

# NEWS RELEASE

**SUBSIDIARIES**

San Jose Water Company

SJW Land Company

SJWTX, Inc.

Texas Water Alliance Limited

**Wire Release - Major Market Circuit National**

**For Release at 4:00 P.M. (Pacific Time)**

For Releases: **February 21, 2012** Contact: **Suzy Papazian** Phone: **(408) 279-7961**  
**San Jose, California** **Corporate Secretary/Attorney** **Page 1 of 4**

## **SJW CORP. ANNOUNCES 2011 ANNUAL AND FOURTH QUARTER FINANCIAL RESULTS**

SAN JOSE, CA, February 21, 2012 – SJW Corp. (NYSE: SJW) today reported operating revenue for the year ended December 31, 2011 of \$238.9 million versus \$215.6 million for the year ended December 31, 2010, an increase of \$23.3 million. The increase in revenue was primarily attributable to cumulative rate increases of \$12.4 million, the recovery of a Mandatory Conservation Revenue Adjustment Memorandum account (“MCRAM”) that was authorized by the California Public Utilities Commission in December 2011 of \$5.7 million, higher customer usage of \$3.4 million, \$706,000 in new customers, and \$1.1 million in higher revenue from real estate operations.

Water production costs for the year ended December 31, 2011 were \$92.1 million versus \$87.3 million in 2010, an increase of \$4.8 million. The increase in water production costs is primarily attributable to \$3.7 million in higher per unit costs for purchased water and groundwater extraction charges, \$743,000 higher customer water usage and \$265,000 increase in costs due to a decrease in the use of available surface water supply.

Operating expenses, excluding water production costs, for the year ended December 31, 2011 were \$92.5 million versus \$90.3 million for 2010, an increase of \$2.2 million. This increase was primarily attributable to \$2.9 million higher depreciation and amortization, \$1.0 million in maintenance expenses, \$1.0 million in taxes other than income tax and \$952,000 in administrative and general expenses. In 2010, \$3.6 million in impairment loss on a real estate investment was recognized. No impairment loss was recognized in 2011.

Other (expense) income increased due to interest expense on new senior note borrowings. In addition, the Company sold 907,392 shares of California Water Service Group stock and recorded a gain of \$19.0 million in 2010. No similar sale occurred in 2011. Income taxes for the year ended December 31, 2011 were \$14.6 million versus \$16.7 million for 2010, a decrease of \$2.1 million due to lower pre-tax income.

Net income was \$20.9 million for the year ended December 31, 2011, compared to \$24.4 million for the year ended December 31, 2010. Diluted earnings per common share for the year ended December 31, 2011 were \$1.11, compared to \$1.30 per share in 2010. For the year ended December 31, 2011, recognition of the MCRAM contributed \$0.18 to diluted earnings per share. For the year ended December 31, 2010, the sale of California Water Service Group stock contributed \$0.60 to diluted earnings per share, offset by the impairment loss of \$0.11 per diluted share.

Fourth Quarter Financial Results

Operating revenue for the fourth quarter ended December 31, 2011 was \$62.3 million versus \$50.7 million for the same period in 2010, an increase of \$11.6 million. The increase was attributable to \$5.7 million due to the recognition of the MCRAM, cumulative rate increases of \$3.5 million, higher customer usage of \$2.1 million, \$162,000 in new customers and \$138,000 in higher revenue from real estate operations.

Water production costs for the fourth quarter of 2011 were \$22.3 million versus \$20.9 million for the same period in 2010, an increase of \$1.4 million. The increase in water production costs is primarily attributable to \$1.3 million in higher per unit costs for purchased water and groundwater extraction charges, \$251,000 higher customer water usage, partially offset by \$168,000 decrease in costs due to an increase in the use of available surface water supply.

Operating expenses, excluding water production costs, for the fourth quarter of 2011 were \$23.4 million versus \$26.4 million for the same period in 2010, a decrease of \$3.0 million. This was attributable to decreases of \$3.6 million in impairment loss on a real estate investment and \$363,000 in administrative and general expenses, partially offset by increases of \$736,000 in depreciation and amortization, \$226,000 in taxes other than income tax expense and \$124,000 in maintenance expenses.

Other (expense) income increased due to interest expense on new senior note borrowings. In addition, the Company sold 684,280 shares of California Water Service Group stock and recorded a gain of \$14.5 million in 2010. No similar sale occurred in 2011. Income taxes for the fourth quarter of 2011 were \$5.0 million versus \$5.6 million for 2010, a decrease of \$0.6 million due to lower pre-tax income.

Net income was \$6.6 million for the fourth quarter ended December 31, 2011, compared to \$8.1 million for the same period in 2010. Diluted earnings per common share were \$0.35 for the quarter ended December 31, 2011, compared to \$0.43 per share for the same period in 2010. In the fourth quarter of 2011, the recognition of the MCRAM contributed \$0.18 to diluted earnings per share. In the fourth quarter of 2010, the sale of California Water Service Group stock contributed \$0.46 to diluted earnings per share, offset by the impairment loss of \$0.11 per diluted share.

SJW Corp. is a publicly traded holding company headquartered in San Jose, California. SJW Corp. is the parent company of San Jose Water Company, SJWTX, Inc., Texas Water Alliance Limited, and SJW Land Company. Together, San Jose Water Company and SJWTX, Inc. provide regulated and nonregulated water service to more than one million people in San Jose, California and nearby communities and in Canyon Lake, Texas and nearby communities. SJW Land Company owns and operates commercial real estate investments.

This press release may contain certain forward-looking statements including but not limited to statements relating to SJW Corp.'s plans, strategies, objectives, expectations and intentions, which are made pursuant to the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of SJW Corp. to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The results for a quarter are not indicative of results for a full year due to seasonality and other factors. Certain factors that may cause actual results, performance or achievements to materially differ are described in SJW Corp.'s most recent reports on Form 10-K, Form 10-Q and Form 8-K filed with the Securities and Exchange Commission. SJW Corp. undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

SJW Corp.  
Condensed Consolidated Statements of Income and Comprehensive Income (Loss)  
(Unaudited)  
(in thousands, except per share data)

	THREE MONTHS ENDED DECEMBER 31		TWELVE MONTHS ENDED DECEMBER 31	
	2011	2010	2011	2010
OPERATING REVENUE	\$ 62,338	50,752	238,955	215,638
OPERATING EXPENSE:				
Production Costs:				
Purchased water	15,038	9,829	54,317	43,557
Power	1,028	1,579	5,394	6,429
Groundwater extraction charge	3,365	6,645	20,997	26,614
Other production costs	<u>2,903</u>	<u>2,870</u>	<u>11,345</u>	<u>10,702</u>
Total production costs	22,334	20,923	92,053	87,302
Administrative and general	9,960	10,323	39,136	38,184
Maintenance	3,406	3,282	13,261	12,242
Taxes other than income	2,314	2,088	8,921	7,907
Depreciation and amortization	7,804	7,068	31,193	28,331
Impairment on real estate investment	-	<u>3,597</u>	-	<u>3,597</u>
Total operating expense	<u>45,818</u>	<u>47,281</u>	<u>184,564</u>	<u>177,563</u>
OPERATING INCOME	16,520	3,471	54,391	38,075
Gain on sale of California Water Service stock	-	14,500	-	18,966
Interest on long-term debt and other	<u>(4,962)</u>	<u>(4,229)</u>	<u>(18,947)</u>	<u>(15,895)</u>
Income before income taxes	\$ 11,558	13,742	35,444	41,146
Provision for income taxes	<u>4,956</u>	<u>5,624</u>	<u>14,566</u>	<u>16,740</u>
NET INCOME	<u>\$ 6,602</u>	<u>8,118</u>	<u>20,878</u>	<u>24,406</u>
Other comprehensive income (loss), net	<u>125</u>	<u>(8,220)</u>	<u>(85)</u>	<u>(10,828)</u>
COMPREHENSIVE INCOME (LOSS)	<u>\$ 6,727</u>	<u>(102)</u>	<u>20,793</u>	<u>13,578</u>
Earnings per share				
-Basic	\$ 0.36	0.45	1.12	1.32
-Diluted	\$ 0.35	0.43	1.11	1.30
Dividend per share	\$ 0.17	0.17	0.69	0.68
Weighted average shares outstanding				
-Basic	18,592	18,541	18,582	18,531
-Diluted	18,813	18,755	18,794	18,742

SJW Corp.  
Condensed Consolidated Balance Sheets  
(Unaudited)  
(in thousands)

	December 31 2011	December 31 2010
<b>ASSETS</b>		
<b>UTILITY PLANT:</b>		
Land	\$ 8,852	8,579
Depreciable plant and equipment	1,070,016	1,004,689
Construction in progress	18,527	10,103
Intangible assets	<u>14,732</u>	<u>13,538</u>
Total utility plant	1,112,127	1,036,909
Less accumulated depreciation and amortization	<u>355,914</u>	<u>322,102</u>
Net utility plant	<u>756,213</u>	<u>714,807</u>
Real estate investment	89,099	88,943
Less accumulated depreciation and amortization	<u>10,557</u>	<u>8,854</u>
Net real estate investment	<u>78,542</u>	<u>80,089</u>
<b>CURRENT ASSETS:</b>		
Cash and equivalents	26,734	1,730
Accounts receivable and accrued unbilled utility revenue	33,853	33,835
Prepaid expenses and other	<u>8,328</u>	<u>2,462</u>
Total current assets	<u>68,915</u>	<u>38,027</u>
<b>OTHER ASSETS:</b>		
Investment in California Water Service Group	7,032	7,177
Debt issuance costs, net of accumulated amortization	4,865	4,308
Regulatory assets, net	119,248	87,721
Other	<u>3,995</u>	<u>3,233</u>
	<u>135,140</u>	<u>102,439</u>
	<u>\$1,038,810</u>	<u>935,362</u>
<b>CAPITALIZATION AND LIABILITIES</b>		
<b>CAPITALIZATION:</b>		
Common stock	\$ 9,684	9,662
Additional paid-in capital	24,552	23,443
Retained earnings	227,494	219,568
Accumulated other comprehensive income	<u>2,274</u>	<u>2,359</u>
Total shareholders' equity	264,004	255,032
Long-term debt, less current portion	<u>343,848</u>	<u>295,704</u>
Total capitalization	<u>607,852</u>	<u>550,736</u>
<b>CURRENT LIABILITIES:</b>		
Line of credit	-	4,000
Current portion of long-term debt	838	1,133
Accrued groundwater extraction charge, purchased water and purchased power	6,212	4,854
Accounts payable	7,417	5,487
Accrued interest	5,376	5,244
Other current liabilities	<u>8,445</u>	<u>8,437</u>
Total current liabilities	<u>28,288</u>	<u>29,155</u>
DEFERRED INCOME TAXES AND CREDITS	135,036	107,961
ADVANCES FOR CONSTRUCTION AND CONTRIBUTIONS		
IN AID OF CONSTRUCTION	190,668	190,155
POSTRETIREMENT BENEFIT PLANS	68,855	50,213
OTHER NONCURRENT LIABILITIES	<u>8,111</u>	<u>7,142</u>
	<u>\$1,038,810</u>	<u>935,362</u>