

May 2, 2018



# California Water Service Group Files Preliminary Proxy Materials to Urge SJW Group's Stockholders to Vote Against Proposed Merger with Connecticut Water

*Reaffirms Commitment to its All-Cash Proposal to Combine with SJW Group*

SAN JOSE, Calif.--(BUSINESS WIRE)-- California Water Service Group (NYSE:CWT) today announced it has filed preliminary proxy materials with the U.S. Securities and Exchange Commission to urge stockholders of SJW Group (NYSE:SJW) to vote against the proposed merger of SJW and Connecticut Water (NYSE:CTWS).

"We strongly believe our \$68.25 per share all-cash proposal delivers superior value to SJW stockholders and is in the best interest of both companies' stockholders," said Martin A. Kropelnicki, President and CEO of California Water. "In our view, SJW's stock merger with Connecticut Water forces SJW stockholders to forego substantial and immediate value for the promise of long-term accretion that may never materialize, due to the significant risk of operating a larger company with two separate systems that are 3,000 miles apart in different regulatory environments."

Mr. Kropelnicki continued, "We believe the SJW Board would better serve its stockholders by immediately meeting with us to discuss our proposal, instead of continuing its emerging pattern of communication and governance practices that hurt their stockholders, employees, customers, and local communities. We stand ready to address directly with the SJW Board any legitimate issue it may have with our all-cash proposal."

Absent engagement by the SJW Board, California Water will ensure that SJW stockholders have all of the facts and resources necessary to determine the best path forward for SJW. California Water is communicating closely with employees, customers, and local communities to outline the significant benefits the Company believes this common sense combination with California Water would provide. For more information on the many benefits of California Water's proposal, please visit <http://www.SJWValue.com>.

In its preliminary proxy materials, California Water highlighted the benefits of its proposal for SJW stockholders, including the following:

- **SJW stockholders would receive in our view superior and immediate economic value** with California Water's all-cash proposal, which exceeds SJW's all-time high closing share price, represents a 30% premium to SJW's closing stock price at the time of California Water's April 4, 2018 proposal, and represents a 20% premium to SJW's closing stock price on April 25, 2018, the day before the California Water proposal was announced.
- **In our view, California Water offers a clear path to completing the transaction in a timely manner.** California Water's proposal is not subject to any financing

contingency and the Company is confident it can move quickly to conduct due diligence, reach a definitive agreement, and obtain regulatory approvals.

**California Water strongly believes that the SJW all-stock merger with Connecticut Water is clearly inferior for SJW stockholders. For example, in California Water's opinion:**

- **If the Connecticut Water merger is completed, SJW stockholders would be forced to wait for uncertain benefits that, by SJW's own admission, would not fully accrue until the long term**, while bearing the substantial execution risks associated with operating two separate systems located 3,000 miles apart in different regulatory environments. In contrast, California Water's proposed transaction offers substantial and certain value to SJW stockholders.
- **SJW would be led by a Board and CEO who are largely unfamiliar with the San Jose community and the unique challenges of running a California-based water utility.** Six out of 12 directors for the new SJW/Connecticut Water Board would come from Connecticut Water – five are current Connecticut Water directors and the sixth is SJW's brand new Chairman and CEO, Eric Thornburg, who ran Connecticut Water for more than 11 years, until late last year.
- **The completion of the Connecticut Water transaction is uncertain** given Eversource Energy's pending bid for Connecticut Water and the need for a 2/3 vote of Connecticut Water shareholders.
- **The SJW/Connecticut Water transaction faces regulatory approval in the same number of jurisdictions as the California Water proposal.** SJW has cited regulatory approval as a reason for rejecting the California Water proposal; however, it then acknowledges the Connecticut Water transaction also requires regulatory approval in two different states – Connecticut and Maine. Regulators in these states have no existing relationships with SJW and may well have concerns approving a transaction in which the acquiring company is located in California 3,000 miles away.

In its preliminary proxy materials, California Water urges SJW stockholders to vote against the Connecticut Water merger by:

- Voting "AGAINST" the proposal to approve the issuance of shares of SJW common stock to Connecticut Water shareholders pursuant to the merger;
- Voting "AGAINST" the proposal to adopt the SJW certificate of incorporation amendment; and
- Voting "AGAINST" the proposal to approve any motion to adjourn the SJW special meeting.

California Water remains fully committed to its proposed combination with SJW, with the goal of working collaboratively with SJW to reach an agreement.

Morgan Stanley is serving as financial advisor to California Water and Gibson Dunn is serving as its legal advisor.

### **About California Water Service Group**

California Water Service Group is the parent company of California Water Service, Washington Water Service, New Mexico Water Service, Hawaii Water Service, CWS Utility

Services, and HWS Utility Services. Together, these companies provide regulated and non-regulated water service to approximately 2 million people in more than 100 California, Washington, New Mexico, and Hawaii communities. California Water Service Group's common stock trades on the New York Stock Exchange under the symbol "CWT." Additional information is available online at [www.calwatergroup.com](http://www.calwatergroup.com).

## **Forward-Looking Statements**

This news release contains forward-looking statements within the meaning established by the Private Securities Litigation Reform Act of 1995 ("Act"). The forward-looking statements are intended to qualify under provisions of the federal securities laws for "safe harbor" treatment established by the Act. Forward-looking statements are based on currently available information, expectations, estimates, assumptions and projections, and management's judgment about the Company, the water utility industry and general economic conditions. Such words as would, expects, intends, plans, believes, estimates, assumes, anticipates, projects, predicts, forecasts or variations of such words or similar expressions are intended to identify forward-looking statements. The forward-looking statements are not guarantees of future performance. They are subject to uncertainty and changes in circumstances. Actual results may vary materially from what is contained in a forward-looking statement. Factors that may cause a result different than expected or anticipated include, but are not limited to: the failure to consummate the proposed transaction with SJW upon the terms set forth in California Water's proposal; governmental and regulatory commissions' decisions; changes in regulatory commissions' policies and procedures; the timeliness of regulatory commissions' actions concerning rate relief; changes in environmental compliance and water quality requirements; electric power interruptions; changes in customer water use patterns and the effects of conservation; the impact of weather and climate on water availability, water sales and operating results; civil disturbances or terrorist threats or acts, or apprehension about the possible future occurrences of acts of this type; labor relations matters as we negotiate with the unions; restrictive covenants in or changes to the credit ratings on our current or future debt that could increase our financing costs or affect our ability to borrow, make payments on debt or pay dividends; and, other risks and unforeseen events. When considering forward-looking statements, you should keep in mind the cautionary statements included in this paragraph, as well as our annual 10-K, Quarterly 10-Q, and other reports filed from time-to-time with the Securities and Exchange Commission. California Water assumes no obligation to provide public updates of forward-looking statements except to the extent required by law.

## **Important Additional Information**

On May 2, 2018, California Water filed a preliminary proxy statement with the Securities and Exchange Commission (the "Preliminary Proxy Statement") to solicit proxies in opposition to resolutions related to the pending merger between SJW Group and Connecticut Water Service, Inc. INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE PRELIMINARY PROXY STATEMENT, THE DEFINITIVE PROXY STATEMENT TO BE FILED BY CALIFORNIA WATER (WHEN IT IS AVAILABLE), AND ANY OTHER DOCUMENTS TO BE FILED WITH THE SECURITIES AND EXCHANGE COMMISSION, WHEN THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. All such documents, if filed, would be available free of charge at the Securities and Exchange Commission's website ([www.sec.gov](http://www.sec.gov)) or by directing a request to Innisfree M&A Incorporated at (888) 750-5834 (banks and brokers call collect at (212) 750-5833).

## **Participants in the Solicitation**

California Water, its directors and certain of its officers and employees may be deemed to be participants in any solicitation of SJW Group stockholders in connection with the proposed transaction between California Water and SJW Group. Information about such participants, and a description of their direct or indirect interests, by security holdings or otherwise, is included in the Preliminary Proxy Statement.