

August 13, 2018



California Water Submits Revised Proposal to Acquire SJW Group for \$70.00 Per Share in Cash

Represents 33.6% Premium to Closing Share Price Prior to April 4, 2018 Proposal

Offers Flexibility on Transaction Structure and Board and Management Composition

SAN JOSE, Calif.--(BUSINESS WIRE)-- California Water Service Group ("California Water") (NYSE: CWT) today announced it has submitted a revised proposal to the Board of Directors of SJW Group ("SJW") (NYSE: SJW) increasing its proposal to acquire SJW from \$68.25 per share in cash to \$70.00 per share in cash. California Water's revised proposal, which exceeds SJW's all-time high closing share price, represents a 33.6% premium to SJW's closing share price on the final trading day prior to California Water's April 4, 2018 proposal.

In its latest proposal, California Water also communicated its willingness to consider different transaction structures that achieve tax deferral on gains from the sale of SJW shares for SJW stockholders with a historical low tax basis and who may prefer to own stock of the combined company. California Water will also consider other features such as a ticking fee for regulatory review delay (of which California Water expects none) and the addition of SJW representatives to the combined company's Board and management team.

"We remain confident that a transaction between our two companies will create substantial value for the stockholders of both companies, and jointly benefit our respective customers, employees and local communities," said Martin A. Kropelnicki, President and CEO of California Water. "With our revised proposal, we hope our increased price and flexibility on other key terms previously identified by SJW will encourage the SJW Board to engage with us in transaction discussions."

California Water's \$70.00 per share cash proposal assumes SJW's willingness to engage in negotiations with California Water and enter into mutually acceptable definitive transaction documentation. Such proposal does not amend or otherwise modify California Water's tender offer to acquire all outstanding SJW shares for \$68.25 per share in cash, which is not subject to any due diligence or transaction documentation conditions.

Morgan Stanley is acting as financial advisor to California Water, and Gibson, Dunn & Crutcher LLP is acting as its legal advisor.

The text of the letter sent on Friday, August 10, 2018, to Robert A. Van Valer, SJW's Lead Independent Director, follows:

August 10, 2018

The Board of Directors

SJW Group
110 West Taylor Street
San Jose, CA 95110
Attention: Robert A. Van Valer
Lead Independent Director

Dear Mr. Van Valer:

On behalf of California Water Service Group (“Cal Water”), I am pleased to submit a revised proposal to acquire SJW Group (“SJW”) for \$70.00 per share in cash, an increase of \$1.75 per share from our previously proposed price of \$68.25. Our proposal represents a premium of 33.6% to SJW’s closing stock price on April 3, 2018, the day prior to our initial \$68.25 offer, and a 32.0x multiple to the projected 2019 earnings per share reflected in your S-4. We are open to discussing a higher purchase price that may be supported by due diligence and additional synergies that we may jointly identify.

In the interest of accommodating some of the concerns you have previously highlighted, we would be willing to consider transaction structures that achieve tax deferral on gains from the sale of SJW shares for SJW stockholders with a historical low tax basis and who may prefer to own stock of our combined company. We would also welcome the addition of up to two SJW designees to the Cal Water Board of Directors, and would consider inviting some of your executive team members to join Cal Water.

We believe our revised offer provides substantial and certain value in cash for SJW shares at a highly compelling premium for your stockholders and addresses concerns raised by SJW with respect to other key stakeholders. Given the combination of California Water and SJW features a clear strategic rationale and offers substantially greater benefits to customers, employees and the communities we collectively serve than your proposed combination with Connecticut Water, we are committed to finding a path to bring our companies together.

We remain confident that we can complete our proposed transaction within the same timeframe as your pending deal with Connecticut Water. In light of that, we are prepared to compensate your stockholders with a ticking fee of \$0.50 per quarter in the event the deal is not consummated within a pre-agreed timeframe due to state regulatory issues, of which we expect none.

As you might expect, assuming you decide to proceed with negotiations, we will finalize committed financing for our proposed transaction prior to signing definitive agreements. With your cooperation we believe this is a process that can be completed promptly, as demonstrated by the financing you obtained for your proposed all-cash acquisition of Connecticut Water. Our financing package will be no more conditional than you propose for Connecticut Water.

As part of our proposal, we are also prepared to allow for a 45-day go shop period following execution of a transaction with us. This will address your stated concern of engaging in a sale of SJW without soliciting offers from multiple prospective purchasers.

Our advisors and we stand ready to commence discussions as early as this weekend. As you know, we will need to amend our tender offer materials on Monday morning, but would

be pleased to coordinate communications before making this letter public. We will not leave this proposal outstanding indefinitely, and look forward to hearing from you.

Sincerely,

Martin A. Kropelnicki
Chief Executive Officer and President
California Water Service Group

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.