BANCOLOMBIA SA
Form 424B2
July 03, 2007

Table of Contents

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities nor are they soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

Filed pursuant to Rule 424(b)(2)
Registration No. 333-142898

PRELIMINARY PROSPECTUS SUPPLEMENT SUBJECT TO COMPLETION Dated July 3, 2007
(To Prospectus dated May 14, 2007)

Bancolombia S.A.
Up to 13,043,478 American depositary shares representing 52,173,912 preferred shares

We are offering up to 13,043,478 American depositary shares (ADSs), each representing four of our preferred shares. The actual number of ADSs we will offer depends on the outcome of our pre-emptive rights offering in the Republic of Colombia (Colombia). The rights offering commenced on June 15, 2007 and is scheduled to end on July 9, 2007. We will determine the number of ADSs to be offered as soon as practicable after the rights offering is completed. If the rights offering in Colombia is not fully subscribed, any unsubscribed preferred shares may be offered in the form of ADSs upon the terms and conditions described in this prospectus supplement.
The ADSs are being offered in the United States and elsewhere outside of Colombia by the underwriters named in this prospectus supplement.

The ADSs trade on the New York Stock Exchange (NYSE) under the symbol CIB. The preferred shares trade on the *Bolsa de Valores de Colombia* (the Colombian Stock Exchange) under the symbol PFBCOLOM. On June 29, 2007, the last reported sale price of the ADSs on the NYSE was US$ 32.83 per ADS. On June 29, 2007 the last reported sale price of the preferred shares on the Colombian Stock Exchange was Ps 15,620.00 per preferred share.

Investment in the ADSs involves risks. See Risk factors beginning on page S-11 of this prospectus supplement to read about certain risk factors you should consider before investing in the ADSs.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement and accompanying prospectus. Any representation to the contrary is a criminal offense.

THE INFORMATION CONTAINED IN THIS PROSPECTUS SUPPLEMENT IS CONSIDERED ESSENTIAL IN ORDER TO ALLOW AN ADEQUATE EVALUATION OF THE INVESTMENT BY POTENTIAL INVESTORS. THE PREFERRED SHARES HAVE BEEN REGISTERED IN THE *REGISTRO NACIONAL DE VALORES Y EMISORES* (THE COLOMBIAN NATIONAL REGISTRY OF SECURITIES AND ISSUERS OR RNVE). SUCH REGISTRATION DOES NOT CONSTITUTE AN OPINION OF THE *SUPERINTENDENCIA FINANCIERA DE COLOMBIA* (THE COLOMBIAN SUPERINTENDENCY OF FINANCE OR SFC) WITH RESPECT TO APPROVAL OF THE QUALITY OF THE PREFERRED SHARES OR OUR SOLVENCY. THE ADSs MAY NOT BE PUBLICLY OFFERED OR SOLD IN COLOMBIA.

	Per ADS	Total
Public offering price	US$	US$
Underwriting discount and commissions	US$	US$
Proceeds, before expenses, to us	US$	US$

The underwriters may also purchase up to an additional 1,956,522 ADSs from us at the public offering price, less the underwriting discounts and commissions payable by us, to cover over-allotments, if any, within 30 days of the date of this prospectus supplement. If the underwriters exercise the option in full, the total underwriting discounts and commissions payable by us will be US$ and the total proceeds, before expenses, to us will be US$.

We expect to deliver the new ADSs on or as soon as practicable after , 2007.

UBS Investment Bank
Global Coordinator and Joint Bookrunner

Merrill Lynch & Co.
Joint Bookrunner

JPMorgan
Co-Manager

Prospectus Supplement dated , 2007

TABLE OF CONTENTS

Prospectus Supplement

Prospectus

Table of Contents

About this prospectus supplement

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part is the accompanying prospectus, which describes more general information, some of which may not apply to this offering. If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus and in any free writing prospectus filed with the Securities and Exchange Commission (the SEC). This prospectus supplement contains the terms of this offering. This prospectus supplement, or the information incorporated by reference in the accompanying prospectus, may add, update or change information in the accompanying prospectus. If information in this prospectus supplement, or the information incorporated by reference in this prospectus supplement, is inconsistent with the accompanying prospectus, this prospectus supplement, or the information incorporated by reference in this prospectus supplement, will apply and will supersede that information in the accompanying prospectus.

In this prospectus supplement and the accompanying prospectus, unless the context otherwise requires, references to Bancolombia , the Bank, we, us and our refer to Bancolombia S.A. and its consolidated subsidiaries taken as a w In addition, all references in this prospectus supplement and the accompanying prospectus to pesos and Ps are to the currency of Colombia and references to U.S. dollars and US$ are to the currency of the United States of America. Also, as used herein, the term billion means one thousand million, or 1,000,000,000.

No dealer, salesperson or other individual has been authorized to give any information or to make any representations other than those contained or incorporated by reference in this prospectus supplement or the accompanying prospectus and, if given or made, such information or representations must not be relied upon as having been authorized by Bancolombia or any other person. Neither the delivery of this prospectus supplement and the accompanying prospectus nor any sale made hereunder or thereunder shall under any circumstances create an implication that there has been no change in the affairs of Bancolombia since the date hereof or thereof or that the information contained herein or therein is correct as of any time subsequent to its date. Our business, financial condition, results of operation and/or prospects may have changed since those dates.

Bancolombia accepts responsibility for the information contained in this prospectus supplement and the accompanying prospectus. The distribution of this prospectus supplement and the accompanying prospectus and the offer of the ADSs in some jurisdictions may be restricted by law. Persons into whose possession this prospectus supplement and the accompanying prospectus come are required by us to inform themselves about and to observe any applicable restrictions. This prospectus supplement and the accompanying prospectus do not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation.

Table of Contents

Available information

This prospectus supplement and the accompanying prospectus are part of a registration statement on Form F-3 filed by us with the SEC under the U.S. Securities Act of 1933, as amended (the Securities Act). We are also subject to the information requirements of the U.S. Securities Exchange Act of 1934, as amended (the Exchange Act), applicable to a foreign private issuer and, accordingly, file or furnish reports, including annual reports on Form 20-F, reports on Form 6-K, and other information with the SEC. You may read and copy any documents filed by us at the SEC s public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our filings with the SEC are also available to the public through the SEC s Internet site at *http://www.sec.gov* and through the NYSE located at 20 Broad Street, New York, New York 10005.

Incorporation of certain information by reference

The SEC s rules allow us to incorporate by reference information into this prospectus supplement. This means that we can disclose important information to you by referring you to another document. Any information referred to in this way is considered part of this prospectus supplement from the date we file that document. Any reports filed by us with the SEC after the date of this prospectus supplement and before the date that the offering of the securities by means of this prospectus supplement is completed or terminated will be incorporated by reference into this prospectus supplement and will automatically update and, where applicable, supersede any information contained in this prospectus supplement or incorporated by reference in this prospectus supplement (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with the SEC rules).

We also incorporate by reference into this prospectus supplement the following documents or information filed by us with the SEC:

(1) our Annual Report on Form 20-F for the fiscal year ended December 31, 2006, filed on May 10, 2007 (Annual Report); and

(2) our report on Form 6-K, dated and filed on May 7, 2007.

The preceding list supersedes and replaces the documents listed in the accompanying prospectus under the heading Incorporation of certain information by reference.

We will provide without charge to each person, including any beneficial owner, to whom this prospectus supplement is delivered, upon his or her written or oral request, a copy of any or all documents referred to above which have been or may be incorporated by reference into this prospectus supplement.

You may request a copy of these filings by writing or telephoning us at our principal executive offices at the following address:

Bancolombia S.A.
Calle 50 No. 51-66
Medellin, Colombia
Attention: General Secretary
Telephone Number: (574) 510-8896

Table of Contents

Exchange rates

This prospectus supplement translates certain peso amounts into U.S. dollars at specified rates solely for the convenience of the reader. The Federal Reserve Bank of New York does not report a rate for pesos. Unless otherwise indicated, such peso amounts have been translated at the rate of Ps 2,238.79 per US$1.00, which corresponds to the *tasa representativa del mercado* (representative market rate) calculated on December 29, 2006, the last business day of the year. The representative market rate is computed and certified by the Superintendency of Finance on a daily basis and represents the weighted average of the buy/sell foreign exchange rates negotiated on the previous day by certain financial institutions authorized to engage in foreign exchange transactions (including us). The Superintendency of Finance also calculates and certifies the average representative market rate for each month for purposes of preparing financial statements, and converting amounts in foreign currency to pesos. Such conversion should not be construed as a representation that the peso amounts correspond to, or have been or could be converted into, U.S. dollars at that rate or any other rate.

On May 31, 2007, the representative market rate was Ps 1,930.64 per US$1.00. On June 29, 2007, the representative market rate was Ps 1,958.09 per US$1.00.

The following table sets forth the high and low peso per U.S. dollar exchange rates for the last six months:

Recent exchange rates of Peso per U.S. Dollar

Month	**Low**	**High**
January 2007	2,218.05	2,261.22
February 2007	2,211.46	2,255.17
March 2007	2,155.06	2,246.88
April 2007	2,110.67	2,190.30
May 2007	1,914.96	2,104.16
June 2007	1,877.88	1,982.29

Source: Superintendency of Finance.

The following table sets forth the average peso/U.S. dollar representative market rate for each of the five most recent financial years, calculated by using the average of the exchange rates on the last day of each month during the period.

Peso/US$1.00 representative market rate

Period	**Average**
2002	2,534.22
2003	2,875.05
2004	2,614.79

2005	2,320.77
2006	2,359.13

Source: Superintendency of Finance.

iv

Table of Contents

Forward-looking statements

This prospectus supplement and the accompanying prospectus (including the documents incorporated by reference) contain statements which may constitute forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are not based on historical facts but instead represent only our belief regarding future events, many of which, by their nature, are inherently uncertain and outside our control. Words such as anticipate, believe, estimate, approximate, expect, may, in predict, target , forecast, guideline, should, project and similar words and expressions are intended to identify forward-looking statements. It is possible that our actual results may differ, possibly materially, from the anticipated results indicated in these forward-looking statements.

Information regarding important factors that could cause actual results to differ, perhaps materially, from those in our forward-looking statements appear in a number of places in this prospectus supplement and the documents incorporated in this prospectus supplement by reference and include, but are not limited to:

Ø changes in general economic, business, political, social, fiscal or other conditions in Colombia or changes in general economic or business conditions in Latin America;

Ø changes in capital markets or in markets in general that may affect policies or attitudes towards lending;

Ø unanticipated increases in financing and other costs or the inability to obtain additional debt or equity financing on attractive terms;

Ø inflation, changes in foreign exchange rates and/or interest rates;

Ø sovereign risks;

Ø liquidity risks;

Ø increases in defaults by our borrowers and other loan delinquencies;

Ø lack of acceptance of new products or services by our targeted customers;

Ø competition in the banking, financial services, credit card services, insurance, asset management and other industries in which we operate;

Ø adverse determination of legal or regulatory disputes or proceedings;

Ø changes in official regulations and the Colombian government s banking policy as well as changes in laws, regulations or policies in the jurisdictions in which we do business;

Ø regulatory issues relating to acquisitions;

Ø changes in business strategy; and

Ø other factors identified or discussed under Risk factors in this prospectus supplement and elsewhere in our Annual Report incorporated in this prospectus supplement by reference.

Forward-looking statements speak only as of the date they were made, and we undertake no obligation to update publicly or revise any forward-looking statements after the date on which they are made in light of new information, future events and other factors.

Table of Contents

Enforcement of civil liabilities against foreign persons

We are a Colombian company, a majority of our directors and management and certain of the experts named in this prospectus are residents of Colombia, and a substantial portion of their respective assets are located in Colombia.

We have been advised by Gómez-Pinzón Linares Samper Suárez Villamil Abogados S.A. that Colombian courts determine whether to enforce a U.S. judgment predicated on the U.S. securities laws through a procedural system known under Colombian law as *exequatur*. Colombian courts will enforce a foreign judgment, without reconsideration of the merits, only if the judgment satisfies the requirements of Articles 693 and 694 of Colombia s *Código de Procedimiento Civil* (Code of Civil Procedure), which provide that the foreign judgment will be enforced if:

- a treaty exists between Colombia and the country where the judgment was granted or there is reciprocity in the recognition of foreign judgments between the courts of the relevant jurisdiction and the courts of Colombia;
- the foreign judgment does not relate to *in rem rights* vested in assets that were located in Colombia at the time the suit was filed and does not contravene or conflict with Colombian laws relating to public order other than those governing judicial procedures;
- the foreign judgment, in accordance with the laws of the country where it was rendered, is final and is not subject to appeal and a duly certified and authenticated copy of the judgment has been presented to a competent court in Colombia;
- the foreign judgment does not refer to any matter upon which Colombian courts have exclusive jurisdiction;
- no proceeding is pending in Colombia with respect to the same cause of action, and no final judgment has been awarded in any proceeding in Colombia on the same subject matter and between the same parties; and
- in the proceeding commenced in the foreign court that issued the judgment, the defendant was served in accordance with the law of such jurisdiction and in a manner reasonably designated to give the defendant an opportunity to defend against the action.

The United States and Colombia do not have a bilateral treaty providing for automatic reciprocal recognition and enforcement of judgments in civil and commercial matters. The Colombian Supreme Court has generally accepted that reciprocity exists when it has been proven that either a U.S. court has enforced a Colombian judgment or that a U.S. court would enforce a foreign judgment, including a judgment issued by a Colombian court. However, such enforceability decisions are considered by Colombian courts on a case-by-case basis.

Table of Contents

Summary

This summary highlights selected information from, or incorporated by reference in, this prospectus supplement or the accompanying prospectus, but does not contain all the information that may be important to you. You should read this entire prospectus supplement, the accompanying prospectus and those documents incorporated by reference into this document carefully, including the Risk factors and the financial statements and the related notes thereto, before making an investment decision.

Company overview

We are the leading independent financial institution in Colombia based on market share and net assets, and we provide a wide range of financial products and services to our diversified customer base, including corporate customers, small and medium size businesses and individuals. Our products and services include corporate and personal loans, deposit-taking, credit and debit cards, electronic banking, cash management, fiduciary and custodial services, brokerage services, leasing, investment banking and dollar-denominated products. As of March 31, 2007, we had, on a consolidated basis:

Ø Ps 36,462,754 million in total assets;

Ø Ps 24,869,858 million in total net loans and financial leases;

Ø Ps 24,237,791 million in deposits; and

Ø Ps 3,420,985 million in shareholders equity.

We were originally established to provide products and services to blue-chip industrial companies in the Medellín industrial region, and we have grown substantially over the years, both through organic growth as well as through acquisitions. Since our formation in 1945, we have expanded our business activities to provide general banking products and services to individuals, as well as to the middle-market sector which consists of small and medium-sized companies.

Our consolidated net income for the year ended December 31, 2006 and for the three months ended March 31, 2007 was Ps 749,529 million and Ps 199,957 million, respectively, representing an average return on equity of 22.10% and 22.06%, respectively, and an average return on assets of 2.31% and 2.28%, respectively.

As of March 31, 2007, we had 703 branches and a proprietary network of 1,394 ATMs in 152 cities and towns. Approximately 81% of our transactions with our customers are electronic or over the internet. These services play an increasingly important role in our marketing and distribution system. Our Virtual Branch electronic banking system offers 24-hour services, including balance inquiries, savings and credit card information, credit card payment services, disbursement of pre-approved loans, blocking of credit cards, check counter-orders, product and service requests, and other customer services.

We were founded in 1945 under the name Banco Industrial Colombiano S.A. In 1998, we merged with Banco de Colombia S.A. and changed our name to Bancolombia S.A. In 2005, Conavi Banco Comercial y de Ahorros S.A. (Conavi) and Corporacion Financiera Nacional y Suramericana S.A. (Corfinsura) merged with and into Bancolombia, with Bancolombia as the surviving entity after the spin-off of part of Corfinsura s investment portfolio to a new entity formed by the former shareholders of Corfinsura.

Since 1981 and 1995, our common shares and preferred shares, respectively, have traded on Colombian stock exchanges. Since 1995, we have maintained a listing on the NYSE, where our ADSs are traded. Bancolombia is currently the only Colombian company listed in the NYSE.

Table of Contents

Strategy

Our goal is to maintain our position as a leading provider of financial services in Colombia while increasing our profitability. The key elements of our strategy are:

Maintaining our Leading Position in the Colombian Financial Services Market

We intend to continue to capitalize on our strong brand name recognition and leading market position in Colombia to grow our business. We believe that the Colombian financial services market offers attractive growth potential. In particular, banking penetration, as measured by loans to gross domestic product, in Colombia is lower than in many of the countries in the region. We believe that this low penetration in combination with strong expected growth in the Colombian economy will support growth in the banking market, particularly in retail and mortgage loans. We intend to maintain our relationship with our corporate clients, while focusing additional resources on under-served segments, which include retail and small businesses through tailoring innovative banking products targeted at these clients.

Actively Pursuing Cross-Selling Opportunities

We intend to increase our market share and profitability by cross-selling our products and services. We believe that our existing customer base represents a significant opportunity to sell additional banking products and services. We believe that there are particularly attractive opportunities with our corporate banking clients. Within the corporate banking segment, we intend to focus on low risk, high margin products and services, such as international trade finance, leasing and factoring.

Focus on Improving Operating Efficiency

We are committed to improving our operating efficiency and profitability. By focusing on technological developments and on the use of electronic distribution channels, we aim to increase our customers use of electronic transactions, thereby addressing our customers evolving needs and potentially increasing the transactions conducted by our customers. We also continue to implement technological solutions aimed at identifying means of improving our pricing processes and assessing the profitability of our business segments. Through these initiatives, we will continue to strive to improve our efficiency ratio.

Increasing our Profitability by More Effectively Deploying our Assets

We intend to continue to seek the most attractive opportunities to improve our profitability. Our acquisition of Banagricola, S.A. illustrates our decision to strategically use our capital to increase our profitability. Given Banagricola s strong position in El Salvador s growing economy and its diverse portfolio of products, we believe that this investment will increase our profitability. We will continue to opportunistically seek other investment opportunities that we believe will enhance our profitability and support our growth strategy.

First quarter results

On May 7, 2007, we announced our results for the three months ended March 31, 2007. As set forth in Incorporation of certain information by reference, our results for the first quarter have been incorporated by reference in a Form 6-K filed with the SEC on May 7, 2007.

Our consolidated net income for the three months ended March 31, 2007 totaled Ps 199,957 million, representing a 29.8% decrease as compared to Ps 284,893 million for the three months ended December 31, 2006 and a 6.6% decrease as compared to Ps 214,102 million for the three months ended March 31, 2006.

Net interest income for the three months ended March 31, 2007 totaled Ps 538,567 million, representing a 4.1% decrease as compared to the three months ended December 31, 2006 and a 17.5% increase as compared to the three months ended March 31, 2006.

For the three months ended March 31, 2007, provisions for loan and interest losses, net of recoveries amounted to Ps 74,392 million, representing an increase of 15.9% as compared to Ps 64,205 million

S-2

for the three months ended March 31, 2006. This level of provisions represents an increase of 142.9% as compared to the three months ended December 31, 2006, when such provisions amounted to Ps 30,630 million. Such increase is mainly due to lower recoveries registered during the three months ended March 31, 2007 as compared to the unusually high Ps 50,000 million in recoveries registered during the three months ended December 31, 2006.

Net fees and income from services amounted to Ps 214,169 million during the three months ended March 31, 2007, decreasing 7.7% as compared to the three months ended December 31, 2006 and increasing 3.9% as compared to the three months ended March 31, 2006. Net fees and income from services during the three months ended March 31, 2007 reflected the sale of Almacenar S.A. in 2007.

Operating expenses amounted to Ps 470,203 million during the three months ended March 31, 2007, representing a decrease of 12.9% as compared to the three months ended December 31, 2006 when operating expenses amounted to Ps 539,563 million. However, operating expenses during the three months ended March 31, 2007 represented an increase of 15.1% as compared to the three months ended March 31, 2006 when operating expenses amounted to Ps 408,585 million.

As of March 31, 2007, our net loans and financial leases totaled Ps 24,869,858 million, representing an increase of 4.4% as compared to Ps 23,811,391 million as of December 31, 2006 and an increase of 35.4% as compared to Ps 18,365,410 million as of March 31, 2006. As of March 31, 2007, our ratio of past due loans to total loans was 2.7%, and our ratio of allowances for loan and accrued interest losses to past due loans was 130.4%.

Investments in debt securities as of March 31, 2007 totaled Ps 4,976,814 million, representing a decrease of 10.0% as compared to Ps 5,530,559 million as of March 31, 2006 and a decrease of 38.8% as compared to Ps 8,131,968 million as of March 31, 2006. The decrease was primarily a consequence of our strategy to reallocate our assets from our portfolio of debt securities to our loan portfolio.

Acquisition of Banagricola

On May 16, 2007, the Bank, through its wholly-owned subsidiary Bancolombia Panama S.A., acquired 16,817,633 shares of Banagricola S.A., a *sociedad anónima* organized under the laws of Panama (Banagricola), which represented 89.15% of the total issued and outstanding shares of Banagricola. The shares were acquired pursuant to a simultaneous public tender offer in El Salvador and Panama. The total consideration paid for the acquired shares was US$791.2 million. The Bank used cash on hand and loans from foreign financial institutions amounting to US$590 million to acquire the shares of Banagricola.

Banagricola is a holding company with several subsidiaries, including Banco Agricola S.A. in El Salvador and Banco Agricola (Panama) S.A. in Panama, dedicated to banking, commercial and consumer activities, insurance, pension funds and brokerage.

According to financial sector information from the El Salvadorian Financial System Superintendency, Banagricola has a strong franchise in the El Salvadorian financial market, including a large retail bank in El Salvador, which holds through its subsidiary Banco Agricola, a 29% market share in terms of loans and deposits; it is a significant pension fund manager and holds through its subsidiary AFP Crecer a 52% market share; and, through its subsidiary Asesuisa, it is also one of the largest insurers in El Salvador with a 23% market share.

As of December 31, 2006, Banagricola had a loan portfolio of over US$2.4 billion and a solid and growing client base of over one million clients who are served through a network in El Salvador that is comprised of approximately 122 branches, 347 ATMs and 133 additional points of sale.

The acquisition of Banagricola positions Bancolombia as one of several key players in Central America. In particular, due to El Salvador s high credit rating, its dollarized economy and Banagricola s solid financial performance, Bancolombia expects to be able to increase its income generation and to diversify its loan portfolio mix which we expect will reduce its risk and exposure concentration.

Table of Contents

Banagricola s low cost, broad and diversified retail deposit base and efficient cost controls give Banagricola key competitive advantages. In addition, potential synergies from this transaction, such as improvement in international funding for Bancolombia, transfer of know how, best practices and cross selling opportunities, are expected to further enhance Bancolombia s earnings. This transaction is expected to be accretive to earnings from 2007 onwards, excluding any effect of potential synergies and one-time charges.

On April 2, 2007, Bancolombia Panama S.A. entered into a Stock Purchase Agreement with the controlling shareholders of Bienes y Servicios, S.A. (BYSSA) to acquire a controlling stake in BYSSA, a corporation organized and existing under the laws of the Republic of El Salvador. The Stock Purchase Agreement provided that Bancolombia Panama S.A. will launch a tender offer in El Salvador in order to acquire at least 50.8349% and up to 100% of all the issued and outstanding shares of BYSSA. The maximum purchase price payable in the BYSSA tender offer is approximately US$75 million. BYSSA has a significant number of shareholders in common with Banagricola. BYSSA and its subsidiaries provide printing, outsourcing and other services to different companies of the *Conglomerado Financiero Banagricola* (Banagricola Financial Group). In addition, BYSSA owns 9.59% of the total issued and outstanding shares of Banagricola and is the sole shareholder of Banagricola de El Salvador, Inc., a company organized and existing under the laws of the State of California, which is engaged in the money transmittal business in states such as California, Maryland, Nevada, New Jersey, Virginia and in the District of Columbia. If the BYSSA Stock Purchase Agreement is terminated, BYSSA is obliged to transfer Banagricola de El Salvador, Inc. to Bancolombia Panama S.A., for US$6 million and to enter into a long-term service agreement with Banagricola and/or its subsidiaries. On June 15, 2007, the transaction was approved by the Panamanian Superintendency of Banking (*Superintendencia de Bancos*). El Salvadorian and U.S. regulatory approvals are still pending but the transaction is currently expected to close in the third quarter of 2007. Upon the successful completion of the BYSSA tender offer, the Bank expects to control 98.74% of the total issued and outstanding shares of Banagricola.

Summary Financial Information for Banagricola (El Salvador GAAP)

	As of and for the year ended December 31, 2006 (in thousands of US$)	
CONSOLIDATED INCOME STATEMENT DATA		
Net income	US$	63,560
CONSOLIDATED BALANCE SHEET DATA		
Total assets	US$	3,687,067
Loan portfolio, net		2,443,781
Deposits from clients		2,362,080
Total shareholders equity		431,709

Recent developments

Under Colombian laws, the Central Bank (*Banco de la República*) may intervene in the foreign exchange market if the peso experiences significant volatility. Pursuant to such authority, on May 23, 2007, the Colombian Government introduced a new deposit requirement related to portfolio investments made by foreign investors. Decree No. 1801 of

2007, requires foreign investors making portfolio investments to make a non-interest bearing deposit with the Central Bank, for a term of six months from the date of such investment, for an amount equivalent to 40% of the value of the investment converted at the representative market rate then in effect. However, we are confident that a decree, which would provide that investments made pursuant to ADS programs are exempt from the deposit requirement mentioned above, will be published and take effect in the near future. No assurance can be made as to the actual timing of such publication or effectiveness. See Risk factors Risks relating to the ADSs There are some restrictions on foreign investment in Colombia.

On May 25, 2007, Bancolombia completed an SEC-registered debt offering, with the issuance of US$400 million in aggregate principal amount of its Subordinated Notes due 2017. The notes have a 10-year maturity term and a coupon of 6.875%, payable semi-annually on May 25 and November 25 of each year, beginning on November 25, 2007. The notes were issued at a public offering price of 98.661% and are unsecured subordinated obligations of the Bank, structured to constitute subordinated bonds *(bonos subordinados)* for Colombian banking regulatory purposes and will be eligible for Tier Two capital treatment under Colombian banking regulatory standards.

On June 13, 2007, Moody s Investor Services, Inc. downgraded certain Bancolombia ratings, including a downgrade of the rating of the subordinated notes issued on May 25, 2007 from Baa3 to Ba1.

Our by-laws and Colombian law require that, whenever we issue new shares of any outstanding class, we must offer the holders of each class of shares the right to purchase a number of shares of such class sufficient to maintain their existing percentage ownership of our aggregate capital stock. Accordingly, before we sell any ADSs representing newly issued preferred shares, we are required to conduct a rights offering that meets the requirements of Colombian law and our by-laws. In connection with our proposed offering of ADSs described in this prospectus supplement, we commenced a rights offering in Colombia on June 15, 2007, which offered current holders of preferred shares the right to subscribe for a-size:10pt;">

854

Accrued unbilled utility revenue
21,917

16,284

Long-lived assets held-for-sale
—

7,768

Materials and supplies
1,045

1,088

Prepaid expenses
1,980

1,589

48,223

42,911

OTHER ASSETS:

Investment in California Water Service Group
7,514

7,067

Unamortized debt issuance, broker and reacquisition costs
5,395

5,226

Regulatory assets, net
132,299

130,488

Other
5,939

5,060

151,147

147,841

$
1,130,465

1,087,499

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

3

SJW Corp. and Subsidiaries
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(in thousands, except share and per share data)

	June 30, 2013	December 31, 2012
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION:		
Shareholders’ equity:		
Common stock, $0.521 par value; authorized 36,000,000 shares; issued and outstanding 20,137,090 shares on June 30, 2013 and 18,670,566 on December 31, 2012	$10,489	9,724
Additional paid-in capital	62,148	26,117
Retained earnings	238,060	236,453
Accumulated other comprehensive income	2,574	2,310
Total shareholders’ equity	313,271	274,604
Long-term debt, less current portion	335,300	335,598
	648,571	610,202
CURRENT LIABILITIES:		
Line of credit	—	15,300
Current portion of long-term debt	540	5,392
Accrued groundwater extraction charges and purchased water	10,074	4,755
Purchased power	725	317
Accounts payable	15,906	8,481
Accrued interest	5,342	5,355
Accrued property taxes and other non-income taxes	824	1,465
Accrued payroll	2,971	3,069
Other current liabilities	8,803	4,973
	45,185	49,107
DEFERRED INCOME TAXES	151,628	147,579
UNAMORTIZED INVESTMENT TAX CREDITS	1,405	1,434
ADVANCES FOR CONSTRUCTION	68,882	68,277
CONTRIBUTIONS IN AID OF CONSTRUCTION	128,783	128,466
DEFERRED REVENUE	1,224	1,137
POSTRETIREMENT BENEFIT PLANS	76,823	73,425
OTHER NONCURRENT LIABILITIES	7,964	7,872
COMMITMENTS AND CONTINGENCIES	—	—
	$1,130,465	1,087,499

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

4

SJW Corp. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(in thousands)

	Six months ended June 30, 2013	2012
OPERATING ACTIVITIES:		
Net income	$8,757	6,310
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	18,338	17,368
Deferred income taxes	4,200	3,455
Share-based compensation	589	283
Gain on sale of real estate investment	(1,063)	—
Changes in operating assets and liabilities:		
Accounts receivable and accrued unbilled utility revenue	(11,711)	(8,723)
Accounts payable, purchased power and other current liabilities	2,266	321
Accrued groundwater extraction charges and purchased water	5,319	3,623
Tax receivable and accrued taxes	(144)	3,553
Other current asset	—	1,856
Postretirement benefits	3,398	2,667
Regulatory asset related to balancing and memorandum accounts	(1,811)	—
Other changes, net	(1,099)	937
NET CASH PROVIDED BY OPERATING ACTIVITIES	27,039	31,650
INVESTING ACTIVITIES:		
Additions to utility plant:		
Company-funded	(35,684)	(40,792)
Contributions in aid of construction	(4,631)	(1,822)
Additions to real estate investments	(3,453)	(48)
Payments for business/asset acquisition and water rights	(1,569)	(1,808)
Cost to retire utility plant, net of salvage	(1,170)	(92)
Proceeds from sale of real estate investment	8,831	—
NET CASH USED IN INVESTING ACTIVITIES	(37,676)	(44,562)
FINANCING ACTIVITIES:		
Borrowings from line of credit	13,300	—
Repayments of line of credit	(28,600)	—
Repayments of long-term borrowings	(5,150)	(460)
Debt issuance costs	—	(33)
Dividends paid	(7,086)	(6,610)
Issuance of common stock, net of issuance costs	35,894	—
Exercise of stock options and similar instruments	366	405
Tax benefits realized from share options exercised	95	43
Receipts of advances and contributions in aid of construction	4,348	3,118
Refunds of advances for construction	(1,047)	(1,027)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	12,120	(4,564)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,483	(17,476)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	2,522	26,734
CASH AND CASH EQUIVALENTS, END OF PERIOD	$4,005	9,258
Cash paid (received) during the period for:		
Interest	$10,487	10,639

Income taxes	1,260	(3,765)
Supplemental disclosure of non-cash activities:		
Increase in accrued payables for construction costs capitalized	6,560	6,682
Utility property installed by developers	(112)	107
Increase in real estate investments due to accrued tenant improvements	583	—
Accrued intangible assets and other charges related to water supply project in Texas	2,218	—

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

5

SJW CORP. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013
(in thousands, except share and per share data)

Note 1. General

In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments (consisting only of normal, recurring adjustments) necessary for a fair presentation of the results for the interim periods.

The unaudited interim financial information has been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and in accordance with the instructions for Form 10-Q and Rule 10-01 of Regulation S-X promulgated by the Securities and Exchange Commission (the "SEC"). The Notes to Consolidated Financial Statements in SJW Corp.'s 2012 Annual Report on Form 10-K should be read with the accompanying unaudited condensed consolidated financial statements.

Water sales are seasonal in nature and influenced by weather conditions. The timing of precipitation and climatic conditions can cause seasonal water consumption by customers to vary significantly. Due to the seasonal nature of the water business, the operating results for interim periods are not indicative of the operating results for a 12-month period. Revenue is generally higher in the warm, dry summer months when water usage and sales are greater, and lower in the winter months when cooler temperatures and increased rainfall curtail water usage and sales.

Basic earnings per share is calculated using income available to common shareholders, divided by the weighted average number of shares outstanding during the period. The two-class method in computing basic earnings per share is not used because the number of participating securities as defined in Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) Topic 260 - "Earning Per Share" is not significant. (The two-class method is an earnings allocation formula that determines earnings per share for each class of common stock and participating security.) Diluted earnings per share is calculated using income available to common shareholders divided by the weighted average number of shares of common stock including both shares outstanding and shares potentially issuable in connection with stock options, deferred restricted common stock awards under SJW Corp.'s Long-Term Incentive Plan (as amended, the "Incentive Plan") and shares potentially issuable under the Employee Stock Purchase Plan ("ESPP"). For the three months ended June 30, 2013 and 2012, 799 and 1,001 anti-dilutive restricted common stock units were excluded from the dilutive earnings per share calculation, respectively. For the six months ended June 30, 2013 and 2012, 1,145 and 1,666 anti-dilutive restricted common stock units were excluded from the dilutive earnings per share calculation, respectively.

A portion of depreciation expense is allocated to administrative and general expense. For the three months ended June 30, 2013 and 2012, the amounts allocated to administrative and general expense were $395 and $351, respectively. For the six months ended June 30, 2013 and 2012, the amounts allocated to administrative and general expense were $779 and $734, respectively.

Note 2. Equity Plans

SJW Corp. accounts for share-based compensation based on the grant date fair value of the awards issued to employees in accordance with FASB ASC Topic 718 - "Compensation - Stock Compensation," which requires the measurement and recognition of compensation expense based on the estimated fair value for all share-based payment awards.

The Incentive Plan allows SJW Corp. to provide employees, non-employee board members or the board of directors of any parent or subsidiary, consultants, and other independent advisors who provide services to the company or any parent or subsidiary the opportunity to acquire an equity interest in SJW Corp. The types of awards included in the Incentive Plan are restricted stock awards, restricted stock units, performance shares, or other share-based awards. As of June 30, 2013, the remaining shares available for issuance under the Incentive Plan were 1,161,225, and 321,380 shares were issuable upon the exercise of outstanding options, restricted stock units, and deferred restricted stock units. In addition, shares are issued to employees under the ESPP. SJW Corp. also has a Dividend Reinvestment and

Stock Purchase Plan (“DRSPP”) which allows eligible participants to buy shares and reinvest cash dividends in SJW Corp. common stock.

6

SJW CORP. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
JUNE 30, 2013
(in thousands, except share and per share data)

The compensation costs charged to income is recognized on a straight-line basis over the requisite service period. A summary of compensation costs charged to income, proceeds from the exercise of stock options and similar instruments, and the tax benefit realized from stock options and similar instruments exercised, that were recorded to additional paid-in capital and common stock, by award type, are presented below for the three and six months ended June 30, 2013 and 2012.

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Compensation costs charged to income:				
ESPP	$—	—	$58	49
Restricted stock and deferred restricted stock	242	100	531	234
Total compensation costs charged to income	$242	100	$589	283
Excess tax benefits realized from share options exercised and stock issuance:				
Stock options	$—	8	$—	8
Restricted stock and deferred restricted stock	65	35	95	35
Total excess tax benefits realized from share options exercised and stock issuance	$65	43	$95	43
Proceeds from the exercise of stock options and similar instruments:				
Stock options	$—	75	$—	75
DRSPP	21	21	38	52
ESPP	—	—	328	278
Total proceeds from the exercise of stock options and similar instruments	$21	96	$366	405

Stock Options

No options were granted during the three and six months ended June 30, 2013 and 2012.

As of June 30, 2013, there were no unrecognized compensation costs related to stock options.

Stock, Restricted Stock and Deferred Restricted Stock

On January 2, 2013, restricted stock units covering an aggregate of 23,840 shares of common stock of SJW Corp. were granted to certain executives of SJW Corp. and its subsidiaries. The units vest in three equal successive installments upon completion of each year of service with no dividend equivalent rights. Share-based compensation expense based on a grant date fair value of $25.08 per unit is being recognized over the service period beginning in 2013.

On March 25, 2013, 3,918 shares of common stock were awarded as a special stock bonus award to an officer of a subsidiary of SJW Corp. The award was issued upon satisfaction of previously agreed upon conditions and is not subject to vesting.

On April 23, 2013, 3,634 shares of common stock were awarded as a special stock bonus award to a key executive of SJW Corp. The award was issued upon satisfaction of previously agreed upon conditions and is not subject to vesting.

On April 24, 2013, restricted stock units covering an aggregate of 2,667 shares of common stock of SJW Corp. were granted to the non-employee board members of SJW Corp. The units vest upon continuous board service through the day immediately preceding the date of the next annual shareholder meeting with no dividend equivalent rights. Share-based compensation expense based on a grant date fair value of 25.58 per unit is being recognized over the service period beginning in 2013.

As of June 30, 2013, the total unrecognized compensation costs related to restricted and deferred restricted stock plans amounted to $855. This cost is expected to be recognized over a remaining weighted-average period of 1.71 years.

Dividend Equivalent Rights

Under the Incentive Plan, certain holders of options, restricted stock, and deferred restricted stock awards may have the right to receive dividend equivalent rights ("DERs") each time a dividend is paid on common stock after the grant date. Stock compensation on DERs is recognized as a liability and recorded against retained earnings on the date dividends are issued. For the three and six months ended June 30, 2013, $31 and $65, respectively, related to DERs was recorded against retained earnings and was accrued as a liability. For the three and six months ended June 30, 2012, $32 and $66, respectively, related to DERs was recorded against retained earnings and was accrued as a liability.

7

SJW CORP. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
JUNE 30, 2013
(in thousands, except share and per share data)

Employee Stock Purchase Plan

The ESPP allows eligible employees to purchase shares of SJW Corp.'s common stock at 85% of the fair value of shares on the purchase date. Under the ESPP, employees can designate up to a maximum of 10% of their base compensation for the purchase of shares of common stock, subject to certain restrictions. A total of 270,400 shares of common stock have been reserved for issuance under the ESPP.

After considering estimated employee terminations or withdrawals from the plan before the purchase date, SJW Corp.'s recorded expenses were $37 and $58 for the three and six months ended June 30, 2013, respectively, and $28 and $45 for the three and six months ended June 30, 2012, respectively, related to the ESPP.

The total unrecognized compensation costs related to the semi-annual offering period that ends July 31, 2013 for the ESPP is approximately $12. This cost is expected to be recognized during the third quarter of 2013.

Dividend Reinvestment and Stock Purchase Plan

SJW Corp. adopted the DRSPP effective April 19, 2011. The DRSPP offers shareholders the ability to reinvest cash dividends in SJW Corp. common stock and also purchase additional shares of SJW Corp. common stock. A total of 3,000,000 shares of common stock have been reserved for issuance under the DRSPP. For the three and six months ended June 30, 2013, 825 and 1,444 shares, respectively, have been issued under the DRSPP. For the three and six months ended June 30, 2012, 896 and 2,198 shares, respectively, have been issued under the DRSPP.

Note 3. Real Estate Investments

The major components of real estate investments as of June 30, 2013 and December 31, 2012 are as follows:

	June 30, 2013	December 31, 2012
Land	$18,892	18,892
Buildings and improvements	59,047	55,011
Intangibles	329	329
Subtotal	78,268	74,232
Less: accumulated depreciation and amortization	9,839	9,045
Total	$68,429	65,187

Depreciation and amortization is computed using the straight-line method over the estimated service life of the respective assets, ranging from 5 to 39 years.

On February 1, 2013, SJW Land Company sold its warehouse building located in Windsor, Connecticut for $9,200. The Company recognized a pre-tax gain on the sale of real estate investment of $1,063, after selling expenses of $369. The warehouse building was recorded in long-lived assets held-for-sale on the Company's Consolidated Balance Sheet as of December 31, 2012.

SJW CORP. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
JUNE 30, 2013
(in thousands, except share and per share data)

Note 4. Defined Benefit Plan

San Jose Water Company sponsors a noncontributory defined benefit pension plan for its eligible union and nonunion employees. Employees hired before March 31, 2008 are entitled to receive retirement benefits using a formula based on the employee's three highest years of compensation (whether or not consecutive). For employees hired on or after March 31, 2008, benefits are determined using a cash balance formula based upon compensation credits and interest credits for each employee. Executive officers hired before March 31, 2008 are eligible to receive additional retirement benefits under the Executive Supplemental Retirement Plan, and executive officers hired on or after March 31, 2008 are eligible to receive retirement benefits under the Cash Balance Executive Supplemental Retirement Plan. Both of those plans are non-qualified plans in which only senior officers and other designated members of management may participate. The Company also provides health care and life insurance benefits for retired employees under the other postretirement benefit plan. The components of net periodic benefit costs for San Jose Water Company's pension plan, its Executive Supplemental Retirement Plan and other postretirement benefit plan for the three and six months ended June 30, 2013 and 2012 are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Service cost	$1,239	1,157	$2,478	2,314
Interest cost	1,475	1,450	2,950	2,901
Other cost	1,208	1,166	2,416	2,332
Expected return on assets	(1,380)	(1,148)	(2,760)	(2,297)
	$2,542	2,625	$5,084	5,250

The following tables summarize the fair values of plan assets by major categories as of June 30, 2013 and December 31, 2012:

		Fair Value Measurements at June 30, 2013			
Asset Category	Benchmark	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents		$3,868	$3,868	$—	$—
Actively Managed (a):					
All Cap Equity	Russell 3000 Value	256	243	13	—
U.S. Large Cap Equity	Russell 1000, Russell 1000 Growth, Russell 1000 Value	26,647	26,647	—	—
U.S. Mid Cap Equity	Russell Mid Cap, Russell Mid Cap Growth, Russell Mid Cap Value	4,590	4,590	—	—
U.S. Small Cap Equity	Russell 2000, Russell 2000 Growth, Russell 2000 Value	2,562	2,562	—	—
Non-U.S. Large Cap Equity	MSCI EAFE	4,127	4,127	—	—

REIT	NAREIT - Equity REIT'S	3,998	—	3,998	—
Fixed Income (b)	(b)	36,128	—	36,128	—
Total		$82,176	$42,037	$40,139	$—

The Plan has a current target allocation of 55% invested in a diversified array of equity securities to provide long-term capital appreciation and 45% invested in a diversified array of fixed income securities to provide preservation of capital plus generation of income.

(a) Actively managed portfolio of securities with the goal to exceed the stated benchmark performance.

(b) Actively managed portfolio of fixed income securities with the goal to exceed the Barclays 1-5 Year Government/Credit, Barclays Intermediate Government/Credit, and Merrill Lynch Preferred Stock Fixed Rate.

9

SJW CORP. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
JUNE 30, 2013
(in thousands, except share and per share data)

		Fair Value Measurements at December 31, 2012			
Asset Category	Benchmark	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents		$7,056	$7,056	$—	$—
Actively Managed (a):					
U.S. Large Cap Equity	Russell 1000, Russell 1000 Growth, Russell 1000 Value	22,749	22,749	—	—
U.S. Mid Cap Equity	Russell Mid Cap, Russell Mid Cap Growth, Russell Mid Cap Value	3,989	3,989	—	—
U.S. Small Cap Equity	Russell 2000, Russell 2000 Growth, Russell 2000 Value	2,174	2,174	—	—
Non-U.S. Large Cap Equity	MSCI EAFE	4,169	4,169	—	—
REIT	NAREIT - Equity REIT'S	3,792	—	3,792	—
Fixed Income (b)	(b)	35,091	—	35,091	—
Total		$79,020	$40,137	$38,883	$—

The Plan has a current target allocation of 55% invested in a diversified array of equity securities to provide long-term capital appreciation and 45% invested in a diversified array of fixed income securities to provide preservation of capital plus generation of income.

(a) Actively managed portfolio of securities with the goal to exceed the stated benchmark performance.

(b) Actively managed portfolio of fixed income securities with the goal to exceed the Barclays 1-5 Year Government/Credit, Barclays Intermediate Government/Credit, and Merrill Lynch Preferred Stock Fixed Rate.

In 2013, San Jose Water Company expects to make required and discretionary cash contributions of up to $10,300 to the pension plans and other postretirement benefit plan. For the three and six months ended June 30, 2013, $1,489 has been contributed to the pension plans and other postretirement benefit plan.

Note 5. Segment and Nonregulated Business Reporting

SJW Corp. is a holding company with four subsidiaries: (i) San Jose Water Company, a water utility operation with both regulated and nonregulated businesses, (ii) SJW Land Company and its consolidated variable interest entity, 444 West Santa Clara Street, L.P., operate commercial building rentals, (iii) SJWTX, Inc. which is doing business as Canyon Lake Water Service Company, a regulated water utility located in Canyon Lake, Texas, and its consolidated nonregulated variable interest entity, Acequia Water Supply Corporation, and (iv) Texas Water Alliance Limited, a nonregulated water utility operation which is undertaking activities that are necessary to develop a water supply project in Texas. In accordance with FASB ASC Topic 280 – "Segment Reporting," SJW Corp. has determined that it has two reportable business segments. The first segment is that of providing water utility and utility-related services to its customers through SJW Corp.'s subsidiaries, San Jose Water Company, Canyon Lake Water Service Company, and

Texas Water Alliance Limited, together referred to as “Water Utility Services.” The second segment is property management and investment activity conducted by SJW Land Company, referred to as “Real Estate Services.”
SJW Corp.’s reportable segments have been determined based on information used by the chief operating decision maker. SJW Corp.’s chief operating decision maker is its Chairman, President and Chief Executive Officer (“CEO”). The CEO reviews financial information presented on a consolidated basis that is accompanied by disaggregated information about operating revenue, net income and total assets, by subsidiaries.

10

SJW CORP. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
JUNE 30, 2013
(in thousands, except share and per share data)

The tables below set forth information relating to SJW Corp.'s reportable segments and distribution of regulated and nonregulated business activities within the reportable segments. Certain allocated assets, revenue and expenses have been included in the reportable segment amounts. Other business activity of SJW Corp. not included in the reportable segments is included in the "All Other" category.

	For Three Months Ended June 30, 2013						
	Water Utility Services		Real Estate Services	All Other*	SJW Corp.		
	Regulated	Non regulated	Non regulated	Non regulated	Regulated	Non regulated	Total
Operating revenue	$71,457	1,579	1,194	—	71,457	2,773	74,230
Operating expense	54,960	1,353	748	232	54,960	2,333	57,293
Operating income (loss)	16,497	226	446	(232)	16,497	440	16,937
Net income (loss)	7,686	108	33	(387)	7,686	(246)	7,440
Depreciation and amortization	8,264	92	387	—	8,264	479	8,743
Senior note, mortgage and other interest expense	4,146	—	265	545	4,146	810	4,956
Income tax expense (benefit) in net income	5,379	57	47	(292)	5,379	(188)	5,191
Assets	$1,034,842	16,596	71,300	7,727	1,034,842	95,623	1,130,465

	For Three Months Ended June 30, 2012						
	Water Utility Services		Real Estate Services	All Other*	SJW Corp.		
	Regulated	Non regulated	Non regulated	Non regulated	Regulated	Non regulated	Total
Operating revenue	$62,902	1,422	1,251	—	62,902	2,673	65,575
Operating expense	49,997	1,159	827	7	49,997	1,993	51,990
Operating income (loss)	12,905	263	424	(7)	12,905	680	13,585
Net income (loss)	5,364	107	(51)	(219)	5,364	(163)	5,201
Depreciation and amortization	7,768	90	468	—	7,768	558	8,326
Senior note, mortgage and other interest expense	4,115	—	391	544	4,115	935	5,050
Income tax expense (benefit) in net income	3,658	108	(35)	(174)	3,658	(101)	3,557
Assets	$954,955	13,016	79,290	7,986	954,955	100,292	1,055,247

	For Six Months Ended June 30, 2013						
	Water Utility Services		Real Estate Services	All Other*	SJW Corp.		
	Regulated	Non regulated	Non regulated	Non regulated	Regulated	Non regulated	Total
Operating revenue	$119,255	2,665	2,449	—	119,255	5,114	124,369

Operating expense	96,585	3,035	1,558	481	96,585	5,074	101,659
Operating income (loss)	22,670	(370)	891	(481)	22,670	40	22,710
Net income (loss)	9,286	(400)	669	(798)	9,286	(529)	8,757
Depreciation and amortization	16,586	180	793	—	16,586	973	17,559
Senior note, mortgage and other interest expense	8,298	—	585	1,095	8,298	1,680	9,978
Income tax expense (benefit) in net income	6,301	(87)	507	(600)	6,301	(180)	6,121
Assets	$1,034,842	16,596	71,300	7,727	1,034,842	95,623	1,130,465

SJW CORP. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
JUNE 30, 2013
(in thousands, except share and per share data)

	For Six Months Ended June 30, 2012						
	Water Utility Services		Real Estate Services	All Other*	SJW Corp.		
	Regulated	Non regulated	Non regulated	Non regulated	Regulated	Non regulated	Total
Operating revenue	$111,726	2,496	2,502	—	111,726	4,998	116,724
Operating expense	92,347	1,907	1,673	487	92,347	4,067	96,414
Operating income (loss)	19,379	589	829	(487)	19,379	931	20,310
Net income (loss)	6,818	267	(86)	(689)	6,818	(508)	6,310
Depreciation and amortization	15,554	181	899	—	15,554	1,080	16,634
Senior note, mortgage and other interest expense	8,252	—	785	1,088	8,252	1,873	10,125
Income tax expense (benefit) in net income	4,704	233	(59)	(522)	4,704	(348)	4,356
Assets	$954,955	13,016	79,290	7,986	954,955	100,292	1,055,247

* The “All Other” category includes the accounts of SJW Corp. on a stand-alone basis.

Note 6. Long-Term Liabilities
SJW Corp.’s contractual obligations and commitments include senior notes, mortgages and other obligations. San Jose Water Company, a subsidiary of SJW Corp., has received advance deposit payments from its customers on certain construction projects. Refunds of the advance deposit payments constitute an obligation of San Jose Water Company solely.

On January 11, 2013, SJW Corp., SJW Land Company, San Jose Water Company and Wells Fargo Bank, National Association amended their respective credit agreements dated March 1, 2012, to clarify defined terms in the funded debt and interest coverage ratio covenants.

Note 7. Fair Value Measurement
The following instruments are not measured at fair value on the Company’s condensed consolidated balance sheets as of June 30, 2013, but require disclosure of their fair values: cash and cash equivalents, accounts receivable and accounts payable. The estimated fair value of such instruments as of June 30, 2013 approximates their carrying value as reported on the condensed consolidated balance sheets. The fair value of such financial instruments are determined using the income approach based on the present value of estimated future cash flows. There have been no changes in our valuation technique during the three months ended June 30, 2013. The fair value of these instruments would be categorized as Level 2 in the fair value hierarchy, with the exception of cash and cash equivalents, which would be categorized as Level 1. The fair value of pension plan assets is discussed in Note 4.
The fair value of SJW Corp.’s long-term debt was approximately $404,161 and $455,042 as of June 30, 2013 and December 31, 2012, respectively, and was determined using a discounted cash flow analysis, based on the current rates for similar financial instruments of the same duration and creditworthiness of the Company. The book value of the long-term debt was $335,840 and $340,990 as of June 30, 2013 and December 31, 2012, respectively. The fair value of long-term debt would be categorized as Level 2 in the fair value hierarchy.

12

SJW CORP. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
JUNE 30, 2013
(in thousands, except share and per share data)

The following table summarizes the fair value of the Company's investment in California Water Service Group as of June 30, 2013 and December 31, 2012:

	Fair Value Measurements at June 30, 2013			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Investment in California Water Service Group	$7,514	7,514	—	—

	Fair Value Measurements at December 31, 2012			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Investment in California Water Service Group	$7,067	7,067	—	—

Note 8. Balancing and Memorandum Account Recovery Procedures

Balancing and memorandum accounts are recognized in revenue by San Jose Water Company when it is probable that future recovery of previously incurred costs or future refunds that are to be credited to customers will occur through the ratemaking process. In assessing the probability criteria for balancing and memorandum accounts between rate cases, the Company considers evidence that may exist prior to California Public Utilities Commission ("CPUC") authorization that would satisfy regulated revenue recognition criteria. Such evidence may include regulatory rules and decisions, past practices, and other facts and circumstances that would indicate that recovery or refund is probable. When such evidence provides sufficient support for balance recognition, the balances are recorded in the Company's financial statements.

As of June 30, 2013 and December 31, 2012, the total balance in San Jose Water Company's balancing accounts, including interest, was a net under-collection of $6,215 and $6,314, respectively. In the general rate case application filed January 3, 2012, San Jose Water Company requested authorization to recover $2,600 of this balance, which represented balances accumulated through December 31, 2010, plus interest. As of June 30, 2013 and December 31, 2012, the total balance in San Jose Water Company's memorandum-type accounts, including interest, was a net over-collection of $1,158 and $1,486, respectively. In the general rate case application filed January 3, 2012, San Jose Water Company requested authorization to refund $700, which represented a portion of the net over-collection accumulated through September 30, 2011, including interest. As of June 30, 2013, the total balance in San Jose Water Company's balancing and memorandum accounts combined, including interest, was a net under-collection of $5,057.

The Company met the recognition requirements for certain of its balancing and memorandum accounts and certain amounts subject to balancing and memorandum accounts and recorded revenue and regulatory assets totaling $1,674 and $2,682 during the three and six months ended June 30, 2013, respectively, and $0 during the three and six months ended June 30, 2012. All balancing accounts and memorandum-type accounts not included for recovery or refund in the current general rate case will be reviewed by the CPUC in San Jose Water Company's next general rate case or at the time an individual account reaches a threshold of 2% of authorized revenue, whichever occurs first.

SJW CORP. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
JUNE 30, 2013
(in thousands, except share and per share data)

Note 9. Legal Proceedings

SJW Corp. is subject to ordinary routine litigation incidental to its business. There are no pending legal proceedings to which SJW Corp. or any of its subsidiaries is a party, or to which any of its properties is the subject, that are expected to have a material effect on SJW Corp.'s business, financial position, results of operations or cash flows.

Note 10. Sale of Stock

On March 28, 2013, the Company entered into an underwriting agreement with Robert W. Baird & Co. Incorporated, as the representative of several underwriters (the "Underwriters"), which provided for the issuance and sale in an underwritten public offering (the "Offering") by the Company and the purchase by the Underwriters of 1,321,000 shares of common stock, par value $0.521 per share of the Company's common stock. The shares in the Offering were sold at a public offering price of $26.50 per share, and were purchased by the Underwriters at a price of $25.44 per share. The Company also granted the Underwriters a 30-day option to purchase up to 198,150 additional shares of common stock to cover over-allotments, if any. On April 25, 2013, the Underwriters exercised the overallotment option to purchase an additional 100,000 shares of common stock.

The Offering and overallotment option closed on April 3, 2013 and April 29, 2013, respectively. The net proceeds received from the Offering and the exercise of the overallotment option were approximately $35,894, after deducting the Underwriters' discounts and commissions and estimated offering expenses. The net proceeds were used to pay down amounts outstanding as of March 31, 2013 under the Company's bank lines of credit, as well as to fund the construction programs of our Water Utility Services operations and for other general corporate purposes.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(Dollar amounts in thousands, except where otherwise noted and per share amounts)
The information in this Item 2 should be read in conjunction with the financial information and the notes thereto included in Item 1 of this Form 10-Q and the consolidated financial statements and notes thereto and the related "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in SJW Corp.'s Annual Report on Form 10-K for the year ended December 31, 2012.
This report contains forward-looking statements within the meaning of the federal securities laws relating to future events and future results of SJW Corp. and its subsidiaries that are based on current expectations, estimates, forecasts, and projections about SJW Corp. and its subsidiaries and the industries in which SJW Corp. and its subsidiaries operate and the beliefs and assumptions of the management of SJW Corp. Such forward-looking statements are identified by words including "expect," "estimate," "anticipate," "intends," "seeks," "plans," "projects," "may," "should," "wil variation of such words, and similar expressions. These forward-looking statements are only predictions and are subject to risks, uncertainties and assumptions that are difficult to predict. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. Important factors that could cause or contribute to such differences include, but are not limited to, those discussed in this report and our most recent Form 10-K filed with the SEC under the item entitled "Risk Factors," and in other reports SJW Corp. files with the SEC, specifically the most recent reports on Form 10-Q and Form 8-K, each as it may be amended from time to time. SJW Corp. undertakes no obligation to update or revise the information contained in this report, including the forward-looking statements, to reflect any event or circumstance that may arise after the date of this report.

General:
SJW Corp. is a holding company with four subsidiaries: San Jose Water Company, SJW Land Company, SJWTX, Inc., and Texas Water Alliance Limited.
San Jose Water Company, a wholly owned subsidiary of SJW Corp., is a public utility in the business of providing water service to approximately 228,000 connections that serve a population of approximately one million people in an area comprising approximately 138 square miles in the metropolitan San Jose, California area.
The principal business of San Jose Water Company consists of the production, purchase, storage, purification, distribution, wholesale and retail sale of water. San Jose Water Company provides water service to customers in portions of the cities of San Jose and Cupertino and in the cities of Campbell, Monte Sereno, Saratoga and the Town of Los Gatos, and adjacent unincorporated territories, all in the County of Santa Clara in the State of California. San Jose Water Company distributes water to customers in accordance with accepted water utility methods which include pumping from storage and gravity feed from high elevation reservoirs. San Jose Water Company also provides non-tariffed services under agreements with municipalities and other utilities. These non-tariffed services include water system operations, maintenance agreements and antenna leases.
San Jose Water Company has utility property including land held in fee, impounding reservoirs, diversion facilities, wells, distribution storage, and all water facilities, equipment, office buildings and other property necessary to supply its customers. Under Section 851 of the California Public Utilities Code, properties currently used and useful in providing utilities services cannot be disposed of unless CPUC approval is obtained.
San Jose Water Company also has approximately 700 acres of nonutility property which has been identified as no longer used and useful in providing utility services. The majority of the properties are located in the hillside area adjacent to San Jose Water Company's various watershed properties.

15

SJW Land Company, a wholly owned subsidiary of SJW Corp., owned the following real properties during the year-to-date period ended June 30, 2013:

				% for Six Months Ended June 30, 2013 of SJW Land Company	
Description	Location	Acreage	Square Footage	Revenue	Expense
2 Commercial buildings	San Jose, California	2	28,000	14 %	12 %
Warehouse building *	Windsor, Connecticut	17	170,000	3 %	2 %
Retail building	El Paso, Texas	2	14,000	6 %	2 %
Warehouse building	Phoenix, Arizona	11	176,000	17 %	12 %
Warehouse building	Knoxville, Tennessee	30	361,500	20 %	14 %
Commercial building	Knoxville, Tennessee	15	135,000	40 %	58 %
Undeveloped land	Knoxville, Tennessee	10	N/A	N/A	N/A
Undeveloped land	San Jose, California	5	N/A	N/A	N/A

* On February 1, 2013, SJW Land Company closed the sale of its Connecticut warehouse building. Revenue and expense amounts are through the sale closing date. Expense amount excludes the gain on sale of property.

SJW Land Company owns a 70% limited partnership interest in 444 West Santa Clara Street, L.P. One of the California properties is owned by such partnership. The limited partnership has been determined to be a variable interest entity within the scope of FASB ASC Topic 810 – "Consolidation" with SJW Land Company as the primary beneficiary, and as a result, it has been consolidated with SJW Land Company.

SJWTX, Inc., a wholly owned subsidiary of SJW Corp., doing business as Canyon Lake Water Service Company ("CLWSC"), is a public utility in the business of providing water service to approximately 11,000 connections that serve approximately 36,000 people. CLWSC's service area comprises more than 240 square miles in western Comal County and southern Blanco County in the growing region between San Antonio and Austin, Texas. SJWTX, Inc. has a 25% interest in Acequia Water Supply Corporation ("Acequia"). The water supply corporation has been determined to be a variable interest entity within the scope of ASC Topic 810 with SJWTX, Inc. as the primary beneficiary. As a result, Acequia has been consolidated with SJWTX, Inc.

Texas Water Alliance Limited ("TWA"), a wholly owned subsidiary of SJW Corp., is undertaking activities that are necessary to develop a water supply project in Texas. In connection with the project, TWA applied for groundwater production and transportation permits to meet the future water needs in the Canyon Lake Water Service Company's service area and to the central Texas hill country communities and utilities adjacent to this area. In January 2013, TWA's permit was approved unanimously by the groundwater district in Gonzales County. The permit was subsequently received in March 2013.

Business Strategy for Water Utility Services:

SJW Corp. focuses its business initiatives in three strategic areas:

(1) Regional regulated water utility operations.

(2) Regional nonregulated water utility related services provided in accordance with the guidelines established by the CPUC in California and the Texas Commission on Environmental Quality ("TCEQ") in Texas.

(3) Out-of-region water and utility related services.

As part of its pursuit of the above three strategic areas, the Company considers from time to time opportunities to acquire businesses and assets. However, SJW Corp. cannot be certain it will be successful in identifying and consummating any strategic business acquisitions relating to such opportunities. In addition, any transaction will involve numerous risks, including the possibility of incurring more costs than benefits derived from the acquisition, the assumption of certain known and unknown liabilities related to the acquired assets, the diversion of management's attention from day-to-day operations of the business, the potential for a negative impact on SJW Corp.'s financial position and operating results, entering markets in which SJW Corp. has no or limited direct prior experience and the potential loss of key employees of any acquired company. SJW Corp. cannot be certain that any transaction will be successful and will not materially harm its operating results or financial condition.

16

Business Strategy for Real Estate Services:
SJW Corp.'s real estate investment activity is conducted through SJW Land Company. SJW Land Company owns undeveloped land and owns and operates a portfolio of commercial buildings in the states of California, Texas, Arizona and Tennessee. SJW Land Company also owns a limited partnership interest in 444 West Santa Clara Street, L.P. The partnership owns a commercial building in San Jose, California. SJW Land Company implements its investment strategy by managing acquired income producing and other properties until such time a determination is made to reinvest proceeds from sale of such properties. SJW Land Company's real estate investments diversify SJW Corp.'s asset base.

Critical Accounting Policies:
SJW Corp. has identified the accounting policies delineated below as the policies critical to its business operations and the understanding of the results of operations. The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and revenues and expenses during the reporting period. SJW Corp. bases its estimates on historical experience and other assumptions that are believed to be reasonable under the circumstances. SJW Corp.'s critical accounting policies are as follows:
Revenue Recognition
SJW Corp. recognizes its regulated and nonregulated revenue when services have been rendered, in accordance with FASB ASC Topic 605 – "Revenue Recognition."

Metered revenue of Water Utility Services includes billing to customers based on meter readings plus an estimate of water used between the customers' last meter reading and the end of the accounting period. Water Utility Services read the majority of its customers' meters on a bi-monthly basis and records its revenue based on its meter reading results. Unbilled revenue from the last meter reading date to the end of the accounting period is estimated based on the most recent usage patterns, production records and the effective tariff rates. Actual results could differ from those estimates, which may result in an adjustment to operating revenue in the period which the revision to Water Utility Services' estimates is determined. San Jose Water Company also recognizes balancing and memorandum accounts in its revenue when it is probable that future recovery of previously incurred costs or future refunds that are to be credited to customers will occur through the ratemaking process.
Revenues include a surcharge collected from regulated customers that is paid to the CPUC. This surcharge is recorded both in operating revenues and administrative and general expenses. For the three months ended June 30, 2013 and 2012, the surcharge was $917 and $812, respectively. For the six months ended June 30, 2013 and 2012, the surcharge was $1,632 and $1,605, respectively.
SJW Corp. recognizes its nonregulated revenue based on the nature of the nonregulated business activities. Revenue from San Jose Water Company's nonregulated utility operations, maintenance agreements or antenna leases are recognized when services have been rendered. Revenue from SJW Land Company properties is generally recognized ratably over the term of the leases.
Recognition of Regulatory Assets and Liabilities
Generally accepted accounting principles for water utilities include the recognition of regulatory assets and liabilities as permitted by FASB ASC Topic 980 - "Regulated Operations." In accordance with ASC Topic 980, Water Utility Services, to the extent applicable, records deferred costs and credits on the balance sheet as regulatory assets and liabilities when it is probable that these costs and credits will be recognized in the ratemaking process in a period different from when the costs and credits are incurred. Accounting for such costs and credits is based on management's judgment and prior historical ratemaking practices, and it occurs when management determines that it is probable that these costs and credits will be recognized in the future revenue of Water Utility Services through the ratemaking process. The regulatory assets and liabilities recorded by Water Utility Services, in particular, San Jose Water Company, primarily relate to the recognition of deferred income taxes for ratemaking versus tax accounting purposes, balancing and memorandum accounts, postretirement pension benefits, medical costs, accrued benefits for vacation and asset retirement obligations that have not been passed through in rates. The Company adjusts the related asset and

liabilities for these items through its regulatory asset and liability accounts at year-end, except for certain postretirement benefit costs and balancing and memorandum accounts which are adjusted monthly. The disallowance of any asset in future ratemaking, including deferred regulatory assets, would require San Jose Water Company to immediately recognize the impact of the costs for financial reporting purposes. No disallowance was recognized during the year-to-date period ended June 30, 2013 or during the year ended December 31, 2012.

Pension Plan Accounting

San Jose Water Company offers a Pension Plan, an Executive Supplemental Retirement Plan, and certain postretirement benefits other than pensions to employees retiring with a minimum level of service. Accounting for pensions and other

17

postretirement benefits requires an extensive use of assumptions about the discount rate applied to expected benefit obligations, expected return on plan assets, the rate of future compensation increases expected to be received by the employees, mortality, turnover, and medical costs. Plan assets are marked to market at each reporting date.

Income Taxes

SJW Corp. estimates its federal and state income taxes as part of the process of preparing consolidated financial statements. The process involves estimating the actual current tax exposure together with assessing temporary differences resulting from different treatment of items for tax and accounting purposes, including the evaluation of the treatment acceptable in the water utility industry and regulatory environment. These differences result in deferred tax assets and liabilities, which are included on the balance sheet. If actual results, due to changes in the regulatory treatment, or significant changes in tax-related estimates or assumptions or changes in law, differ materially from these estimates, the provision for income taxes will be materially impacted.

Balancing and Memorandum Accounts

The purpose of a balancing account is to track the under-collection or over-collection associated with expense changes and the revenue authorized by the CPUC to offset those expense changes. Pursuant to Section 792.5 of the California Public Utilities Code, a balancing account must be maintained for expense items for which revenue offsets have been authorized.

Balancing accounts are currently being maintained for the following items: purchased water, purchased power, groundwater extraction charges, and pensions. The amount in the water supply balancing accounts vary with the seasonality of the water utility business such that, during the summer months when the demand for water is at its peak, the accounts tend to reflect an under-collection, while during the winter months when demand for water is relatively lower, the accounts tend to reflect an over-collection. The pension balancing account is intended to capture the difference between actual pension expense and the amount approved in rates by the CPUC.

The Company also maintains memorandum accounts to track revenue impacts due to catastrophic events, certain unforeseen water quality expenses related to new federal and state water quality standards, energy efficiency, cost of capital, any revenue requirement impact of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, and other approved activities or as directed by the CPUC. Rate recovery for these memorandum accounts is generally allowed in the next general rate case.

Balancing and memorandum accounts are recognized in revenue by San Jose Water Company when it is probable that future recovery of previously incurred costs or future refunds that are to be credited to customers will occur through the ratemaking process. In assessing the probability criteria for balancing and memorandum accounts between rate cases, the Company considers evidence that may exist prior to CPUC authorization that would satisfy ASC Topic 980, subtopic 340-25 recognition criteria. Such evidence may include regulatory rules and decisions, past practices, and other facts and circumstances that would indicate that recovery or refund is probable. When such evidence provides sufficient support for balance recognition, the balances are recorded in the Company’s financial statements.

It is typical for the CPUC to incorporate any over-collected and/or under-collected balances in balancing or memorandum accounts into customer rates at the time rate decisions are made as part of the Company’s general rate case proceedings by assessing temporary surcredits and/or surcharges. In the case where the Company’s balancing or memorandum-type accounts that have been authorized by the CPUC reach certain thresholds or have termination dates, the Company can request the CPUC to recognize the amounts in customer rates prior to the next regular general rate case proceeding by filing an advice letter.

Recent Accounting Pronouncements:

In February 2013, the FASB issued Accounting Standards Update (“ASU”) 2013-02 that expanded disclosures for items reclassified out of accumulated other comprehensive income. The Company’s other comprehensive income only consists of changes in fair value on available-for-sale securities. Since the Company did not have any sales of available-for-sale securities in the period, there were no reclassifications of accumulated other comprehensive income. The ASU became effective for the Company’s quarter ended March 31, 2013. The guidance did not have any impact on the Company’s financial position, results of operations or cash flows for the three and six months ended June 30, 2013.

In July 2013, the FASB issued ASU 2013-11 which provides explicit guidance on the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The ASU is effective for fiscal years, and interim period within those years, beginning after December 15, 2013. Early adoption is permitted. The Company early adopted this ASU during the quarter ended March 31, 2013. The guidance did not have a material impact on the Company's financial position, results of operations or cash flows for the three and six months ended June 30, 2013.

Results of Operations:

Water sales are seasonal in nature and influenced by weather conditions. The timing of precipitation and climatic conditions can cause seasonal water consumption by customers to vary significantly. Due to the seasonal nature of the water business, the operating results for interim periods are not indicative of the operating results for a 12-month period. Revenue is generally higher in the warm, dry summer months when water usage and sales are greater and lower in the winter months when cooler temperatures and increased rainfall curtail water usage and sales.

Overview

SJW Corp.'s consolidated net income for the three months ended June 30, 2013 was $7,440, an increase of $2,239 or approximately 43%, from $5,201 for the same period in 2012. The increase in net income was primarily due to an increase in usage and rates, partially offset by an increase in groundwater extraction charges. SJW Corp.'s consolidated net income for the six months ended June 30, 2013 was $8,757, an increase of $2,447 or approximately 39%, from $6,310 for the same period in 2012. The increase in net income was primarily due to an increase in usage and rates, recognition of certain balancing and memorandum accounts and a gain on the sale of our Connecticut real estate property. This increase was partially offset by increases in groundwater extraction charges, maintenance expenses and depreciation.

Operating Revenue

	Operating Revenue by Segment			
	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Water Utility Services	$73,036	64,324	$121,920	114,222
Real Estate Services	1,194	1,251	2,449	2,502
	$74,230	65,575	$124,369	116,724

The change in consolidated operating revenues was due to the following factors:

	Three months ended June 30, 2013 vs. 2012 Increase/(decrease)			Six months ended June 30, 2013 vs. 2012 Increase/(decrease)		
Water Utility Services:						
Consumption changes	$5,402	8	%	$1,962	2	%
New customers increase	362	1	%	590	1	%
Rate increases	2,218	3	%	2,531	2	%
Balancing and memorandum accounts	730	1	%	2,615	2	%
Real Estate Services	(57)	—	%	(53)	—	%
	$8,655	13	%	$7,645	7	%

Operating Expense

	Operating Expense by Segment			
	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Water Utility Services	$56,313	51,156	$99,620	94,254
Real Estate Services	748	827	1,558	1,673
All Other	232	7	481	487
	$57,293	51,990	$101,659	96,414

The change in consolidated operating expenses was due to the following factors:

	Three months ended June 30, 2013 vs. 2012 Increase/(decrease)		Six months ended June 30, 2013 vs. 2012 Increase/(decrease)	
Water production costs:				
Change in surface water use	$912	2 %	$(1,028)	(1)%
Change in usage and new customers	2,292	4 %	1,451	1 %
Purchased water and groundwater extraction charge and energy price increase	1,928	4 %	2,872	3 %
Total water production costs	5,132	10 %	3,295	3 %
Administrative and general	(661)	(1)%	285	— %
Maintenance	300	— %	511	1 %
Property taxes and other non-income taxes	115	— %	229	— %
Depreciation and amortization	417	1 %	925	1 %
	$5,303	10 %	$5,245	5 %

Sources of Water Supply

San Jose Water Company's water supply consists of surface water from watershed run-off and diversion, reclaimed water, and imported water and groundwater from wells purchased from the Santa Clara Valley Water District ("SCVWD") under the terms of a master contract with SCVWD expiring in 2051. Changes and variations in quantities from each of these sources affect the overall mix of the water supply, thereby affecting the cost of the water supply. In addition, the water rate for purchased water and groundwater may be increased by the SCVWD at any time. If an increase occurs, then San Jose Water Company would file an advice letter with the CPUC seeking authorization to increase revenues to offset the cost increase.

CLWSC's water supply consists of groundwater from wells and purchased raw water from the Guadalupe-Blanco River Authority ("GBRA"). CLWSC has long-term agreements with GBRA, which expire in 2040, 2044 and 2050. The agreements, which are take-or-pay contracts, provide CLWSC with 6,700 acre-feet of water per year from Canyon Lake and other sources at prices to be adjusted periodically by GBRA.

Surface water is the least expensive source of water. The following table presents the change in sources of water supply, in million gallons, for Water Utility Services:

	Three months ended June 30, 2013	2012	Increase/ (decrease)	% Change	Six months ended June 30, 2013	2012	Increase/ (decrease)	% Change
Purchased water	8,277	8,737	(460)	(4)%	12,840	15,487	(2,647)	(12)%
Groundwater	5,109	3,264	1,845	14 %	7,623	5,061	2,562	12 %
Surface water	403	831	(428)	(3)%	1,637	1,180	457	2 %
Reclaimed water	229	162	67	1 %	265	214	51	— %
	14,018	12,994	1,024	8 %	22,365	21,942	423	2 %

The changes in the source of supply mix were consistent with the changes in the water production costs.

Unaccounted-for water on a 12-month-to-date basis for June 30, 2013 and 2012 approximated 5.5% and 6.7%, respectively, as a percentage of total production. The estimate is based on the results of past experience, the trend and efforts in reducing Water Utility Services' unaccounted-for water through main replacements and lost water reduction programs.

Water production costs

For the three and six months ended June 30, 2013 compared to the same periods in 2012, the increase in water production costs was primarily attributable to higher customer water usage and higher per unit costs for purchased water and groundwater extraction charges. Effective July 2012, SCVWD increased the unit price of purchased water by approximately 8% and the groundwater extraction charge by approximately 9%. In addition, water production costs increased due to a decrease in the availability of surface water supply and decreased due to an increase in the use of available surface water for the three and six months ended June 30, 2013 compared to the same periods in 2012, respectively.

Other Operating Expenses

Operating expenses, excluding water production costs, increased $171 for the three months ended June 30, 2013 compared to the same period in 2012. The increase was primarily attributable to a $417 increase of depreciation expense due to increases in

20

utility plant and $300 increase in maintenance expenses due to an increase in main and service leaks that resulted in additional contracted work, paving and materials. In addition, property taxes and other non-income taxes increased $115 as a result of increased utility plant. These increases were offset by a decrease of $661 in administrative and general expenses as a result of lower recycled water retrofit program expenses.

Operating expenses, excluding water production costs, increased $1,950 for the six months ended June 30, 2013 compared to the same period in 2012. The increase was primarily attributable to a $925 increase of depreciation expense due to increases in utility plant, $511 increase in maintenance expenses due to an increase in main and service leaks that resulted in additional contracted work, paving and materials. In addition, administrative and general expenses increased $285 primarily due to nonrecurring settlement payments and bonus payments incurred in connection with securing permits for our Texas water supply project, offset by lower recycled water retrofit program expenses. Property taxes and other non-income taxes also increased $229 as a result of increased utility plant.

Other (Expense) Income

For the three months ended June 30, 2013 compared to the same period in 2012, the change in other (expense) income was primarily due to recognition of $214 in income from non-refundable developer deposits. For the six months ended June 30, 2013 compared to the same period in 2012, the change in other (expense) income was primarily due to a gain from the sale of our Connecticut real estate property of $1,063 and recognition of $360 in income from non-refundable developer deposits.

Provision for Income Taxes

For the three and six months ended June 30, 2013 compared to the same periods in 2012, income tax expense increased $1,634 and $1,765, respectively, as a result of higher pre-tax income. The effective consolidated income tax rates were 41% for the three and six month periods ended June 30, 2013 and 2012. The Company is currently undergoing an income tax examination by the Internal Revenue Service for its fiscal years 2008 through 2011. The fieldwork for the audit has been completed and is pending approval from the Joint Committee on Taxation. The Company does not expect any material adjustments resulting from the audit.

In January 2013, the American Taxpayer Relief Act of 2012 (the “Act”) was passed into law. The Act extends many expired corporate income tax provisions that could affect companies’ current and deferred taxes and related disclosures for financial reporting purposes. The Company has assessed the impact of the Act and the impact has been included in the Company’s financial statements for the three and six months ended June 30, 2013.

Other Comprehensive Income

The change in other comprehensive income for the three and six months ended June 30, 2013 compared to the same periods in 2012 was due to the change in market value of the Company’s investment in California Water Service Group.

Water Supply

On June 30, 2013, SCVWD’s 10 reservoirs were approximately 47% full with 79,084 acre-feet of water in storage. As reported by SCVWD, the rainfall from July 1, 2012 to June 30, 2013 was approximately 68% of the seasonal average to date. As of June 30, 2013, San Jose Water Company’s Lake Elsman contained 969 million gallons of which approximately 769 million gallons can be utilized. In addition, the rainfall at San Jose Water Company’s Lake Elsman was measured at 32.95 inches for the rainfall season that commenced on July 1, 2012 and ends on June 30, 2013, which is approximately 72% of the five-year average. Local surface water is a less costly source of water than groundwater or purchased water and its availability significantly impacts San Jose Water Company’s results of operations. San Jose Water Company believes that its various sources of water supply will be sufficient to meet customer demand through the remainder of 2013.

The U.S. Fish and Wildlife Service issued a Biological Opinion (“BiOp”) and Incidental Take Statement for the Central Valley Project (“CVP”) and the State Water Project (“SWP”) on the Delta smelt. The BiOp prescribes a range of operational criteria that are determined based on hydrology, fish distribution, abundance and other factors. Under a “most likely” scenario, the California Department of Water Resources and United States Bureau of Reclamation estimate that SWP and CVP supplies to SCVWD could be reduced by approximately 17% to 18% of the supply amount they currently receive. Under a “worst case” BiOp scenario, SWP and CVP supplies to SCVWD could be reduced by approximately 32% to 33% of the current supply amount they receive. In addition, while there is some overlap with the California Fish & Game Commission's restrictions to protect longfin smelt, the longfin pumping restrictions, if triggered, could cause significant supply impacts beyond those estimated to comply with Delta smelt requirements.

Regulation and Rates

Almost all of the operating revenue of San Jose Water Company results from the sale of water at rates authorized by the CPUC. The CPUC sets rates that are intended to provide revenue sufficient to recover operating expenses and produce a specified return on common equity. The timing of rate decisions could have an impact on the results of operations.

On September 30, 2010, San Jose Water Company, in compliance with Commission Decision 09-11-032, requested the CPUC's approval of upgrades to San Jose Water Company's 40-year old Montevina Water Treatment Plant ("MWTP"). The MWTP has aging infrastructure and many of its components are at the end of their useful lives, or they do not meet current structural and seismic requirements. On March 6, 2013, San Jose Water Company and the CPUC's Division of Ratepayer Advocates submitted a joint settlement which, if approved, would provide CPUC approval to move forward with the MWTP upgrades. The settlement substantially provides for: (1) the recorded costs of the Montevina upgrade project will be included in rate base through annual advice letters, (2) a total project cost estimate of $62,000 that will be spent over the next five years, which is treated as an advice letter cap for ratemaking purposes, and (3) San Jose Water Company has the opportunity to request additional funding in a future general rate case or separate application if the cost of construction for the Montevina upgrade project exceeds the advice letter construction cap. On July 25, 2013, the CPUC issued Decision 13-07-028, which adopted all provisions of the joint settlement.

On January 3, 2012, San Jose Water Company filed a general rate case application requesting rate increases of $47,394, or 21.51% in 2013, $12,963, or 4.87% in 2014, and $34,797, or 12.59% in 2015. This general rate case filing also includes several "special requests", including but not limited to: (1) recovery of under-collected balancing account balances of $2,599, (2) disbursement of over-collected memorandum account balances of $650 and (3) implementation of a full revenue decoupling Water Revenue Adjustment Mechanism ("WRAM") and associated Modified Cost Balancing Account ("MCBA"). The WRAM de-couples San Jose Water Company's revenue requirement from ratepayer usage. Under the WRAM, San Jose Water Company would recover the full quantity revenue amounts authorized by the CPUC by using advice letter filings for any unbilled quantity revenue amounts or refunds for over-collection, regardless of customer usage volumes. A MCBA similarly provides for recovery/refund for changes in water supply mix from amounts authorized by the CPUC. On September 26, 2012, San Jose Water Company filed a motion for interim rate relief so that if a decision was not reached by the end of 2012, San Jose Water Company would be allowed to adopt interim rates, effective January 1, 2013, until a decision is adopted. To date a decision has not been adopted and interim rates are currently in effect. Interim rates were set equal to fiscal year-end 2012 rates. Any difference between interim rates and approved rates will be tracked in a memorandum account and will be submitted for recovery or refund. On January 29, 2013, the administrative law judge issued a ruling reopening the record of the proceeding for the limited purpose of receiving and evaluating new information regarding security and safety issues. A pre-hearing conference regarding these safety and security issues was held on February 15, 2013 and a scoping memo was issued on March 4, 2013. San Jose Water Company issued a report addressing the safety and security issues raised by the administrative law judge on February 27, 2013, and the Division of Ratepayer Advocates issued testimony on these issues on April 5, 2013. A hearing on these matters was held on April 22, 2013. Legal briefs regarding the safety and security issues were filed on May 6, 2013. The scoping memo issued on March 4, 2013 included a requirement that parties to the proceeding meet using alternative dispute resolution discussions regarding previously litigated portions of the proceeding. As required, the parties engaged in alternative dispute resolution led settlement talks, however no settlement was reached. A decision on this application is expected in the second half of 2013.

On January 23, 2013, San Jose Water Company filed Advice Letter No. 447 seeking authorization to re-implement a $0.0944 per ccf surcharge to amortize the uncollected balance of $878 in the Mandatory Conservation Revenue Adjustment Memorandum account. This request was approved and the surcharge was re-implemented effective March 1, 2013. The surcharge was removed from customer bills in early June 2013 at which point the uncollected balance had been fully recovered.

On May 23, 2013, San Jose Water Company filed Advice Letter No. 450 seeking authorization to increase revenues by $8,100, or approximately 3.21%, to offset increases to SCVWD groundwater production charges and treated water charges. The CPUC authorized this increase and the increase became effective on July 1, 2013.

On June 6, 2013, San Jose Water Company filed Application No. 13-06-008 with the CPUC seeking authorization to increase the Water Rate Assistance Program ("WRAP") funding surcharge and to institute an annual surcharge adjustment mechanism. The Company's WRAP provides a 15% discount on the total bill for low-income customers that are eligible for the program. The WRAP is funded by a flat monthly surcharge which is included on the bill of all non-WRAP customers. In recent years, participation in the program has increased significantly while the funding surcharge has remained constant, which has led to the WRAP being underfunded. San Jose Water Company therefore is seeking the CPUC's authority to increase the funding surcharge from $0.20 to $1.15 per non-WRAP customer per month. Additionally, San Jose Water Company seeks to implement an annual surcharge adjustment mechanism so that the funding surcharge can be more easily, and regularly, modified. The proposed surcharge modification will not provide an increase in earnings for San Jose Water Company. A decision on this application is expected by the end of 2013.

On August 27, 2010, CLWSC filed a rate case with the TCEQ. The filing contained a request for an immediate increase in revenue of 38% and a total increase of 71%. The new rates (38%) became effective on October 27, 2010. CLWSC also requested a rate base determination from the TCEQ. A rate base determination entails verification of plant to be included in rate base by TCEQ staff. Evidentiary hearings on these matters were conducted in March 2012 and in August 2012, and a TCEQ decision is expected sometime in the third quarter of 2013. Until final approval by the TCEQ, the 38% rate increase in October

22

2010 is subject to adjustment or refund. Management does not anticipate that the final TCEQ decision will materially affect the Company's financial position, results of operations or cash flows.

Liquidity:

Cash Flow from Operating Activities

During the six months ended June 30, 2013, SJW Corp. generated cash flows from operations of approximately $27,000, compared to $31,600 for the same period in 2012. Cash flow from operations is primarily generated by net income from revenue producing activities, adjusted for non-cash expenses for depreciation and amortization, deferred income taxes, gains on the sale of assets, and changes in working capital items. Cash flow from operations decreased by approximately $4,600. This decrease was caused by a combination of the following factors: (1) collections of previously billed and accrued receivables, including the regulatory asset recorded in other current asset, decreased by $4,800, (2) net collection of taxes receivable was $3,700 less than the prior period, (3) recognition of the balancing and memorandum accounts drove a decrease of $1,800, (4)general working capital and postretirement benefit changes caused a $1,300 decrease, (5) payments of amounts previously invoiced and accruals related to groundwater extraction charges and purchased water increased by $3,600, and (6) net income adjusted for non-cash items and gains from asset activity increased $3,400.

As of June 30, 2013, Water Utility Services' write-offs for uncollectible accounts represent less than 1% of its total revenue, unchanged from June 30, 2012. Management believes it will continue to collect its accounts receivable balances at its historical collection rate.

Cash Flow from Investing Activities

During the six months ended June 30, 2013, SJW Corp. used approximately $35,700 of cash for company funded capital expenditures, $4,600 for developer funded capital expenditures, $3,500 for real estate investments related to the leasehold improvement additions for the property located in Knoxville, Tennessee, and $1,600 for acquisitions. Proceeds from the sale of SJW Land Company's real estate investment in Connecticut provided cash proceeds of $8,800.

Water Utility Services' budgeted capital expenditures for 2013, exclusive of capital expenditures financed by customer contributions and advances, are $92,500. Included in this amount is $6,000 related to reinvestment in utility plant associated with the American Taxpayer Relief Act of 2012, which extended bonus depreciation for property placed in service before January 1, 2014. As of June 30, 2013, approximately $35,700 or 39% of the $92,500 has been spent.

Water Utility Services' capital expenditures are incurred in connection with normal upgrading and expansion of existing facilities and to comply with environmental regulations. Over the next five years, Water Utility Services expects to incur approximately $553,455 in capital expenditures, which includes replacement of pipes and mains, and maintaining water systems. This amount is subject to CPUC and TCEQ approval. In addition, San Jose Water Company requested the CPUC's approval of upgrades to San Jose Water Company's 40-year old Montevina Water Treatment Plant. On March 6, 2013, San Jose Water Company and the CPUC's Division of Ratepayer Advocates submitted to the CPUC a joint settlement which, if approved, would allow the Company to move forward with upgrades to the Plant totaling $62,000 that will be spent over the next five years. On July 25, 2013, the CPUC issued Decision 13-07-028, which adopted all provisions of the joint settlement. Capital expenditures have the effect of increasing utility plant on which Water Utility Services earns a return. Water Utility Services actual capital expenditures may vary from their projections due to changes in the expected demand for services, weather patterns, actions by governmental agencies, and general economic conditions. Total additions to utility plant normally exceed Company-financed additions as a result of new facilities construction funded with advances from developers and contributions in aid of construction.

A substantial portion of San Jose Water Company's distribution system was constructed during the period from 1945 to 1980. Expenditure levels for renewal and modernization of this part of the system will grow at an increasing rate as these components reach the end of their useful lives. In most cases, replacement cost will significantly exceed the original installation cost of the retired assets due to increases in the costs of goods and services and increased regulation.

Cash Flow from Financing Activities

Net cash provided by financing activities for the six months ended June 30, 2013 increased by approximately $16,700 from the same period in the prior year, primarily as a result of issuance of common stock offset by repayments on the line of credit and long-term borrowings.

23

Sources of Capital:
San Jose Water Company's ability to finance future construction programs and sustain dividend payments depends on its ability to maintain or increase internally generated funds and attract external financing. The level of future earnings and the related cash flow from operations is dependent, in large part, upon the timing and outcome of regulatory proceedings.
San Jose Water Company's financing activity is designed to achieve a capital structure consistent with regulatory guidelines of approximately 49% debt and 51% equity. As of June 30, 2013, San Jose Water Company's funded debt and equity were approximately 46% and 54%, respectively.
Funding for San Jose Water Company's future capital expenditure program is expected to be provided primarily through internally-generated funds, the issuance of new long-term debt, the issuance of equity or the sale of all or part of our investment in California Water Service Group, all of which will be consistent with the regulator's guidelines.
On March 28, 2013, the Company entered into an underwriting agreement with Robert W. Baird & Co. Incorporated, as the representative of several underwriters (the "Underwriters"), which provided for the issuance and sale in an underwritten public offering (the "Offering") by the Company and the purchase by the Underwriters of 1,321,000 shares of common stock, par value $0.521 per share of the Company's common stock. The shares in the Offering were sold at a public offering price of $26.50 per share, and were purchased by the Underwriters at a price of $25.44 per share. The Company also granted the Underwriters a 30-day option to purchase up to 198,150 additional shares of common stock to cover over-allotments, if any. On April 25, 2013, the Underwriters exercised the overallotment option to purchase an additional 100,000 shares of common stock.
The Offering and overallotment option closed on April 3, 2013 and April 29, 2013, respectively. The net proceeds received from the Offering and the exercise of the overallotment option was approximately $35,894, after deducting the Underwriters' discounts and commissions and estimated offering expenses. The net proceeds were used to pay down amounts outstanding as of March 31, 2013 under the Company's bank lines of credit, as well as to fund the construction programs of our Water Utility Services operations and for other general corporate purposes.
The Offering was made pursuant to the Company's effective registration statement on Form S-3 (Registration No. 333-184984) and the prospectus dated December 21, 2012 included in such registration statement, as supplemented by a preliminary prospectus supplement dated March 27, 2013 and a final prospectus supplement dated March 28, 2013.
SJW Corp.'s unsecured senior note agreement has terms and conditions that restrict SJW Corp. from issuing additional funded debt if: (1) the funded consolidated debt would exceed 66-2/3% of total capitalization, and (2) the minimum net worth of SJW Corp. becomes less than $175,000 plus 30% of Water Utility Services cumulative net income, since June 30, 2011. As of June 30, 2013, SJW Corp. was not restricted from issuing future indebtedness as a result of these terms and conditions.
San Jose Water Company's unsecured senior note agreements generally have terms and conditions that restrict San Jose Water Company from issuing additional funded debt if: (1) the funded debt would exceed 66-2/3% of total capitalization, and (2) net income available for interest charges for the trailing 12-calendar-month period would be less than 175% of interest charges. As of June 30, 2013, San Jose Water Company's funded debt was 46% of total capitalization and the net income available for interest charges was 376% of interest charges. As of June 30, 2013, San Jose Water Company was not restricted from issuing future indebtedness as a result of these terms and conditions.
San Jose Water Company's loan agreement with the California Pollution Control Financing Authority contains affirmative and negative covenants customary for a loan agreement relating to revenue bonds, including, among other things, complying with certain disclosure obligations and covenants relating to the tax exempt status of the interest on the bonds and limitations and prohibitions relating to the transfer of the projects funded by the loan proceeds and the assignment of the loan agreement. As of June 30, 2013, San Jose Water Company was in compliance with all such covenants.
SJWTX, Inc.'s unsecured senior note agreement has terms and conditions that restrict SJWTX, Inc. from issuing additional funded debt if: (1) the funded debt would exceed 66-2/3% of total capitalization, and (2) net income available for interest charges for the trailing 12-calendar-month period would be less than 175% of interest charges. In addition, SJW Corp. is a guarantor of SJWTX, Inc.'s senior note which has terms and conditions that

restrict SJW Corp. from issuing additional funded debt if: (1) the funded consolidated debt would exceed 66-2/3% of total capitalization, and (2) the minimum net worth of SJW Corp. becomes less than $125,000 plus 30% of Water Utility Services cumulative net income, since December 31, 2005. As of June 30, 2013, SJWTX, Inc. and SJW Corp. were not restricted from issuing future indebtedness as a result of these terms and conditions.

As of June 30, 2013, SJW Corp. and its subsidiaries had unsecured bank lines of credit, allowing aggregate short-term borrowings of up to $90,000, of which $15,000 was available to SJW Corp. and SJW Land Company under a single line of credit and $75,000 was available to San Jose Water Company under another line of credit. $3,000 under the San Jose Water Company line of credit is set aside in the form of letters of credit for its Safe Drinking Water State Revolving Fund loans. At June 30, 2013, SJW Corp. and its subsidiaries had available unused short-term bank lines of credit of $87,000. These lines of

24

credit bear interest at variable rates. They will expire on September 1, 2014. The cost of borrowing on SJW Corp.'s short-term credit facilities averaged 1.2% as of June 30, 2013. SJW Corp., on a consolidated basis, has the following affirmative covenants on its unsecured bank line of credit: (1) the funded debt cannot exceed 66-2/3% of total capitalization, and (2) net income available for interest charges for the trailing 12-calendar-month period cannot be less than 175% of interest charges. As of June 30, 2013, SJW Corp.'s funded debt was 52% of total capitalization and the net income available for interest charges was 310% of interest charges. As of June 30, 2013, SJW Corp. was in compliance with all covenants. San Jose Water Company's unsecured bank line of credit has the following affirmative covenants: (1) the funded debt cannot exceed 66-2/3% of total capitalization, and (2) net income available for interest charges for the trailing 12-calendar-month period cannot be less than 175% of interest charges. As of June 30, 2013, San Jose Water Company was in compliance with all covenants.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK
SJW Corp. is subject to market risks in the normal course of business, including changes in interest rates, pension plan asset values, and equity prices. The exposure to changes in interest rates can result from the issuance of debt and short-term funds obtained through the Company's variable rate lines of credit. San Jose Water Company sponsors a noncontributory pension plan for its employees. Pension costs and the funded status of the plan are affected by a number of factors including the discount rate and investment returns on plan assets. SJW Corp. also owned 385,120 shares of common stock of California Water Service Group as of June 30, 2013, which is listed on the New York Stock Exchange, and is therefore exposed to the risk of fluctuations and changes in equity prices.
SJW Corp. has no derivative financial instruments, financial instruments with significant off-balance sheet risks, or financial instruments with concentrations of credit risk.

ITEM 4. CONTROLS AND PROCEDURES
SJW Corp.'s management, with the participation of its Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of SJW Corp.'s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, the "Exchange Act"), as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that SJW Corp.'s disclosure controls and procedures as of the end of the period covered by this report have been designed and are functioning effectively to provide reasonable assurance that the information required to be disclosed by SJW Corp. in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. SJW Corp. believes that a control system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the control system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.
There has been no change in internal control over financial reporting during the second fiscal quarter of 2013 that has materially affected, or is reasonably likely to materially affect, the internal controls over financial reporting of SJW Corp.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS
SJW Corp. is subject to ordinary routine litigation incidental to its business. There are no pending legal proceedings to which SJW Corp. or any of its subsidiaries is a party, or to which any of its properties is the subject, that are expected to have a material effect on SJW Corp.'s business, financial position, results of operations or cash flows.

ITEM 5. OTHER INFORMATION
On July 31, 2013, the Board of Directors of SJW Corp. declared the regular quarterly dividend of $0.1825 per share of common stock. The dividend will be paid on September 3, 2013 to shareholders of record as of the close of business on August 12, 2013.

ITEM 6. EXHIBITS
See Exhibit Index located immediately following the Signatures of this document, which is incorporated herein by reference as required to be filed by Item 601 of Regulation S-K for the quarter ended June 30, 2013.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

		SJW CORP.
DATE: August 7, 2013	By:	/s/ JAMES P. LYNCH James P. Lynch Chief Financial Officer and Treasurer (Principal financial officer)

27

EXHIBIT INDEX

Exhibit Number	Description
10.1	SJW Corp. Executive Officer Short-Term Incentive Plan, as amended and restated on January 30, 2013 effective as of April 24, 2013. (1)(2)
10.2	SJW Corp. Long-Term Incentive Plan, as amended and restated on January 30, 2013 effective as of April 24, 2013. (1)(2)
10.3	Form of Restricted Stock Unit Award Agreement for non-employee Board Members. (1)(2)
31.1	Certification Pursuant to Rule 13a-14(a)/15d-14(a) by Chairman, President and Chief Executive Officer. (1)
31.2	Certification Pursuant to Rule 13a-14(a)/15d-14(a) by Chief Financial Officer and Treasurer. (1)
32.1	Certification Pursuant to 18 U.S.C. Section 1350 by Chairman, President and Chief Executive Officer, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (1)
32.2	Certification Pursuant to 18 U.S.C. Section 1350 by Chief Financial Officer and Treasurer, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (1)

(1) Filed currently herewith.
(2) Management contract or compensatory plan or agreement.