrears, on [insert interest payment dates].

If any payment of interest or principal hereunder becomes due and payable on a day other than a business day, the maturity thereof shall be extended to the next succeeding business day and, with respect to payments or principal, interest thereon at the then applicable rate and for the period of such extension shall be payable on such next succeeding business day. The term "business day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Philadelphia, Pennsylvania are not required to be open.

Both principal and interest hereunder are payable in lawful money of the United States of America via first class United States mail to [insert payee's address].

Demand, presentment, protest and notice of nonpayment and protest, notice of intention to accelerate maturity, notice of acceleration of maturity, and notice of dishonor are hereby waived by Borrower.

If Borrower shall make a general assignment for the benefit of creditors or any proceeding shall be instituted by or against Borrower seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its assets, or if Borrower shall take any corporate action to authorize any of the actions set forth above in this paragraph, then all of the obligations evidenced by this Promissory Note shall automatically, without notice or demand by Payee, be immediately due and payable. If Borrower shall fail to make payment of principal or interest when due hereunder and if Borrower has not made such payment within ten business days of receipt of notice by Payee, the obligations evidenced by this Promissory Note shall, at the option of Payee, be due in payable in full.

Whenever possible each provision of this Promissory Note shall be interpreted in such manner as to be effective and valued under applicable law, but if any provision of this Promissory Note shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Promissory Note.

THIS PROMISSORY NOTE SHALL BE INTERPRETED, AND THE RIGHTS AND LIABILITIES OF THE PARTIES HERETO DETERMINED, IN ACCORDANCE WITH THE INTERNAL LAWS AND DECISIONS, AND NOT THE CONFLICTS OF LAW PROVISIONS, OF THE COMMONWEALTH OF PENNSYLVANIA.

PHILADELPHIA SUBURBAN CORPORATION

By: _____
Name: _____
Title: _____

PENNSYLVANIA DEPARTMENT OF STATE
CORPORATION BUREAU

Articles of Amendment-Domestic Corporation
(15 Pa.C.S.)

Entity Number
274751

Business Corporation (§ 1915)
 Nonprofit Corporation (§ 5915)

Name _____
Address CT CORP-COUNTER
City _____ State _____ Zip Code _____

Document will be returned to the name and address you enter to the left.
←

Fee: \$52

Filed in the Department of State on DEC 12 2003
[Signature]
Secretary of the Commonwealth

In compliance with the requirements of the applicable provisions (relating to articles of amendment), the undersigned, desiring to amend its articles, hereby states that:

1. The name of the corporation is:
Philadelphia Suburban Corporation

2. The (a) address of this corporation's current registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is (the Department is hereby authorized to correct the following information to conform to the records of the Department):
(a) Number and Street City State Zip County
762 Lancaster Ave. Bryn Mawr PA 19087 Montgomery
(b) Name of Commercial Registered Office Provider County
C/O

3. The statute by or under which it was incorporated: Pennsylvania

4. The date of its incorporation: 11/14/68

5. Check, and if appropriate complete, one of the following:
 The amendment shall be effective upon filing these Articles of Amendment in the Department of State.
 The amendment shall be effective on: 1/16/04 at 11:59 PM
Date Hour

DSCB 15-1915/5915-2

6. Check one of the following

The amendment was adopted by the shareholders or members pursuant to 15 Pa.C.S. § 1914(a) and (b) or § 5914(a)

The amendment was adopted by the board of directors pursuant to 15 Pa. C.S. § 1914(c) or § 5914(b).

7. Check and if appropriate, complete one of the following:

The amendment adopted by the corporation, set forth in full, is as follows

The name of the corporation shall be changed to : Aqua America, Inc.

The amendment adopted by the corporation is set forth in full in Exhibit A attached hereto and made a part hereof.

8. Check if the amendment restates the Articles.

The restated Articles of Incorporation supersede the original articles and all amendments thereto.

IN TESTIMONY WHEREOF, the undersigned corporation has caused these Articles of Amendment to be signed by a duly authorized officer thereof this

11th day of December

2003

Philadelphia Suburban Corporation
Name of Corporation

[Signature]
Signature

Executive Vice President
Title

2003104-328
PENNSYLVANIA DEPARTMENT OF STATE
CORPORATION BUREAU

Articles/Certificate of Merger

(15 Pa.C.S.)

Entity Number
279757

- Domestic Business Corporation (§ 1926)
- Domestic Nonprofit Corporation (§ 5926)
- Limited Partnership (§ 8547)

Name _____

Address _____

City _____ State _____ Zip Code _____

Document will be returned to the name and address you enter to the left.

Fee: \$108 plus \$28 additional for each Party in additional to two

Filed in the Department of State on DEC 30 2003

Perth C. ...

Secretary of the Commonwealth

In compliance with the requirements of the applicable provisions (relating to articles of merger or consolidation), the undersigned, desiring to effect a merger, hereby state that:

1. The name of the corporation/limited partnership surviving the merger is:
Philadelphia Suburban Corporation

2. Check and complete one of the following:

The surviving corporation/limited partnership is a domestic business/nonprofit corporation/limited partnership and the (a) address of its current registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is (the Department is hereby authorized to correct the following information to conform to the records of the Department):

(a) Number and Street	City	State	Zip	County
762 W. Lancaster Ave.	Bryn Mawr	PA	19010	Montgomery

(b) Name of Commercial Registered Office Provider _____ County _____
c/o _____

The surviving corporation/limited partnership is a qualified foreign business/nonprofit corporation /limited partnership incorporated/formed under the laws of _____ and the (a) address of its current registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is (the Department is hereby authorized to correct the following information to conform to the records of the Department):

(a) Number and Street	City	State	Zip	County

(b) Name of Commercial Registered Office Provider _____ County _____
c/o _____

The surviving corporation/limited partnership is a nonqualified foreign business/nonprofit corporation/limited partnership incorporated/formed under the laws of _____ and the address of its principal office under the laws of such domiciliary jurisdiction is:

Number and Street	City	State	Zip

DSC

PA DEPT OF STATE

2003 DEC 30 PM 12:47

2003104-330

3. The name and the address of the registered office in this Commonwealth or name of its commercial registered office provider and the county of venue of each other domestic business/nonprofit corporation/limited partnership and qualified foreign business/nonprofit corporation/limited partnership which is a party to the plan of merger are as follows:

Name	Registered Office Address	Commercial Registered Office Provider	County
Consumers Water Company	762 S. Lancaster Ave.	Bryn Mawr, PA 19010	Montgomery

4. Check, and if appropriate complete, one of the following:

The plan of merger shall be effective upon filing these Articles/Certificate of Merger in the Department of State.

The plan of merger shall be effective on: December 31, 2003 at 11:59 PM
Date Hour

5. The manner in which the plan of merger was adopted by each domestic corporation/limited partnership is as follows:

Name	Manner of Adoption
Philadelphia Suburban Corporation	Adopted by action of the board of directors of the corporation pursuant to 15 Pa.C.S. § 1924 (b)(2)
Consumers Water Company	Adopted by action of the board of directors of the corporation pursuant to 15 Pa.C.S. § 1924 (b)(2)

6. Strike out this paragraph if no foreign corporation/limited partnership is a party to the merger.

The plan was authorized, adopted or approved, as the case may be, by the foreign business/nonprofit corporation/limited partnership (or each of the foreign business/nonprofit corporations/limited partnerships) party to the plan in accordance with the laws of the jurisdiction in which it is incorporated/organized.

7. Check, and if appropriate complete, one of the following:

The plan of merger is set forth in full in Exhibit A attached hereto and made a part hereof.

Pursuant to 15 Pa.C.S. § 1901/§ 8547(b) (relating to omission of certain provisions from filed plans) the provisions, if any, of the plan of merger that amend or constitute the operative provisions of the Articles of Incorporation/Certificate of Limited Partnership of the surviving corporation/limited partnership as in effect subsequent to the effective date of the plan are set forth in full in Exhibit A attached hereto and made a party hereof. The full text of the plan of merger is on file at the principal place of business of the surviving corporation/limited partnership, the address of which is:

Number and street	City	State	Zip	County
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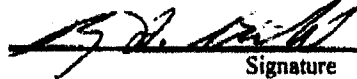
2003104-331

IN TESTIMONY WHEREOF, the undersigned corporation/limited partnership has caused these Articles/Certificate of Merger to be signed by a duly authorized officer thereof this

29th day of December,
2003

Philadelphia Suburban Corporation

Name of Corporation/Limited Partnership


Signature

Executive Vice President

Title

Consumers Water Company

Name of Corporation/Limited Partnership


Signature

Vice President and Secretary

Title

2003104-332

AGREEMENT AND PLAN OF MERGER AND REORGANIZATION

THIS AGREEMENT AND PLAN OF MERGER AND REORGANIZATION (this "Agreement") dated December 31, 2003, is made by and between CONSUMERS WATER COMPANY, a Pennsylvania corporation, (the "Merged Corporation"), and PHILADELPHIA SUBURBAN CORPORATION, a Pennsylvania corporation (the "Surviving Corporation") (the Merged Corporation and the Surviving Corporation are sometimes collectively referred to as the "Merger Parties").

BACKGROUND

WHEREAS, the Merged Corporation and the Surviving Corporation are corporations duly organized and validly existing under the laws of the Commonwealth of Pennsylvania;

WHEREAS, the Surviving Corporation owns, directly or indirectly, one hundred percent (100%) of the outstanding common stock of the Merged Corporation;

WHEREAS, the Board of Directors of the Surviving Corporation and the shareholders and directors of the Merged Corporation, by resolutions duly adopted, have approved this Agreement and Plan of Merger and Reorganization and declared it to be advisable and in the best interests of the Merger Parties and their respective shareholders that the Merged Corporation merge with and into the Surviving Corporation, in the manner and upon the terms and conditions set forth herein and pursuant to the applicable laws of the Commonwealth of Pennsylvania (the "Merger"); and

WHEREAS, the Merged Corporation and the Surviving Corporation intend, by approving resolutions authorizing this Agreement, to adopt the Agreement as a "plan of reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations thereunder, and to cause the merger to qualify as a reorganization under Section 368(a)(1)(A) of the Code;

NOW, THEREFORE, for the purpose of effecting such Merger and prescribing the terms and conditions thereof, and incorporating the entire Background by reference, the Merger Parties, intending to be legally bound, hereby covenant and agree as follows:

1. The Merged Corporation shall merge with and into the Surviving Corporation, which shall continue as the surviving corporation under the laws of the Commonwealth of Pennsylvania. The terms and conditions of the Merger, the mode of carrying the same into effect, and all other provisions deemed desirable in connection therewith are set forth in this Agreement.

2. The corporate existence and registered office in Pennsylvania of the Surviving Corporation shall be unaffected by the Merger.

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3. The Restated Articles of Incorporation and Bylaws of the Surviving Corporation shall be unaffected by the Merger and shall remain unchanged and in full force and effect as a result of the Merger.

4. The directors and officers of the Surviving Corporation shall, upon the Effective Date (as defined in Paragraph 10), shall continue to serve as directors and officers of the Surviving Corporation until successors are elected and shall qualify. If, by reason of death or otherwise, any such person on the Effective Date cannot or will not act as a director or officer, the vacancy thereby created will be filled after the Merger becomes effective in accordance with the Bylaws of the Surviving Corporation. Upon the Effective Date, the term of office of each director and officer of each Merged Corporation shall terminate.

5. The Merger shall not affect the issued or outstanding shares of capital stock of the Surviving Corporation and the number of authorized shares of the Surviving Corporation shall be unaffected by the Merger.

6. On the Effective Date, each issued and outstanding share of capital stock of the Merged Corporation shall be cancelled.

7. On the Effective Date, the stock transfer books of the Merged Corporation shall be deemed to be closed and no transfer or purported transfer of shares of the capital stock of the Merged Corporation shall thereafter be made, effected, consummated or given effect.

8. At the Effective Date, (a) the separate existence of the Merged Corporation shall cease; (b) the Surviving Corporation shall possess all the rights, privileges, powers and franchises of the Merged Corporation; (c) all the property, real, personal and mixed, and franchises of the Merged Corporation and all debts due on whatever account to it, including any subscriptions to any of its shares and all other choses in action belonging to it, shall be taken and deemed to be transferred to and vested in the Surviving Corporation by operation of law and without further acts or deeds; (d) all rights, privileges, powers and franchises, and all and every other interest of the Merged Corporation shall be thereafter the property of the Surviving Corporation as they were of the Merged Corporation; (e) the title to and interest in any real estate vested by deed, lease or otherwise in the Merged Corporation shall not revert or be impaired; (f) the Surviving Corporation shall be responsible for all the liabilities and obligations of the Merged Corporation, but the liabilities of each of the Merged Corporation, or its shareholders, directors or officers shall not be affected by the Merger, nor shall the rights of the Merged Corporations, the officers and directors of the Merged Corporation; and (g) at the expense of the Surviving Corporation, the officers or directors of the Merged Corporation shall execute and deliver all such instruments and take all such actions as the Surviving Corporation may determine to be necessary or desirable in order to vest in and confirm to the Surviving Corporation title to and possession of all such properties, assets, rights, privileges and franchises, and otherwise to carry out the purposes of this Agreement.

9. Any number of counterparts of this Agreement may be executed, each of which shall be deemed to be an original, but all of which taken together shall constitute but one instrument.

10. The Effective Date shall be 11:59 PM, December 31, 2003.

2003104-334

IN WITNESS WHEREOF, the undersigned have duly executed this Agreement on the day and year first written above.

MERGED CORPORATION:

SURVIVING CORPORATION:

CONSUMERS WATER COMPANY

PHILADELPHIA SUBURBAN CORPORATION

By: *B. H. [Signature]*

By: *B. H. [Signature]*

Title: *Vice Pres. Sent*

Title: *Executive Vice President*