

SJW CORP

Form DEF 14A

March 17, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

PROXY STATEMENT PURSUANT TO SECTION 14(A)

OF THE SECURITIES EXCHANGE ACT OF 1934

(AMENDMENT NO.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under § 240.14a-12

SJW Corp.

(Name of Registrant as Specified In Its Charter)

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No fee required.

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SJW CORP.

Notice of Annual Meeting of Shareholders

To Be Held On April 29, 2015

To Our Shareholders:

Notice is hereby given that the annual meeting of shareholders of SJW Corp. will be held on Wednesday, April 29, 2015 at 9:00 AM Pacific Time at the principal offices of SJW Corp., 110 W. Taylor Street, San Jose, California, for the following purposes, as more fully described in the proxy statement accompanying this Notice:

1. To elect nine directors to serve on the Board of Directors of SJW Corp.;
2. To approve the reincorporation of SJW Corp. from California to Delaware by means of a merger with and into a wholly-owned Delaware subsidiary;
3. To ratify the appointment of KPMG LLP as the independent registered public accounting firm of SJW Corp. for fiscal year 2015; and
4. To act upon such other business as may properly come before the annual meeting or any adjournment or postponement thereof.

The Board of Directors has set the close of business on Tuesday, March 3, 2015 as the record date for determining the shareholders entitled to notice of, and to vote at, the annual meeting and at any adjournment or postponement thereof. You are cordially invited to attend the meeting in person. You may call our offices at (408) 918-7231 for directions to our principal offices in order to attend the meeting in person. Your vote is important. Whether or not you plan to attend the meeting, please vote as soon as possible. You may vote by telephone, via the Internet or by mailing a completed proxy card. For detailed information regarding voting instructions, please refer to the section entitled "Voting Procedure" on page 2 of the proxy statement. You may revoke a previously delivered proxy at any time prior to the meeting. If you attend the meeting and wish to change your proxy vote, you may do so automatically by voting in person.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON APRIL 29, 2015: A COPY OF THE PROXY STATEMENT, THE FORM OF PROXY, AND THE ANNUAL REPORT FOR THE YEAR ENDED ON DECEMBER 31, 2014 ARE AVAILABLE AT <http://www.rrdezproxy.com/2015/sjwcorp>.

BY ORDER OF THE BOARD OF DIRECTORS

W. Richard Roth

President, Chief Executive Officer
and Chairman of the Board

San Jose, California

March 17, 2015

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SJW CORP.

110 W. Taylor Street
San Jose, California 95110

Proxy Statement for the 2015 Annual Meeting of Shareholders
To Be Held on April 29, 2015

The enclosed proxy is solicited on behalf of the Board of Directors of SJW Corp., a California corporation ("SJW Corp." or the "Corporation"), for use at SJW Corp.'s annual meeting of shareholders to be held on April 29, 2015 at 9:00 AM Pacific Time and at any adjournment or postponement thereof. The annual meeting will be held at the principal offices of the Corporation, 110 W. Taylor Street in San Jose, California.

These proxy solicitation materials are being mailed on or about March 25, 2015 to all shareholders entitled to notice of, and to vote at, the annual meeting of shareholders. SJW Corp.'s 2014 Annual Report, which includes its Form 10-K for the year ended December 31, 2014, accompanies these proxy solicitation materials.

PURPOSE OF MEETING

The Board of Directors has called the annual meeting of shareholders for the following purposes:

1. To elect nine directors to serve on the Board of Directors of SJW Corp.;
2. To approve the reincorporation of SJW Corp. from California to Delaware by means of a merger with and into a wholly-owned Delaware subsidiary;
3. To ratify the appointment of KPMG LLP as the independent registered public accounting firm of SJW Corp. for fiscal year 2015; and
4. To act upon such other business as may properly come before the annual meeting or any adjournment or postponement thereof.

The Board of Directors asks for your proxy for each of the foregoing proposals.

VOTING RIGHTS AND SOLICITATION

Voting

Only shareholders of record on March 3, 2015, the record date, will be entitled to notice of, and to vote at, the annual meeting. As of the close of business on March 3, 2015, there were 20,336,409 shares of common stock issued and outstanding.

Each share of common stock is entitled to one vote on each matter presented at the meeting, except in connection with the election of directors where shareholders are entitled to cumulate votes. When shareholders are entitled to cumulate votes, every shareholder, or his or her proxy, may cumulate his or her votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of shares owned by such shareholder.

Alternately, a shareholder may distribute his or her votes on the same principle among as many candidates as he or she thinks fit. For example, assume you have 100 shares. There are nine directors to be elected at the annual meeting so you have a total of $9 \times 100 = 900$ votes. You could give all 900 votes to one nominee, or 300 votes to each of three nominees, or 100 votes to each of the nine nominees. No shareholder or proxy, however, shall be entitled to cumulate votes unless: (1) the candidate(s) has been placed in nomination prior to the voting, and (2) the shareholder has given written notice to the chairman at the meeting prior to any voting that the shareholder intends to cumulate the shareholder's votes. If any one shareholder has given such notice, all shareholders may cumulate their votes for candidates in nomination. The Board of Directors seeks, by your proxy, the authority to cumulate votes among the directors listed in Proposal 1 in the manner determined by the proxy holder in his or her discretion in the event that any shareholder invokes cumulative voting. The nine nominees receiving the highest number of votes will be elected directors.

Quorum and Votes Required

A majority of the Corporation's outstanding shares of common stock must be present in person or represented by proxy at the annual meeting in order to constitute a quorum. Abstentions and broker non-votes (shares held of record by brokers for which the required voting instructions are not provided by the beneficial owners of those shares) are included in the number of shares present for purposes of determining whether a quorum is present for the transaction of business. If a broker or other nominee holds shares in its name on behalf of a shareholder, the broker or nominee is not permitted to vote those shares on Proposals 1 and 2 in the absence of voting instructions from that shareholder.

The broker or nominee is permitted to vote on Proposal 3 in the absence of voting instructions from the shareholders, therefore the Corporation does not expect any broker non-votes for Proposal 3.

In the election of directors, the nine director nominees receiving the highest number of affirmative votes will be elected (Proposal 1). Broker non-votes will have no effect on Proposal 1.

Proposal 2 requires for approval the affirmative vote of a majority of the outstanding shares entitled to vote. Proxy cards marked "abstain" and broker non-votes will have the effect of a "NO" vote on Proposal 2.

Proposal 3 requires for approval the affirmative vote of (i) a majority of the shares of common stock present in person or represented by proxy and voting at the annual meeting and (ii) a majority of the shares of common stock required to constitute a quorum. Abstentions will have no effect on determining whether the affirmative vote constitutes a majority of the shares present or represented by proxy and voting at the Annual Meeting. However, approval of Proposal 3 also requires the affirmative vote of a majority of the shares necessary to constitute a quorum, and therefore abstentions could prevent the approval of Proposal 3 because they do not count as affirmative votes.

Voting Procedure

Shareholders of record may vote via the Internet, by telephone, by mailing a completed proxy card prior to the annual meeting, by delivering a completed proxy card at the annual meeting, or by voting in person at the annual meeting.

Instructions for voting via the Internet or by telephone are set forth on the enclosed proxy card. The Internet and telephone voting facilities will close at 11:59 PM Eastern Time on April 28, 2015. If the enclosed form of proxy is properly signed, dated and returned, the shares represented thereby will be voted at the annual meeting in accordance with the instructions specified thereon. If voting instructions are not specified on the proxy, the shares represented by that proxy (if that proxy is not revoked) will be voted at the annual meeting FOR the election of the director nominees listed in Proposal 1, FOR the reincorporation of SJW Corp. from California to Delaware as described in Proposal 2 and FOR the ratification of the appointment of KPMG LLP as the independent registered public accounting firm as described in Proposal 3, and as the proxy holder may determine in his or her discretion with respect to any other matter that properly comes before the annual meeting or any adjournment or postponement thereof.

YOUR VOTE IS IMPORTANT. PLEASE SIGN AND RETURN THE ACCOMPANYING PROXY CARD WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING IN PERSON.

You may revoke your proxy at any time before it is actually voted at the meeting by:

Delivering written notice of revocation to the Corporate Secretary at SJW Corp., 110 W. Taylor Street, San Jose, California 95110;

Submitting a later dated proxy; or

Attending the meeting and voting in person.

Your attendance at the meeting will not, by itself, constitute a revocation of your proxy.

You may also be represented by another person present at the meeting by executing a form of proxy designating that person to act on your behalf. Shares may only be voted by or on behalf of the record holder of shares as indicated in the stock transfer records of the Corporation. If you are a beneficial owner of shares, but those shares are held of record by another person such as a stock brokerage firm or bank, then you must provide voting instructions to the appropriate record holder so that such person can vote those shares. In the absence of such voting instructions from you, the record holder may not be entitled to vote those shares.

Proxy Solicitation Costs

The Corporation will bear the entire cost of this solicitation of proxies, including the preparation, assembly, printing, and mailing of this proxy statement, the proxy, and any additional solicitation materials that the Corporation may provide to shareholders. Copies of solicitation materials will be provided to brokerage firms, fiduciaries and custodians holding shares in their names that are beneficially owned by others so that they may forward the solicitation material to such beneficial owners. The Corporation will reimburse the brokerage firms, fiduciaries and custodians holding shares in their names for reasonable expenses incurred by them in sending solicitation materials to its beneficial shareholders. The solicitation of proxies will be made by regular or first class mail and may also be made by telephone, telegraph, facsimile, electronic mail or personally by directors, officers and employees of the Corporation who will receive no extra compensation for such services. In addition, the Corporation has retained Georgeson Inc. to act as a proxy solicitor in conjunction with the annual meeting. The Corporation has agreed to pay that firm \$7,500, plus expenses, for proxy solicitation services.

PROPOSAL 1
ELECTION OF DIRECTORS

General

Nine directors, which will constitute the entire Board of Directors following the annual meeting, are to be elected at the annual meeting, to hold office until the next annual meeting and until a successor for such director is elected and qualified, or until the death, resignation or removal of such director.

Unless individual shareholders specify otherwise, each returned proxy will be voted FOR the election of the nine nominees who are listed below, each of whom has been nominated by the existing Board of Directors upon the recommendation of the Nominating & Governance Committee. Daniel B. More was recommended as a nominee by W. Richard Roth. All other nominees are current directors of SJW Corp., San Jose Water Company, a wholly owned subsidiary, and SJW Land Company, another wholly owned subsidiary of SJW Corp. SJW Corp. intends to appoint all persons elected as directors of SJW Corp. at the annual meeting to be the directors of San Jose Water Company and SJW Land Company for a concurrent term. It is anticipated that five of the individuals elected as directors of SJW Corp. at the annual meeting will also be appointed as directors of SJWTX, Inc. and Texas Water Alliance Limited, two wholly owned subsidiaries of SJW Corp., for a concurrent term.

In the unanticipated event that a nominee is unable or declines to serve as a director at the time of the annual meeting, proxies will be voted for any nominee named by the present Board of Directors to fill the vacancy. As of the date of this proxy statement, SJW Corp. is not aware of any nominee who is unable or will decline to serve as a director.

The following sets forth certain information concerning the nominees for directors of SJW Corp.:

Name	Age	Director Since	Position with the Corporation	Committee Membership
Katharine Armstrong	62	2009	Director	Executive Compensation Committee Nominating & Governance Committee (Chair)
Walter J. Bishop	63	2012	Director	Audit Committee Real Estate Committee
Mark L. Cali	49	1992	Director	Real Estate Committee (Chair) Executive Compensation Committee
Douglas R. King	72	2003	Director	Audit Committee (Chair) Nominating & Governance Committee
Daniel B. More	58	N/A	Nominee for Director	N/A
Ronald B. Moskovitz	71	2010	Director	Executive Compensation Committee (Chair) Audit Committee
George E. Moss	83	2009 (1)	Director	Nominating & Governance Committee
W. Richard Roth	62	1994	President, Chief Executive Officer and Chairman of the Board	Real Estate Committee
Robert A. Van Valer	65	2006	Director	Nominating & Governance Committee

⁽¹⁾ Mr. Moss was a Board member of the Corporation from 1985 until April 30, 2008 and was re-elected on May 6, 2009.

Business Experience of Nominees

Katharine Armstrong, President of Natural Resources Solutions ("NRS") since 2008. Ms. Armstrong was the President of Katharine Armstrong, Inc. from 2003 until 2014. Ms. Armstrong founded NRS in 2008, an Austin, Texas based company that works in partnership with universities, agencies of state and federal government, stakeholder groups and others to identify and implement positive solutions to environmental challenges created by regulatory mandates. Ms. Armstrong also served as a director of Uranium Energy Corp. from June 2012 until June 2014.

Walter J. Bishop, Principal in Walter Bishop Consulting, a firm dedicated to utility management, leadership development, and strategic and business planning since 2010. Mr. Bishop was the General Manager and acted as the Chief Executive Officer of the Contra Costa Water District (the "District") from September 1992 until 2010. The District serves 600,000 customers in Northern California's Contra Costa County. From 1983 until 1992, he worked for the East Bay Municipal Utility District in Northern California, including serving as its General Manager. Mr. Bishop has served as a Board Member, Chairman and Officer of numerous water industry organizations dedicated to water supply and utility management. Mr. Bishop is a registered civil engineer in the State of California, and holds a Bachelor of Science in Civil Engineering from Duke University and a Masters in Public Administration from Pepperdine University.

Mark L. Cali, Attorney at Law, a Court Attorney for the Superior Court of California, County of San Luis Obispo since 2006. Prior to becoming a Court Attorney, Mr. Cali was a principal with the firm Clark, Cali and Negranti LLP from 1996 until 2006. Mr. Cali holds a California Real Estate Broker's license. Mr. Cali is Director and Vice-President of Arioto-Cali Properties and Winchester Ranch, Inc. and a Managing Member of Cali-Arioto LLC.

Douglas R. King, Retired as an audit partner of Ernst & Young LLP in 2002. During his career, Mr. King was the audit partner on large, complex public registrants, he managed Ernst & Young's San Francisco office, and had regional managing responsibilities. He also serves as a director of Adaptive Spectrum & Signal Alignment, Inc., Westport Innovations Inc. and Silicon Graphics International Corp. He also served as a director of Marvell Technology Group, Ltd. from April 2004 until October 2007 and Fuel Systems Solutions, Inc. from April 2006 until July 2010. Mr. King is a Certified Public Accountant with a Masters Degree in Business Administration from the University of Arkansas.

Daniel B. More, Retired as a Managing Director and Global Head of Utility Mergers & Acquisitions of the Investment Banking Division of Morgan Stanley in 2014. He held such position since 1996. Mr. More has been an investment banker since 1978 and has specialized in the utility sector since 1986. He serves as a director of the New York Independent System Operator since April 2014 and serves as a director of Saeta Yield since February 2015. Mr. More received his B.A. in economics from Colby College in 1978 and his Master of Business Administration in finance from the Wharton School at the University of Pennsylvania in 1983.

Ronald B. Moskovitz, Counsel to Morgan, Lewis & Bockius LLP since October 2008. He was a partner at Morgan, Lewis & Bockius LLP from 2003 until October 2008. Prior to 2003, he was a partner at Brobeck, Phleger & Harrison LLP, where at various times he was a member of its management committee and headed its Corporate Group and its Mergers and Acquisitions Group. Mr. Moskovitz's practice has emphasized on mergers, acquisitions and corporate finance. Mr. Moskovitz received his J.D., magna cum laude, from Harvard University in 1968, and his B.A., cum laude and Phi Beta Kappa, from Williams College in 1965.

George E. Moss, Chairman of Roscoe Moss Manufacturing Company (manufacturer of water well casing and screen and water transmission pipe) since May 2010 and Vice Chairman from 1990 to May 2010. Mr. Moss was formerly President of the Roscoe Moss Company until 1990. Mr. Moss was a Board member of the Corporation from 1985 until April 30, 2008 and was re-elected on May 6, 2009.

W. Richard Roth, President, Chief Executive Officer and Chairman of the Board of the Corporation, San Jose Water Company, SJW Land Company, and SJWTX, Inc. Mr. Roth is also the Chief Executive Officer and Chairman of the Board of Texas Water Alliance Limited. Mr. Roth was appointed Chief Executive Officer of SJW Corp. in 1999 and President in 1996. Prior to becoming President, he was Chief Financial Officer and Treasurer of the Corporation from 1990 to 1996 and Vice President from April 1992 until October 1996.

Robert A. Van Valer, President of Roscoe Moss Manufacturing Company (manufacturer of water well casing and screen and water transmission pipe) since 1990. Mr. Van Valer served as Vice President from 1984 until 1990 and previously managed domestic and international water well construction projects since joining Roscoe Moss Manufacturing Company in 1977.

No nominee or current director has any family relationship with any other current director, nominee or with any executive officer. Other than Mr. Roth, whose employment relationships with SJW Corp. and its subsidiaries are described above, no nominee is or has been employed by SJW Corp. or its subsidiaries during the past five years.

Experience, Qualifications, Attributes and Skills of Board Members

The biographies included above and the following table describe the particular experience, qualifications, attributes or skills that led the Board of Directors to conclude that each continuing director and nominee should serve as a director of SJW Corp. at this time, in light of its business and structure (in addition to any past experience on the Board of Directors of SJW Corp. and its subsidiaries):

Name	Particular Experience, Qualifications, Attributes or Skills
Katharine Armstrong	<p>The principal experience, qualifications and skills that Ms. Armstrong brings to the Board of Directors contribute to the Board's oversight of the Corporation's operations in a heavily-regulated industry, its management of its water supply, its administration of executive officer compensation programs through the Executive Compensation Committee, and its commitment to community involvement. In addition to the items listed in the biographical data above, such experience, qualifications and skills may be summarized as follows:</p>

- Chairman of the Armstrong Center for Energy and the Environment, a Texas public policy foundation
- President of Natural Resources Solutions since 2008, an environmental consulting company based in Austin, Texas
- Former Chairman of the Texas Parks and Wildlife Commission, 2nd largest wildlife agency in the United States
- Extensive experience in a wide variety of natural resource regulatory policy, including water
- Member of the Board of Directors of the Texas Watershed Management Foundation
- Participated in the formulation of a Land and Water Resources Conservation Plan, a strategic plan mandated by the Texas Legislature
- President of Taking Care of Texas, a state-wide conservation initiative founded by Laura Bush, former First Lady of the United States
- Active in the State of Texas where the Corporation conducts business operations through its wholly owned subsidiary, SJWTX, Inc.

Walter J. Bishop	<p>The principal experience, qualifications and skills that Mr. Bishop brings to the Board of Directors contribute to the Board's oversight of the Corporation's operations in a heavily-regulated industry, its management of its water supply, and its commitment to community involvement. In addition to the items listed in the biographical data above, such experience, qualifications and skills may be summarized as follows:</p>
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- Extensive experience leading and managing major water utilities in the United States with over one million customers

- Nationally recognized leader and engineer in the water and wastewater industry for over 40 years and received awards from numerous organizations for his commitment to water issues and policy

- Member of the American Water Works Association's ("AWWA") Board of Directors and Executive Committee and served on the Water Utility Council, International Council and Strategic Planning Committee

Name	Particular Experience, Qualifications, Attributes or Skills
Mark L. Cali	<ul style="list-style-type: none">- Past Chair of the Water Research Foundation and member of the Board of Trustees for 12 years- Two-term member of the National Drinking Water Advisory Council which is chartered by Congress to advise the U.S. Environmental Protection Agency on national drinking water policy- Member of Aspen Institute expert panel on Water Infrastructure Sustainability <p>The principal experience, qualifications and skills that Mr. Cali brings to the Board of Directors contribute to the Board's direction, guidance and oversight of the Corporation's legal compliance and the execution of the Corporation's overall real estate strategy, including the potential acquisition or disposition of real property. In addition to the items listed in the biographical data above, such experience, qualifications and skills may be summarized as follows:</p> <ul style="list-style-type: none">- Licensed attorney with experience in civil litigation, and in real estate, insurance, and construction matters- Licensed real estate broker with experience in commercial real estate- Board member and Vice-President of Arioto-Cali Properties, a commercial real estate company <p>In addition, Mr. Cali has a meaningful economic interest in the Corporation through his beneficial ownership of approximately 1.5 percent of the outstanding shares of the Corporation's common stock.</p>
Douglas R. King	<p>The principal experience, qualifications and skills that Mr. King brings to the Board of Directors contribute to the Board's oversight of the Corporation's financial reporting requirements and corporate governance. In addition to the items listed in the biographical data above, such experience, qualifications and skills may be summarized as follows:</p> <ul style="list-style-type: none">- Accounting, finance and audit experience, including his experience at Ernst & Young LLP from 1970 until 2002- Serves as the Corporation's "audit committee financial expert" as defined in Securities and Exchange Commission rules- Experience serving on the Board and Audit Committee of various publicly-traded companies- Experience in managing 400 employees at Ernst & Young LLP from 1998 until 2002
Daniel B. More	<p>The principal experience, qualifications and skills that Mr. More would bring to the Board of Directors would contribute to the Board's oversight of the Corporation's financial reporting requirements and consideration of potential acquisitions and dispositions by the Corporation. In addition to the items listed in the biographical data above, such experience, qualifications and skills may be summarized as follows:</p>

- Over 30 years of experience in investment banking, including capital raising, privatizations, and mergers and acquisitions with specialization in the utility sector since 1986
- Experience and knowledge in business strategy, strategic initiatives, corporate governance, and executive recruiting
- Experience and knowledge of utility regulation, cost of capital proceedings and the rate making process

Name	Particular Experience, Qualifications, Attributes or Skills
Ronald B. Moskowitz	<p>The principal experience, qualifications and skills that Mr. Moskowitz brings to the Board of Directors contribute to the Board's oversight of the Corporation's financial reporting requirements, corporate governance, its administration of executive officer compensation programs through the Executive Compensation Committee, and consideration of potential acquisitions and dispositions by the Corporation. In addition to the items listed in the biographical data above, such experience, qualifications and skills may be summarized as follows:</p> <ul style="list-style-type: none">- Extensive experience in corporate legal practice for over 40 years with major law firms in Northern California, including work in corporate finance, public company reporting and transactional work- Experience on the Corporation's Audit Committee- Familiarity with the business and affairs of the Corporation based on many years of legal representation prior to his retirement from active practice in 2008- Law firm management experience
George E. Moss	<p>The principal experience, qualifications and skills that Mr. Moss brings to the Board of Directors relate primarily to his long years of experience in the water industry that allow him to contribute to the Board's oversight of the Corporation's operations, through its wholly owned subsidiaries San Jose Water Company and SJWTX, Inc., in that heavily-regulated industry. In addition to the items listed in the biographical data above, such experience, qualifications and skills may be summarized as follows:</p> <ul style="list-style-type: none">- Over 60 years experience in groundwater development, water well design, water treatment, and sustainability- Over 30 years experience in the water utility industry- Experience and knowledge in executive compensation, mergers and acquisitions, and strategic initiatives- Recipient of the Oliver Award from the National Groundwater Association for lifetime contributions to the field of groundwater development <p>Mr. Moss has a substantial economic interest in the Corporation through his beneficial ownership of approximately 9.2 percent of the outstanding shares of the Corporation's common stock.</p>
W. Richard Roth	<p>The principal experience, qualifications and skills that Mr. Roth brings to the Board of Directors contribute to the Board's oversight of the Corporation's operations in a heavily-regulated industry, its management of its water supply, and the Corporation's execution of its overall strategy. Such experience, qualifications and skills may be summarized as follows:</p> <ul style="list-style-type: none">- Current President, Chief Executive Officer and Chairman of the Board of the Corporation and has been an officer of the Corporation since 1990

- Former President of the National Association of Water Companies and Trustee of the Water Research Foundation
- Certified public accountant with over 10 years of experience with KPMG LLP, a registered public accounting firm
- Significant experience and knowledge in strategic initiatives, real estate, and corporate governance

Mr. Roth is also active in the San Jose community and contributes to the Board's goal of establishing significant relationships between the Corporation and the leaders of local communities.

Name	Particular Experience, Qualifications, Attributes or Skills
Robert A. Van Valer	The principal experience, qualifications and skills that Mr. Van Valer brings to the Board of Directors relate primarily to his substantial experience in the water industry that allows him to contribute to the Board's oversight of the Corporation's operations, through its wholly owned subsidiaries San Jose Water Company and SJWTX, Inc., in that heavily-regulated industry. In addition to the items listed in the biographical data above, such experience, qualifications and skills may be summarized as follows:

- Over 37 years of water industry experience, including water well construction, domestic and foreign, and manufacturing operations and management for water well casing and screen and water transmission pipe
- President since 1990 of Roscoe Moss Manufacturing Company, supplier to municipal, state and federal water projects and investor owned utilities in the western United States
- Participation in several industry non-profit and educational organizations and groundwater associations

Independent Directors

The Board of Directors has affirmatively determined that each of its directors who served during the 2014 fiscal year, current directors and nominees, other than W. Richard Roth, SJW Corp.'s Chairman of the Board, President and Chief Executive Officer, is independent within the meaning of the New York Stock Exchange director independence standards, as currently in effect.

In connection with the determination of independence for Robert A. Van Valer and George E. Moss, the Board of Directors considered the Corporation's relationship with Roscoe Moss Manufacturing Company, an intermittent supplier of the Corporation and its subsidiaries and of which Mr. Moss is Chairman of the Board and a significant shareholder and Mr. Van Valer is the President and a shareholder. Roscoe Moss Manufacturing Company sold Rossum Sand Tester equipment and associated repair parts to San Jose Water Company, the Corporation's wholly owned subsidiary, for an aggregate price of approximately \$6,029 in 2013 and \$3,840 in 2014. In addition, Roscoe Moss Manufacturing Company sold conductor casing, well casing and screen and gravel and sounding pipe for water wells with an aggregate price of approximately \$768,222 in 2012, approximately \$927,162 in 2013, and approximately \$450,606 in 2014 to contractors for use in San Jose Water Company well replacement construction projects. The Board of Directors concluded that the Corporation's relationship with Roscoe Moss Manufacturing Company is not a material relationship and therefore would not impair the independence of Mr. Van Valer and Mr. Moss in light of the fact that the aggregate sales of Roscoe Moss Manufacturing Company to the Corporation and contractors for use in San Jose Water Company construction projects were equal to or less than one and a half percent of Roscoe Moss Manufacturing Company's gross revenues in 2012, 2013 and 2014, and Mr. Van Valer and Mr. Moss expect that direct and indirect purchases of products from Roscoe Moss Manufacturing Company will be less than one and a half percent of its revenue in future years.

The Board of Directors has determined that the members of the Audit Committee and the members of the Executive Compensation Committee also meet the additional independence criteria promulgated by the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the New York Stock Exchange for audit committee membership and executive compensation committee membership, respectively.

Board Leadership Structure

Board structures vary greatly among U.S. public corporations, and the Board does not believe that any one leadership structure is more effective at creating long-term stockholder value. The Board believes that an effective leadership structure could be achieved either by combining or separating the Chair and Chief Executive Officer positions, so long as the structure encourages the free and open dialogue of competing views and provides for strong checks and balances.

The positions of Chairman and Chief Executive Officer are held by W. Richard Roth. The Board also appointed George E. Moss, an independent director, as the lead independent director of the Board. The Board of Directors believes that combining the Chair and Chief Executive Officer positions and having a lead independent

director is the appropriate leadership structure for the Corporation at this time. Combining the Chair and Chief Executive Officer roles fosters clear accountability, effective decision-making, and alignment on corporate strategy and value creation. The Board believes that Mr. Roth is in an optimal position to identify and to lead Board discussions on important matters related to business operations. The Board believes this leadership structure is particularly appropriate for the Corporation at this time given Mr. Roth's long tenure with the Corporation, his many years of experience in managing the Corporation in the regulated water utility industry and his familiarity with the challenges and intricacies of such regulatory environment.

As the lead independent director, Mr. Moss assumes the following duties and responsibilities: (i) advise and consult with the Chair regarding the information provided to directors in connection with Board meetings, (ii) ensure that independent directors have adequate opportunities to meet and discuss issues in executive sessions or at separate meetings without management being present and preside at such executive sessions and meetings, (iii) serve as principal liaison between the independent directors and the Chair, (iv) chair the meetings of the Board when the Chair is not present, and (v) respond directly to shareholders and other stakeholder questions and comments that are directed to the lead independent director or to the independent directors as a group. The Board believes that this leadership structure provides strong, unified leadership of the Corporation while maintaining effective and independent oversight of management. Nevertheless, the Board will continue to consider from time to time whether the new leadership structure should be maintained or modified.

Board's Role in Risk Oversight

The Corporation has implemented an internal risk assessment process that focuses on the principal risks that have been identified for the Corporation, including risks associated with the Corporation's regulatory environment and business operations and continuity, compliance requirements, its information technology and data storage and retrieval facilities, insurance coverage, liquidity, credit and other financial risks, internal controls over financial reporting, risks related to potential fraudulent activities and any material risks posed by the Corporation's compensation policies. Potential risks are reviewed and discussed by the Board of Directors on a regular basis. The Audit Committee, pursuant to its charter, meets periodically with employees to discuss the identified risks and the measures taken to control, manage and mitigate those risks. On the basis of these meetings and discussions, the Chairman of the Audit Committee reports periodically to the full Board.

Board Committees

The Board of Directors has a standing Audit Committee, Executive Compensation Committee, Nominating & Governance Committee, and Real Estate Committee. The Board has the authority to form additional committees, and has done so from time to time, to address matters specifically identified by the Board.

Audit Committee

The Audit Committee was established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934 (the "Exchange Act"). The Audit Committee assists the Board of Directors in its oversight of the integrity of the financial reports and other financial information provided by the Corporation to any governmental body or the public, the Corporation's compliance with legal and regulatory requirements, the Corporation's systems of internal controls, the qualifications and independence of the independent accountants, and the quality of the Corporation's accounting and financial reporting processes generally. Messrs. King, Bishop and Moskovitz are the current Audit Committee members. These members are independent as such term is defined pursuant to the Exchange Act and the corporate governance listing standards of the New York Stock Exchange with respect to audit committee members. The Board of Directors has determined that Mr. King is an "audit committee financial expert" as defined in Securities and Exchange Commission rules. The Audit Committee held nine meetings during fiscal year 2014. The Audit Committee charter may be found at the Corporation's website at www.sjwcorp.com.

Executive Compensation Committee

The Executive Compensation Committee assists the Board of Directors in its responsibilities with respect to the compensation of the Corporation's executive officers and other key employees, and administers all employee benefit plans, including the Corporation's Long-Term Incentive Plan, Executive Officer Short-Term Incentive Plan and other incentive plans that may be adopted by the Corporation. The Executive Compensation Committee is also authorized to approve the compensation payable to the Corporation's executive officers and other key employees,

approve all perquisites, equity incentive awards and special cash payments made or paid to executive officers and other key employees, and approve severance packages with cash and/or equity components for the executive officers and other key employees. Additionally, the Executive Compensation Committee reviews and recommends to the Board of Directors appropriate director compensation programs.

The Executive Compensation Committee had engaged Frederic W. Cook & Co., a national executive compensation consulting firm, to serve as the committee's independent compensation consultant and provide advice on executive officer and director compensation for the 2014 fiscal year. In April 2014, the Executive Compensation Committee retained Mercer (US) Inc. to serve as its new independent compensation consultant. The role of each such consultant, the nature and scope of the consultant's respective assignments and the material elements of the instructions or directions given to the consultant with respect to the performance of their duties are more fully set forth below in the section entitled "Compensation Discussion and Analysis." Both consultants only provided advice or recommendations on executive officer and director compensation matters in 2014. No additional services were provided by either consultant or any affiliate to SJW Corp. or its subsidiaries in 2014.

Ms. Armstrong and Messrs. Cali and Moskowitz are the current members of the Executive Compensation Committee. These members are independent as such term is defined pursuant to the Exchange Act and the corporate governance listing standards of the New York Stock Exchange with respect to compensation committee members. The Executive Compensation Committee held six meetings during fiscal year 2014. The Executive Compensation Committee Charter may be found at the Corporation's website at www.sjwcorp.com.

Nominating & Governance Committee

The Nominating & Governance Committee is charged by the Board of Directors with reviewing and proposing changes to the Corporation's corporate governance policies, developing criteria for evaluating performance of the Board of Directors, determining the requirements and qualifications for members of the Board of Directors and proposing to the Board of Directors nominees for the position of director of the Corporation. Messrs. Moss, King, Van Valer and Ms. Armstrong are the current Nominating & Governance Committee members. The Board of Directors has determined that all of the members of the Nominating & Governance Committee are independent as defined under the independence standards for nominating committee members in the listing standards for the New York Stock Exchange. The Nominating & Governance Committee held four meetings during fiscal year 2014. The Nominating & Governance Committee has a charter and Corporate Governance Policies, which may be found at the Corporation's website at www.sjwcorp.com.

On October 28, 2004, the Board of Directors approved the "Policies and Procedures of the Nominating & Governance Committee for Nomination for Directors" (the "Policies and Procedures"). Such Policies and Procedures were amended effective October 26, 2006, July 30, 2014 and January 28, 2015. The Policies and Procedures specify director selection criteria for the Nominating & Governance Committee to consider, and procedures for identifying and evaluating director candidates for the Nominating & Governance Committee to follow, when executing its duty to recommend director nominees at the annual meeting of shareholders. The Policies and Procedures also specify steps a shareholder must take in order to properly recommend director candidates which the Nominating & Governance Committee will consider. All candidates for director must generally meet the criteria set forth in the Policies and Procedures, a copy of which can be found at the Corporation's website at www.sjwcorp.com.

The criteria address the specific qualifications that the Nominating & Governance Committee believes must be met by each nominee prior to recommendation by the committee for a position on the Corporation's Board of Directors. In particular, the criteria address the specific qualities or skills that the Nominating & Governance Committee believes are necessary for one or more of the Corporation's directors to possess in order to fill Board, committee chair and other positions, and to provide the best combination of experience and knowledge on the Board and its committees. These criteria include: highest professional and personal ethical standards; absence of any interests that would materially impair his or her ability to exercise judgment or otherwise discharge the fiduciary duties; ability to contribute insight and direction to achieve the Corporation's goals; skills and expertise relative to the entire make-up of the Board; experience in effective oversight and decision-making, including experience on other boards; ability and willingness to serve a full term with consistent attendance; first-hand business experience and achievement in the industry; and independence as determined under the New York Stock Exchange and SEC rules and regulations. The Nominating & Governance Committee and the Board of Directors do take diversity into

account when considering potential nominees for directors, such as differences of viewpoint, varied professional or governmental experience, education and advanced degrees, skill set and other individual qualities and attributes that are likely to contribute to board heterogeneity. However, SJW Corp. does not have a formal or other established policy in which one or more diversity factors have been specifically identified for application as a matter of ordinary course in the director nominee process.

The steps a shareholder must take in order to properly recommend director candidates which the Committee will consider include submission via mail to the attention of the Nominating & Governance Committee at the address of the Corporate Secretary, SJW Corp., 110 W. Taylor Street, San Jose, California 95110, of a completed "Shareholder Recommendation of Candidate for Director" form which can be found at the Corporation's website at www.sjwcorp.com or may be obtained by mailing a request for a copy of the form to the Corporate Secretary of the Corporation at the above address. Forms must be submitted not earlier than 210 days prior and not later than 120 days prior to the one-year anniversary of the date the proxy statement for the preceding annual meeting was mailed to shareholders. In addition to or in lieu of making a director candidate recommendation via the completed recommendation form, shareholders may nominate directly a person for election as a director at the annual meeting by following the procedures set out in the Corporation's By-Laws, as amended on January 28, 2015. Under the By-Laws, a nominating shareholder must provide the Corporation with advance written notice of a proposed nomination no later than 90 days and no earlier than 120 days prior to the one-year anniversary of the preceding year's annual meeting. Such advance notice must include certain information and materials relating to the shareholder and the proposed nominee as prescribed under the By-Laws, including without limitation the name and qualification of the proposed nominee and other information typically required in a proxy statement filed under proxy rules of the Securities and Exchange Commission. For more information on the procedure and advance notice requirement for nominating a director, see Section 10.14 of the Corporation's By-Laws, a copy of which is attached as Exhibit 3.1 to a current report on Form 8-K filed on January 30, 2015.

Real Estate Committee

The Real Estate Committee is charged with the review of significant potential acquisitions or dispositions involving the real property interests of the Corporation and its subsidiaries and makes recommendations thereon to the Chief Executive Officer and the full Board. Messrs. Cali, Bishop and Roth are the members of the Real Estate Committee. The Real Estate Committee did not meet during fiscal year 2014.

Communications with the Board

Communications to the Board of Directors may be submitted by email to boardofdirectors@sjwater.com or by writing to SJW Corp., Attention: Corporate Secretary, 110 W. Taylor Street, San Jose, California 95110. The Board of Directors relies upon the Corporate Secretary to forward written questions or comments to named directors or committees or the Lead Independent Director, as appropriate. General comments or inquiries from shareholders are forwarded to the appropriate individual within the Corporation, including the President, as appropriate.

Interested parties may make their concerns known to non-management directors or independent directors on a confidential and anonymous basis by calling the Corporation's toll free hotline, 1-888-883-1499.

Code of Ethical Business Conduct

The Corporation has adopted a Code of Ethical Business Conduct (the "Code") that applies to the directors, officers and employees of the Corporation. A copy of the Code can be found at the Corporation's website at www.sjwcorp.com.

Board Meetings

During 2014, there were four regular meetings and two special meetings of the Board of Directors of SJW Corp. Each director attended or participated in 75 percent or more of the aggregate of: (i) the total number of regular and special meetings of the Board of Directors of SJW Corp. and (ii) the total number of meetings held by all committees of the Board on which such director served during the 2014 fiscal year. George E. Moss was chosen to preside at all executive sessions of non-management directors or independent directors.

Pursuant to the Corporation's Corporate Governance Policies, each member of the Board of Directors is strongly encouraged to attend the annual meetings of shareholders. All current members of the Board attended the 2014 annual meeting of shareholders.

Compensation of Directors

The following table sets forth certain information regarding the compensation of each non-employee member of the Board of Directors of SJW Corp. for the 2014 fiscal year.

Name (a)	Fees Earned or Paid in Cash (\$)(1) (b)	Stock Awards \$(2) (c)	Option Awards \$(3) (d)	Non-Equity Incentive Plan Compensa- tion (\$) (e)	Change in Pension Value and Non-Qualified Deferred Compensa- tion Earnings (4) (f)	All Other Compensa- tion (\$) (g)	Total (\$) (h)
Katharine Armstrong	\$81,000	\$34,053	—	—	—	—	\$115,053
Walter J. Bishop	\$78,500	\$34,053	—	—	—	—	\$112,553
Mark L. Cali	\$69,000	\$34,053	—	—	—	—	\$103,053
Douglas R. King	\$94,000	\$34,053	—	—	—	—	\$128,053
Ronald B. Moskovitz	\$86,000	\$34,053	—	—	—	—	\$120,053
George E. Moss	\$77,000	\$34,053	—	—	—	—	\$111,053
Robert A. Van Valer	\$75,000	\$34,053	—	—	—	—	\$109,053

Consists of the annual retainer and meeting fees for service as members of the Board of Directors of the Corporation, San Jose Water Company, SJW Land Company, SJW TX, Inc., and Texas Water Alliance Limited, (1)including amounts deferred under the Corporation's Deferral Election Program for Non-Employee Board members.

The respective dollar amounts of these fees are set forth in the table below. For further information concerning such fees, see the sections below entitled "Director Annual Retainer" and "Director Meeting Fees."

Name	2014 Retainer	2014 Meeting Fees	Total Annual Service Fees
Katharine Armstrong	\$55,000	\$26,000	\$81,000
Walter J. Bishop	\$55,000	\$23,500	\$78,500
Mark L. Cali	\$50,000	\$19,000	\$69,000
Douglas R. King	\$50,000	\$44,000	\$94,000
Ronald B. Moskovitz	\$50,000	\$36,000	\$86,000
George E. Moss	\$60,000	\$17,000	\$77,000
Robert A. Van Valer	\$55,000	\$20,000	\$75,000

Represents the grant-date fair value of the restricted stock unit award for 1,286 shares made to each non-employee director on April 30, 2014. The applicable grant-date fair value of each award was calculated in accordance with FASB ASC Topic 718 and accordingly determined on the basis of the closing selling price per share of SJW Corp.'s common stock on the award date as appropriately discounted to reflect the lack of dividend equivalent rights. The reported grant-date value does not take into account any estimated forfeitures related to service-vesting conditions. In addition to the restricted stock units, as of December 31, 2014, the following non-employee directors held deferred stock awards covering the following number of shares of SJW Corp.'s common stock with dividend equivalent rights: Ms. Armstrong, 0 shares; Mr. Bishop, 0 shares; Mr. Cali, 19,790 shares; Mr. King, 8,506 shares; Mr. Moskovitz, 0 shares; Mr. Moss, 0 shares; and Mr. Van Valer, 2,477 shares. Any deferred shares so held are attributable to the director's prior participation in certain deferred compensation programs implemented under the Corporation's Long-Term Incentive Plan. For further information concerning those programs, see the sections (2) below entitled "Deferral Election Program for Non-Employee Board Members" and "Deferred Restricted Stock Program." The phantom dividends that accumulate on those deferred shares pursuant to the dividend equivalent rights are converted annually into additional deferred shares. For further information concerning such dividend equivalent rights, see the section below entitled "Dividend Equivalent Rights." Such dividend equivalent rights were factored into the original grant-date fair value of the deferred shares determined for financial accounting purposes under FASB ASC Topic 718, and accordingly no amounts are reported in this column with respect to the additional deferred shares attributable to the phantom dividends that accumulated during the 2014 fiscal year as a result of those dividend equivalent rights. Those 2014 fiscal year phantom dividends were converted into the following additional deferred shares for the non-employee directors on January 2, 2015: Mr. Cali was credited with 525 shares; Mr. King was credited with 226 shares; and Mr. Van Valer was credited with 65 shares. At the time of such credit, the fair market value per share of the Corporation's common stock was \$32.13, the closing price on January 2, 2015.

(3) No option awards were made to the non-employee directors during the 2014 fiscal year.

As a result of the reduction in the annual retainer, the aggregate amount of pension payable to Mr. King will (4) decrease by \$20,000. For further information concerning this plan, see the section below entitled "Director Pension Plan."

Director Annual Retainer

The following table sets forth the 2014 annual retainer fees for the non-employee Board members of SJW Corp., San Jose Water Company, SJW Land Company, SJWTX, Inc. and Texas Water Alliance Limited:

	Annual Retainer
SJW Corp.	
Chair	\$30,000
Other Board Members	\$5,000
Additional Fee for Lead Independent Director	\$5,000
San Jose Water Company	
Chair	\$60,000
Other Board Members	\$40,000
SJW Land Company	
Chair	\$10,000
Other Board Members	\$5,000
SJWTX, Inc.	
Chair	\$5,000
Other Board Members	\$5,000
Texas Water Alliance Limited	
Chair	\$0
Other Board Members	\$0

Effective as of January 1, 2014, (i) the annual retainer of the Chair of the SJW Land Company Board was reduced from \$20,000 to \$10,000, (ii) the annual retainer of the non-employee Board members (other than the Chair) of SJW Corp. was reduced from \$15,000 to \$5,000, and (iii) the Lead Independent Director receives an additional annual retainer of \$5,000.

Director Meeting Fees

The following table sets forth the 2014 per meeting Board and Committee fees for the non-employee Board members of SJW Corp., San Jose Water Company, SJW Land Company, SJWTX, Inc. and Texas Water Alliance Limited:

	Per Meeting Fee
SJW Corp.	
Chair	\$1,000
Other Board Members	\$1,000
SJW Corp. Committees	
Audit Committee Chair (for attending audit committee meetings)	\$3,000
Other Committee Chair (for attending their respective committee meetings)	\$2,000
Other Board Members	\$1,000
San Jose Water Company	
Chair	\$1,000
Other Board Members	\$1,000
SJW Land Company	
Chair	\$500
Other Board Members	\$500
SJWTX, Inc.	
Chair	\$2,500
Other Board Members	\$500
Texas Water Alliance Limited	
Chair	\$500
Other Board Members	\$500

The meeting fees are the same for attending Board and Committee meetings held telephonically.

In the event a non-employee director attends an in-person Board or Committee meeting by telephone, he or she will be entitled to receive the applicable per meeting fee for the first meeting attended by telephone in a calendar year, and half of such meeting fee for each subsequent meeting attended by telephone in the same calendar year.

Non-employee directors may also receive fees determined on a case-by-case basis by SJW Corp.'s Executive Compensation Committee and ratified by the Board of Directors for attending additional meetings other than Board or Committee meetings, such as Board retreats, strategic planning meetings, or other programs organized by SJW Corp., San Jose Water Company, SJW Land Company, SJWTX, Inc. or Texas Water Alliance Limited. During fiscal year 2014, each non-employee director was paid \$2,500 for attending the strategic planning meeting.

Deferral Election Program for Non-Employee Board Members

Pursuant to the Deferral Election Program, each non-employee member of the Corporation's Board of Directors has the opportunity to defer: (i) either 50 percent or 100 percent of his or her annual retainer fees for serving on the Corporation's Board and the Board of one or more subsidiaries; and (ii) 100 percent of his or her fees for attending pre-scheduled meetings of such Boards or any committees of such Boards on which he or she serves. The deferral election is irrevocable and must be made prior to the start of the year for which the fees are to be earned.

The fees which a non-employee Board member elects to defer under such program for the fiscal year are credited to a deferral election account pursuant to one of the following alternatives selected by the Executive Compensation Committee: (i) in a lump sum on the first business day of that calendar year or as soon as administratively practicable thereafter, or (ii) periodically when the fees would otherwise become due and payable during such calendar year in the absence of his or her deferral election for that calendar year in which case the amounts credited shall be fully vested. In the event of such lump sum credit, the non-employee Board members will vest in the portion of their account attributable to each Board or Board committee on which they serve during a calendar year in a series of 12 equal monthly installments upon their completion of each calendar month of service on that Board or Board committee during such calendar year. For the deferral election accounts established for the 2014 calendar year, the periodic credit alternative was utilized.

The deferral election account will be credited with a fixed rate of interest, compounded semi-annually, set at the start of each calendar year at the lower of (i) the then current 30-year long-term borrowing cost of funds to San Jose Water Company (or the equivalent thereof), as measured as of the start of such calendar year, or (ii) 120 percent of the long-term Applicable Federal Rate determined as of the start of such calendar year and based on semi-annual compounding.

Distribution of the vested balance credited to each Board member's deferral election account will be made or commence on the 30th day following his or her cessation of Board service. The cash distribution will be made either in a lump sum or through a series of up to 10 annual installments in accordance with the payment election such Board member made.

Mr. King and Ms. Armstrong each elected to defer all of their 2014 annual retainer fees and pre-scheduled 2014 meeting fees, Mr. Cali elected to defer his 2014 annual retainer fees, and Mr. Bishop elected to defer 50 percent of his 2014 annual retainer fees.

Deferred Restricted Stock Program

Prior to the 2008 fiscal year, the non-employee directors were able to receive awards of deferred stock, either through the conversion of their deferred Board and Committee fees under the Deferral Election Program into deferred shares of SJW Corp. common stock or through their participation in the Deferred Restricted Stock Program. Both of those deferred stock programs were implemented under the Corporation's Long-Term Incentive Plan (the "LTIP").

The principal features of the Deferred Restricted Stock Program may be summarized as follows:

Each non-employee director who commenced Board service on or after April 29, 2003 was granted: (i) a deferred stock award on the first business day of January following his or her completion of at least six months of service as a Board member; and (ii) annual grants of deferred stock on the first business day of January in each succeeding calendar year through the close of the 2007 calendar year, provided he or she remained a non-employee member of the Board through such date. The number of shares of the Corporation's common stock underlying each annual deferred stock award was determined by dividing (i) the aggregate dollar amount of the annual retainer fees, at the levels in effect as of the date of grant, for service on the Board and for service on the Boards of Directors of the Corporation's subsidiaries for the calendar year in which the grant is made by (ii) the fair market value per share of the Corporation's common stock on the grant date. The shares subject to each deferred stock award are fully vested and will be issued from the LTIP on a distribution commencement date tied to the director's cessation of Board service or other pre-specified date. The shares may be issued either in a single lump sum or in up to 10 annual installments, as elected by the director at the time of his or her initial entry into the Deferred Stock Program or pursuant to the special payment election made available in 2007.

In addition, each non-employee director who commenced Board service prior to April 29, 2003 and participated in the Director Pension Plan was given the opportunity during the 2003 calendar year to elect to convert his or her accumulated benefit under that plan into a deferred stock award. The accumulated benefit of each director who made such an election was converted, on September 1, 2003, into a deferred stock award of comparable value based on the fair market value per share of the Corporation's common stock on such date. The award vested in 36 monthly installments over the director's period of continued Board service measured from the conversion date.

In accordance with the foregoing, Messrs. Cali and Moss elected to have their accumulated Director Pension Plan benefits converted into deferred stock pursuant to the Deferred Restricted Stock Program. As a result, Messrs. Cali and Moss each had \$270,000 in Pension Plan benefits converted into a deferred stock award covering 19,014 shares of the Corporation's common stock. The shares were distributed to Mr. Moss in 2008 and a portion of the shares were distributed to Mr. Cali in January 2014 and January 2015 in accordance with his payment election as described in the section below entitled "Dividend Equivalent Rights."

Each deferred stock award contains dividend equivalent rights, as discussed below. Except for the additional deferred shares that result from those dividend equivalent rights, no further deferred shares are intended to be awarded to the non-employee directors under either the Deferral Election Program or the Deferred Restricted Stock Program.

Restricted Stock Units and the Formulaic Equity Award Program for Non-Employee Board Members

In April 2013, the Executive Compensation Committee approved, and the Board of Directors ratified, the award of restricted stock units for each individual elected or re-elected as a non-employee Board member at the 2013 annual shareholder meeting, with each such award to become effective at the close of business on the date of such meeting and covering that number of shares of common stock (rounded up to the next whole share) determined by dividing \$10,000 by the closing price per share on such date. Accordingly, on April 24, 2013, each non-employee Board member received an award of restricted stock units covering 381 shares of common stock. Each restricted stock unit entitled the non-employee Board member to one share of common stock on the vesting date. The units vested in full upon the Board member's continuation in Board service through the day immediately preceding the date of the Corporation's 2014 annual shareholder meeting.

In October 2013, the Executive Compensation Committee approved, and the Board of Directors ratified, the implementation under the LTIP of a Formulaic Equity Award Program for Non-Employee Board Members ("Formulaic Program") which provides that at the close of business on the date of each annual shareholder meeting, beginning with the 2014 annual shareholder meeting, each individual who is elected or re-elected to serve as a non-employee Board member shall automatically be granted restricted stock units covering that number of shares of common stock (rounded up to the next whole share) determined by dividing \$35,000 by the fair market value per share on such date. Each restricted unit awarded shall entitle the non-employee Board member to one share of common stock on the applicable vesting date of that unit. Each restricted stock unit award shall vest in full upon the non-employee Board member's continuation in Board service through the day immediately preceding the date of the first annual shareholder meeting following the annual shareholder meeting at which that restricted stock unit award was made, subject to accelerated vesting under certain prescribed circumstances. Each non-employee Board member must retain beneficial ownership of at least 50 percent of the shares of common stock issued in connection with the vesting of such restricted stock units until such time as such individual is in compliance with the equity ownership guidelines that the Corporation from time to time establishes for its non-employee Board members.

At the time the Formulaic Program was adopted, the Board of Directors also (i) increased the equity ownership guideline for non-Employee Board members from \$120,000 to \$150,000 and (ii) decreased the annual cash retainer to the non-employee Board members of the Corporation (other than the Chair) by \$10,000 effective January 1, 2014. On April 30, 2014, each non-employee Board member received an award of restricted stock units covering 1,286 shares of common stock in accordance with the Formulaic Program. The units will vest in full upon the Board member's continuation in Board service through the day immediately preceding the date of the Corporation's 2015 annual shareholder meeting, subject to accelerated vesting under certain prescribed circumstances.

Director Pension Plan

Mr. King continues to participate in the Director Pension Plan. Under such plan, Mr. King will receive, following his cessation of service as a director, a benefit equal to one half of the aggregate annual retainer for service on the Board of SJW Corp. and the Boards of San Jose Water Company and SJW Land Company as in effect at the time he ceases to be a director. This benefit will be paid to Mr. King, his beneficiary or his estate, for four years. These payments will be made with the same frequency as the ongoing retainers. Directors who elected to convert their accumulated Director Pension Plan benefits into deferred restricted stock in 2003 and non-employee

directors who commenced Board service on or after April 29, 2003 are not eligible to participate in the Director Pension Plan.

Dividend Equivalent Rights

Dividend Equivalent Rights ("DERs") are part of the outstanding deferred stock awards currently credited to the non-employee directors as a result of their pre-2008 participation in the Deferral Election and Deferred Restricted Stock Programs. Pursuant to those DERs, each non-employee director's deferred stock account under each program will be credited, each time a dividend is paid on the Corporation's common stock, with a dollar amount equal to the dividend paid per share multiplied by the number of shares at the time credited to the deferred stock account, including shares previously credited to the account by reason of the DERs. As of the first business day in January each year, the cash dividend equivalent amounts so credited in the immediately preceding year will be converted into additional shares of deferred stock by dividing such cash amount by the average of the fair market value of the Corporation's common stock on each of the dates in the immediately preceding year on which dividends were paid. The additional shares of common stock that are credited based on such DERs will vest in the same manner as the deferred stock awards to which they are attributable.

Effective as of January 1, 2008, the Corporation imposed a limitation on the maximum number of years such DERs will continue to remain outstanding. Accordingly, the DERs will terminate with the dividends paid by the Corporation during the 2017 calendar year, with the last DER conversion into deferred stock to occur on the first business day in January 2018. As part of the DER phase-out, each non-employee Board member was given the opportunity to make a special election by December 31, 2007 to receive a distribution from his accounts under the two programs in either (i) a lump sum distribution in any calendar year within the 10-year period from 2009 to 2018 or (ii) an installment distribution over a five or 10-year period within that 10-year period. The amount distributable from each such account would be equal to the number of deferred shares credited to that account as of December 31, 2007 plus the number of additional deferred shares subsequently credited to that account by reason of the dividend equivalent rights existing on those deferred shares during the period prior to their distribution. No further DERs would be paid on the distributed shares, but those shares would be entitled to actual dividends as and when paid to the Corporation's shareholders. In the absence of such special payment election, the distribution of the non-employee Board member's accounts will continue to be deferred until cessation of Board service. Only Mr. Cali made a special payment election and elected to receive his deferred accounts in five annual installments over the five calendar-year period beginning with the 2014 calendar year. The Corporation issued 4,947 shares of common stock and 5,080 shares of common stock to Mr. Cali in January 2014 and January 2015 respectively in accordance with his election.

On January 2, 2015, the following current non-employee Board members were credited with additional shares of deferred stock pursuant to their DERs: Mr. Cali, 525 shares; Mr. King, 226 shares; and Mr. Van Valer, 65 shares. A portion of the shares credited to Mr. Cali were distributed to him in January 2015 in accordance with his payment election.

Expense Reimbursement Policies

Under the Corporation's Director Compensation and Expense Reimbursement Policies, each non-employee director will be reimbursed for all reasonable expenses incurred in connection with his or her attendance at Board or committee meetings of SJW Corp. or its subsidiaries as well as his or her attendance at certain other meetings held by such companies. Expenses subject to reimbursement include the expense of traveling by non-commercial aircraft if within 1,000 miles of company headquarters and approved by the Chairman of the Board, and the expense of traveling first class for any travel within the United States. A copy of the Director Compensation and Expense Reimbursement Policies, amended and restated as of January 1, 2014, is attached as Exhibit 10.36 to the Form 10-K filed for the year ended December 31, 2013.

Recommendation of the Board of Directors

The Board of Directors unanimously recommends that shareholders vote FOR the election of the nine nominees listed on page 4.

PROPOSAL 2

APPROVAL OF REINCORPORATION FROM CALIFORNIA TO DELAWARE

Introduction

On February 23, 2015, the Board of Directors of SJW Corp. (the “Corporation” or “SJW Corp. (California)”) approved a proposal to change the state of incorporation of the Corporation from California to Delaware (the “Reincorporation”). The Board considered several factors in reaching this decision, including the corporate governance objectives of the Corporation, the ability to enhance long-term shareholder value, the differences between California and Delaware state corporate laws, and other advantages and disadvantages of Reincorporation. The Board believes that the choice of state domicile is important because state corporate laws provide guidance to the Board and management in their decisions of key issues, including the appropriate governance policies and procedures, satisfaction of fiduciary obligations to shareholders, compliance with legal requirements in the Corporation’s business operations and consideration of strategic alternatives for the Corporation. In addition to the benefits of being a Delaware corporation, the Board has proposed as part of the Reincorporation to preserve certain key stockholders rights that are currently held by its shareholders as a matter of California law, including the right to call special shareholder meetings and act by written consent. After careful consideration of these factors, the Board believed that it is in the best interest of the Corporation and its shareholders to effectuate the Reincorporation.

Principal Reasons for Reincorporation

The State of Delaware has been a leader in adopting a comprehensive and coherent set of corporate laws that are responsive to the evolving legal and business needs of corporations organized under Delaware law. The Board’s decision to reincorporate in the State of Delaware was driven primarily by Delaware’s history of comprehensiveness and flexibility of its corporate laws and its tradition of promoting progressive principles of corporate governance. Specifically, the Board believes that there are several benefits in the Reincorporation, as summarized below.

Predictability, Flexibility and Responsiveness of Delaware Law

Delaware courts have, over many years, established a jurisprudence that is significantly more thorough and broadly applied with respect to principles of corporate governance than any other state’s courts. As a result, corporations domiciled in Delaware are often at an advantage over their peers that are organized under the laws of other states in that Delaware corporations can draw upon these firmly established and consistently interpreted principles when making business and legal decisions. Consequently, Delaware is the preferred state of incorporation for most publicly-traded companies in the United States. According to the Delaware Secretary of State, over 50 percent of all public companies and approximately 65 percent of all Fortune 500 corporations are incorporated under Delaware law. As a result of the large number of major corporations domiciled in Delaware, Delaware courts often take the lead in analyzing important new issues relating to corporate governance and rights and obligations of shareholders and corporations. Because Delaware courts were among the first and most influential to address these issues, many California corporations have often looked to Delaware law for guidance on these issues. The Board believes that the clarity provided on these issues is ultimately beneficial to the Corporation and our shareholders because it provides a more reliable guidance for corporate governance decisions.

Delaware’s court system also provides swift and efficient resolutions in corporate litigation. Delaware has a specialized Court of Chancery that reviews and decides corporate law cases, and appeals to Delaware’s Supreme Court can be decided quickly. The fact that issues of corporate governance are frequently addressed first in Delaware contributes to an efficient and expert court system and bar. In contrast, disputes regarding California corporate law are heard by the Superior Court, the general trial court in California that hears all types of cases, from criminal to civil, which has been known in the past to experience lengthy delays in resolving cases, and to produce outcomes that are inconsistent among courts. The highly specialized nature of the Delaware court system is therefore widely believed to result in more consistent and timely rulings.

The Corporation has identified the following key benefits of Delaware's corporate legal framework that are available to the Corporation after the Reincorporation:

• The Delaware General Corporate Law ("DGCL") is generally acknowledged to be the most advanced and flexible state corporate statute in the United States;

• The Delaware General Assembly each year considers and adopts statutory amendments in an effort to ensure that the Delaware corporate statute continues to be responsive to the changing needs of businesses;

• The Delaware Court of Chancery routinely handles cases involving complex corporate issues with a level of experience and a degree of sophistication and understanding unmatched by other courts in the country;

• The Delaware Supreme Court is well regarded and is timely and highly responsive in cases involving complex corporate issues;

• The well-established body of case law construing Delaware law has developed over the last century and provides businesses with a greater predictability than the case law in most, if not all, other jurisdictions;

• Delaware has a user-friendly Office of Secretary of State that facilitates filings and interactions and reduces (as compared to other states) complications and delays that can arise in time sensitive transactions.

Ability to Attract Qualified Candidates for Board and Management

Our industry has experienced increasing competition in recruiting and retaining talented individuals to serve on management team and board of directors of public companies. The Board believes that the comparatively stable and predictable corporate environment afforded by Delaware would enable the Corporation to compete more effectively with other companies in the recruitment and retention of talented and experienced directors and officers.

In addition, the criteria of director and officer liability are more extensively addressed in Delaware court decisions and are therefore better defined and better understood than under California laws. The Board believes this distinction would enhance its ability to recruit and retain directors and officers in the future, while providing appropriate protection for shareholders from possible abuses by directors and officers.

Access to Capital Raising

Underwriters and other members of the financial services industry may be more willing and better able to assist in capital-raising transactions following the Reincorporation because Delaware law is better understood than California law. The Corporation has no present intention to raise capital at this time.

Negative Consequences of Reincorporation

Delaware law has generally been criticized by some commentators and certain institutional shareholders that it does not afford minority shareholders the same substantive rights and protections as are available in a number of other states, including California. In addition, the Delaware Certificate of Incorporation and the Delaware Bylaws, as compared to the Corporation's Articles of Incorporation and Bylaws under California laws, include certain provisions that may have the effect of reducing the rights of minority shareholders. The Reincorporation may make it more difficult for minority shareholders to elect directors and influence our policies. In addition, franchise taxes payable by the Corporation in Delaware may be greater than in California. The Board has considered the potential disadvantages of the Reincorporation and has concluded that the potential benefits outweigh the possible disadvantages.

In addition, the Board recognized that our existing governance structure has served us well for years as a public company. Accordingly, the Board determined, in connection with the Reincorporation, to maintain the following key provisions of our governance structure even though they would not be required under Delaware law:

Shareholder Ability to Call Special Shareholders' Meeting. As required by California law, a holder of 10 percent or more of our outstanding stock may call a special meeting of shareholders. Delaware law does not impose a similar requirement, but we have elected to provide in our Delaware Certificate and Delaware Bylaws that stockholders holding shares entitled to cast not less than 20 percent of the voting power of the Corporation are entitled to call a special meeting of the stockholders.

Shareholder Power to Act by Written Consent. Under our California Articles and Bylaws, shareholders may act by written consent with respect to any action that could otherwise be taken at a meeting of shareholders, except that directors may only be elected by unanimous written consent. Stockholders of our Delaware corporation will also have the same written consent rights under our Delaware Certificate and Delaware Bylaws.

Mechanics and Consequences of Reincorporation

The Reincorporation will be accomplished by means of a merger pursuant to the terms of the Agreement and Plan of Merger (the "Merger Agreement") between the Corporation and SJW Group, Inc., a Delaware corporation, recently established solely for the purpose of effecting the Reincorporation. Under the Merger Agreement, the Corporation will merge with and into SJW Group, Inc., and the Corporation will cease to exist and SJW Group, Inc. will become the surviving entity following the effectiveness of the merger (the "Merger"). Immediately following the consummation of the Merger, we intend to change the name of SJW Group, Inc. to "SJW Group" ("SJW Group (Delaware)").

If the shareholders approve the Reincorporation at the Annual Meeting, we intend to cause the Reincorporation to become effective as soon as practicable, subject to the completion of certain legal formalities, including obtaining certain consents and approval by third parties. We have determined that the Reincorporation requires the approval of the California Public Utilities Commission (the "CPUC"), and we intend to file an application with the CPUC to seek such approval after the Annual Meeting. The Merger Agreement also provides that our Board of Directors may abandon the Reincorporation at any time prior to the effectiveness of the Reincorporation if the Board of Directors determines that the Reincorporation is inadvisable for any reason.

Other than the change in corporate domicile and the change of name, the Reincorporation will not result in any change in our business operations, board composition, assets, liabilities or net worth, or physical location, nor will it result in any change of our current employees, including management. Upon consummation of the Reincorporation, our daily business operations will continue as they are presently conducted at our current principal executive office located at 110 W. Taylor Street, San Jose, CA 95110. The consolidated financial condition and results of operations of SJW Group (Delaware) immediately after consummation of the Reincorporation will be substantially identical as those of the Corporation immediately prior to the consummation of the Reincorporation. We believe that there will be no material accounting impact as a result of the Reincorporation. Upon effectiveness of the Reincorporation, SJW Group (Delaware) will be the successor in interest to the Corporation and the shareholders of the Corporation will become shareholders of SJW Group (Delaware).

Upon effectiveness of the Reincorporation, each outstanding share of our common stock will automatically be converted into one share of common stock of SJW Group (Delaware). Each outstanding option and restricted stock unit to purchase or receive shares of our common stock will be converted into an option and restricted stock unit, respectively, to purchase or receive the same number of shares of SJW Group (Delaware) common stock with no other changes in the terms and conditions of such award. Shareholders should note that approval of this proposal would also constitute approval of the assumption by SJW Group (Delaware) of the Corporation's Long-Term Incentive Plan and SJW Corp. 2014 Employee Stock Purchase Plan ("ESPP"). Up to 1,800,000 shares of common stock may be issued under the Long-Term Incentive Plan, which was last approved by the shareholders at the 2013 annual meeting and up to 400,000 shares of Common Stock may be issued under the ESPP, which was approved by the shareholders at the 2014 annual meeting. The Corporation's other employee benefit arrangements would also be continued by SJW Group (Delaware) upon the terms and subject to the conditions in effect prior to the Reincorporation.

SHARE CERTIFICATES CURRENTLY ISSUED FOR OUR SHARES WILL AUTOMATICALLY REPRESENT SHARES IN SJW GROUP (DELAWARE) UPON COMPLETION OF THE MERGER, AND SHAREHOLDERS WILL NOT BE REQUIRED TO SURRENDER OR EXCHANGE SHARE CERTIFICATES AS A RESULT OF THE REINCORPORATION.

At the effective time of the Reincorporation, we will be governed by the Delaware Certificate of Incorporation (“Delaware Certificate”), the Delaware Bylaws and the DGCL. Although the Delaware Certificate and the Delaware Bylaws contain many similar provisions from our existing Articles of Incorporation (the “California Articles”) and Bylaws (the “California Bylaws”), there are important differences that are discussed below. See “Comparison of Corporate Laws and Governance Between California and Delaware” below.

Our common stock is listed for trading on the New York Stock Exchange (“NYSE”) under the ticker symbol “SJW.” After the Reincorporation, SJW Group (Delaware)’s common stock would continue to be traded on NYSE without interruption, under the same symbol.

Comparison of Corporate Laws and Governance Between SJW Corp. (California) and SJW Group (Delaware)
The following summarizes a comparison of certain key provisions between the California Articles/Bylaws and Delaware Certificate/Bylaws, as well as certain provisions of California law and Delaware corporate laws. The comparison highlights important differences, but is not intended to list all differences, and is qualified in its entirety by reference to such documents and to the respective General Corporation Laws of the States of California and Delaware. Shareholders are encouraged to read the Delaware Certificate, the Delaware Bylaws, the California Articles and the California Bylaws in their entirety. The Delaware Bylaws and Delaware Certificate are attached to this Proxy Statement, and the California Bylaws and California Articles are filed publicly as exhibits to our periodic reports with the SEC.

Provision	SJW Corp. (California)	SJW Group (Delaware)
Authorized Shares	36,000,000 shares of common stock, par value \$0.521 per share; 176,407 shares of Preferred Stock, par value \$25.00 per share, of which 160,000 are available for designation by the Board as Series I through Series N Preferred Stock.	36,000,000 shares of common stock, par value \$0.001 per share; 1,000,000 shares of Preferred Stock, par value \$0.001 per share
Ability of Shareholders to Call Special Meetings	Under California law, a special meeting of shareholders may be called by the board of directors, the chairman of the board, the president, or the holders of shares entitled to cast not less than 10% of the votes at such meeting and such persons as are authorized by the articles of incorporation or bylaws. Consistent with California law, the California Bylaws provide that a special meeting of shareholders may be called by the Board, the Chairman of the Board, the President, or holders of shares entitled to cast not less than 10% of the votes at such meeting.	Under the DGCL, a special meeting of stockholders may be called by the board of directors or by any person authorized in the certificate of incorporation or the bylaws. The Delaware Certificate and Bylaws provide that a special meeting of stockholders may be called by the Board, the Chairman of the Board, the President, or stockholders holding not less than 20% of the voting power of the Corporation.
Cumulative Voting	Under California law, cumulative voting for election of directors is permitted if the shareholder provides advance notice of the intent to exercise cumulative vote. California law also permits public companies to eliminate cumulative voting by the approval of shareholders. Consistent with California law, the California Bylaws provide shareholders with the option of cumulative voting if such shareholders provide advance notice of the intent to exercise such	Under Delaware law, cumulative voting is not permitted unless the company provides for cumulative voting rights in its certificate of incorporation. The Delaware Bylaws provide that unless otherwise provided in the Delaware Certificate, cumulative voting is prohibited. The Delaware Certificate provides that no stockholder will be permitted to cumulate votes at any election of directors.

rights.

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Provision	<p>SJW Corp. (California)</p> <p>Under California law, a change in the number of directors must generally be approved by the shareholders, but the board of directors may fix the exact number of directors within a stated range set forth in the articles of incorporation or the bylaws, if such range has been approved by the shareholders.</p> <p>The California Bylaws provide that the Board may fix the number of directors within a range between 7 to 11 directors.</p>	<p>SJW Group (Delaware)</p> <p>Under the DGCL, the number of directors shall be fixed by or in the manner provided in the bylaws, unless the certificate of incorporation fixes the number of directors.</p> <p>The Delaware Certificate does not fix a number of directors. The Delaware Bylaws provide that the number of directors shall be determined exclusively pursuant to a resolution adopted by a majority of the Board.</p>
Change in Number of Directors on the Board		<p>Section 203 of DGCL prohibits, subject to certain exceptions, a Delaware corporation from engaging in a business combination with an interested stockholder (i.e., a stockholder acquiring 15% or more of the outstanding voting stock) for three years following the date that such stockholder becomes an interested stockholder without Board approval. Section 203 makes certain types of unfriendly or hostile corporate takeovers, or other non-board approved transactions involving a corporation and one or more of its significant stockholders, more difficult. Delaware companies may opt out of Section 203 if the company's original certificate of incorporation expressly elects not to be governed by Section 203.</p> <p>The Delaware Certificate and the Delaware Bylaws do not "opt out" of Section 203, therefore Section 203 will apply to SJW Group (Delaware) following the Reincorporation.</p>
Interested Shareholder Transaction and Business Combination	<p>California law does not provide any specific restrictions on interested shareholder effecting a business combination.</p>	
Stockholder Vote Required to Approve Merger or Sale of Company	<p>California law generally requires that the holders of the outstanding shares representing a majority of the voting power of both the acquiring and target corporations approve a statutory merger. In addition, California law requires that a sale of all or substantially all of the assets of a corporation be approved by the holders of the outstanding shares representing a majority of the voting power of the corporation selling its assets.</p>	<p>Similarly, Delaware law generally requires that the holders of the outstanding shares representing a majority of the voting power of both the acquiring and target corporations approve a statutory merger, and require that a sale of all or substantially all of the assets of a corporation be approved by the holders of the outstanding shares representing a majority of the voting power of the corporation selling its assets.</p>
Restrictions on Cash Merger	<p>Under California law, a merger may not be consummated for cash if the purchaser owns more than 50% but less than 90% of the then outstanding shares unless either: (i) all the shareholders consent, which is not practical for a public company, or (ii) the Commissioner of</p>	<p>Delaware law does not have an analogous provision.</p>

Corporations approves the merger. This may have the effect of making a “cash-out” merger by a majority shareholder more difficult to accomplish.

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Provision	<p>SJW Corp. (California)</p> <p>The California Bylaws provide that an action to be taken at any annual or special meeting of shareholders may be taken without a meeting if a consent in writing shall be signed by the holders of outstanding shares having not less than the minimum number of votes required to authorize or take such action at such meeting at which all shares entitled to vote thereon were present and voted; provided that, directors may not be elected by written consent except by unanimous written consent of all shares entitled to vote for the election of directors.</p>	<p>SJW Group (Delaware)</p> <p>The Delaware Certificate and Bylaws provide that an action to be taken at any annual or special meeting of shareholders may be taken without a meeting if a consent in writing shall be signed by the holders of outstanding shares having not less than the minimum number of votes required to authorize or take such action at such meeting at which all shares entitled to vote thereon were present and voted; provided that, directors may not be elected by written consent except by unanimous written consent of all shares entitled to vote for the election of directors.</p>
Shareholder Action by Written Consent		
Exclusive Forum Selection Provision	<p>The California Articles and Bylaws do not contain an exclusive forum selection provision.</p>	<p>The Delaware Certificate contains an exclusive forum selection provision that requires certain legal actions, including stockholder derivative lawsuits, to be brought in the courts located in Delaware.</p>
Dividend	<p>Under California law, a corporation may not pay dividend or otherwise make other distribution to its shareholders unless either: (i) the corporation's retained earnings immediately prior to the proposed distribution equal or exceed the amount of the proposed distribution; or (ii) immediately after giving effect to the distribution, the corporation's assets (exclusive of goodwill, capitalized research and development expenses and deferred charges) would be at least equal to one and one fourth times its liabilities (not including deferred taxes, deferred income and other deferred credits), and the corporation's current assets would be at least equal to its current liabilities (or one and one fourth times its current liabilities if the average pre-tax and pre-interest expense earnings for the preceding two fiscal years were less than the average interest expense for such years). These tests are applied to California corporations on a consolidated basis.</p>	<p>The DGCL is generally more flexible than California law with respect to payment of dividends. The DGCL generally provides that a corporation may redeem or repurchase its shares out of its surplus. In addition, the DGCL generally provides that a corporation may declare and pay dividends out of surplus, or if there is no surplus, out of net profits for the fiscal year in which the dividend is declared and/or for the preceding fiscal year. Surplus is defined as the excess of a corporation's net assets (i.e., its total assets minus its total liabilities) over the capital associated with issuances of its common stock. Moreover, the DGCL permits a board of directors to reduce its capital and transfer such amount to its surplus.</p>
Vote Required to Elect Directors at Stockholder Meetings	<p>Plurality of votes.</p>	<p>Plurality of votes.</p>

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Provision	SJW Corp. (California)	SJW Group (Delaware)
Filling Vacancy on the Board	<p>Under the California Bylaws, except for a vacancy created by the removal of a director, vacancies on the Board may be filled by a majority of the directors then in office, whether or not less than a quorum, or by a sole remaining director. A vacancy created by the removal of a director may be filled only by the affirmative vote of shares holding a majority of the voting power represented and voting at a duly held meeting at which a quorum is present (which shares voting affirmatively also constitute at least a majority of the voting power required to constitute a quorum).</p>	<p>Under the Delaware Bylaws, if the office of any director becomes vacant for any reason or any new directorship is created by any increase in the authorized number of directors, only a majority of the directors then in office, although less than a quorum, or a sole remaining director may choose a successor or successors to fill the newly created directorship.</p>
Removal of Directors	<p>Consistent with California law, the California Bylaws provide that any director, or the entire board of directors, may be removed, with or without cause, with the approval of a majority of the outstanding shares entitled to vote, provided however, no individual director may be removed (unless the entire board is removed) if the number of votes cast against such removal would be sufficient to elect the director under cumulative voting rules.</p>	<p>Consistent with DGCL, the Delaware Bylaws provide that any director, or the entire board of directors may be removed, with or without cause, with the approval of a majority of the outstanding shares entitled to vote at an election of directors.</p>
Elimination of Director Personal Liability for Monetary Damages	<p>California law permits a corporation to eliminate the personal liability of directors for monetary damages, except where such liability is based on:</p> <ul style="list-style-type: none"> (i) Intentional misconduct or knowing and culpable violation of law; (ii) Acts or omissions that a director believes to be contrary to the best interests of the corporation or its shareholders or that involve the absence of good faith on the part of the director; (iii) Receipt of an improper personal benefit; (iv) Acts or omissions that show reckless disregard for the director's duty to the corporation or its shareholders, where the director in the ordinary course of performing a director's duties should be aware of a risk of serious injury to the corporation or its shareholders; (v) Acts or omissions that constitute an unexcused pattern of inattention that amounts to an abdication of the director's duty to the corporation and its shareholders; 	<p>Delaware law permits a corporation to eliminate the personal liability of directors for monetary damages, except where such liability is based on:</p> <ul style="list-style-type: none"> (i) Breaches of the director's duty of loyalty to the corporation or its stockholders; (ii) Acts or omissions not in good faith or involving intentional misconduct or knowing violations of law; (iii) The payment of unlawful dividends or unlawful stock repurchases or redemption; or (iv) Transactions in which the director received an improper personal benefit. <p>Such a limitation of liability provision also may not limit a director's liability for violation of, or otherwise relieve the company or directors from the necessity of complying with, federal or state securities laws, or affect the availability of non-monetary remedies such as injunctive relief or rescission.</p> <p>The Delaware Certificate eliminates the liability of directors to the company for monetary damages to the fullest extent permissible under the DGCL.</p>

(vi) Transactions between the corporation and a director who has a material financial interest in such transaction; or

(vii) Liability for improper distributions, loans or guarantees.

The California Articles eliminate the liability of directors for monetary damages to the fullest extent permissible under California law.

Provision	SJW Corp. (California)	SJW Group (Delaware)
Indemnification	<p>Indemnification is permitted by California law, provided the requisite standard of conduct is met. California law requires indemnification when the indemnitee has defended the action successfully on the merits. Indemnification is permitted under California law only for acts taken in good faith and believed to be in the best interests of the company and its shareholders. Expenses incurred by an officer or director in defending an action may be paid in advance, if the director or officer undertakes to repay such amounts if it is ultimately determined that he or she is not entitled to indemnification. California law authorizes a corporation to purchase indemnity insurance for the benefit of its officers, directors, employees and agents whether or not the corporation would have the power to indemnify against the liability covered by the policy.</p> <p>California law permits a corporation to provide rights to indemnification beyond those provided therein to the extent such additional indemnification is authorized in the corporation's articles of incorporation. Thus, if so authorized, rights to indemnification may be provided pursuant to agreements or bylaw provisions which make mandatory the permissive indemnification provided by California law. The California Certificate and Bylaws authorize indemnification to the fullest extent permissible under California law and includes additional substantive and procedural provisions to clarify the application of indemnification rights.</p>	<p>Indemnification is permitted by Delaware law, provided the requisite standard of conduct is met. Delaware law requires indemnification of expenses when the individual being indemnified has successfully defended any action on the merits or otherwise. Indemnification is permitted under Delaware law for acts in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the company.</p> <p>Delaware law generally permits indemnification of expenses, including attorneys' fees, actually and reasonably incurred in the defense or settlement of a derivative or third party action, provided there is a determination by a majority vote of a disinterested quorum of the directors, by independent legal counsel or by the stockholders that the person seeking indemnification acted in good faith and in a manner reasonably believed to be in the best interests of the corporation. Without court approval, however, no indemnification may be made in respect of any derivative action in which such person is adjudged liable for negligence or misconduct in the performance of his or her duty to the corporation. Expenses incurred by an officer or director in defending an action may be paid in advance, if the director or officer undertakes to repay such amounts if it is ultimately determined that he or she is not entitled to indemnification. Delaware law authorizes a corporation to purchase indemnity insurance for the benefit of its directors, officers, employees and agents whether or not the corporation would have the power to indemnify against the liability covered by the policy. Delaware law permits a Delaware corporation to provide indemnification in excess of that provided by statute.</p> <p>The Delaware Certificate and Bylaws authorize indemnification to the fullest extent permissible under Delaware law and includes additional substantive and procedural provisions to clarify the application of indemnification rights that are substantially similar to the California Certificate and Bylaws.</p>

Provision	SJW Corp. (California)	SJW Group (Delaware)
Amendment of Bylaws	<p>The California Bylaws may be amended by the affirmative vote of a majority of the votes entitled to be cast by the outstanding voting shares. Any bylaws specifying or changing a fixed number of directors or the maximum or minimum number or changing from a fixed to a variable board or vice versa may only be adopted by the shareholders; provided, however, that a bylaw or amendment reducing the number or the minimum number of directors to a number less than five (5) cannot be adopted if the votes cast against its adoption at a meeting or the shares not consenting in the case of action by written consent are equal to more than sixteen and two-thirds percent of the outstanding shares entitled to vote. Subject to the shareholders' right to amend the bylaws, the Board may amend the California Bylaws other than an amendment changing the authorized number of directors.</p>	<p>The Delaware Bylaws may be amended by the affirmative vote of a majority of the members of the Board or by the affirmative vote of a majority of the stock issued and outstanding and entitled to vote at a meeting of the stockholders.</p>

Interest of the Corporation's Directors and Executive Officers in the Reincorporation

The shareholders should be aware that certain of our directors and executive officers may have interests in the transaction that are different from, or in addition to, the interests of the shareholders generally. For example, the Reincorporation may provide officers and directors of the Corporation with more clarity and certainty in the reduction of their potential personal liability, and to strengthen the ability of directors to resist takeover bids. The Board has considered these interests, among other matters, in reaching its decision to approve the Reincorporation and to recommend that our shareholders vote in favor of this proposal.

Certain U.S. Federal Income Tax Consequences

The following discussion summarizes certain United States ("U.S.") federal income tax consequences of the Reincorporation to holders of our common stock. The discussion is based on the Internal Revenue Code of 1986, as amended (the "Code"), regulations promulgated under the Code by the U.S. Treasury Department (including proposed and temporary regulations), rulings, current administrative interpretations and official pronouncements of the Internal Revenue Service (the "IRS"), and judicial decisions, all as currently in effect and all of which are subject to differing interpretations or to change, possibly with retroactive effect. Such change could materially and adversely affect the tax consequences described below. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences described herein.

This discussion is for general information only, and does not purport to discuss all aspects of U.S. federal income taxation that may be important to a particular holder in light of its investment or tax circumstances or to holders subject to special tax rules, such as partnerships, subchapter S corporations or other pass-through entities, banks, financial institutions, tax-exempt entities, insurance companies, regulated investment companies, real estate investment trusts, trusts and estates, dealers in stocks, securities or currencies, traders in securities that have elected to use the mark-to-market method of accounting for their securities, persons holding our common stock as part of an integrated transaction, including a "straddle," "hedge," "constructive sale," or "conversion transaction," persons whose functional currency for tax purposes is not the U.S. dollar and persons subject to the alternative minimum tax provisions of the Code. This discussion does not include any description of the tax laws of any state or local governments, or of any foreign government, that may be applicable to a particular holder.

This discussion is directed solely to holders that hold our common stock as capital assets within the meaning of Section 1221 of the Code, which generally means as property held for investment. In addition, the following

discussion only addresses “U.S. persons” for U.S. federal income tax purposes, generally defined as beneficial owners of our common stock who are:

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Individuals who are citizens or residents of the United States;
Corporations (including an entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or of any state of the United States or the District of Columbia;
Estates the income of which is subject to U.S. federal income taxation regardless of its source;
Trusts if a court within the United States is able to exercise primary supervision over the administration of any such trust and one or more U.S. persons have the authority to control all substantial decisions of such trust; or
Trusts in existence on August 20, 1996 that have valid elections in effect under applicable Treasury regulations to be treated as U.S. persons.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds our common stock, the U.S. federal income tax treatment of a partner generally will depend on the status of the partner and the activities of the partnership. A partner of a partnership holding our common stock should consult its own tax advisor regarding the U.S. federal income tax consequences to the partner of the Reincorporation.

This discussion does not purport to be a complete analysis of all of the Reincorporation's tax consequences that may be relevant to holders. We urge you to consult your own tax advisor regarding your particular circumstances and the U.S. federal income and other federal tax consequences to you of the Reincorporation, as well as any tax consequences arising under the laws of any state, local, foreign or other tax jurisdiction and the possible effects of changes in U.S. federal or other tax laws.

We have not requested a ruling from the IRS or an opinion of counsel regarding the U.S. federal income tax consequences of the Reincorporation. However, we believe:

The Reincorporation will constitute a tax-free reorganization under Section 368(a) of the Code;
No gain or loss will be recognized by holders of SJW Corp. (California) common stock on receipt of SJW Group (Delaware) common stock pursuant to the Reincorporation;
The aggregate tax basis of SJW Group (Delaware) common stock received by each holder will equal the aggregate tax basis of the SJW Corp. (California) common stock surrendered by such holder in exchange therefor; and
The holding period of the SJW Group (Delaware) common stock received by each holder will include the period during which such holder held the SJW Corp. (California) common stock surrendered in exchange therefor.

Vote Required

The affirmative vote of the majority of the outstanding shares of the Corporation is required to approve the proposal for Reincorporation

Shareholders are urged to read this proposal carefully, including all of the related appendices attached to this Proxy Statement, before voting on the Reincorporation. The discussion above is qualified in its entirety by the Merger Agreement in substantially the form attached hereto as Appendix A, the Delaware Certificate in substantially the form attached hereto as Appendix B; and the Delaware Bylaws in substantially the form attached hereto as Appendix C.

Recommendation of the Board of Directors

The Board of Directors unanimously recommends a vote FOR the adoption of the proposal for Reincorporation. Unless otherwise instructed, the proxy holders named in each proxy will vote the shares represented thereby FOR this Proposal.

PROPOSAL 3
 RATIFICATION OF APPOINTMENT OF INDEPENDENT
 REGISTERED ACCOUNTING FIRM

General

The Audit Committee of the Board of Directors has appointed KPMG LLP as the Corporation's independent registered public accounting firm (the "independent accountants") for fiscal year 2015. At the annual meeting, shareholders are being asked to ratify the appointment of KPMG LLP as the Corporation's independent accountants for fiscal year 2015. In the event the shareholders fail to ratify the appointment of KPMG LLP, the Audit Committee will reconsider its selection.

Representatives of KPMG LLP are expected to be present at the annual meeting. They have been offered the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Principal Independent Accountants' Fees and Services

The following table sets forth the approximate aggregate fees billed to the Corporation during or for fiscal years 2013 and 2014:

	2014	2013
Audit Fees (1)	\$764,000	\$814,120
Audit-Related Fees (2)	—	—
Tax Fees (3)	\$5,225	—
All Other Fees (4)	—	—
Total Fees	\$769,225	\$814,120

(1) Audit Fees: This category consists of the fees billed for those fiscal years for the audit of annual financial statements, review of the financial statements included in quarterly reports on Form 10-Q and services that are normally provided by the independent accountants in connection with statutory and regulatory filings or engagements for those fiscal years.

(2) Audit-Related Fees: This category consists of fees billed in those fiscal years with respect to assurance and related services by the independent accountants that are reasonably related to the performance of the audit and review of financial statements and are not reported under "Audit Fees."

(3) Tax Fees: This category consists of fees billed in those fiscal years with respect to professional services rendered by the independent accountants for tax compliance, tax advice and tax planning. All tax fees were pre-approved by the Audit Committee.

(4) All Other Fees: This category consists of fees billed in those fiscal years which are not covered by "Audit Fees," "Audit-Related Fees" and "Tax Fees."

The Audit Committee has considered and concluded that the provision of services described above is compatible with maintaining the independence of KPMG LLP.

The Audit Committee has adopted a pre-approval policy regarding the rendering of audit, audit-related and non-audit services by KPMG LLP. In general, audit fees are reviewed and approved by the Audit Committee annually.

Audit-related and non-audit services are pre-approved by the Audit Committee. The Audit Committee has delegated authority to its Chairman to pre-approve specific services to be rendered by KPMG LLP subject to ratification by the Audit Committee when it next convenes a meeting.

Recommendation of the Board of Directors

The Board of Directors unanimously recommends a vote FOR the adoption of the proposal to ratify the appointment of KPMG LLP as SJW Corp.'s independent accountants for fiscal year 2015. Unless otherwise instructed, the proxy holders named in each proxy will vote the shares represented thereby FOR this Proposal.

OWNERSHIP OF SECURITIES

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the executive officers and directors of the Corporation, and persons who own more than 10 percent of a registered class of the Corporation's equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission (the "SEC") and the New York Stock Exchange. These persons are required to furnish SJW Corp. with copies of all Section 16(a) forms they file.

Based solely on its review of the copies of such reports received by it, and written representations from certain reporting persons that no other reports were required during 2014, SJW Corp. believes that all Section 16(a) reporting obligations were met during 2014.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth, as of February 2, 2015, certain information concerning ownership of shares of SJW Corp. common stock by each director of the Corporation, nominee for director, and the Corporation's Chief Executive Officer, Chief Financial Officer and each of the Corporation's other executive officers named in the Summary Compensation Table below (the "named executive officers"), and all directors, nominees and named executive officers as a group and beneficial owners of five percent or more of the common stock of SJW Corp. Unless otherwise indicated, the beneficial ownership consists of sole voting and investment power with respect to the shares indicated, except to the extent that spouses share authority under applicable law. None of the shares reported as beneficially owned have been pledged as security for any loan or indebtedness.

Name	Shares Beneficially Owned	Percent of Class	
Directors and Nominees for Directors:			
Katharine Armstrong (1)	4,931	*	
Walter J. Bishop (2)	3,941	*	
Mark L. Cali (3)	301,929	1.5	%
Douglas R. King (4)	4,881	*	
Daniel B. More	—	*	
Ronald B. Moskovitz (5)	5,381	*	
George E. Moss (6)(7)	1,873,879	9.2	%
W. Richard Roth, President, Chief Executive Officer and Chairman of the Board (8)	101,322	*	
Robert A. Van Valer (9)(10)	2,183,249	10.7	%
Officers not listed above:			
Palle Jensen, Senior Vice President of Regulatory Affairs	9,067	*	
James P. Lynch, Chief Financial Officer and Treasurer (11)	11,239	*	
Andrew F. Walters, Chief Administrative Officer (since January 31, 2014)	721	*	
All directors, nominees and executive officers as a group (12 individuals)	4,500,540	22.1	%
Beneficial owners of five percent or more not listed above:			
Nancy O. Moss (12)(13)	1,181,092	5.8	%
Gabelli Funds, LLC, GAMCO Asset Management Inc. and Teton Advisors, Inc. (14)	1,122,741	5.5	%
One Corporate Center, Rye, New York 10580-1435			

*Represents less than one percent of the outstanding shares of SJW Corp.'s common stock.

Includes (i) 2,550 shares of common stock, (ii) 1,000 shares of common stock held under an IRA account, and (iii) (1) 1,381 shares of common stock held by the Katharine Armstrong Love Exempt Trust U/A/D 6/30/2009 for which Katharine Armstrong is the sole trustee.

- (2) Includes 3,941 shares of common stock held by the Bishop Family Trust for which Walter Bishop and his spouse are trustees. Mr. Bishop has shared voting and investment powers with respect to such shares.
Includes (i) 31,847 shares of common stock held by the Mark Cali Revocable Trust for which Mark Cali is the sole trustee, (ii) 170,096 shares of common stock held by the Cali 1994 Living Trust for which Mr. Cali is a co-trustee, (iii) 71,498 shares of common stock held by the Cali Family Gift Trust for which Mr. Cali is the sole trustee, (iv)
- (3) 27,000 shares of common stock held by Nina Negranti, Mr. Cali's spouse, as trustee of the Nina Negranti Revocable Trust, (v) 1,200 shares of common stock held by Nina Negranti's IRA, and (vi) 288 shares of common stock held by Mr. Cali's son, Clark Cali. Mr. Cali has shared voting and investment powers with respect to the 170,096 shares.
- (4) Includes 4,881 shares of common stock held by the King Family Trust dated June 6, 2005 of which Mr. King and Melinda King are trustees. Mr. King has shared voting and investment powers with respect to such shares.
Includes 5,381 shares of common stock held by the Moskovitz Family Trust U/A DTD 6/12/2003 of which Mr.
- (5) Moskovitz and Jessica M. Moskovitz are trustees. Mr. Moskovitz has shared voting and investment powers with respect to such shares.
Includes (i) 1,054,243 shares of common stock held by the George Edward Moss Trust, a living trust of which Mr. Moss is the sole trustee and sole beneficiary, (ii) 6,644 shares of common stock held by his spouse's revocable
- (6) trust, (iii) 830 shares of common stock held under his spouse's IRA, (iv) 1,103 shares of common stock held under his spouse's Roth IRA, and (v) 811,059 shares of common stock held by the John Kimberly Moss Trust for which George Moss disclaims beneficial ownership except to the extent of his pecuniary interest.
- (7) The address for George E. Moss is 4360 Worth Street, Los Angeles, California 90063.
Includes (i) 83,022 shares of common stock held by the W. Richard Roth and Viviane L. Roth Community
- (8) Property Revocable Trust dated December 17, 2004 of which Mr. Roth and Viviane L. Roth are trustees and (ii) 18,300 shares of common stock held by a separate property trust for which Mr. Roth is trustee. Mr. Roth has shared voting and investment powers with respect to the 83,022 shares.
Includes (i) 45,381 shares of common stock, (ii) 1,937,226 shares of common stock held under the Non Exempt Bypass Trust created under the Roscoe Moss Jr Revocable Trust dated March 24, 1982 for which Mr. Van Valer
- (9) has sole voting and dispositive powers, and (iii) 200,642 shares of common stock held under an Exempt Bypass Trust created under the Roscoe Moss Jr Revocable Trust dated March 24, 1982 for which Mr. Van Valer has sole voting and dispositive powers.
- (10) The address for Robert A. Van Valer is 4360 Worth Street, Los Angeles, California 90063.
Includes (i) 9,039 shares of common stock and (ii) 2,200 shares of common stock held under a Roth IRA. Mr.
- (11) Lynch has shared voting and investment powers with respect to the 9,039 shares.
Includes (i) 1,180,092 shares of common stock held by the Nancy O. Moss Trust and (ii) 1,000 shares of common
- (12) stock held under a SEP-IRA account. Ms. Moss has shared voting and investment powers over the shares held in her trust.
- (13) The mailing address of Nancy O. Moss is 924 South Oakland Avenue, Pasadena, California 91106.
Pursuant to Schedule 13D/A filed with the SEC on January 12, 2011, by Gabelli Funds, LLC, GAMCO Asset Management Inc. ("GAMCO") and Teton Advisors, Inc. According to this Schedule 13D/A, Gabelli Funds, LLC, GAMCO and Teton Advisors, Inc. had the sole power to vote or direct the vote and sole power to dispose or to direct the disposition of 631,600 shares of common stock, 394,841 shares of common stock and 96,300 shares of common stock respectively, either for its own benefit or for the benefit of its investment clients or its partners, as the case may be, except that (i) GAMCO did not have the authority to vote 36,400 of the reported shares,
- (14) (ii) Gabelli Funds, LLC had sole dispositive and voting power with respect to the shares of the Corporation held by the Funds (as defined in the Schedule 13D) so long as the aggregate voting interest of all joint filers does not exceed 25% of their total voting interest in the Corporation and, in that event, the Proxy Voting Committee of each Fund would respectively vote that Fund's shares, (iii) at any time, the Proxy Voting Committee of each such Fund could take and exercise in its sole discretion the entire voting power with respect to the shares held by such fund under special circumstances such as regulatory considerations, and (iv) the power of Mario Gabelli, GAMCO Investors, Inc., and GGCP, Inc. were indirect with respect to shares beneficially owned directly by other reporting persons.

In addition to the ownership of the shares reported in the above table, as of February 2, 2015, the following directors, nominees to the Board and named executive officers held deferred stock awards and restricted stock units covering shares of the Corporation's common stock as follows:

Name	Number of Shares	
Directors and Nominees for Directors:		
Katharine Armstrong	1,286	(1)
Walter J. Bishop	1,286	(1)
Mark L. Cali	16,521	(1)(2)
Douglas R. King	10,018	(1)(2)
Daniel B. More	—	
Ronald B. Moskovitz	1,286	(1)
George E. Moss	1,286	(1)
W. Richard Roth, President, Chief Executive Officer and Chairman of the Board	172,337	(3)
Robert A. Van Valer	3,828	(1)(2)
Officers not listed above:		
Palle Jensen, Senior Vice President of Regulatory Affairs	7,175	(4)
James P. Lynch, Chief Financial Officer and Treasurer	7,735	(4)
Andrew F. Walters, Chief Administrative Officer (since January 31, 2014)	5,989	(4)

(1) Includes shares of common stock underlying restricted stock units awarded to the non-employee Board members under the Corporation's Long-Term Incentive Plan. The restricted stock units vest in full upon the non-employee director's continuation in board service through the day immediately preceding the date of the following annual shareholder meeting. The units will vest in full, and the underlying shares will become immediately issuable should such non-employee director cease Board service by reason of death or permanent disability prior to such vesting date.

(2) Includes shares of the Corporation's common stock underlying deferred stock awards which will be issued in one or more installments following the individual's cessation of such Board service or any earlier date that the non-employee Board member has designated pursuant to the special payment election provided to him in 2007. The 172,337 shares of the Corporation's common stock are issuable pursuant to deferred stock awards and restricted stock units which are subject to various performance vesting and service vesting requirements. The shares that actually vest under those awards will be issued in accordance with the applicable issuance schedule in effect for those shares.

(3) The shares of the Corporation's common stock issuable pursuant to these restricted stock unit awards are subject to various performance vesting and service vesting schedules requirements. The shares that actually vest under those awards will be issued in accordance with the applicable issuance schedule in effect for those shares.

(4) For further information concerning such restricted stock unit and deferred stock awards, please see the following sections of this proxy statement: "Compensation of Directors" and "Executive Compensation and Related Information-Summary Compensation Table and Grants of Plan-Based Awards."

EXECUTIVE COMPENSATION AND RELATED INFORMATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis discusses the principles underlying the Corporation's policies and decisions relating to executive officer compensation for the 2014 fiscal year. The Corporation's Chief Executive Officer (the "CEO"), the Chief Financial Officer and the other executive officers included in the Summary Compensation Table that appears later in this Proxy Statement will be referred to as the "named executive officers" for purposes of this discussion.

Executive Summary of Compensation Program Changes During 2014

The Executive Compensation Committee (the "Committee") of the Board of Directors is responsible for reviewing and approving the compensation payable to the Corporation's officers and other key employees. The Committee's goal is to implement compensation programs that reward the executive officers in a manner that supports a strong pay-for-performance philosophy while maintaining an overall level of compensation that is competitive, fair and reasonable. During 2014, the Committee undertook a comprehensive review of the Corporation's compensation philosophy, policies and practices and made significant changes that align the compensation programs for the executive officers with the Corporation's objectives and respond to changes in the marketplace:

The Committee retained Mercer (US) Inc. ("Mercer"), a national executive compensation consulting firm, to serve as the Committee's new independent compensation consultant and to advise the Committee on executive officer and director compensation.

The Committee made adjustments to the peer group used to benchmark executive compensation to ensure that the peer group best represents the market for executive talent among similar size, publicly-traded regulated utility companies.

The Committee negotiated a new multi-year compensation package for the CEO which will provide a meaningful retention vehicle for his continued services and leadership through 2017.

The CEO's new compensation package includes multi-year equity grants; 70% of the total grant value of the awards is in the form of performance-based awards tied to financial performance and shareholder return.

A significant portion of the long-term incentive awards for the other named executive officers will be tied to performance-based vesting.

The corporate level goal included in the short-term incentive program was revised so that different performance measures are utilized for the annual bonuses and equity awards.

These changes were not made until after the 2014 fiscal year compensation programs were established and accordingly are reflected in the compensation decisions for the 2015 and subsequent fiscal years.

Compensation Objectives and Philosophy

The Committee seeks to maintain an overarching pay-for-performance compensation philosophy through the use of compensation programs for the Corporation's executive officers that are designed to attain the following objectives:

- Recruit, motivate and retain executives capable of meeting the Corporation's strategic objectives;
- Provide incentives to achieve superior executive performance and successful financial results for the Corporation; and
- Align the interests of executives with the long-term interests of the shareholders.

The Committee seeks to achieve these objectives by:

- Establishing a compensation structure that is both market competitive and internally fair;
- Linking a substantial portion of compensation to the Corporation's financial performance and the individual's contribution to that performance;
- Maintaining a compensation structure that is designed to provide below-target compensation for underachievement and upward leverage for exceptional performance; and
- Providing long-term equity-based incentives and encouraging direct share ownership by executive officers.

The Committee is not authorized to delegate any of its authority with respect to executive officer compensation, other than with respect to routine administrative functions. However, the Committee may from time to time consult with other independent Board members regarding executive compensation matters and is authorized to hire independent compensation consultants and other professionals to assist in the design, formulation, analysis and implementation of compensation programs for the Corporation's executive officers and other key employees.

Setting Executive Compensation for 2014

Major compensation decisions for each fiscal year, including base salary adjustments, the determination of target annual bonus opportunities and the determination of the size of long-term equity incentive awards, are generally made by the Committee during the last quarter of the prior year or during the first month of the current year. For the 2014 fiscal year, such decisions were made in October 2013 (with respect to establishing base salaries, target annual bonuses and grant of equity awards), January and February 2014 (with respect to setting the performance goals applicable to the annual bonuses) and April 2014 (with respect to further adjusting the cash compensation for one of the named executive officers).

The principal factors that the Committee considered when setting the 2014 compensation levels for the named executive officers were as follows:

- Competitive benchmarking;
- Long-term retention;
- Management's recommendations;
- Advice from the Committee's independent compensation consultant and other compensation advisors;
- Results of the last Say-on-Pay Proposal;
- Comparison of the Corporation's performance against certain operational and qualitative goals identified in the Corporation's strategic plan;
- Individual performance as assessed by the Committee, with input from the CEO as to the named executive officers other than himself;
- The cost of living in the San Francisco Bay Area; and
- Tenure, future potential and internal pay equity.

Impact of 2014 Say-on-Pay Vote: The most recent shareholder advisory vote on executive officer compensation required under the federal securities laws was held on April 30, 2014. Approximately 73 percent of the votes cast on such proposal were in favor of the compensation of the named executive officers, as that compensation was disclosed in the Compensation Discussion and Analysis and the various compensation tables and narrative that appeared in the Corporation's proxy statement dated March 6, 2014. The Committee did not make any changes to the 2014 fiscal year compensation of the named executive officers following the 2014 annual shareholder meeting. However, following the 2014 annual shareholder meeting, the Committee undertook a review of the Corporation's compensation philosophy, policies and practices and made significant changes as described herein that will impact the compensation of the named executive officers for the 2015 fiscal year and thereafter.

The Committee will continue to take into account future shareholder advisory votes on executive compensation and other relevant market developments affecting executive officer compensation in order to determine whether any subsequent changes to the Corporation's executive compensation programs and policies would be warranted to reflect any shareholder concerns reflected in those advisory votes or to address market developments. Based on the voting preference of the shareholders, the frequency of future Say-on-Pay votes is every three years. Accordingly, the next shareholder advisory vote on executive officer compensation will occur at the 2017 annual meeting and the Committee will take into account the results of such shareholder advisory vote in setting compensation for future years.

Role of Management: As in prior years, the CEO provided the Committee with recommendations regarding the 2014 compensation levels for each of the named executive officers other than himself. Such recommendations included base salary adjustments, target bonus amounts and actual payout levels for those bonuses, and the size of long-term incentive awards. The CEO also provided the Committee with his assessment of the individual performance of each of the other named executive officers.

Role of External Advisors: The Committee had historically engaged Frederic W. Cook & Co., Inc., a national executive compensation consulting firm ("F.W. Cook"), to serve as the Committee's independent compensation consultant and F.W. Cook assisted the Committee in setting executive officer and director compensation for the 2014 fiscal year. In April, 2014, the Committee engaged Mercer to serve as the Committee's new independent compensation consultant. Mercer's role during 2014 is discussed in more detail in the section below entitled "Other Compensation Decisions Made During 2014."

Representatives of the compensation consultants (F.W. Cook during 2013 and prior to April 2014 and Mercer after April 2014) attended certain Committee meetings and provided guidance and expertise on competitive pay practices and plan designs that are consistent with the key objectives of the Corporation's compensation programs. The compensation consultants did not perform any services on behalf of management. In addition, the Committee determined that such consultants were independent and that the consultants' work did not raise any conflict of interest. The Committee made such determinations primarily on the basis of the six factors for assessing independence and identifying potential conflicts of interest that are set forth in Rule 10C-1(b)(4) under the Securities Exchange Act of 1934. The Committee will apply the same factors, together with any factors identified by the New York Stock Exchange and any other factors the Committee may deem relevant under the circumstances, in determining whether any other persons from whom the Committee seeks advice relating to executive compensation matters is independent or whether any potential conflicts exist.

Benchmarking: The Committee made a number of decisions regarding 2014 fiscal year compensation for the named executive officers on the basis of the executive compensation benchmarking report prepared by F.W. Cook dated October 2013. The October 2013 report benchmarked the compensation paid by comparable publicly-traded water, electricity and natural gas utility companies to their executive officers; the compensation data was based on 2012 proxy disclosures aged to 2013 levels by three percent to reflect the historic nature of the data.

The peer companies utilized for such benchmarking purposes were selected by the Committee, in accordance with the recommendation of F.W. Cook, on the basis of objective industry classifications, geographic location and financial size criteria (revenue and market capitalization). The peer companies were divided into two groups: a primary group consisting of six water utilities, and a secondary group consisting of eight additional electricity and natural gas utilities. The secondary group provided additional perspective with respect to executive officer compensation levels at other regulated companies of generally comparable revenue size and market capitalization. These peer groups were unchanged from the previous year, except that Central Vermont Public Company was acquired in 2012 and removed from the peer group. The Committee believes that all of the peer companies represented primary competitors for executive talent and investment capital.

2014 Peer Groups

The companies in each of the respective 2014 peer groups are listed below:

Primary Peers (Water Utilities)

American States Water	Aqua America	Artesian Resources
California Water Service Group	Connecticut Water Service	Middlesex Water

Secondary Peers (Electricity and Natural Gas Utilities)

CH Energy Group	Chesapeake Utilities	Empire District Electric
MGE Energy	Northwest Natural Gas	Otter Tail Corp
South Jersey Industries	Unitil	

For the 2014 fiscal year, the Committee targeted the total annual direct compensation (base salary, target bonus and annualized grant-date value of equity awards) of each executive officer based generally at or near the median level for his comparable position at the peer group for that year. Following the 2014 annual meeting of shareholders, the Committee, with the advice and assistance of Mercer, made some revisions to the peer group as set forth below under the section entitled "Other Compensation Decisions Made During 2014."

The table below shows the target total direct compensation for the 2014 fiscal year relative to the combined list of the 2014 Primary Peers and Secondary Peers in place at the time such compensation was approved:

Name	Title	Percentile Level of Total Target Direct Compensation for 2014 Fiscal Year
W. Richard Roth	President, Chief Executive Officer and Chairman of the Board	52nd (1)
Palle Jensen	Senior Vice President of Regulatory Affairs	51st
James P. Lynch	Chief Financial Officer and Treasurer	54th
Andrew F. Walters	Chief Administrative Officer (beginning January 31, 2014)	54th (2)

For purposes of such calculation, (i) the grant-date fair value of Mr. Roth's 2010 performance-based equity award was annualized over a five-year period coincident with the Corporation's 2010 through 2014 fiscal years, and (ii) the grant-date fair value of Mr. Roth's 2014 equity awards includes only the award granted in January 2014 based (1) on the Committee's review of the competitiveness of CEO compensation relative to the 2014 peer group. This analysis does not include the additional equity awards granted to Mr. Roth later in 2014 pursuant to his amended employment agreement as approved by the Committee in July 2014 (see the section below entitled "Amendment of CEO Employment Agreement" for additional details on these subsequent grants).

Mr. Walters' positioning is based on the annualized base salary rate at the date of hire (i.e., for a full 12 months), (2) target annual bonus opportunity, and grant date fair value of restricted stock units granted at hire; it excludes certain one-time payments such as the special new hire bonus.

Components of Compensation

For the 2014 fiscal year, the principal components of the Corporation's executive compensation program were as follows:

- Base salary
- Annual short-term cash incentives
- Long-term equity incentive awards
- Retirement benefit accruals

As a general guideline, the Committee seeks to target total direct compensation between the median and the 75th percentile for comparable positions at the peer group companies. The Committee believes that this range is appropriate given that the Corporation competes for talent in the highly competitive San Francisco Bay area and the higher cost of living in the area relative to its peers. There is no pre-established policy for the allocation of compensation between cash and non-cash (equity) components or between short-term and long-term components, and there are no pre-established ratios between the CEO's compensation and that of the other named executive officers. Instead, the Committee determines the total direct compensation of each named executive officer based on its review of competitive market data for his or her position and its subjective analysis of that individual's performance and contribution to the Corporation's financial performance. The Committee may also take into account internal pay equity considerations based on the individual's relative duties and responsibilities within the organization. The named executive officers are also provided with market competitive benefits and perquisites and are entitled to certain severance benefits in the event their employment terminates under certain defined circumstances, as more fully set forth below in this section and in the section entitled "Employment Agreements, Termination of Employment and Change in Control Arrangements" that appears later in this Proxy Statement.

Base Salary

It is the Committee's objective to set a competitive annual rate of base salary for each officer. The Committee believes that such competitive base salaries are necessary to attract and retain top quality executives, since it is common practice for public companies to provide their executive officers with an annual component of compensation that provides a level of economic security and continuity from year to year, without substantial adjustments to reflect the Corporation's performance.

CEO Base Salary: The Committee negotiated a compensation package with the CEO in December 2009 that was designed for the primary purpose of retaining his services and leadership abilities for at least the next five years and that was documented pursuant to the December 2009 amendment to his then existing employment agreement and based on a competitive analysis prepared by F.W. Cook of chief executive officer compensation packages at the seven major water utility companies then comprising of the primary peer group. The objective was to establish a stable and consistent level of cash compensation for that period and reorient the CEO's overall compensation structure so that the cash element would be a more predominant component. Pursuant to the December 2009 amendment of his employment agreement, the CEO's base salary for calendar year 2014 was set at \$676,000 which represented a 4% increase over his base salary for calendar year 2013.

Base Salary of the Other Named Executive Officers: In setting the 2014 fiscal year base salaries for the other named executive officers, the Committee considered each executive officer's tenure and responsibilities with the Corporation, competitive market data for his position, the high cost of living in the San Francisco Bay Area, internal pay equity considerations, and the other components of his total direct compensation for the year. The Committee approved market-based adjustments for the 2014 fiscal year that ranged from 3.6 to 13.2 percent increases for each of such other named executive officers. Mr. Jensen's salary was increased by 13.2 percent in an effort to bring his total compensation in line with the competitive market and to be internally equitable. Mr. Walters' base salary for the 2014 fiscal year was set in accordance with the terms of his offer letter.

Accordingly, the base salary levels that were in effect for the 2013 and 2014 fiscal years for each of the named executive officers and the applicable percentage increase for the 2014 fiscal year were as follows:

Name	Title	2013 Salary	2014 Salary	% Increase	
W. Richard Roth	President, Chief Executive Officer and Chairman of the Board	\$650,000	\$676,000	4.0	%
Palle Jensen	Senior Vice President of Regulatory Affairs	\$265,000	\$300,000	13.2	%(1)
James P. Lynch	Chief Financial Officer and Treasurer	\$389,000	\$403,000	3.6	%
Andrew F. Walters	Chief Administrative Officer (beginning January 31, 2014)	\$—	\$350,000	N/A	

Mr. Jensen's base salary was increased to \$285,000 effective January 1, 2014. His 2014 base salary was thereafter (1) increased to \$300,000 effective in May 2014 consistent with the comparability data of peer companies and positioning with the other named executive officers of the Corporation.

Annual Bonus

As part of their total compensation package, the Corporation's executive officers have the opportunity to earn an annual cash bonus. The cash bonus awards are designed to reward superior corporate and executive performance while reinforcing the Corporation's short-term strategic operating goals. The potential cash bonuses for the executive officers for the 2014 fiscal year were tied to the Corporation's attainment of the following performance goals: (i) return on equity, (ii) environmental compliance, and (iii) several operational goals. The operational goals represent a mix of quantitative financial and non-financial goals covering key business objectives used to manage the business that are critical to achieving and maintaining superior performance in the public utilities industry. The non-financial operational goals are critical to measuring the successful operation of the business. All financial and non-financial goals are quantitative goals set by the Committee at the start of the fiscal year. The potential bonuses for the named executive officers other than the CEO were also tied to individual performance goals established by the Committee. Each year, the Committee establishes a target bonus for each named executive officer (tied to either