

Illinois American Water Company  
Derivation of the Prospective Yield on A Rated Public Utility Bonds

<u>Line No.</u>	<u>Prospective Yield on Aaa Rated Corporate Bonds (1)</u>		
		Third Quarter 2007	5.9 %
		Fourth Quarter 2007	6.0
		First Quarter 2008	6.1
		Second Quarter 2008	6.1
		Third Quarter 2008	6.1
		Fourth Quarter 2008	<u>6.2</u>
1.	Average		<u>6.07 %</u>
	Adjustment to Reflect Yield Spread Between Aaa Rated Corporation Bonds and A Rated Public Utility Bonds (2)		<u>0.53</u>
3.	Adjusted Prospective Yield on A Rated Public Utility Bonds (3)		<u>6.60 %</u>

- Notes: (1) Based upon the consensus of nearly 50 economists reported in Blue Chip Financial Forecasts dated July 1, 2007 (see page 2 of this Schedule).  
(2) The average yield spread of A rated public utility bonds over Aaa rated corporate bonds of 0.53%, rounded to 0.5% derived below.

<u>Moody's Bond Yields for the Three Months Ended May 2007 *</u>			
	<u>Corporate Bonds</u>	<u>Public Utility Bonds</u>	
<u>Months</u>	<u>Aaa Rated</u>	<u>A Rated</u>	<u>Bond Yield Spread</u>
March-07	5.30 %	5.85 %	
April-07	5.47	5.97	
May-07	5.47	5.99	
Average of Last 3 Months	<u>5.41 %</u>	<u>5.94 %</u>	<u>0.53 %</u>

\* All yields are distributed yields.

Source of Information: Mergent Bond Record, June 2007, Vol. 74, No. 5

(3) Line No. 1 + Line No. 2.

2 ■ BLUE CHIP FINANCIAL FORECASTS ■ JULY 1, 2007

Consensus Forecasts Of U.S. Interest Rates And Key Assumptions<sup>1</sup>

Interest Rates	History								Consensus Forecasts-Quarterly Avg.					
	Average For Week Ending				Average For Month				Latest Q	4Q 2007	3Q 2007	1Q 2008	2Q 2008	3Q 2008
	Jun 15	June 8	Jun 1	May 25	May	Apr.	Mar.	2Q 2007*	2007	2007	2008	2008	2008	2008
Federal Funds Rate	5.26	5.24	5.28	5.24	5.25	5.25	5.26	5.25	5.2	5.2	5.2	5.1	5.1	5.1
Prime Rate	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.2	8.2	8.2	8.1	8.1	8.1
LIBOR, 3-mo.	5.36	5.36	5.36	5.36	5.35	5.35	5.35	5.34	5.4	5.4	5.3	5.3	5.3	5.2
Commercial Paper, 1-mo.	5.26	5.22	5.24	5.23	5.22	5.23	5.23	5.23	5.3	5.3	5.2	5.2	5.2	5.2
Treasury bill, 3-mo.	4.66	4.8	4.82	4.90	4.87	5.01	5.08	4.87	4.9	4.9	4.9	4.9	4.9	4.9
Treasury bill, 6-mo.	4.93	4.97	4.98	5.00	4.98	5.07	5.10	5.00	5.0	5.0	5.0	5.0	5.0	5.0
Treasury bill, 1 yr.	4.98	4.98	4.96	4.95	4.91	4.93	4.92	4.94	5.0	5.0	5.0	5.0	5.0	5.0
Treasury note, 2 yr.	5.06	4.99	4.92	4.84	4.77	4.67	4.57	4.82	5.0	5.1	5.1	5.0	5.1	5.1
Treasury note, 5 yr.	5.13	4.98	4.86	4.77	4.67	4.59	4.48	4.77	5.1	5.1	5.1	5.1	5.1	5.1
Treasury note, 10 yr.	5.20	5.02	4.90	4.84	4.75	4.69	4.56	4.85	5.1	5.2	5.2	5.2	5.3	5.3
Treasury note, 30 yr.	5.29	5.12	5.02	4.99	4.9	4.87	4.72	4.99	5.3	5.3	5.3	5.3	5.4	5.4
Corporate Aaa bond	5.89	5.67	5.58	5.55	5.47	5.47	5.30	5.57	5.9	6.0	6.1	6.1	6.1	6.2
Corporate Baa bond	6.79	6.62	6.51	6.47	6.39	6.39	6.27	6.50	6.8	6.9	7.0	7.0	7.1	7.1
State & Local bonds	4.64	4.54	4.41	4.38	4.31	4.26	4.15	4.39	4.7	4.7	4.8	4.8	4.8	4.8
Home mortgage rate	6.74	6.53	6.42	6.37	6.26	6.18	6.16	6.36	6.6	6.7	6.7	6.7	6.8	6.8

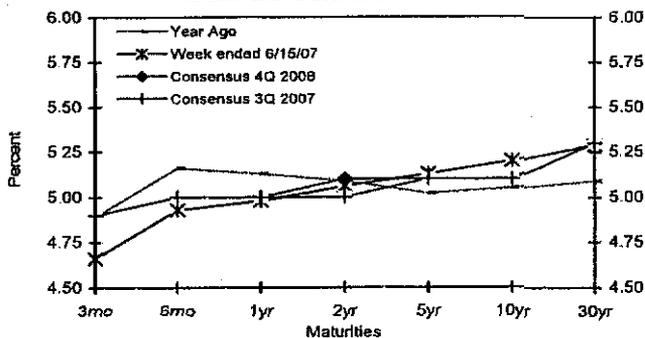
  

Key Assumptions	History								Consensus Forecasts-Quarterly Avg.					
	3Q 2005	4Q 2005	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007*	3Q 2007	4Q 2007	1Q 2008	2Q 2008	4Q 2008	3Q 2008
Major Currency Index	84.7	85.8	84.9	82.2	81.7	81.6	81.9	79.3	79.0	78.6	78.3	78.0	77.9	78.0
Real GDP	4.2	1.8	5.6	2.6	2.0	2.5	0.6	3.1	2.6	2.7	2.9	2.9	2.9	3.0
GDP Price Index	3.3	3.3	3.3	3.3	1.9	1.7	4.0	3.1	2.3	2.2	2.4	2.2	2.2	2.1
Consumer Price Index	5.5	3.5	1.8	5.1	3.0	-2.0	3.8	5.2	2.6	2.1	2.5	2.5	2.4	2.2

<sup>1</sup>Individual panel members' forecasts are on pages 4 through 9. Historical data for interest rates except LIBOR is from Federal Reserve Release (FRSR) H 15 LIBOR quotes available from *The Wall Street Journal*. Definitions reported here are same as those in FRSR H 15. Treasury yields are reported on a constant maturity basis. Historical data for the U.S. Federal Reserve Board's Major Currency Index is from FRSR H.10 and G.5. Historical data for Real GDP and GDP Chained Price Index are from the Bureau of Economic Analysis (BEA). Consumer Price Index (CPI) history is from the Department of Labor's Bureau of Labor Statistics (BLS). \*Interest rate data for 2Q 2007 based on historical data through the week ended June 15<sup>th</sup>. Data for 2Q 2007 Major Currency Index also is based on data through week ended June 15<sup>th</sup>. Figures for 2Q 2007 Real GDP, GDP Chained Price Index and Consumer Price Index are consensus forecasts based on a special question asked of the panel members this month.

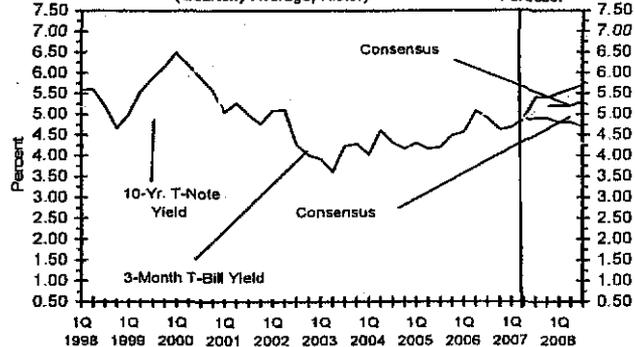
U.S. Treasury Yield Curve

Week ended June 15, 2007 and Year Ago vs. 3Q 2007 and 4Q 2008 Consensus forecasts



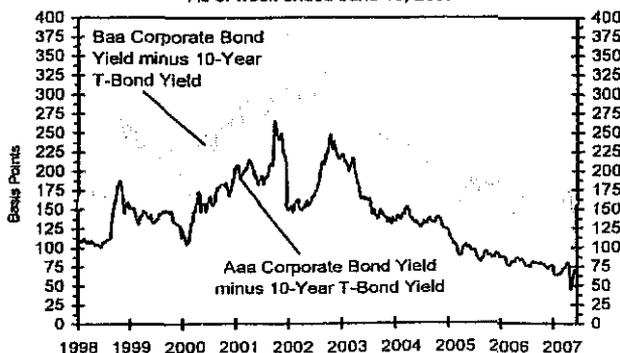
U.S. 3-Mo. T-Bills & 10-Yr. T-Note Yield

(Quarterly Average) History Forecast



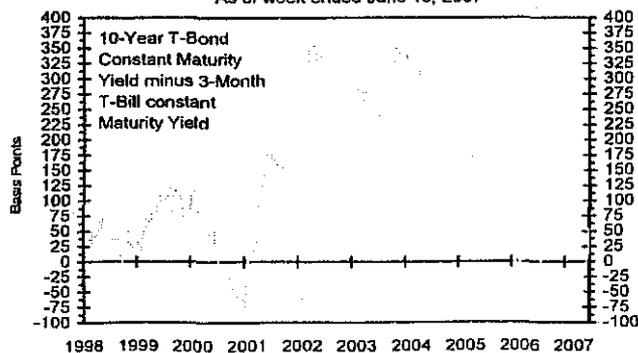
Corporate Bond Spreads

As of week ended June 15, 2007



U.S. Treasury Yield Curve

As of week ended June 15, 2007



Illinois American Water Company  
Indicated Common Equity Cost Rate  
Through Use of the Capital Asset Pricing Model  
Summary of Conclusion

<u>Line No.</u>		<u>Proxy Group of Eight Water Companies</u>	<u>Proxy Group of Thirteen Utilities Selected Upon the Basis of Least</u>
		<u>Includes All Indicated Common Equity Cost Rates</u>	
1.	Risk-Free Rate (1)	5.33 %	5.33 %
2.	Average Company-Specific Market Premium (2)	<u>5.83</u>	<u>6.89</u>
3.	Capital Asset Pricing Model Derived Common Equity Cost Rate	<u>11.16 %</u>	<u>12.22 %</u>
		<u>Excludes Those Indicated Common Equity Cost Rates Equal to or Less than 8.6% and Equal to or Greater than 12.0% (3)</u>	
4.	Capital Asset Pricing Model Derived Common Equity Cost Rate	<u>10.97 %</u>	<u>11.29 %</u>

Notes: (1) Developed in note 4 on page 4 of this Schedule.  
(2) Developed in note 3 on page 3 of this Schedule.  
(3) See note 5 on page 4 of this Schedule.

Illinois American Water Company  
Indicated Common Equity Cost Rate Through Use  
of the Capital Asset Pricing Model

	1	2	3	4	5
	Value Line Adjusted Beta	Adjusted Beta Based Upon Merrill Lynch Methodology (2)	Average Adjusted Beta	Company-Specific Risk Premium Based on Market Premium of 8.13% (3)	CAPM Result Including Risk-Free Rate of 5.33% (4)
<b>Proxy Group of Eight Water Companies</b>					
American States Water Co.	0.80	0.65	0.73	5.93 %	11.26 %
Aqua America, Inc.	0.90	0.34	0.62	5.04	10.37
Antares Resources Corp.	0.35 (1)	0.55	0.45	3.66	8.99
California Water Service Group	0.90	0.86	0.88	7.15	12.48
Connecticut Water Service Inc.	0.90	0.69	0.80	6.50	11.83
Middlesex Water Co.	0.85	0.71	0.78	6.34	11.67
SJW Corp.	0.70	0.92	0.81	6.59	11.92
York Water Co.	0.55	0.79	0.67	5.45	10.78
Average	0.74	0.70	0.72	5.83 %	11.16 %
Average excluding indicated common equity cost rate equal to or less than 8.6% and equal to or greater than 12.0%					10.97 % (5)
<b>Proxy Group of Thirteen Utilities Selected Upon the Basis of Least Relative Distance</b>					
Alliant Energy Corp.	0.95	0.44	0.69	5.61 %	10.94 %
American Electric Power Co., Inc.	1.35	1.07	1.21	9.84	15.17
American States Water Co.	0.80	0.65	0.73	5.93	11.26
DTE Energy Company	0.75	0.74	0.75	6.10	11.43
Energy Corp.	0.90	0.54	0.72	5.85	11.18
FPL Group, Inc.	0.85	0.89	0.87	7.07	12.40
Pinnacle West Capital Corp.	1.00	0.97	0.99	8.05	13.38
PPL Corp.	0.95	0.85	0.80	6.50	11.83
Progress Energy Inc.	0.95	0.84	0.90	7.32	12.65
SCANA Corp.	0.85	0.69	0.77	6.26	11.59
Vectren Corp.	0.85	0.74	0.84	6.83	12.16
Wisconsin Energy Corp.	0.80	0.54	0.67	5.45	10.78
Xcel Energy Inc.	0.90	1.24	1.07	8.70	14.03
Average	0.92	0.77	0.85	6.89 %	12.22 %
Average excluding indicated common equity cost rate equal to or less than 8.6% and equal to or greater than 12.0%					11.29 % (5)

See pages 3 and 4 for notes.

Illinois American Water Company  
Development of the Market-Required Rate of Return on Common Equity Using  
the Capital Asset Pricing Model for  
the Proxy Group of Eight Water Companies and the  
Proxy Group of Thirteen Utilities Selected Upon the Basis of Least Relative Distance  
Adjusted to Reflect a Forecasted Risk-Free Rate and Market Return

Notes:

- (1) Value Line Investment Survey does not publish a Ratings & Report for Artesian Resources Corp. Therefore its "Value Line Adjusted Beta" has been calculated and adjusted using Value Line's methodology as follows:

$$R_{i,t} = a_i + (\beta_i * R_{m,t}) + e_{i,t}$$

- Where:  $R_{i,t}$  = The return on security  $i$  in period  $t$ ,  
 $R_{m,t}$  = The return on the market portfolio in period  $t$ ,  
 $a_i$  = The intercept term for security  $i$ ,  
 $\beta_i$  = Unadjusted, raw, beta, the measure of market risk for security  $i$ ; and  
 $e_{i,t}$  = The residual term in period  $t$  for security  $i$ .

To adjust its unadjusted, raw beta for regression bias, Value Line uses the following formula:

$$B_{adjusted} = 0.35 + (0.67 * B_{unadjusted})$$

- (2) Adjusted betas based upon Merrill Lynch's methodology, with the exceptions that excess return data and not price change data and the NYSE Composite Index is used as a proxy for the market instead of the S&P 500 Index, as follows

$$(R_{i,t} - R_{f,t}) = a_i + (\beta_i * (R_{m,t} - R_{f,t})) + e_{i,t}$$

- Where:  $R_{i,t}$  = The return on security  $i$  in period  $t$ ,  
 $R_{f,t}$  = The risk-free rate of return in period  $t$ , i.e. 3-month U.S. Treasury Bill yield;  
 $R_{m,t}$  = The return on the market portfolio in period  $t$ ,  
 $a_i$  = The intercept term for security  $i$ ,  
 $\beta_i$  = Unadjusted, raw, beta, the measure of market risk for security  $i$ ; and  
 $e_{i,t}$  = The residual term in period  $t$  for security  $i$ .

To adjust its unadjusted, raw beta for regression bias, Merrill Lynch uses the following formula:

$$B_{adjusted} = 0.33743 + (0.66257 * B_{unadjusted})$$

- (3) The market risk premium is derived as the difference between a Discounted Cash Flow derived, market-value weighted, return for the dividend paying companies in the S&P 500 and which also have Zacks' long-term earnings per share (EPS) growth forecasts of 13.46% and the risk-free rate of 5.33% (developed in Note 2) is 8.13% (13.46% - 5.33%). The 8.13% market premium is then multiplied by the average beta in column 3 of page 2 of this Schedule.
- (4) Average forecast based upon six quarterly estimates of 20-year Treasury Note yields per the consensus of nearly 50 economists reported in the Blue Chip Financial

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 the Capital Asset Pricing Model for  
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Adjusted to Reflect a Forecasted Risk-Free Rate and Market Return

Forecasts dated July 1, 2007 (see page 2 of Schedule 12.08). The estimates are detailed below:

	<u>20-Year U.S. Treasury Note Yield</u>
Third Quarter 2007	5.30%
Fourth Quarter 2007	5.30
First Quarter 2008	5.30
Second Quarter 2008	5.30
Third Quarter 2008	5.40
Fourth Quarter 2008	5.40
Average	<u>5.33%</u>

- (5) Includes only those indicated common equity cost rates which are equal to or greater than 8.60%, i.e., 200 basis points above the prospective yield on A rated Moody's public utility bonds of 6.60% (from page 1 of Schedule 12.08 of this Exhibit) and those indicated common equity cost rates which are equal to or less than 12.00%, i.e., 550 basis points above the prospective yield on A rated Moody's public utility bonds of 6.6% (from page 1 of Schedule 12.08).

Source of Information: Value Line Investment Survey, April 27, 2007 (Standard Edition and Small and Mid-Cap Edition), May 11, June 1 and June 29, 2007  
 finance.yahoo.com

AMER. STATES WATER NYSE-AWR				RECENT PRICE	36.70	P/E RATIO	24.5 (Trading: 27.6 Median: 18.0)	RELATIVE P/E RATIO	1.26	DR'D YLD	2.6%	VALUE LINE							
TIMELINESS	5	Lowered 12/1/06	High: 18.1	17.1	19.5	26.5	25.3	26.4	29.0	29.0	26.8	34.6	43.8	41.1	Target Price Range	2010	2011	2012	
SAFETY	3	New 2A/00	Low: 12.5	13.3	14.1	14.8	16.7	19.0	20.3	21.6	20.8	24.3	30.3	35.4					
TECHNICAL	3	Lowered 4/27/07	LEGENDS --- 1.25 x Dividends p sh divided by Interest Rate ... Relative Price Strength 3-for-2 split 6/02 Options: No Shaded area indicates recession																
BETA	80	(100 = Market)	2010-12 PROJECTIONS																
			Price	Gain	Ann'l Total														
			High	(+35%)	Return														
			Low	(-5%)	2%														
Insider Decisions			J	A	S	O	N	D	J	F									
to Buy			0	0	0	0	1	0	0	0									
Options			3	0	2	0	0	1	0	0									
to Sell			3	0	2	0	0	2	0	0									
Institutional Decisions			2006Q4		2006Q3	2006Q2													
to Buy			67	53	59														
to Sell			44	55	39														
Net's (000)			8042	8361	8944														
			Percent	6															
			shares	4															
			traded	2															
1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	% VALUE LINE PUB., INC.	10-12
9.15	10.10	9.27	10.43	11.03	11.37	11.44	11.02	12.91	12.17	13.06	13.78	13.99	13.61	14.06	15.75	15.55	15.80	Revenues per sh	17.25
1.78	1.81	1.67	1.68	1.75	1.75	1.85	2.04	2.26	2.20	2.53	2.54	2.08	2.23	2.64	2.90	3.10	3.25	"Cash Flow" per sh	3.60
1.19	1.15	1.11	95	1.03	1.13	1.04	1.08	1.19	1.28	1.35	1.34	78	1.05	1.32	1.33	1.55	1.65	Earnings per sh <sup>A</sup>	2.05
.73	.77	.79	.80	.81	.82	.83	.84	.85	.86	.87	.87	.88	.89	.90	.91	.94	.97	Div'd Decl'd per sh <sup>B</sup>	1.06
2.77	2.31	1.90	2.43	2.19	2.40	2.58	3.11	4.30	3.03	3.18	2.68	3.76	5.03	4.24	3.91	3.95	3.95	Cap'l Spending per sh	4.00
8.39	8.85	9.95	10.07	10.29	11.01	11.24	11.48	11.82	12.74	13.22	14.05	13.97	15.01	15.72	16.64	17.80	19.20	Book Value per sh	22.25
9.91	9.96	11.71	11.77	11.77	13.33	13.44	13.44	13.44	15.12	15.12	15.18	15.21	16.75	16.80	17.05	18.00	19.00	Common Shs Outst'g <sup>C</sup>	22.00
8.8	10.6	13.4	12.8	11.6	12.6	14.5	16.5	17.1	15.9	16.7	18.3	31.9	23.2	21.9	27.7	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	21.0
56	64	78	84	78	79	84	81	97	1.03	86	1.00	1.82	1.23	1.17	1.47			Relative P/E Ratio	1.40
7.0%	6.3%	5.3%	6.6%	6.7%	5.8%	5.5%	5.0%	4.2%	4.2%	3.9%	3.6%	3.5%	3.6%	3.1%	2.4%			Avg Ann'l Div'd Yield	2.5%
CAPITAL STRUCTURE as of 12/31/06						153.8	148.1	173.4	184.0	197.5	209.2	212.7	228.0	236.2	288.6	280	300	Revenues (\$mill)	380
Total Debt \$300.4 mill Due in 5 Yrs \$3.3 mill						14.1	14.6	16.1	18.0	20.4	20.3	11.9	16.5	22.5	23.1	28.0	32.0	Net Profit (\$mill)	45.0
LT Debt \$267.8 mill LT Interest \$24.0 mill						41.1%	40.9%	46.0%	45.7%	43.0%	38.9%	43.5%	37.4%	47.0%	40.5%	41.0%	41.0%	Income Tax Rate	42.0%
(LT interest earned: 3.1x total interest coverage: 2.9x)																	AFUDC % to Net Profit	NH	
Leases, Uncapitalized: None						43.0%	43.6%	51.0%	47.5%	54.9%	52.0%	52.0%	47.7%	50.4%	48.6%	49.5%	49.0%	Long-Term Debt Ratio	49.5%
Pension Assets-12/06 \$64.3 mill						56.3%	55.7%	48.4%	51.9%	44.7%	48.0%	52.3%	49.6%	51.4%	50.5%	51.0%	Common Equity Ratio	50.5%	
Oblig. \$86.1 mill						268.4	277.1	328.2	371.1	447.6	444.4	442.3	480.4	532.5	551.6	635	720	Total Capital (\$mill)	965
Pfd Stock None. Pfd Div'd None						383.6	414.8	449.6	509.1	539.8	563.3	602.3	664.2	713.2	750.6	795	835	Net Plant (\$mill)	975
Common Stock 17,049,137 shs						6.9%	7.0%	6.6%	6.4%	6.1%	6.5%	4.6%	5.2%	5.4%	6.0%	6.0%	6.0%	Return on Total Cap'l	6.5%
MARKET CAP: \$625 million (Small Cap)						9.2%	9.4%	10.0%	9.2%	10.1%	9.5%	5.6%	6.6%	8.5%	8.1%	8.5%	9.0%	Return on Shr. Equity	9.0%
CURRENT POSITION (SMILL)						9.2%	9.4%	10.1%	9.3%	10.1%	9.5%	5.6%	6.6%	8.5%	8.1%	8.5%	9.0%	Return on Com Equity	9.0%
2004						1.8%	2.1%	2.9%	3.0%	3.6%	3.3%	NMF	1.0%	2.8%	2.7%	3.5%	3.5%	Retained to Com Eq	4.5%
2005						80%	78%	72%	68%	65%	65%	113%	84%	67%	67%	60%	58%	All Div'ds to Net Prof	52%
2006						BUSINESS: American States Water Co. operates as a holding company. Through its principal subsidiary, Golden State Water Company, it supplies water to more than 250,000 customers in 75 communities in 10 counties. Service areas include the greater metropolitan areas of Los Angeles and Orange Counties. The company also provides electric utility services to nearly 23,250 customers in the city of Big Bear Lake and in areas of San Bernardino County. Acquired Chaparral City Water of Arizona (10/00). Has roughly 555 employees. Officers & directors own 3.1% of common stock (4/07 Proxy). Chairman: Lloyd Ross. President & CEO: Floyd Wicks. Incorporated: CA. Addr.: 630 East Foothill Boulevard, San Dimas, CA 91773. Tele.: 909-394-3600 Web: www.aswater.com													
2007						Regulatory improvements augur well for American States Water. The California Public Utilities Commission (CPUC) is responsible for overseeing utility companies and their business practices in the Golden State. After years of handing down unfavorable decisions in a delayed fashion, it appears as though the board has taken a turn for the better. Under Governor Schwarzenegger's watch, it has employed a much more business-friendly approach, issuing more favorable decisions in much shorter time. Also, the CPUC announced that it has eliminated its earnings test on balancing account cost recovery, enabling Cal-based water utilities to recover costs even if they were earning over their allowed ROE in the district. We view these developments as positives for AWR. It has a number of GRC cases being reviewed that may well add to our current earnings estimates of \$1.55 for this year and \$1.65 for 2008.													
2008						There may be even more good news on the horizon. A fellow Cal water utility provider filed a general rate case last year petitioning the CPUC to enact a water revenue adjustment mechanism (RAM). If enacted, RAM would allow recovery of refund water revenues when actual sales are below adopted water sales included in the GRC assumptions. The CPUC has asked the company to refile its request, sparking speculation that the commission may back such a practice. Although the adoption of this methodology would provide significant upside to our estimates, as per Value Line protocol, we will not account for such until a decision is finalized.													
2009						Government contracts provide further optimism. The military has expressed its interest in outsourcing water and wastewater operations at all of its bases. American has already inked deals for a couple of these bases, and additional deals could add upside to our 3- to 5-year projections.													
2010						Still, most investors will want to take a pass on this untimely issue. We are concerned that infrastructure costs will increase at too fast a rate over the next couple of years and offset any gains we envision from the aforementioned initiatives. Therefore, the stock holds limited 3- to 5-year appreciation potential.													
2011						Andre J. Costanza April 27, 2007													
2012						Company's Financial Strength B++													
2013						Stock's Price Stability 75													
2014						Price Growth Persistence 85													
2015						Earnings Predictability 60													

(A) Primary earnings Excludes nonrecurring gains: '91, 73¢; '92, 13¢; '04, 14¢; '05, 25¢; '06, 6¢ Quarterly earnings may not sum due to change in share count Next earnings report due early May  
(B) Dividends historically paid in early March, June, September, December. = Div'd reinvestment plan available  
(C) In millions, adjusted for splits  
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AQUA AMERICA NYSE-WTR		RECENT PRICE	23.37	P/E RATIO	29.6	(Trailing: 33.4 Median: 23.0)	RELATIVE P/E RATIO	1.53	DVD YLD	2.1%	VALUE LINE			
TIMELINESS	4 Raised 3/9/07	High: 5.7	8.5	11.5	11.5	12.0	14.8	15.0	16.8	18.5	29.2	29.8	24.0	Target Price Range
SAFETY	3 Lowered 8/1/03	Low: 3.9	4.4	7.2	7.6	6.3	9.4	9.6	11.8	14.2	17.5	20.1	20.5	2010 2011 2012
TECHNICAL	3 Lowered 12/22/06	LEGENDS 150 x Dividends p sh divided by Interest Rate ..... Relative Price Strength										64		
BETA	.90 (1.00 = Market)	3-for-2 split 7/96 4-for-3 split 1/98 5-for-4 split 12/00 5-for-4 split 12/01 5-for-4 split 12/03 4-for-3 split 12/05 Options: Yes Shaded area indicates recession										48		
2010-12 PROJECTIONS		5-for-4										40		
High	30 (+30%)	5-for-4										32		
Low	19 (-20%)	5-for-4										24		
Insider Decisions		5-for-4										20		
Institutional Decisions		5-for-4										12		
CAPITAL STRUCTURE as of 12/31/06		5-for-4										8		
Pension Assets-12/06 \$126.5 mill.		5-for-4										6		
Pfd Stock None		5-for-4										12		
MARKET CAP: \$3.1 billion (Mid Cap)		5-for-4										12		
CURRENT POSITION (MILL)		5-for-4										12		
ANNUAL RATES		5-for-4										12		
QUARTERLY REVENUES (\$ mill.)		5-for-4										12		
EARNINGS PER SHARE		5-for-4										12		
QUARTERLY DIVIDENDS PAID		5-for-4										12		
disc. operations: '06, 2¢. Next earnings report due early May.		5-for-4										12		
(A) Primary shares outstanding through '06, diluted thereafter.		5-for-4										12		
(B) Dividends historically paid in early March, June, Sept. & Dec. = Div'd reinvestment plan available (5% discount)		5-for-4										12		
(C) In millions, adjusted for stock splits		5-for-4										12		
Company's Financial Strength		5-for-4										12		
Stock's Price Stability		5-for-4										12		
Price Growth Persistence		5-for-4										12		
Earnings Predictability		5-for-4										12		

CALIFORNIA WATER NYSE-CWT										RECENT PRICE	PIE RATIO					RELATIVE PIE RATIO	DIV'D YLD	VALUE LINE		
										40.72	25.9 (Trailing: 30.4 Median: 19.0)					1.34	2.8%			
TIMELINESS	5	Lowered 8/11/06	High: 21.9	29.6	33.8	32.0	31.4	28.6	26.9	31.4	37.9	42.1	45.8	44.6		Target Price	Range			
SAFETY	2	Lowered 8/11/05	Low: 16.3	18.6	20.8	22.6	21.5	22.9	20.5	23.7	26.1	31.2	32.8	35.5		2010	2011			
TECHNICAL	3	Lowered 1/26/07	LEGENDS 1.33 x Dividends p sh divided by Interest Rate Relative Price Strength 2-for-1 split 1/98 Options: No Shaded area indicates recession														2012			
BETA	90	(1.00 = Market)	2010-12 PROJECTIONS Ann'l Total Price Gain Return High 50 (+25%) 8% Low 40 (Nil) 2%																	
Insider Decisions			J J A S O N D J F to Buy 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 Options 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 to Sell 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0																	
Institutional Decisions			2Q2006 3Q2006 4Q2006 to Buy 42 35 65 to Sell 39 37 26 Net (000) 5714 5853 8338 Percent 4.5 shares 3 traded 1.5																	
1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	© VALUE LINE PUB., INC.	10-12	
11.18	12.29	13.34	12.59	13.17	14.48	15.48	14.76	15.96	15.16	16.26	17.33	16.37	17.18	17.44	16.20	17.40	18.15	Revenues per sh	21.30	
1.98	1.92	2.25	2.02	2.07	2.50	2.92	2.60	2.75	2.52	2.20	2.65	2.51	2.83	3.03	2.76	3.20	3.45	"Cash Flow" per sh	3.90	
1.21	1.09	1.35	1.22	1.17	1.51	1.83	1.45	1.53	1.31	94	1.25	1.21	1.46	1.47	1.34	1.60	1.75	Earnings per sh <sup>A</sup>	2.15	
.90	.93	.96	.99	1.02	1.04	1.06	1.07	1.09	1.10	1.12	1.12	1.12	1.13	1.14	1.15	1.16	1.17	Div'd Dec'd per sh <sup>B</sup>	1.20	
3.03	3.09	2.53	2.26	2.17	2.83	2.61	2.74	3.44	2.45	4.09	5.82	4.39	3.73	4.01	4.28	4.35	4.50	Capit Spending per sh	4.35	
10.35	10.51	10.90	11.56	11.72	12.22	13.00	13.38	13.43	12.90	12.95	13.12	14.44	15.68	15.79	18.31	19.05	19.55	Book Value per sh <sup>C</sup>	21.30	
11.38	11.38	11.38	12.49	12.54	12.62	12.62	12.62	12.94	15.15	15.18	15.18	16.93	18.37	18.39	20.66	21.00	21.50	Common Shs Outst'g <sup>D</sup>	23.00	
11.2	14.1	13.6	14.1	13.7	11.9	12.6	17.8	17.8	19.6	27.1	19.8	22.1	20.1	24.9	29.6	36.5	39.0	Avg Ann'l PIE Ratio	21.0	
.72	.86	.80	.92	.92	.75	.73	.93	1.01	1.27	1.39	1.08	1.26	1.06	1.33	1.57	1.93	2.15	Relative PIE Ratio	1.40	
6.6%	6.1%	5.2%	5.8%	6.4%	5.8%	4.6%	4.2%	4.0%	4.3%	4.4%	4.5%	4.2%	3.9%	3.1%	3.4%	3.1%	3.4%	Avg Ann'l Div'd Yield	2.7%	
CAPITAL STRUCTURE as of 12/31/06			Total Debt \$293.6 mil. Due in 5 Yrs \$11.9 mil LT Debt \$291.8 mil LT Interest \$22.5 mil (LT interest earned: 3.5%; total int. cov: 3.2x)																	
Pension Assets-12/06 \$78.4 mil.			Oblig. \$109.1 mil. Prd Stock \$3.5 mil. Prd Div'd \$1.15 mil. 139,000 shares, 4.4% cumulative (\$25 par)																	
Common Stock 20,658,699 shs. as of 3/6/07			MARKET CAP: \$850 million (Small Cap)																	
CURRENT POSITION			2004	2005	12/31/06															
(MILL)			18.8	9.5	60.3															
Cash Assets			51.6	42.7	49.3															
Other			70.4	52.2	109.6															
Current Assets			19.8	36.1	33.1															
Accis Payable			1.1	1.1	1.8															
Debt Due			36.3	39.6	35.3															
Other			57.2	76.8	70.2															
Current Liab			338%	361%	317%															
Fix. Chg. Cov.																				
ANNUAL RATES			Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '10-'12															
of change (per sh)			2.5%	1.5%	3.5%															
Revenues			3.0%	1.5%	5.0%															
"Cash Flow"			1.0%	-0.5%	6.5%															
Earnings			1.5%	1.0%	1.0%															
Dividends			3.0%	3.0%	5.0%															
Book Value																				
Cal-endar	QUARTERLY REVENUES (\$ mil.)		Full Year																	
2004	Mar.31	Jun.30	Sep.30	Dec.31	315.6															
2005	60.2	88.9	97.1	69.4	320.7															
2006	60.3	81.5	101.1	77.8	334.7															
2007	65.2	81.1	107.8	80.6	365															
2008	70.0	90.0	120	85.0	390															
2008	75.0	97.0	128	90.0																
Cal-endar	EARNINGS PER SHARE <sup>A</sup>		Full Year																	
2004	Mar.31	Jun.30	Sep.30	Dec.31	1.46															
2005	.08	.59	.59	.20	1.47															
2006	.03	.41	.71	.32	1.34															
2007	.04	.31	.68	.31	1.60															
2008	.08	.42	.76	.34	1.75															
2008	.10	.45	.82	.38																
Cal-endar	QUARTERLY DIVIDENDS PAID <sup>B</sup>		Full Year																	
2003	Mar.31	Jun.30	Sep.30	Dec.31	1.12															
2004	.281	.281	.281	.281	1.13															
2005	.283	.283	.283	.283	1.14															
2006	.285	.285	.285	.285	1.15															
2007	.2875	.2875	.2875	.2875																
2008	.290																			
BUSINESS:			California Water Service Group provides regulated and nonregulated water service to over 2 million people (483,900 customers) in 83 communities in California, Washington, New Mexico, and Hawaii. Main service areas: San Francisco Bay area, Sacramento Valley, Salinas Valley, San Joaquin Valley & parts of Los Angeles. Acquired National Utility Company (5/04); Rio Grande Corp. (11/00). Revenue breakdown, '06: residential, 70%; business, 18%; public authorities, 5%; industrial, 5%; other, 2%. '06 reported deprec. rate: 3.3%. Has roughly 870 employees. Chairman: Robert W. Foy. President & CEO: Peter C. Nelson Inc.: Delaware. Address: 1720 North First Street, San Jose, California 95112-4598. Telephone: 408-367-8200. Internet: www.cwwater.com																	
California Water Service Group appears poised for a strong bottom-line rebound this year. Although the water utility provider had some trouble in 2006, we expect better weather conditions, especially in the first half of the year, to help it bounce back. Meanwhile, there are better regulatory practices in play now. The California Public Utilities Commission (CPUC), which is responsible for maintaining a balance between consumers and Cal-based utilities, recently awarded CWT an allowed ROE of 10.2% on its general rate case regarding 24 districts. The ruling was in line with what we expected and points to an improving regulatory environment in the state. This augurs well for the company's prospects, as it submits a general rate case to recover higher non-operational costs for eight of its districts every three years, and has a few cases currently being reviewed. Against this backdrop, we look for CWT to post share earnings of \$1.60 this year, representing a 19% gain. Further regulatory improvements should boost 2008 earnings. Given the CPUC's more business-friendly nature, there is a good chance that the board will			enact some of the reformations proposed in the Water Action Plan that are on the table. A decision is expected in the second half of this year. We are introducing a 2008 share-net estimate of \$1.75. Capital constraints remain a problem, though. CWT is making heavy investments in its current systems. Indeed, capital expenditures have increased significantly in recent years and are likely to remain high for the foreseeable future. Unfortunately, it does not have enough cash on hand to foot the bill, making additional stock and debt offerings necessary. Growth-minded investors will want to look elsewhere. The stock is ranked 5 (Lowest) for Timeliness and offers limited 3- to 5-year appreciation potential, given its financing problems. That said, those looking for a steady stream of income may like what they see. Despite its capital constraints, CWT recently raised its annual dividend, marking the 40th consecutive year of increase. Although there are higher-yielding instruments out there, CWT's 2 (Above Average) Safety rank adds appeal.																	
Company's Financial Strength			B++																	
Stock's Price Stability			80																	
Price Growth Persistence			80																	
Earnings Predictability			70																	

(A) Basic EPS. Excl. nonrecurring gain (loss); '00, (7¢); '01, 4¢; '02, 8¢. Next earnings report due early May  
 (B) Dividends historically paid in mid-Feb., May, Aug., and Nov. ■ Div'd reinvestment plan available.  
 (C) Incl. deferred charges. In '06: \$69.5 mil., \$3.36/sh.  
 (D) In millions, adjusted for split.  
 (E) May not total due to change in shares

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CONN. WATER SERVICES		NDQ-CTWS	RECENT PRICE	24.25	TRAILING P/E RATIO	29.9	RELATIVE P/E RATIO	1.46	DIV'D YLD	3.5%	VALUE LINE
<b>RANKS</b>	19.00 13.33	24.67 12.67	23.50 17.00	32.21 19.50	31.09 20.35	30.41 24.00	29.76 23.83	28.17 21.91	27.71 20.29	25.09 22.52	High Low
<b>PERFORMANCE</b>	2 Above Average										
<b>Technical</b>	3 Average										
<b>SAFETY</b>	3 Average										
<b>BETA</b>	90 (1.00 = Market)										
<b>Financial Strength</b>	B+										
<b>Price Stability</b>	75										
<b>Price Growth Persistence</b>	55										
<b>Earnings Predictability</b>	80										
© VALUE LINE PUBLISHING, INC.		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007/2008
SALES PER SH		5.58	5.87	5.70	5.93	5.77	5.91	6.04	5.81	5.68	
"CASH FLOW" PER SH		1.59	1.65	1.73	1.78	1.78	1.89	1.91	1.62	1.52	
EARNINGS PER SH		1.02	1.03	1.09	1.13	1.12	1.15	1.16	.88	.81	1.05 A, B, 1.15 C
DIV'DS DECL'D PER SH		.78	.79	.79	.80	.81	.83	.84	.85	.86	
CAP'L SPENDING PER SH		1.12	1.42	1.43	1.85	1.98	1.49	1.58	1.96	1.96	
BOOK VALUE PER SH		8.52	8.61	8.92	9.25	10.06	10.46	10.94	11.52	11.60	
COMMON SHS OUTST'G (MILL)		6.80	7.26	7.28	7.65	7.94	7.97	8.04	8.17	8.27	
AVG ANN'L P/E RATIO		15.5	18.2	18.2	21.5	24.3	23.5	22.9	28.6	29.1	23.1/21.1
RELATIVE P/E RATIO		.81	1.04	1.18	1.10	1.33	1.34	1.21	1.51	1.57	
AVG ANN'L DIV'D YIELD		4.9%	4.2%	4.0%	3.3%	3.0%	3.0%	3.1%	3.4%	3.6%	
SALES (\$MILL)		37.9	42.6	41.5	45.4	45.8	47.1	48.5	47.5	46.9	Bold figures are consensus earnings estimates and, using the recent prices, P/E ratios.
OPERATING MARGIN		46.2%	48.7%	48.8%	56.1%	57.7%	52.1%	51.0%	48.3%	43.7%	
DEPRECIATION (\$MILL)		3.9	4.5	4.7	5.0	5.4	5.9	6.0	6.1	5.9	
NET PROFIT (\$MILL)		7.0	7.5	8.0	8.7	8.8	9.2	9.4	7.2	6.7	
INCOME TAX RATE		34.3%	40.1%	35.7%	36.1%	33.8%	17.9%	22.9%	-	23.5%	
NET PROFIT MARGIN		18.4%	17.6%	19.2%	19.1%	19.2%	19.5%	19.4%	15.1%	14.3%	
WORKING CAP'L (\$MILL)		d3.7	d3.8	3	d3.3	d5.1	d3.9	d.7	13.0	1.2	
LONG-TERM DEBT (\$MILL)		62.5	65.4	64.7	64.0	64.8	64.8	66.4	77.4	77.3	
SHR. EQUITY (\$MILL)		58.7	63.3	65.7	71.6	80.7	84.2	88.7	94.9	96.7	
RETURN ON TOTAL CAP'L		7.3%	7.4%	7.6%	7.9%	7.4%	7.5%	7.0%	5.0%	4.9%	
RETURN ON SHR. EQUITY		11.9%	11.8%	12.1%	12.1%	10.9%	10.9%	10.6%	7.5%	6.9%	
RETAINED TO COM EQ		2.8%	3.1%	3.2%	3.6%	3.1%	3.2%	3.1%	.3%	NMF	
ALL DIV'DS TO NET PROF		76%	74%	74%	71%	72%	71%	71%	95%	105%	
<small>A. No. of analysts changing earn. est. in last 14 days: 0 up, 0 down, consensus 5-year earnings growth 10.0% per year. B. Based upon one analyst's estimate. C. Based upon one analyst's estimate.</small>											
<b>ANNUAL RATES</b>				<b>ASSETS (\$mill.)</b>			<b>INDUSTRY: Water Utility</b>				
of change (per share)				2004	2005	12/31/06	<b>BUSINESS:</b> Connecticut Water Services, Inc. primarily operates as a water utility company in Connecticut. It operates through three segments: Water Activities, Real Estate Transactions, and Services and Rentals. The Water Activities segment supplies public drinking water to its customers. The Real Estate Transactions segment is involved in the sale of its limited excess real estate holdings. The Services and Rentals segment provides contracted services to water and wastewater utilities and other clients, as well as leases certain of its properties to third parties. This segment's services include contract operations of water and wastewater facilities; Linebacker, its service line protection plan for public drinking water customers; and provision of bulk deliveries of emergency drinking water to businesses and residences via tanker truck. As of March 19, the company provided water to approximately 83,000 or 286,000 customers in 41 towns in Connecticut. Has about 200 employees. Chairman: Marshall T. Chiaraluce, Inc.: CT. Address: 93 West Main Street, Clinton, CT 06413. Tel.: (860) 669-8636. Internet: <a href="http://www.ctwater.com">http://www.ctwater.com</a> .				
Sales				7	4.4	1.4					
"Cash Flow"				9.8	5.9	9.5					
Earnings				.9	.9	.9					
Dividends				3.9	14.9	2.4					
Book Value				15.3	26.1	14.2					
Fiscal Year				Property, Plant & Equip, at cost							
12/31/04				344.5	345.0	370.5					
12/31/05				98.4	97.3	102.4					
12/31/06				246.1	247.7	268.1					
12/31/07				29.5	32.2	32.9					
Fiscal Year				LIABILITIES (\$mill.)							
12/31/03				5.5	4.8	6.0					
12/31/04				6.0	7.1	5.3					
12/31/05				4.4	1.3	1.7					
12/31/06				15.9	13.2	13.0					
12/31/07				LONG-TERM DEBT AND EQUITY as of 12/31/06							
Cal-endar				Total Debt \$82.6 mill							
2004				Due in 5 Yrs. \$5.3 mill							
2005				LT Debt \$77.3 mill							
2006				Including Cap. Leases None							
2007				(44% of Cap'l)							
				Leases, Uncapitalized Annual rentals \$3 mill							
				Pension Liability None in '06 vs None in '05							
				Pfd Stock \$8 mill.							
				Pfd Div'd Paid NMF							
				Common Stock 8,270,394 shares							
				(56% of Cap'l)							
<b>INSTITUTIONAL DECISIONS</b>				<b>TOTAL SHAREHOLDER RETURN</b>							
2Q'06				Dividends plus appreciation as of 3/31/2007							
3Q'06				3 Mos.							
4Q'06				6 Mos.							
to Buy				1 Yr.							
to Sell				3 Yrs.							
Hld's(000)				5 Yrs.							
1462				6.66%							
1253				10.97%							
12				-4.83%							
18				-6.21%							
19				3.39%							
12											



SJW CORP. NYSE-SJW		RECENT PRICE	TRAILING P/E RATIO	RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE						
		39.26	33.0	1.61	1.5%							
<b>RANKS</b>		11.92 8.08	20.17 9.54	20.33 15.83	17.83 11.58	15.07 12.67	14.95 12.57	19.64 14.60	27.80 16.07	45.33 21.16	43.00 33.55	High Low
PERFORMANCE	3 Average											
Technical	3 Average											
SAFETY	3 Average											
BETA	70 (1.00 = Market)											
Financial Strength	B++											
Price Stability	75											
Price Growth Persistence	80											
Earnings Predictability	70											
<b>VALUE LINE PUBLISHING, INC.</b>												
SALES PER SH	5.58	6.40	6.74	7.45	7.97	8.20	9.14	9.86	10.35			
"CASH FLOW" PER SH	1.26	1.43	1.23	1.49	1.55	1.75	1.89	2.21	2.38			
EARNINGS PER SH	.76	.87	.58	.77	.78	.91	.87	1.12	1.19	1.41 <sup>A</sup> /1.49 <sup>C</sup>		
DIV'D DECL'D PER SH	.39	.40	.41	.43	.46	.49	.51	.53	.57			
CAP'L SPENDING PER SH	1.81	1.77	1.89	2.63	2.06	3.41	2.31	2.83	3.87			
BOOK VALUE PER SH	7.53	7.88	7.90	8.17	8.40	9.11	10.11	10.72	12.48			
COMMON SHS OUTST'G (MILL)	19.01	18.27	18.27	18.27	18.27	18.27	18.27	18.27	18.27			
AVG ANNL P/E RATIO	13.1	15.5	33.1	18.5	17.3	15.4	19.6	19.7	23.5	27.8/26.3		
RELATIVE P/E RATIO	.68	.88	2.15	.95	.94	.88	1.04	1.04	1.27			
AVG ANNL DIV'D YIELD	3.9%	3.0%	2.1%	3.0%	3.4%	3.5%	3.0%	2.4%	2.0%			
SALES (\$MILL)	106.0	117.0	123.2	136.1	145.7	149.7	166.9	180.1	189.2	Bold figures are consensus earnings estimates and, using the recent prices, P/E ratios.		
OPERATING MARGIN	36.0%	33.2%	30.2%	64.4%	63.7%	56.0%	56.4%	55.8%	57.0%			
DEPRECIATION (\$MILL)	9.6	10.2	11.9	13.2	14.0	15.2	18.5	19.7	21.3			
NET PROFIT (\$MILL)	14.4	15.9	10.7	14.0	14.2	16.7	16.0	20.7	22.2			
INCOME TAX RATE	40.2%	35.9%	41.0%	34.5%	40.4%	36.2%	42.1%	41.6%	40.8%			
NET PROFIT MARGIN	13.6%	13.6%	8.7%	10.3%	9.8%	11.2%	9.6%	11.5%	11.7%			
WORKING CAP'L (\$MILL)	9.4	d3.0	d11.4	d3.8	d4.9	12.0	13.0	10.8	22.2			
LONG-TERM DEBT (\$MILL)	90.0	90.0	90.0	110.0	110.0	139.6	143.6	145.3	163.6			
SHR. EQUITY (\$MILL)	143.2	143.9	144.3	149.4	153.5	166.4	184.7	195.9	228.2			
RETURN ON TOTAL CAP'L	7.4%	8.2%	5.9%	6.7%	6.9%	6.9%	6.5%	7.6%	7.0%			
RETURN ON SHR. EQUITY	10.1%	11.0%	7.4%	9.4%	9.3%	10.0%	8.7%	10.6%	9.7%			
RETAINED TO COM EQ	4.9%	5.9%	2.2%	4.1%	3.8%	4.7%	3.6%	5.6%	5.2%			
ALL DIV'DS TO NET PROF	52%	46%	70%	56%	59%	53%	58%	47%	46%			

<sup>A</sup>No. of analysts changing earn est in last 14 days: 0 up, 0 down, consensus 5-year earnings growth 10.0% per year. <sup>B</sup>Based upon one analyst's estimate. <sup>C</sup>Based upon one analyst's estimate.

ANNUAL RATES					ASSETS (\$mill.)			
of change (per share)	5 Yrs.	1 Yr.			2004	2005	12/31/06	
Sales	7.5%	5.0%			10.9	9.4	3.8	
"Cash Flow"	9.5%	7.5%			14.6	18.4	20.9	
Earnings	7.5%	6.0%			6	6	.9	
Dividends	5.5%	6.5%			2.3	3.3	33.9	
Book Value	7.0%	16.5%			28.4	31.7	59.5	
Fiscal Year	QUARTERLY SALES (\$mill.)		Full Year	Property, Plant & Equip. at cost	646.9	695.0	776.2	
	1Q	2Q	3Q	4Q	190.1	210.2	234.5	
12/31/04	31.1	45.6	52.3	37.9	456.8	484.8	541.7	
12/31/05	33.3	44.8	58.5	43.5	67.0	71.2	104.7	
12/31/06	33.7	47.9	63.1	44.5	552.2	587.7	705.9	
12/31/07								
Fiscal Year	EARNINGS PER SHARE		Full Year	LIABILITIES (\$mill.)	9	5.1	7.3	
	1Q	2Q	3Q	4Q	Accs Payable	.3	3	16.0
12/31/03	.18	.24	.33	.16	Debt Due	14.2	15.5	13.9
12/31/04	.09	.27	.30	.21	Other	15.4	20.9	37.2
12/31/05	.15	.31	.53	.13	Current Liab			
12/31/06	.14	.35	.48	.22				
12/31/07	.20	.37						
Cal-endar	QUARTERLY DIVIDENDS PAID		Full Year	LONG-TERM DEBT AND EQUITY as of 12/31/06				
	1Q	2Q	3Q	4Q	Total Debt \$179.6 mill.	Due in 5 Yrs. \$21.7 mill.		
2004	.128	.128	.128	.128	LT Debt \$163.6 mill.	Including Cap. Leases None		
2005	.134	.134	.134	.134	Leases, Uncapitalized Annual rentals None	(42% of Cap'l)		
2006	.141	.141	.141	.141	Pension Liability \$26.3 mill in '06 vs \$13.2 mill in '05			
2007	.151				Pfd Stock None	Pfd Div'd Paid None		
					Common Stock 18,261,769 shares	(58% of Cap'l)		
	INSTITUTIONAL DECISIONS							
	2Q'06	3Q'06	4Q'06					
to Buy	31	34	33					
to Sell	27	24	22					
Hld's(000)	6941	7001	7341					

INDUSTRY: Water Utility				
<b>BUSINESS:</b> SJW Corp. operates as the holding company for San Jose Water Company (SJWC), SJW Land Company, Crystal Choice Water Service LLC, and SJWTX Water, Inc. SJWC produces, purchases, stores, purifies, distributes, and sells water. It provides water service to customers in Cupertino, San Jose, Campbell, Monte Sereno, Saratoga, the Town of Los Gatos, and in the county of Santa Clara, California. SJWC also provides nonregulated water-related services, including water system operations, billings, and cash remittance services. SJW Land owns and operates parking facilities in San Jose, California, as well as owns commercial buildings and other undeveloped land primarily in the San Jose Metropolitan area, some properties in the states of Florida, Texas, and Connecticut, and a 70% limited partnership interest in 444 West Santa Clara Street, L.P. Crystal Choice sells and rents water conditioning and purification equipment. Has 357 employees. Chairman: Drew Gibson. Inc.: CA. Address: 374 West Santa Clara Street, San Jose, CA 95113. Tel.: (408) 279-7800. Internet: <a href="http://www.sjwater.com">http://www.sjwater.com</a> .				
A.Z.				
April 27, 2007				
TOTAL SHAREHOLDER RETURN				
Dividends plus appreciation as of 3/31/2007				
3 Mos.	6 Mos.	1 Yr.	3 Yrs.	5 Yrs.
4.84%	36.48%	53.69%	151.41%	241.70%

YORK WATER CO NDQ-YORW		RECENT PRICE	17.82	TRAILING P/E RATIO	30.7	RELATIVE P/E RATIO	1.50	DIV'D YLD	2.6%	VALUE LINE	
<b>RANKS</b> PERFORMANCE <b>3</b> Average Technical <b>3</b> Average SAFETY <b>3</b> Average BETA 55 (1.00 = Market)											
<b>Financial Strength</b> B+ <b>Price Stability</b> 60 <b>Price Growth Persistence</b> 50 <b>Earnings Predictability</b> 85		<b>© VALUE LINE PUBLISHING, INC.</b>									
		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007/2008
REVENUES PER SH		--	--	--	2.05	2.05	2.17	2.18	2.58	2.56	
"CASH FLOW" PER SH		--	--	--	.59	.57	.65	.65	.79	.77	
EARNINGS PER SH		--	--	--	.43	.40	.47	.49	.56	.58	.63 <sup>A,B</sup> /.69 <sup>C</sup>
DIV'D DECL'D PER SH		--	--	--	.34	.35	.37	.39	.42	.45	
CAP'L SPENDING PER SH		--	--	--	.75	.66	1.07	2.50	1.69	1.85	
BOOK VALUE PER SH		--	--	--	3.79	3.90	4.06	4.65	4.85	5.84	
COMMON SHS OUTST'G (MILL)		--	--	--	9.46	9.55	9.63	10.33	10.40	11.20	
AVG ANN'L P/E RATIO		--	--	--	17.9	26.9	24.5	25.7	26.3	31.2	28.3/25.8
RELATIVE P/E RATIO		--	--	--	.92	1.47	1.40	1.36	1.39	1.68	
AVG ANN'L DIV'D YIELD		--	--	--	4.3%	3.3%	3.2%	3.1%	2.9%	2.5%	
REVENUES (\$MILL)		--	--	18.5	19.4	19.6	20.9	22.5	26.8	28.7	<i>Bold figures are consensus earnings estimates and, using the recent prices, P/E ratios.</i>
NET PROFIT (\$MILL)		--	--	3.8	4.0	3.8	4.4	4.8	5.8	6.1	
INCOME TAX RATE		--	--	35.7%	35.8%	34.9%	34.8%	36.7%	36.7%	34.4%	
AFUDC % TO NET PROFIT		--	--	--	2.2%	3.7%	--	--	--	7.2%	
LONG-TERM DEBT RATIO		--	--	50.2%	47.7%	46.7%	43.4%	42.6%	44.1%	48.3%	
COMMON EQUITY RATIO		--	--	49.8%	52.3%	53.3%	56.6%	57.5%	55.9%	51.7%	
TOTAL CAPITAL (\$MILL)		--	--	65.2	68.6	69.9	69.0	83.6	90.3	126.5	
NET PLANT (\$MILL)		--	--	97.0	102.3	106.7	116.5	140.0	155.3	174.4	
RETURN ON TOTAL CAP'L		--	--	7.9%	7.9%	7.4%	8.5%	7.6%	8.4%	6.2%	
RETURN ON SHR. EQUITY		--	--	11.6%	11.2%	10.2%	11.4%	10.0%	11.6%	9.3%	
RETURN ON COM EQUITY		--	--	11.6%	11.2%	10.2%	11.4%	10.0%	11.6%	9.3%	
RETAINED TO COM EQ		--	--	2.5%	2.5%	1.3%	2.6%	2.1%	3.0%	2.2%	
ALL DIV'DS TO NET PROF		--	--	78%	78%	88%	77%	79%	74%	77%	
<i>A&gt;No. of analysis changing earn. est. in last 14 days: 0 up, 0 down, consensus 5-year earnings growth 8.0% per year. BBased upon 3 analysis' estimates CBased upon 2 analysis' estimates</i>											
<b>ANNUAL RATES</b> of change (per share) 5 Yrs. 1 Yr. Revenues 3.5% -0.5% "Cash Flow" 4.5% -2.5% Earnings 4.5% 3.5% Dividends -3.0% 7.0% Book Value 6.0% 20.5%						<b>ASSETS (\$mill.)</b> 2004 2005 12/31/06 Cash Assets 2 .0 0 Receivables 3.7 3.8 4.8 Inventory (Avg cost) 7 .8 8 Other .4 .5 1.1 Current Assets 5.0 5.1 6.7 Property, Plant & Equip, at cost 164.3 182.4 202.7 Accum Depreciation 24.3 27.1 28.3 Net Property 140.0 155.3 174.4 Other 11.1 11.9 15.0 Total Assets 156.1 172.3 198.1					
<b>LIABILITIES (\$mill.)</b> Accs Payable 1.8 2.6 1.6 Debt Due 16.3 19.3 1.2 Other 3.1 2.8 3.1 Current Liab 21.2 24.7 5.9						<b>INDUSTRY: Water Utility</b> <b>BUSINESS:</b> York Water Company engages in the impounding, purification, and distribution of water in York County and Adams County, Pennsylvania. It supplies water for residential, commercial, industrial, and other customers. The company has two reservoirs, Lake Williams and Lake Redman, which together hold approximately 2.2 billion gallons of water. It also has a 15-mile pipeline from the Susquehanna River to Lake Redman that provides access to an additional supply of water. The company serves 34 municipalities in York County and four municipalities in Adams County. Has 106 employees. C.E.O. & President: Jeffrey S. Osman, Inc.: PA. Address: 130 East Market Street, York, PA 17401. Tel.: (717) 845-3601. Internet: <a href="http://www.yorkwater.com">http://www.yorkwater.com</a> .					
<b>LONG-TERM DEBT AND EQUITY</b> as of 12/31/06 Total Debt \$62.3 mill. Due in 5 Yrs. \$18.0 mill. LT Debt \$61.1 mill. Including Cap. Leases \$17.5 mill. (48% of Cap'l) Leases, Uncapitalized Annual rentals None Pension Liability \$5.9 mill. in '06 vs. \$3.9 mill. in '05						A.Z. April 27, 2007					
<b>QUARTERLY SALES (\$mill.)</b> Fiscal Year 1Q 2Q 3Q 4Q Full Year 12/31/04 5.3 5.5 5.6 6.1 22.5 12/31/05 6.2 6.7 7.2 6.7 26.8 12/31/06 6.6 7.0 7.7 7.4 28.7 12/31/07						<b>QUARTERLY DIVIDENDS PAID</b> Cal-endar 1Q 2Q 3Q 4Q Full Year 2004 .097 .097 .097 .097 .39 2005 .104 .104 .104 .104 .42 2006 .112 .112 .112 .112 .45 2007 .118 .118					
<b>INSTITUTIONAL DECISIONS</b> 2Q'06 3Q'06 4Q'06 to Buy 9 11 13 to Sell 6 6 6 Hld's(000) 718 723 1164						<b>Pfd Stock</b> None Pfd Div'd Paid None <b>Common Stock</b> 11,201,119 shares (52% of Cap'l)					
<b>TOTAL SHAREHOLDER RETURN</b> Dividends plus appreciation as of 3/31/2007 3 Mos. 6 Mos. 1 Yr. 3 Yrs. 5 Yrs. -4.26% -9.41% -0.65% 36.09% 91.55%											

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