

SUBSIDIARIES

San Jose Water Company
SJW Land Company
SJWTX Water, Inc.

NEWS RELEASE

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For Release: January 28, 2007 Contact: Richard Balocco Phone: (408) 279-7933
San Jose, California V.P. Corporate Communication

SJW CORP. ANNOUNCES DIVIDEND INCREASE AND FOURTH QUARTER FINANCIAL RESULTS

SAN JOSE, CA, January 28, 2007 – SJW Corp. (NYSE:SJW) diluted earnings per common share for the quarter ended December 31, 2006, were \$1.03, compared to \$0.23 per share for the same quarter in 2005 due to the fact that on December 15, 2006, SJW Corp. sold approximately 6.7 acres of nonutility properties located in San Jose, California to Adobe Systems Incorporated for an aggregate purchase price of \$32,500,000. SJW Corp. recognized a gain on the sale of nonutility property of \$14,820,000, net of taxes of \$10,192,000, or \$0.81 per share.

Operating revenue for the fourth quarter was \$44,504,000 versus \$43,531,000 for the same period in 2005, representing an increase of \$973,000 or 2%. Revenues increased \$620,000 due to cumulative water rate increases, \$321,000 due to customer growth, and \$136,000 from other non-water sources and was partially offset by \$104,000 due to decreased customer usage.

Water production costs for the fourth quarter of 2006, consisting of purchased water, power and groundwater extraction charges, were \$15,906,000 versus \$15,665,000 for the same period in 2005, an increase of \$241,000 or 2%. The increase in water production costs was primarily attributable to \$671,000 due to higher purchased water and related groundwater extraction charges, which was partially offset by \$279,000 attributable to a greater availability of surface water, \$134,000 due to decreased customer usage and \$17,000 from other costs.

Quarterly operating expenses for the fourth quarter of 2006, excluding water production costs and income taxes, increased \$447,000 from the fourth quarter of 2005. The increase consisted principally of \$589,000 in depreciation expense and \$82,000 in maintenance and other nonincome taxes, which was partially offset \$224,000 in other operating, general and administrative costs. Income tax expense for the fourth quarter of 2006 decreased by \$411,000 from the fourth quarter of 2005, which was largely attributable to decreased pre-tax operating earnings.

Other comprehensive income for the fourth quarter of 2006 was \$10,016,000 and was primarily due to an increase in the market value of the investment in California Water Service Group of approximately \$3,817,000 and the recognition of \$6,187,000 transferred from accumulated other comprehensive loss to regulatory assets due to the implementation of the Financial Accounting Standards Board Statement No. 158 (Statement 158), Employer's Accounting for Defined Benefit Pension and Other Postretirement Plans. The tax impact of the two items was approximately \$4,091,000. In contrast, other comprehensive income decreased \$7,121,000 for the fourth quarter ended December 31, 2005 primarily due to the decrease in market value of the investment in California Water Service Group and increased post-retirement obligations.

For the twelve months ended December 31, 2006, diluted earnings per common share were \$2.08 compared to \$1.18, for the year ended December 31, 2005. Operating revenue for 2006 was \$189,238,000 versus \$180,105,000 for 2005, representing an increase of \$9,133,000 or 5%. Revenues increased \$3,120,000 due to new customers, \$2,609,000 due to cumulative water rate increases, \$2,556,000 due to higher customer usage and other non-water revenues of \$848,000.

The 2006 water production costs increased \$2,170,000, which was primarily attributable to a \$2,448,000 increase in purchased water and groundwater extraction charges, \$1,661,000 increase in usage, \$270,000 in other operating costs, which was partially offset by a greater availability of surface water of \$2,209,000. Other non-water production costs increased \$3,902,000 in 2006 and were largely attributable to \$1,645,000 increase in depreciation expense, \$912,000 in other operating costs, \$714,000 in maintenance costs, \$411,000 in general and administrative costs and \$220,000 in other nonincome taxes. The increase in 2006 income taxes was due to increased pre-tax operating earnings.

The increase in comprehensive earnings in 2006 was primarily due to an increase in the market value of the investment in California Water Service Group of approximately \$2,387,000 and the recognition of \$6,187,000 transferred from accumulated other comprehensive loss to regulatory assets due to the implementation of Statement 158. The tax impact of the two items was approximately \$3,505,000. In contrast other comprehensive income decreased \$3,216,000 in 2005 primarily due to the decrease in the market value of the investment in California Water Service Group and increased post-retirement benefit obligations.

At its meeting on January 25, 2007, the Board of Directors of SJW Corp. approved a \$0.04 per share increase in the annual dividend to \$0.605 per share. A quarterly dividend of \$0.15125 per share is payable on March 1, 2007 to shareholders of record on February 5, 2007.

SJW Corp. is a publicly traded holding company headquartered in San Jose, California. SJW Corp. is the parent company of San Jose Water Company, Canyon Lake Water Service Company, SJW Land Company and Crystal Choice Water Service, LLC. Together these companies provide regulated and nonregulated water service to more than one million people in San Jose, California and nearby communities and Canyon Lake, Texas. SJW Land Company owns and operates commercial buildings, undeveloped land, has a majority interest in a real estate partnership, and has properties in the states of California, Florida, Connecticut, Texas and Arizona.

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. 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. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
AND COMPREHENSIVE INCOME
(UNAUDITED)
(In thousands, except share and per share data)

	THREE MONTHS ENDED DECEMBER 31		TWELVE MONTHS ENDED DECEMBER 31	
	2006	2005	2006	
<u>2005</u>				
OPERATING REVENUE	\$ 44,504	43,531	\$189,238	180,105
OPERATING EXPENSE:				
Operation:				
Purchased water	10,663	10,522	44,896	44,953
Power	1,033	926	5,170	4,318
Groundwater extraction charge	4,210	4,217	18,737	17,362
Total water production costs	<u>15,906</u>	<u>15,665</u>	<u>68,803</u>	<u>66,633</u>
Administrative and general	5,438	5,798	21,108	20,697
Other	4,011	3,875	15,095	14,183
Maintenance	2,881	2,843	10,189	9,475
Property taxes and other nonincome taxes	1,479	1,435	5,893	5,673
Depreciation and amortization	5,315	4,726	21,299	19,654
Income taxes	2,740	3,151	15,298	14,773
Total operating expense	<u>37,770</u>	<u>37,493</u>	<u>157,685</u>	<u>151,088</u>
OPERATING INCOME	6,734	6,038	31,553	29,017
Sale of nonutility property, net of taxes of \$10,192 and \$11,248 in the quarter and year ended 2006 and \$761 in 2005	14,820	-	16,355	1,095
Interest on long-term debt	(2,455)	(2,127)	(9,292)	(9,283)
Dividend income	316	313	1,265	1,254
Other, net	(365)	(7)	(1,300)	(243)
NET INCOME	<u>\$ 19,050</u>	<u>4,217</u>	<u>\$ 38,581</u>	<u>21,840</u>
Other comprehensive income (loss):				
Other comprehensive income (loss)	\$ 10,016	(7,121)	\$ 8,586	(3,216)
Income taxes	(4,091)	2,909	(3,505)	1,308
Other comprehensive income (loss), net	<u>\$ 5,925</u>	<u>(4,212)</u>	<u>\$ 5,081</u>	<u>(1,908)</u>
COMPREHENSIVE INCOME	<u>\$ 24,975</u>	<u>5</u>	<u>\$ 43,662</u>	<u>19,932</u>
Earnings per share				
-Basic	\$ 1.04	0.23	\$ 2.11	1.20
-Diluted	1.03	0.23	2.08	1.18
Dividends per share	\$ 0.14	0.13	\$ 0.57	0.53
Weighted average shares outstanding				
-Basic	18,281,285	18,270,882	18,275,505	18,271,280
-Diluted	18,497,186	18,512,484	18,528,896	18,480,202

SJW CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(In thousands)

	DECEMBER 31 2006	DECEMBER 31 2005
ASSETS		
UTILITY PLANT:		
Land	\$ 4,837	1,735
Depreciable plant and equipment	716,679	648,931
Construction in progress	10,863	5,611
Intangible assets	8,040	7,840
Total utility plan	740,419	664,117
Less accumulated depreciation and amortization	234,173	208,909
Net utility plant	506,246	455,208
NONUTILITY PROPERTY:		
Less accumulated depreciation	43,868	38,720
Net nonutility property	3,303	3,870
Net nonutility property	40,565	34,850
CURRENT ASSETS:		
Cash and equivalents	3,788	9,398
Accounts receivable and accrued unbilled utility revenue	21,956	19,851
Sale proceeds held in trust account	31,261	-
Prepaid expenses and other	2,470	2,443
Total current assets	59,475	31,692
OTHER ASSETS:		
Investment in California Water Service Group	44,438	42,051
Unamortized debt issuance and reacquisition costs	3,220	3,131
Regulatory assets	50,483	13,037
Other	1,437	7,740
Total other assets	99,578	65,959
	<u>\$705,864</u>	<u>\$587,709</u>
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION:		
Common stock	\$ 9,522	\$ 9,516
Additional paid-in capital	16,267	15,368
Retained earnings	186,876	160,588
Accumulated other comprehensive income	15,517	10,436
Total shareholders' equity	228,182	195,908
Long-term debt, less current portion	163,648	145,279
Total capitalization	391,830	341,187
CURRENT LIABILITIES:		
Line of credit	15,500	-
Current portion of long-term debt	485	334
Accrued groundwater extraction charge and purchased water	4,244	3,985
Purchased power	301	804
Accounts payable	7,267	5,120
Accrued interest	3,871	3,618
Accrued taxes	-	1,619
Other current liabilities	5,578	5,132
Total current liabilities	37,246	20,612
DEFERRED INCOME TAXES	83,347	54,100
ADVANCES FOR AND CONTRIBUTIONS IN AID OF CONSTRUCTION	163,180	154,235
POSTRETIREMENT BENEFITS	26,298	13,978
OTHER NONCURRENT LIABILITIES	3,963	3,597
	<u>\$705,864</u>	<u>\$587,709</u>