

CONNECTICUT WATER SERVICE INC / CT
Form PRRN14A
July 18, 2018

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[TABLE OF CONTENTS](#)

[Table of Contents](#)

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. 2)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
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CONNECTICUT WATER SERVICE, INC.

(Name of Registrant as Specified In Its Charter)

EVERSOURCE ENERGY

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

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(4) Date Filed:

Table of Contents

PRELIMINARY COPY SUBJECT TO COMPLETION, DATED JULY 18, 2018

**SPECIAL MEETING OF SHAREHOLDERS
OF
CONNECTICUT WATER SERVICE, INC.
TO BE HELD ON [•], 2018**

**PROXY STATEMENT
OF
EVERSOURCE ENERGY**

**SOLICITATION OF PROXIES IN OPPOSITION TO
THE PROPOSED MERGER OF
CONNECTICUT WATER SERVICE, INC. AND SJW GROUP**

This proxy statement (this "Proxy Statement") and the enclosed **BLUE** proxy card are furnished by Eversource Energy, an unincorporated voluntary business association organized under the laws of the Commonwealth of Massachusetts ("Eversource," "we" or "us"), with headquarters in Hartford, CT and Boston, MA. This Proxy Statement is being furnished in connection with Eversource's solicitation of proxies to be used at the special meeting (the "Special Meeting") of shareholders of Connecticut Water Service, Inc., a Connecticut corporation ("CTWS," "Connecticut Water" or the "Company"), to be held at [•] on [•], 2018 at [•], local time, and at any adjournments, postponements or reschedulings thereof.

This Proxy Statement and the enclosed **BLUE** proxy card are first being mailed to CTWS shareholders on or about [•], 2018.

Pursuant to this Proxy Statement, Eversource is soliciting proxies from holders of common stock, without par value (the "Common Shares"), of CTWS, to vote (a) "**AGAINST**" the proposal to approve the Agreement and Plan of Merger, dated as of March 14, 2018 (as amended and restated by that certain Amended and Restated Agreement and Plan of Merger on May 30, 2018, and as the same may be further amended from time to time, the "SJW Merger Agreement"), among SJW Group ("SJW"), Hydro Sub, Inc., a Connecticut corporation and a direct wholly owned subsidiary of SJW, and CTWS, a copy of which is included as Annex A to the joint proxy statement/prospectus filed by CTWS and SJW (such proposal, the "SJW Merger Proposal," and the merger contemplated thereby, the "Proposed SJW Merger"), (b) "**AGAINST**" the proposal to approve, on a non-binding advisory basis, specific compensatory arrangements between CTWS and its named executive officers relating to the Proposed SJW Merger, as described in the joint proxy statement/prospectus filed by CTWS and SJW (the "Compensation Proposal"), and (c) "**AGAINST**" the proposal to adjourn the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the SJW Merger Proposal (the "Adjournment Proposal").

The SJW Merger Proposal, the Compensation Proposal and the Adjournment Proposal are described in the amended preliminary joint proxy statement/prospectus filed by CTWS and SJW with the United States Securities and Exchange Commission (the "SEC") on June 25, 2018 (the "CTWS and SJW Proxy Statement"). According to the CTWS and SJW Proxy Statement, CTWS has set [•], 2018 as the record date (the "Record Date") for determining those shareholders who will be entitled to vote at the Special Meeting. According to the CTWS and SJW Proxy Statement, the principal executive offices of CTWS are located at 93 West Main Street, Clinton, Connecticut 06143, United States.

WE ARE SOLICITING PROXIES FROM CTWS SHAREHOLDERS TO VOTE "AGAINST" THE SJW MERGER PROPOSAL, THE COMPENSATION PROPOSAL AND THE ADJOURNMENT PROPOSAL. WE BELIEVE THE SJW MERGER PROPOSAL DOES NOT PROVIDE ADEQUATE VALUE TO CTWS SHAREHOLDERS AS COMPARED WITH THE EVERSOURCE PROPOSAL. IN

Table of Contents

OUR VIEW, OUR \$64.00 PER SHARE CASH AND/OR COMMON SHARES (AT THE ELECTION OF CTWS SHAREHOLDERS) PROPOSAL WOULD BE A SUPERIOR ALTERNATIVE FOR CTWS SHAREHOLDERS TO THE ALL-STOCK SJW MERGER PROPOSAL.

The Eversource proposal represents a premium of 22% to the undisturbed CTWS closing share price on March 14, 2018, the day prior to the announcement of the Proposed SJW Merger (as compared with a premium of 18% under the SJW Merger Proposal based on the closing share prices of CTWS and SJW on the same date). Eversource shares represent the equivalent of a 76% dividend uplift over CTWS shares, based on the \$64.00 per share offer, the Eversource closing share price on July 10, 2018, and the annualized quarterly dividend of \$0.3125 per share declared by CTWS on May 10, 2018.

Based on Eversource's financial strength, local experience in Connecticut, and track record for constructive regulatory outcomes with Connecticut regulatory authorities, Eversource believes that its proposal provided significantly greater value to CTWS employees, customers and local communities. Eversource has a market capitalization of approximately \$19 billion and an A+ corporate credit rating by Standard & Poor's. Eversource currently serves approximately 1.75 million electric, water, and natural gas customers in over 150 of Connecticut's 169 cities and towns, with a presence in every town that CTWS serves. Moreover, Eversource is the parent company of Aquarion Water Company, a Connecticut-based water utility serving nearly 230,000 customers in a service territory that is highly complementary to that of CTWS, with top-tier customer service satisfaction scores, including consistent rankings at the top of J.D. Power's customer service rankings. CTWS employees would also benefit from the increased employment opportunities associated with belonging to a larger, stronger organization within the state of Connecticut. SJW does not share Eversource's history of investing in Connecticut. With SJW's headquarters in California, the Proposed SJW Merger does not offer the compelling strategic and geographic fit presented by what Eversource believes would be a superior proposal.

On April 5, 2018, Eversource submitted a non-binding proposal in writing to CTWS to acquire 100% of the issued and outstanding CTWS Common Shares for \$63.50 per share in cash and/or Eversource common shares, at the election of CTWS shareholders (the "Initial Eversource Proposal"). No response was received to engage in a dialogue. On April 19, 2018, Eversource publicly announced the Initial Eversource Proposal.

Also on April 19, 2018, CTWS publicly announced that the Board of Directors of CTWS (the "CTWS Board") had unanimously concluded that the Initial Eversource Proposal was not a superior proposal or reasonably likely to lead to a superior proposal as defined in the SJW Merger Agreement.

On July 2, 2018, Eversource delivered a revised written proposal to CTWS to acquire 100% of the issued and outstanding CTWS Common Shares for \$64.00 per share in cash or in Eversource common shares at the election of CTWS shareholders, with an increase to \$66.00 per share if the Proposed SJW Merger is terminated without break fees payable by CTWS (the "Eversource Proposal"). The Eversource Proposal included (i) acquiring all the outstanding shares of CTWS common stock for \$64.00 per share in cash or in Eversource common shares at the election of CTWS shareholders, with an increase to \$66.00 per share if the proposed transaction with SJW is terminated without break fees payable by CTWS; (ii) including an incremental "ticking fee" should Eversource not achieve all required regulatory approvals within eight months of the deal announcement; (iii) providing rate stability for customers by freezing base rates through 2022; (iv) doubling CTWS's charitable contributions to communities CTWS serves; (v) creating a separate CTWS subsidiary within the Eversource organization in order to retain CTWS's established identity and culture; (vi) retaining key executives and employees that have helped drive the success of CTWS; and (vii) forming a Water Advisory Board, including five members of CTWS's current board to advise on key decisions and growth opportunities.

Table of Contents

Eversource continues to believe that the Eversource Proposal would be a superior alternative to the all-stock transaction proposed in the SJW Merger Proposal. The Eversource Proposal represents a premium of 22% to CTWS's closing share price on March 14, 2018, the day prior to the announcement of the Proposed SJW Merger. The Eversource Proposal also represents a premium of 23.20% to CTWS's 20-day volume-weighted average price as of March 14, 2018. In addition, those CTWS shareholders who elect to receive Eversource shares would realize the equivalent of a 76% dividend uplift based on the \$64.00 per share offer, the closing price of Eversource's shares on July 10, 2018, and the annualized quarterly dividend of \$0.3125 per share declared by CTWS on May 10, 2018.

Eversource firmly views the Eversource Proposal as a "Superior CTWS proposal" as defined in the SJW Merger Agreement, and in the best interest of the shareholders, employees, customers and local communities of CTWS.

Eversource is disappointed with the limited responses described in the "Background of the Solicitation," and the fact that, in Eversource's view, the CTWS Board has been reluctant to engage in meaningful discussions with Eversource. Eversource urges the CTWS Board to act in the best interests of the CTWS shareholders by meeting with Eversource to seriously discuss the Eversource Proposal.

Eversource is specifically soliciting proxies from CTWS shareholders to vote "**AGAINST**" the SJW Merger Proposal, the Compensation Proposal and the Adjournment Proposal. Eversource believes that a vote "**AGAINST**" the SJW Merger proposal will send a message to the CTWS Board that CTWS shareholders do not support the Proposed SJW Merger and that the CTWS Board should give consideration to other offers that it receives, including the Eversource Proposal.

WE ARE NOT ASKING YOU TO VOTE ON OR APPROVE THE EVERSOURCE PROPOSAL AT THIS TIME. HOWEVER, WE BELIEVE THAT A VOTE "AGAINST" THE SJW MERGER PROPOSAL WILL SEND A MESSAGE TO THE CTWS BOARD THAT CTWS SHAREHOLDERS DO NOT SUPPORT THE PROPOSED SJW MERGER AND THAT THE CTWS BOARD SHOULD GIVE CONSIDERATION TO OTHER OFFERS THAT IT RECEIVES, INCLUDING THE EVERSOURCE PROPOSAL. A VOTE "AGAINST" THE SJW MERGER PROPOSAL, THE COMPENSATION PROPOSAL OR THE ADJOURNMENT PROPOSAL WILL NOT OBLIGATE YOU TO VOTE "FOR" THE EVERSOURCE PROPOSAL AT ANY FUTURE MEETING OF CTWS SHAREHOLDERS.

DO NOT RETURN ANY GREEN PROXY CARD THAT YOU RECEIVE FROM CTWS EVEN AS A PROTEST VOTE **AGAINST** THE PROPOSED SJW MERGER. EVEN IF YOU HAVE ALREADY SENT A GREEN PROXY CARD TO CTWS, YOU HAVE EVERY RIGHT TO CHANGE YOUR VOTE. ONLY YOUR LATEST DATED PROXY COUNTS. PLEASE VOTE "**AGAINST**" THE SJW MERGER PROPOSAL, THE COMPENSATION PROPOSAL AND THE ADJOURNMENT PROPOSAL TODAY BY TELEPHONE OR INTERNET OR BY SIGNING, DATING AND RETURNING THE ENCLOSED **BLUE** PROXY CARD IN THE POSTAGE-PAID ENVELOPE PROVIDED. NO POSTAGE IS NECESSARY IF YOUR **BLUE** PROXY CARD IS MAILED IN THE UNITED STATES. WE URGE YOU TO VOTE BY TELEPHONE OR INTERNET OR BY SIGNING, DATING AND RETURNING THE ENCLOSED **BLUE** PROXY CARD IN THE POSTAGE-PAID ENVELOPE PROVIDED.

IF YOUR CTWS SHARES ARE HELD IN "STREET NAME," PLEASE DELIVER THE ENCLOSED **BLUE** VOTING INSTRUCTION FORM TO YOUR BROKER OR BANK OR INSTRUCT THE PERSON RESPONSIBLE FOR YOUR ACCOUNT TO VOTE ON YOUR BEHALF AND TO ENSURE THAT A **BLUE** PROXY CARD IS SUBMITTED ON YOUR BEHALF. IF YOUR BROKER OR BANK OR THE CONTACT PERSON RESPONSIBLE FOR YOUR ACCOUNT PROVIDES FOR VOTING INSTRUCTIONS TO BE DELIVERED TO THEM BY TELEPHONE OR INTERNET, INSTRUCTIONS WILL BE INCLUDED ON THE ENCLOSED **BLUE** VOTING INSTRUCTION FORM.

Table of Contents

If you need assistance in voting your shares, please contact the firm assisting Eversource in the solicitation of proxies:

D.F. King & Co., Inc.
48 Wall Street, 22nd Floor
New York, New York 10005
Shareholders May Call Toll Free: (800) 967-5071
Banks and Brokers May Call Collect: (212) 269-5550
Email: ctws@dfking.com

Table of Contents

TABLE OF CONTENTS

	PAGE
<u>REASONS TO VOTE "AGAINST" THE SJW MERGER PROPOSAL, THE COMPENSATION PROPOSAL AND THE ADJOURNMENT PROPOSAL</u>	<u>1</u>
<u>WHAT IS EVERSOURCE'S PLAN FOR THE SPECIAL MEETING?</u>	<u>4</u>
<u>BACKGROUND OF THE SOLICITATION</u>	<u>5</u>
<u>CERTAIN INFORMATION REGARDING THE PROPOSED SJW MERGER</u>	<u>13</u>
<u>CERTAIN INFORMATION REGARDING EVERSOURCE</u>	<u>20</u>
<u>OTHER PROPOSALS TO BE PRESENTED AT THE SPECIAL MEETING</u>	<u>21</u>
<u>VOTING PROCEDURES</u>	<u>22</u>
<u>SOLICITATION OF PROXIES</u>	<u>24</u>
<u>FORWARD-LOOKING STATEMENTS</u>	<u>25</u>
<u>OTHER INFORMATION</u>	<u>26</u>
<u>IMPORTANT VOTING INFORMATION</u>	<u>28</u>
<u>SCHEDULE I</u>	<u>Sched. I-1</u>
<u>SCHEDULE II</u>	<u>Sched. II-1</u>

Table of Contents

REASONS TO VOTE "AGAINST" THE SJW MERGER PROPOSAL, THE COMPENSATION PROPOSAL AND THE ADJOURNMENT PROPOSAL

Eversource is soliciting proxies from CTWS shareholders in opposition to the Proposed SJW Merger and specifically "AGAINST" the SJW Merger Proposal, the Compensation Proposal and the Adjournment Proposal. Eversource urges all CTWS shareholders to vote "AGAINST" the SJW Merger Proposal, the Compensation Proposal and the Adjournment Proposal for the following reasons:

A vote "AGAINST" the SJW Merger Proposal, the Compensation Proposal and the Adjournment Proposal preserves your opportunity to receive the significant premium for your CTWS shares as contemplated by the Eversource Proposal which, if consummated, would provide significant and immediate value to CTWS shareholders.

Eversource believes that the Eversource Proposal, if consummated, would be superior to the Proposed SJW Merger because it would provide CTWS's shareholders an opportunity to realize a significant premium for their CTWS shares and offers more compelling value for CTWS shareholders than the Proposed SJW Merger. Under the Eversource Proposal, CTWS shareholders would receive cash value or Eversource common shares, at the election of CTWS shareholders, for their CTWS shares at a significant premium. The election between cash and Eversource common shares is subject to discussion and negotiation with CTWS, and Eversource expects that the final terms will be determined once the CTWS Board seriously engages with Eversource.

Eversource has the local experience and financial strength to complete the transaction contemplated by the Eversource Proposal expeditiously. Eversource has a market capitalization of approximately \$19 billion and is an A+ rated company by Standard & Poor's, making Eversource a strong financial partner. Citing the benefits of being part of a financially strong low-risk regulated utility holding company, Moody's recently upgraded Aquarion Company to Baa2 and Aquarion Water Company of Connecticut to A3 with stable outlooks. There would be no financing contingency as part of the Eversource Proposal. Eversource has consistently demonstrated credibility, expertise, and responsiveness in its proceedings before the Connecticut Public Utilities Regulatory Authority and has a strong track record for constructive regulatory outcomes, as demonstrated in recent proceedings involving Eversource and its subsidiaries. For example, in 2017 the Connecticut Public Utilities Regulatory Authority approved Eversource's acquisition of Aquarion Water Company, which required change-of-control approval, with the Connecticut Attorney General and state consumer advocate each supporting the acquisition by Eversource. More recently, outside of Eversource's transaction with the Aquarion Water Company, the Connecticut Public Utilities Regulatory Authority approved a base distribution rate settlement for Eversource's subsidiary The Connecticut Light and Power Company, marking the first comprehensive rate settlement for an electric distribution company in Connecticut since the implementation of Connecticut's electric industry restructuring in 2000. An Eversource transaction would also leverage the geographical proximity of the CTWS system and the Eversource subsidiary Aquarion Water Company system to enable cost-effective infrastructure investment and support regional economic growth.

A vote "AGAINST" the SJW Merger Proposal, the Compensation Proposal and the Adjournment Proposal stops the CTWS Board from proceeding with a transaction that Eversource believes is an inferior transaction.

The Eversource Proposal represents a 22% premium to CTWS's closing share price on March 14, 2018, the day prior to the announcement of the Proposed SJW Merger (as compared with a premium of 18% under the SJW Merger Proposal). The Eversource Proposal also represents a premium of 23.20% to CTWS's 20-day volume-weighted average price as of March 14, 2018. In addition, those CTWS shareholders who elect to receive Eversource shares would realize the equivalent of a 76% dividend uplift based on the \$64.00 per share offer, the closing price of Eversource's shares on July 10, 2018, and the annualized quarterly dividend of \$0.3125 per share declared by CTWS on May 10, 2018. Eversource has a strong track record of value creation, delivering total shareholder returns of 184%

Table of Contents

over the last 10 years, which is 45% greater than SJW's more volatile and slower growth returns during the same period.⁽¹⁾ For the foregoing reasons, coupled with Eversource's financial strength, local experience in Connecticut (including its local investment history), and track record for constructive regulatory outcomes with Connecticut regulatory authorities, Eversource believes that a transaction with Eversource would be superior to the SJW Merger Proposal. Eversource has a market capitalization of approximately \$19 billion and an A+ corporate credit rating by Standard & Poor's. Eversource currently serves approximately 1.75 million electric, water, and natural gas customers in over 150 of Connecticut's 169 cities and towns, with a presence in every town that CTWS serves. Moreover, Eversource is the parent company of Aquarion Water Company, a Connecticut-based water utility serving nearly 230,000 customers in a service territory that is highly complementary to that of CTWS, with top-tier customer service satisfaction scores, including consistent rankings at the top of J.D. Power's customer service rankings. And further, SJW does not share Eversource's history of investing in Connecticut. With SJW's headquarters in California, the Proposed SJW Merger does not offer the compelling strategic and geographic fit presented by what Eversource believes would be a superior proposal.

A vote "AGAINST" the SJW Merger Proposal and the Adjournment Proposal will send a message to the CTWS Board that CTWS's shareholders want the CTWS Board to consider other alternatives for CTWS, including the Eversource Proposal.

A vote "AGAINST" the Adjournment Proposal will prevent the CTWS Board from delaying the vote on the SJW Merger Proposal, which would deny CTWS's shareholders the ability to make their voices heard by voting "AGAINST" the SJW Merger Proposal. If the Adjournment Proposal is approved by shareholders, it would allow the CTWS Board to unnecessarily delay a vote on the SJW Merger Proposal. Eversource believes that it is in the interests of CTWS's shareholders to hold a vote as soon as possible (and not to adjourn) so that the CTWS shareholders can vote "AGAINST" the SJW Merger Proposal and send a clear message to the CTWS Board that the CTWS shareholders want the CTWS Board to consider the Eversource Proposal. We are also soliciting proxies to vote "AGAINST"

(1)

Eversource's calculation of SJW's total shareholder return is in accordance with Item 201(e) of Regulation S-K. To determine the percentage of SJW's 10-year total shareholder return, Eversource determined the effect of dividend reinvestment by calculating adjustments to SJW's stock closing prices to reflect that, from the beginning of the measurement period, each subsequent quarterly dividend was paid on an ever-increasing number of SJW shares. Such adjustments were determined as follows. First, Eversource compiled the reported closing prices for SJW's stock for each of the trading days in the 10-year period from December 31, 2007 through December 29, 2017 (inclusive). Second, Eversource then retrospectively determined each "adjusted closing price" (ACP) of SJW's stock during the foregoing period, starting with the closing price at the end of the measurement period through the use of the following formula:

where (X) is a fraction, the numerator of which is the difference of the closing price (CP) on such date (n) minus the amount of any dividend paid (DP) on the following trading day (n+1), and the denominator of which is the closing price (CP) on such following trading day (n+1); and where (Y) is the adjusted closing price (ACP) on the following trading day (n+1). Third, Eversource used the formula in Item 201(e) of Regulation S-K, subtracting SJW's "adjusted" stock price at the beginning of the measurement period from SJW's closing price at the end of the measurement period, and dividing the result of such subtraction by SJW's "adjusted" stock price at the beginning of the measurement period.

Table of Contents

the Compensation Proposal, although we believe that this proposal will be rendered moot in any event if the SJW Merger Proposal is disapproved by CTWS shareholders.

Conclusion

For the foregoing reasons, Eversource urges CTWS shareholders to vote "**AGAINST**" the SJW Merger Proposal, "**AGAINST**" the Compensation Proposal and "**AGAINST**" the Adjournment Proposal. In addition, Eversource urges CTWS shareholders to share their views regarding the Eversource Proposal with the CTWS Board.

If the Special Meeting concludes (that is, it is not adjourned) and the CTWS shareholders do not approve the SJW Merger Proposal, each of CTWS and SJW would have the right to terminate the SJW Merger Agreement. Eversource believes that if the SJW Merger Agreement were terminated, the CTWS Board should make the determination that it is in the best interests of CTWS shareholders to pursue and enter into the Eversource Proposal. However, there can be no assurances that the CTWS Board would seek to accept the Eversource Proposal, or otherwise pursue or facilitate the Eversource Proposal, following a termination of the SJW Merger Agreement. CTWS shareholders should take all of these factors into account when determining how to vote their CTWS shares.

EVERSOURCE STRONGLY BELIEVES THAT THE EVERSOURCE PROPOSAL CONSTITUTES A SUPERIOR CTWS PROPOSAL, AS PROVIDED FOR IN THE SJW MERGER AGREEMENT. PLEASE VOTE:

"AGAINST" THE SJW MERGER PROPOSAL;

"AGAINST" THE COMPENSATION PROPOSAL; AND

"AGAINST" THE ADJOURNMENT PROPOSAL.

VOTE TODAY BY TELEPHONE OR INTERNET OR BY SIGNING, DATING AND RETURNING THE ENCLOSED **BLUE** PROXY CARD IN THE POSTAGE-PAID ENVELOPE PROVIDED. NO POSTAGE IS NECESSARY IF YOUR **BLUE** PROXY CARD IS MAILED IN THE UNITED STATES. WE URGE YOU TO VOTE BY TELEPHONE OR INTERNET OR BY SIGNING, DATING AND RETURNING THE ENCLOSED **BLUE** PROXY CARD.

IF YOUR CTWS SHARES ARE HELD IN "STREET NAME," PLEASE DELIVER THE ENCLOSED **BLUE** VOTING INSTRUCTION FORM TO YOUR BROKER OR BANK OR INSTRUCT THE PERSON RESPONSIBLE FOR YOUR ACCOUNT TO VOTE ON YOUR BEHALF AND TO ENSURE THAT A **BLUE** PROXY CARD IS SUBMITTED ON YOUR BEHALF. IF YOUR BROKER OR BANK OR THE CONTACT PERSON RESPONSIBLE FOR YOUR ACCOUNT PROVIDES FOR VOTING INSTRUCTIONS TO BE DELIVERED TO THEM BY TELEPHONE OR INTERNET, INSTRUCTIONS WILL BE INCLUDED ON THE ENCLOSED **BLUE** VOTING INSTRUCTION FORM.

DO NOT RETURN ANY GREEN PROXY CARD THAT YOU RECEIVE FROM CTWS EVEN AS A PROTEST VOTE **AGAINST** THE PROPOSED SJW MERGER. EVEN IF YOU HAVE ALREADY SENT A PROXY CARD TO CTWS, YOU HAVE EVERY RIGHT TO CHANGE YOUR VOTE. ONLY YOUR LATEST DATED PROXY COUNTS. IT IS NOT TOO LATE TO CHANGE YOUR VOTE BY TELEPHONE OR INTERNET OR BY SIMPLY SIGNING, DATING AND RETURNING THE ENCLOSED **BLUE** PROXY CARD TODAY.

WE URGE YOU TO SEND THE CTWS BOARD A MESSAGE THAT CTWS SHAREHOLDERS REJECT THE PROPOSED SJW MERGER AND THAT THE CTWS BOARD SHOULD GIVE PROPER CONSIDERATION TO OTHER OFFERS THAT IT RECEIVES, INCLUDING THE EVERSOURCE PROPOSAL. **VOTE "AGAINST" THE SJW MERGER PROPOSAL, THE COMPENSATION PROPOSAL AND THE ADJOURNMENT PROPOSAL.**

Table of Contents

WHAT IS EVERSOURCE'S PLAN FOR THE SPECIAL MEETING?

If Eversource receives sufficient proxies "**AGAINST**" the SJW Merger Proposal to cause the SJW Merger Proposal to fail, at the Special Meeting Eversource will, utilizing its proxies, vote "**AGAINST**" the SJW Merger Proposal, "**AGAINST**" the Compensation Proposal and "**AGAINST**" the Adjournment Proposal in order to send a clear message to the CTWS Board that CTWS's shareholders want the CTWS Board to consider other alternatives, including the Eversource Proposal, and that CTWS's shareholders do not want to race to approve a deal that will deny them the opportunity to enter into what Eversource believes would be a superior transaction.

Table of Contents

BACKGROUND OF THE SOLICITATION

As part of the ongoing evaluation of its business, Eversource considers strategic acquisitions, capital investments, divestitures and other possible transactions. Eversource has attempted to engage privately with CTWS for some time.

In October 2017, the Executive Vice President and General Counsel of Eversource contacted Ms. Carol P. Wallace, chairman of the CTWS Board, by phone, to discuss a potential combination with CTWS. During the course of their discussion, Ms. Wallace indicated that the CTWS Board was pleased with the company's strategy and results and intended to continue maintaining CTWS as an independent public company.

In February and March, 2018, the Executive Vice President and General Counsel of Eversource again was in contact with Ms. Wallace to set up a meeting between Ms. Wallace, Mr. Benoit and the Chief Executive Officer and Executive Vice President and General Counsel of Eversource to discuss a potential combination with CTWS. Ms. Wallace declined the meeting.

On April 5, 2018, Eversource verbally communicated its intent to submit a proposal for the acquisition of CTWS to David C. Benoit, the Chief Executive Officer of CTWS, and delivered a written proposal the same day. The April 5, 2018 written proposal appears below:

April 5, 2018

Mr. David C. Benoit
President and Chief Executive Officer
Connecticut Water Service, Inc.
93 West Main Street
Clinton, CT 06413

Dear David:

On behalf of Eversource Energy ("Eversource"), I am hereby submitting a proposal to acquire Connecticut Water Service, Inc. ("Connecticut Water"). As you are likely aware, we expressed interest in pursuing an acquisition of Connecticut Water in the second half of 2017. At this time, we are proposing terms for an acquisition that we firmly view as superior to the terms of the proposed transaction with San Jose Water ("SJW"), reasonably likely to lead to a Superior CTWS Proposal (as defined in the merger agreement with SJW) and in the best interest of the customers, employees, suppliers, local communities and shareholders of Connecticut Water due to the greater benefits achievable through an Eversource transaction.

Eversource proposes to acquire all of the outstanding shares of Connecticut Water common stock for \$63.50 per share in cash and/or in Eversource common stock at the election of Connecticut Water shareholders. Connecticut Water shareholders electing to receive Eversource stock as consideration would realize the equivalent of an 81% dividend uplift based on the closing price of Eversource's common stock on April 4, 2018 and the annualized quarterly cash dividend of \$0.2975 per share declared by Connecticut Water on January 18, 2018. The \$63.50 consideration payable to Connecticut Water shareholders would not be reduced by the termination fee payable to SJW.

The \$63.50 price represents a 21% premium to Connecticut Water's undisturbed share price on March 14, 2018 and a 22% premium to the 20-day VWAP for the period ending March 14, 2018.

Eversource has a market capitalization of approximately \$19 billion and is an A+ rated company by Standard & Poor's, making Eversource a strong financial partner for the transaction. There would be no financing contingency as part of the transaction.

Eversource has consistently demonstrated credibility, expertise, and responsiveness in its proceedings before the Connecticut Public Utilities Regulatory Authority ("CT PURA") and has a

Table of Contents

strong track record for successful regulatory outcomes. In particular, Eversource has considerable experience in obtaining regulatory approvals required for utility mergers and acquisitions. This is evidenced through our recent acquisition of Aquarion Water Company ("Aquarion"), for which we obtained regulatory approvals in four states and completed the transaction within five months from the regulatory filing date and within six months from the announcement of the transaction.

In the final decision issued by CT PURA approving the Aquarion acquisition, attributes of the transaction that were cited as particularly beneficial to customers and employees included local ownership, financial stability, employee benefits and community support. In fact, Eversource is uniquely positioned to create substantial benefits for customers served by Connecticut Water, while preserving local ownership and accountability. As part of the approvals required to complete the Aquarion acquisition, Eversource obtained regulatory approval in Maine with a positive outcome for the company and a minimum of administrative process.

In summation, Eversource's acquisition of Connecticut Water would be a compelling, superior alternative to the SJW transaction for Connecticut Water's customers, employees, communities and shareholders. An Eversource transaction would also leverage the geographical proximity of the Connecticut Water and Aquarion systems to enable cost-effective infrastructure investment and support regional economic growth.

I have reviewed this opportunity with Eversource's Board of Trustees, which supports the submission of this proposal. We are prepared to engage with you immediately and to reach a definitive agreement as expeditiously as possible. For the avoidance of doubt, this proposal is a non-binding indication of interest, subject to confirmatory due diligence. A binding obligation with respect to this transaction will result only from the execution of a definitive agreement containing terms and conditions that are mutually acceptable to the parties.

We look forward to your prompt response.

Sincerely,
James J. Judge
Chairman, President and Chief Executive Officer
Eversource Energy

On April 10, 2018 and April 17, 2018, Eversource sent follow-up communications to CTWS expressing its continued interest in pursuing an acquisition of CTWS and requesting a response to the letter sent on April 5, 2018.

On April 19, 2018, Eversource issued a news release announcing the delivery by Eversource to CTWS of the non-binding proposal to acquire CTWS for \$63.50 per share in cash or in Eversource common shares, at the election of CTWS shareholders, and reiterating Eversource's belief that its proposal would be a superior alternative to the terms of the Proposed SJW Merger for shareholders, employees, customers and local communities of CTWS.

On April 19, 2018, CTWS issued a press release confirming receipt of Eversource's proposal and announcing that the CTWS Board has unanimously determined that the Initial Eversource Proposal is not a superior proposal or reasonably likely to lead to a "Superior CTWS Proposal" as defined in the SJW Merger Agreement.

On April 19, 2018, Mr. Benoit, the Chief Executive Officer of CTWS, telephoned James Judge, the Chairman, Chief Executive Officer and President of Eversource, to inform him that the CTWS Board had unanimously determined that the Initial Eversource Proposal does not constitute and is not reasonably likely to lead to a "Superior CTWS Proposal" as defined in the SJW Merger Agreement.

On April 25, 2018, CTWS and SJW filed with the SEC a joint proxy statement/prospectus in a registration statement on Form S-4.

Table of Contents

On April 27, 2018, Eversource filed with the SEC a preliminary proxy statement on Schedule 14A in connection with Eversource's solicitation of proxies for the CTWS Special Meeting, recommending that the CTWS shareholders vote against each of the proposals related to the Proposed SJW Merger, namely the proposals to approve the SJW Merger Agreement, to approve, on a non-binding advisory basis, specific compensatory arrangements between CTWS and its named executive officers relating to the Proposed SJW Merger and to adjourn the CTWS Special Meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the SJW Merger Agreement. Later that day, Eversource issued a press release announcing the filing of its preliminary proxy statement, reaffirming its commitment to what it believes is a superior proposal to acquire CTWS, and urging CTWS shareholders to insist that the CTWS Board meet with Eversource to seriously discuss its proposal.

On April 28, 2018, CTWS issued a press release responding to the filing of Eversource's preliminary proxy statement noting that it had rejected Eversource's proposal.

On April 30, 2018, The Rocky River Realty Company ("Rocky River"), a Connecticut corporation and wholly owned subsidiary of Eversource and an owner of CTWS shares, sent a demand letter to CTWS to inspect and make copies of certain books, records and documents of CTWS pursuant to Connecticut statutory law.

On May 4, 2018, Eversource sent an open letter to CTWS shareholders reiterating its belief that the CTWS Board should engage with Eversource to discuss seriously the Initial Eversource Proposal and the superiority of its proposal compared to the Proposed SJW Merger.

On May 7, 2018, CTWS sent an open letter to CTWS shareholders in response to Eversource's open letter.

On May 8, 2018, CTWS and Rocky River entered into a confidentiality agreement regarding Rocky River's access to materials in response to requests in its April 30, 2018 demand letter.

On May 18, 2018, Eversource filed a motion with CT PURA requesting party status in the proceeding in Connecticut for which SJW and CTWS filed a joint application for approval of the Proposed SJW Merger on May 7, 2018.

On May 22, 2018, SJW and CTWS filed an objection to Eversource's motion requesting party status in their joint proceeding to approve the Proposed SJW Merger in Connecticut.

On May 23, 2018, Eversource filed a response to the objection of SJW and CTWS to Eversource's motion requesting party status in their joint proceeding to approve the Proposed SJW Merger in Connecticut.

On May 25, 2018, CTWS sent a letter to Rocky River noting its refusal to provide certain information to Rocky River requested by Rocky River in accordance with Connecticut statutory law despite several follow-up requests from Rocky River.

On May 31, 2018, CTWS and SJW announced an Amended Merger Agreement, dated as of May 30, 2018, including an amendment to include a "go-shop" provision, and reiterated the CTWS Board's recommendation in favor of the "merger of equals" with SJW Group.

On June 4, 2018, Eversource filed with CT PURA a supplement to its motion requesting party status in the joint proceeding of SJW and CTWS to approve the Proposed SJW Merger in Connecticut.

On June 5, 2018, CTWS filed with CT PURA a response to Eversource's supplement to its motion requesting party status in such joint proceeding.

On June 5, 2018, Eversource issued a press release criticizing the go-shop process undertaken by CTWS and the refusal by CTWS and SJW to eliminate or reduce the break-up fee under the SJW

Table of Contents

Merger Agreement. In the press release, Eversource stated that it would not participate in what it believed was a preclusive and severely limited process and reiterated its commitment to delivering the Eversource proposal to CTWS shareholders, noting in particular Eversource's view that the go-shop process did not eliminate or reduce the \$28.1 million CTWS termination fee while it simultaneously provided additional benefits to SJW by extending from 12 to 15 months the tail period during which CTWS would have to pay SJW a termination fee after CTWS shareholders reject the Proposed SJW Merger, providing SJW with additional rights to match competing proposals, and not providing potential bidders access to due diligence information that is not already publicly available. As a result of these measures, according to CTWS, none of the more than 50 potential bidders who were contacted by CTWS's financial advisor as part of the go-shop process submitted a proposal or indication of interest.

On June 6, 2018, CTWS issued a press release in response to Eversource's June 5, 2018 announcement.

On June 7, 2018, CTWS and SJW filed with the SEC an amendment to their joint proxy statement/prospectus in an amended registration statement on Form S-4.

On June 8, 2018, CT PURA issued a preliminary, proposed final decision to dismiss the joint proceeding of SJW and CTWS to approve the Proposed SJW Merger in Connecticut on the basis that the application is not ripe for review due to the addition of the go-shop provision in the SJW Merger Agreement, which CT PURA believes indicates a reasonable probability that the CTWS Board and shareholders may select an alternative transaction to SJW's to acquire control of CTWS.

On June 8, 2018, Eversource filed with the Maine Public Utilities Commission a petition to intervene and initial comments in the proceeding in Maine in which The Maine Water Company, a wholly owned subsidiary of CTWS, filed on May 4, 2018 an application for approval of a proposed reorganization that would occur as a result of the Proposed SJW Merger.

On June 11, 2018, The Maine Water Company, a wholly owned subsidiary of CTWS, filed comments with the Maine Public Utilities Commission stating that it agreed with comments of the Maine Office of the Public Advocate to adjust the timeline of the Maine proceeding in light of the Amended Merger Agreement and requesting to postpone the initial case conference currently scheduled for June 20 until July 24, 2018.

On June 13, 2018, Eversource issued a press release reaffirming its commitment to its proposal to acquire CTWS and stating its willingness to deliver further value to CTWS shareholders through CTWS's receipt or avoidance of termination fees.

On June 15, 2018, the Maine Public Utilities Commission issued an order to postpone, without rescheduling, the initial case conference originally scheduled for June 20 regarding the application by The Maine Water Company, a wholly owned subsidiary of CTWS, for approval of a proposed reorganization that would occur as a result of the Proposed SJW Merger. Additionally, the order of the Maine Public Utilities Commission required The Maine Water Company to file a status report by July 23, 2018, that includes, among other things, a response to the assertion that The Maine Water Company should withdraw such application and refile it after the California Water Service Group's tender offer for SJW has expired and a discussion about why the Maine Public Utilities Commission should not follow the CT PURA's lead and dismiss the application without prejudice on the basis that it is not ripe for review due to the addition of the go-shop provision in the SJW Merger Agreement.

On June 18, 2018, CTWS issued a press release announcing that the CTWS Board had unanimously determined to terminate the go-shop process after CTWS did not receive any indications of interest or proposals and reaffirmed its rejection of Eversource's proposal and its commitment to the Proposed SJW Merger.

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Table of Contents

On June 19, 2018, Eversource issued a press release criticizing the go-shop process undertaken by CTWS as flawed and ineffective in soliciting even a single additional indication of interest in CTWS, designed only to entrench the Proposed SJW Merger, and reaffirming its commitment to its superior proposal to acquire CTWS and its willingness to deliver further value to CTWS shareholders through CTWS's receipt or avoidance of termination fees.

On June 19, 2018, CTWS sent a letter to CT PURA withdrawing the joint application of SJW and CTWS to approve the Proposed SJW Merger in Connecticut.

On June 20, 2018, a representative of Eversource's financial advisor contacted a representative of CTWS's financial advisor to propose a meeting between Mr. Benoit and Mr. Judge to discuss a potential combination with CTWS. CTWS accepted the meeting.

On June 29, 2018, Ms. Wallace and Mr. Benoit of CTWS met with Mr. Judge to discuss Eversource's continued interest in a combination with CTWS. During the meeting, Eversource presented a revised proposal to acquire CTWS for \$64.00 per share in cash or in Eversource common shares, at the election of CTWS shareholders.

On July 2, 2018, Eversource delivered to Mr. Benoit its revised proposal in writing. The July 2, 2018 revised written proposal appears below:

July 2, 2018

Mr. David C. Benoit
President and Chief Executive Officer
Connecticut Water Service, Inc.
93 West Main Street
Clinton, CT 06413

Dear David:

Thank you and Carol for the meeting on June 29. It was nice to meet you both. I very much appreciated the opportunity to discuss our interest in Connecticut Water, discuss the great potential for the combined company, and discuss what we believe to be a superior proposal compared to your proposed transaction with SJW Group.

As mentioned at our meeting, I am submitting in writing a revised proposal to acquire Connecticut Water under terms we believe are in the best interest of the customers, employees, suppliers, local communities and shareholders of Connecticut Water due to the greater benefits achievable through an Eversource transaction. We think that both the terms of our improved superior proposal and the environment in which you evaluate our improved proposal are very important considerations.

Eversource proposes to acquire all the outstanding shares of Connecticut Water common stock for \$64.00 per share in cash and/or in Eversource common stock at the election of Connecticut Water shareholders. If your proposed transaction with SJW is terminated with no break fees payable by you, we would increase our offer to \$66.00 per Connecticut Water share. Additionally, as a tangible sign of our commitment to a quick and efficient transaction close, we would be willing to offer an incremental "ticking fee" should Eversource not achieve all required regulatory approvals within eight months of deal announcement. This "ticking fee" would result in a \$0.50 per share increase to the offer price paid to Connecticut Water shareholders for each subsequent calendar quarter required to close the transaction following the eight-month deadline.

Connecticut Water shareholders electing to receive Eversource stock as consideration would realize the equivalent of a 76% dividend uplift based on the \$64.00 per share base offer, the closing price of Eversource's common stock on June 29, 2018, and the annualized quarterly cash dividend of \$0.3125 per share declared by Connecticut Water on May 10, 2018.

Table of Contents

Our proposal also commits to the following benefits for Connecticut Water customers, employees, suppliers and local communities post-closing:

Provide rate stability for customers by freezing base rates through 2022;

Double Connecticut Water's charitable contributions to the communities it serves;

Create a separate Connecticut Water subsidiary within the Eversource organization, retaining the identity and culture your team has established;

Form a Water Advisory Board, including five members of Connecticut Water's current board to advise on key decisions and growth opportunities for our Water business;

Retain key executives and employees that have helped drive the success of Connecticut Water and

Implement best practices across the entire Water (and Eversource) platform to leverage skills and talents.

These substantial improvements are intended to convey a very clear message that we respect and value the Connecticut Water Platform and we believe that this transaction is materially better for all constituents than the contemplated transaction with SJW. In addition, we believe this improved offer represents a superior alternative to Connecticut Water's standalone proposition.

Eversource has a market capitalization of approximately \$19 billion and is an A+ rated company by Standard & Poor's, making Eversource a strong financial partner for the transaction. There would be no financing contingency as part of the transaction.

Eversource has consistently demonstrated credibility, expertise, and responsiveness in its proceedings before the Connecticut Public Utilities Regulatory Authority and other regulatory bodies and has a strong track record for successful regulatory outcomes. In particular, Eversource has considerable experience in obtaining regulatory approvals required for utility mergers and acquisitions. This is evidenced through our recent acquisition of Aquarion Water Company, for which we obtained regulatory approvals in four states (including Connecticut and Maine) and completed the transaction within five months from the regulatory filing date and within six months from the announcement of the transaction. Additionally, Eversource is uniquely positioned to create substantial benefits for customers served by Connecticut Water, while preserving local ownership and accountability.

In summation, Eversource's combination with Connecticut Water would be a compelling, superior alternative to the SJW transaction for Connecticut Water's customers, employees, suppliers, communities and shareholders. An Eversource transaction would also leverage the geographical proximity of the Connecticut Water and Aquarion systems to enable cost-effective infrastructure investment and support regional economic growth.

I have reviewed this opportunity with Eversource Board members who support the submission of this proposal. For the time being, we are planning to keep this proposal confidential to allow the Connecticut Water Board and its advisors ample time to analyze and engage with us constructively. We would appreciate your response by July 9, 2018. We are prepared to engage with you immediately and to reach a definitive agreement as expeditiously as possible. For the avoidance of doubt, this proposal is a non-binding indication of interest, subject to confirmatory due diligence, which we believe can be completed expeditiously and within two weeks of receiving access to your data room. A binding obligation with respect to this transaction will result only from the execution of a definitive agreement containing terms and conditions that are mutually acceptable to the parties.

Table of Contents

We look forward to your prompt response.

Sincerely,

James J. Judge
Chairman, President and Chief Executive Officer
Eversource Energy

On July 7, 2018, Ms. Wallace and Mr. Benoit of CTWS telephoned Mr. Judge to inform him that the CTWS Board had unanimously determined that Eversource's revised written proposal for the acquisition of CTWS did not constitute a superior proposal as compared to the Proposed SJW Merger.

On July 7, 2018, CTWS delivered a written letter to Mr. Judge reiterating that the CTWS Board had unanimously determined that Eversource's revised written proposal for the acquisition of CTWS did not constitute a superior proposal as compared to the Proposed SJW Merger and stating that it would be prepared to engage in discussions with Eversource if Eversource submitted a proposal that exceeded \$69.50 per CTWS share by July 12, 2018.

On July 10, 2018, Eversource's financial advisor had a telephone meeting with CTWS's financial advisor during which Eversource's financial advisor emphasized its strong belief that both Eversource's \$63.50 initial and current \$64.00 per CTWS share proposals are superior to the Proposed SJW Merger. Eversource's financial advisor additionally noted its confusion over number valuations provided by CTWS's financial advisor.

On July 11, 2018, Mr. Judge telephoned Mr. Benoit to inform him that Eversource intended to deliver to CTWS a written letter in response to CTWS's July 7, 2018 written communication. Later that day, Eversource delivered a written letter to Mr. Benoit noting Eversource's disappointment with CTWS's unwillingness to substantially engage with Eversource regarding Eversource's revised written proposal. The July 11, 2018 written letter appears below:

July 11, 2018

Mr. David C. Benoit
President and Chief Executive Officer
Connecticut Water Service, Inc.
93 West Main Street
Clinton, CT 06413

Dear David:

Thank you and Carol for the call and subsequent letter on July 7. We appreciate your swift response to our improved proposal that included a price increase to \$64.00 and substantial customer, charitable and other commitments. We were very disappointed with your unwillingness to substantially engage and surprised by your ask, and the lack of rationale for our bid having to exceed \$69.50 per share for you to engage in discussions.

We firmly believe that our revised proposal to acquire all of the outstanding shares of Connecticut Water common stock for \$64.00 per share in cash and/or in Eversource common stock, along with the 76% dividend uplift and the extensive and specific customer, employee, and charitable benefits, is superior compared to your proposed sale to San Jose Water that has questionable benefits for all constituents. We continue to struggle to envision the synergies required to justify your valuation ask that would be derived from combining two utilities on opposite sides of the country. The trading prices currently in the market certainly imply the expectation that your transaction with San Jose Water will not close.

Additionally, we believe our revised offer of \$64.00 per share is also clearly superior to your standalone valuation. As disclosed in your SEC filings, your own advisor Wells Fargo valued

Table of Contents

Connecticut Water at a midpoint discounted cash flow of \$50.90 per share. Our offer represents a 26% premium to your own advisor's midpoint DCF valuation and represents an extremely compelling 27.5x multiple to Connecticut Water's estimated 2018 earnings per share, which is at the high end of recent utility transactions. We are confident that your shareholders will also find our offer compelling.

Furthermore, we have included a meaningful ticking fee if our transaction takes longer than 8 months to get regulatory approval and we have stated that should you and San Jose Water mutually terminate your agreement and eliminate any termination fees to be paid, we would increase our offer to \$66.00 per share, delivering further value to your shareholders.

We strongly prefer to negotiate privately and encourage you to reconsider what we think is an unreasonable ask of at least \$69.50 per share to engage. In your recent letter to us, you set a deadline of July 12 for our response. We'd ask that you please respond by close of business on that date if there is a more reasonable position to discuss.

Regards,

James J. Judge
Chairman, President and Chief Executive Officer
Eversource Energy

On July 12, 2018, CTWS responded to Eversource by delivering a written letter to Mr. Judge reiterating that the CTWS Board had unanimously determined that Eversource's revised written proposal did not constitute a superior proposal as compared to the Proposed SJW Merger and its belief that an offer equal to or greater than \$69.50 per CTWS share was a reasonable counter proposal.

On July 13, 2018, CTWS issued a press release confirming receipt of Eversource's revised written proposal, reiterating that the CTWS Board has unanimously determined that Eversource's revised proposal was not a superior proposal, and stating that there is no basis for discussions with Eversource unless Eversource is willing to make a proposal of at least \$69.50 per CTWS share.

On July 13, 2018, Eversource issued a press release reaffirming its commitment to what it believes would be a superior proposal and confirming the full terms of its revised written proposal to acquire CTWS for \$64.00 per share (with an increase to \$66.00 per share if the Proposed SJW Merger is terminated without break fees payable by CTWS and a contingent incremental "ticking fee" designed to convey Eversource's commitment to a quick and efficient transaction close) and additional value to all CTWS constituents through specific commitments to customers, communities and employees including a base rate freeze for customers through 2022, the doubling of CTWS's charitable contributions to communities it serves, and the retention of key executives and employees. Eversource also criticized CTWS's counter proposal of \$69.50 per CTWS share as inconsistent with CTWS's own previously disclosed financial analysis as well as current marked trading dynamics.

On July 16, 2018, CTWS issued a press release restating the terms of Eversource's revised written proposal to acquire CTWS for \$64.00 per share (with an increase to \$66.00 per share if the Proposed SJW Merger is terminated without break fees payable by CTWS) and reaffirming its rejection of Eversource's proposal and its commitment to the Proposed SJW Merger.

Table of Contents

CERTAIN INFORMATION REGARDING THE PROPOSED SJW MERGER

At the Special Meeting, CTWS shareholders as of the Record Date will vote on whether to approve the SJW Merger Agreement and the Proposed SJW Merger. According to the CTWS and SJW Proxy Statement, subject to the terms and conditions of the merger agreement, at the effective time of the merger, Hydro Sub, Inc. would be merged with and into CTWS. CTWS would survive the merger as a wholly owned subsidiary of SJW. Upon completion of the Proposed SJW Merger, SJW and CTWS, and their respective subsidiaries, would operate as a combined company initially under the name "SJW Group." CTWS shareholders would have the right to receive 1.1375 shares of SJW common stock for each share of CTWS common stock that is issued and outstanding immediately prior to the effective time of the merger.

We encourage you to read the full text of the SJW Merger Agreement, since such agreement, and not this summary, governs the Proposed SJW Merger. The SJW Merger Agreement, as amended and restated on May 30, 2018, is filed as Exhibit 2.1 to the CTWS Form 8-K filed with the SEC on May 31, 2018 and can be found at the SEC's website (www.sec.gov). The terms and conditions of the Proposed SJW Merger include the following.

Conditions to the Proposed SJW Merger

According to the CTWS and SJW Proxy Statement, the respective obligations of each of SJW, Hydro Sub, Inc. and CTWS to consummate the Proposed SJW Merger will be subject to the satisfaction or written waiver at or prior to the effective time of the SJW Merger of the following conditions:

approval of the SJW Merger Agreement by the CTWS shareholders;

approval of the issuance of shares of SJW common stock to CTWS shareholders pursuant to the Proposed SJW Merger by SJW stockholders;

approval of the SJW certificate of incorporation amendment by SJW stockholders;

filing with and acceptance by the Secretary of State of the State of Delaware of the SJW certificate of incorporation amendment;

approval of the listing on the New York Stock Exchange of the shares of SJW common stock to be issued to CTWS shareholders pursuant to the Proposed SJW Merger, subject to official notice of issuance;

any required approvals (as listed below) having been obtained and having become final orders (as to which all conditions, not within the control of SJW or CTWS, to the consummation of such transactions prescribed by applicable law or order have been satisfied) and any waiting period having expired or been terminated, and that do not impose terms or conditions that are materially adverse to CTWS, SJW, or CTWS and SJW as a combined company ("Combined SJW"), in each case, taken as a whole (and in the case of SJW and Combined SJW, the materiality assessed for an equivalent entity of the size and scale of CTWS);

the expiration or earlier termination of the waiting period applicable to the completion of the merger and the other transactions contemplated by the SJW Merger Agreement under the Hart-Scott-Rodino Antitrust Improvements Act of 1976;

any pre-approvals of license transfers by the Federal Communications Commission;

consents required by the Connecticut Public Utilities Regulatory Authority; and

consents required by the Maine Public Utilities Commission;

Table of Contents

absence of any statute, law, ordinance, rule, regulation, binding legal requirement, judgment, order or decree by any court, tribunal or other governmental entity of appropriate jurisdiction that seeks to make illegal or prohibit the consummation of the Proposed SJW Merger, the SJW certificate of incorporation amendment or the other transactions contemplated by the SJW Merger Agreement; and

effectiveness of the registration statement on Form S-4, initially filed by SJW on April 25, 2018 (File No. 333-224440) and the absence of a stop order or proceedings initiated and not subsequently withdrawn by the SEC for that purpose.

According to the CTWS and SJW Proxy Statement, the obligations of each of SJW and Hydro Sub, Inc., on the one hand, and CTWS, on the other hand to consummate the Proposed SJW Merger is subject to the satisfaction or waiver of each of the following additional conditions:

the representations and warranties of the other party (other than the representations and warranties related to (i) the shares of capital stock issued and outstanding or reserved for issuance, (ii) the absence of any outstanding voting debt interests, (iii) the authority with respect to the execution, delivery, and performance of the SJW Merger Agreement and the due and valid authorization and enforceability of the SJW Merger Agreement, (iv) the fees payable to a financial advisor, broker or finder in connection with the transactions under the SJW Merger Agreement and (v) solely in the case of SJW and Hydro Sub, Inc., the sole purpose of and lack of business engagement by Hydro Sub, Inc.) will be true and correct (without giving effect to any materiality or material adverse effect qualifications contained in such representations and warranties) as of the closing date of the Proposed SJW Merger (except to the extent such representations or warranties are expressly made as of an earlier date, which need only be true and correct as of such earlier date), except to the extent that any failures of such representations and warranties to be so true and correct, individually or in the aggregate, have not had and would not reasonably be expected to have a material adverse effect;

the representations and warranties of the other party relating to (i) the absence of any outstanding voting debt interests, (ii) the authority with respect to the execution, delivery, and performance of the SJW Merger Agreement and the due and valid authorization and enforceability of the SJW Merger Agreement and (iii) the fees payable to a financial advisor, broker or finder in connection with the transactions under the SJW Merger Agreement will be true and correct in all material respects as of the closing date of the Proposed SJW Merger (except to the extent such representations or warranties address matters only as of an earlier date, which need only be true and correct as of such earlier date);

the representations and warranties of the other party relating to (i) the shares of capital stock issued and outstanding or reserved for issuance and (ii) solely in the case of SJW and Hydro Sub, Inc., the sole purpose of and lack of business engagement by Hydro Sub, Inc., will be true and correct in all respects (except de minimis errors) as of the closing date of the Proposed SJW Merger (except to the extent such representations or warranties are expressly made as of an earlier date, which need only be true and correct as of such earlier date);

the other party having performed in all material respects all of its obligations under the SJW Merger Agreement at or prior to the closing of the Proposed SJW Merger;

receipt of a certificate executed by an executive officer of the other party certifying as to the satisfaction of the conditions described in the preceding four bullet points;

no fact, circumstance, effect, change, event or development will have occurred that, individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect on the other party that has not been ameliorated or cured; and

Table of Contents

receipt of a legal opinion of such party's counsel (or such other nationally recognized tax counsel reasonably satisfactory to the other party), dated as of the closing date of the Proposed SJW Merger, to the effect that the Proposed SJW Merger will qualify as a "reorganization" within the meaning of Section 368(a) of the Code.

Termination; Termination Fees

According to the CTWS and SJW Proxy Statement, the SJW Merger Agreement may be terminated at any time prior to the effective time of the Proposed SJW Merger, before or after the receipt of the required shareholder approvals, under the following circumstances:

by mutual written consent of SJW and CTWS;

by either SJW or CTWS:

if the Proposed SJW Merger is not consummated on or before March 14, 2019, except if, as of 5:00 p.m., Pacific time, on March 14, 2019, all the conditions to closing have been satisfied or waived, or will then be capable of being satisfied (other than the conditions related to required governmental approvals having been obtained and having become final orders and those conditions that by their nature are to be satisfied at the closing of the Proposed SJW Merger), such date will be extended automatically to June 14, 2019 (such date, as so extended, the "end date"); provided that the right to terminate the SJW Merger Agreement under the provision described in this bullet will not be available to any party if such failure of the Proposed SJW Merger to occur on or before the end date is the result of a material breach of any representation, warranty, covenant or agreement of the SJW Merger Agreement by such party (the "end-date termination provision");

if any law or final and non-appealable judgment, order or decree is issued, imposed or deemed applicable to the Proposed SJW Merger by any governmental entity of competent jurisdiction which permanently prohibits or makes illegal the consummation of the Proposed SJW Merger, the SJW certificate of incorporation amendment or the other transactions contemplated by the SJW Merger Agreement; except that the right to terminate the SJW Merger Agreement under the provision described in this bullet will not be available to any party if such failure of the Proposed SJW Merger to be capable of being consummated is the result of the failure of such party to comply with the reasonable best efforts covenant under the SJW Merger Agreement;

if SJW stockholders fail to approve either the issuance of shares of SJW common stock to CTWS shareholders pursuant to the Proposed SJW Merger or the adoption of the SJW certificate of incorporation amendment at the SJW stockholders meeting (or, if the SJW stockholders meeting has been adjourned or postponed, at the final adjournment or postponement thereof) (the "SJW stockholder approval failure termination provision"); or

if CTWS shareholders fail to approve the SJW Merger Agreement at the Special Meeting (or, if the Special Meeting has been adjourned or postponed, at the final adjournment or postponement thereof);

by SJW:

if CTWS has breached or failed to perform any of its obligations under the SJW Merger Agreement, or if any of its representations or warranties has failed to be true and correct, which breach or failure to perform (i) is not reasonably capable of being cured by CTWS by the end date, or is not cured by CTWS within the earlier of (x) 45 days after receiving written notice from SJW or (y) three business days prior to the end date and (ii) would give rise to the failure of certain closing conditions; provided that the right to terminate the SJW

Table of Contents

Merger Agreement under the provision described in this bullet will not be available to SJW if SJW is then also in breach of any of its covenants or agreements, or if any of its representation or warranties has failed to be true and correct such as would give rise to the failure of certain closing conditions (the "CTWS material breach termination provision");

prior to the time that CTWS shareholders approve the SJW Merger Agreement, if:

CTWS materially breaches any of its obligations as set forth in the SJW Merger Agreement permitting CTWS to solicit or engage in discussions or negotiations with a third party with respect to a proposal for a competing transaction, including the acquisition of a significant interest in CTWS common stock or assets;

the CTWS Board has made an adverse recommendation change (as defined in the SJW Merger Agreement);

CTWS has failed to include, in the joint proxy statement/prospectus, the recommendation of the CTWS Board that CTWS shareholders approve the SJW Merger Agreement;

following the receipt of a takeover proposal with respect to CTWS, the CTWS Board has failed to publicly reaffirm its recommendation of the SJW Merger Agreement, the Proposed SJW Merger and the other transactions contemplated by the SJW Merger Agreement within 10 business days after SJW reasonably requests in writing that such recommendation be reaffirmed; or

a tender or exchange offer relating to any shares of CTWS common stock has been publicly commenced and CTWS has not, within 10 business days after the commencement thereof, recommended rejection of such tender or exchange offer and reaffirmed its recommendation of the SJW Merger Agreement and the Proposed SJW Merger and the other transactions contemplated by the SJW Merger Agreement; or

prior to the time that SJW stockholders approve both the issuance of shares of SJW common stock to CTWS shareholders pursuant to the Proposed SJW Merger and the adoption of the SJW certificate of incorporation amendment, if SJW is not in material breach of its obligations as set forth in the SJW Merger Agreement prohibiting SJW from soliciting or engaging in discussions or negotiations with a third party with respect to a proposal for a competing transaction, including the acquisition of a significant interest in SJW common stock or assets; in order to accept a superior proposal with respect to SJW and enter into an acquisition agreement related to such superior proposal, and SJW pays to CTWS a termination fee of \$42.5 million pursuant to the terms of the SJW Merger Agreement;

by CTWS:

if SJW or Hydro Sub, Inc. has breached or failed to perform any of its obligations under the SJW Merger Agreement, or if any of their respective representations or warranties has failed to be true and correct, which breach or failure to perform (i) is not reasonably capable of being cured by SJW or Hydro Sub, Inc. by the end date, or is not cured by SJW or Hydro Sub, Inc., as applicable, within the earlier of (x) 45 days after receiving written notice from CTWS or (y) three business days prior to the end date and (ii) would give rise to the failure of certain closing conditions; provided that the right to terminate the SJW Merger Agreement under the provision described in this bullet will not be available to CTWS if CTWS is then also in breach of any of its covenants or agreements, or if any of its representation or warranties has failed to be true and correct such as would give rise to the failure of certain closing conditions (the "SJW material breach termination provision");

Table of Contents

prior to the time that SJW stockholders approve both the issuance of shares of SJW common stock to CTWS shareholders pursuant to the Proposed SJW Merger and the adoption of the SJW certificate of incorporation amendment, if:

SJW materially breaches any of its obligations as set forth in the SJW Merger Agreement prohibiting SJW from soliciting or engaging in discussions or negotiations with a third party with respect to a proposal for a competing transaction, including the acquisition of a significant interest in SJW common stock or assets;

the SJW board of directors has made an adverse recommendation change (as defined in the SJW Merger Agreement);

SJW has failed to include, in this joint proxy statement/prospectus, the recommendation of its board of directors that SJW stockholders approve both the issuance of shares of SJW common stock to CTWS shareholders pursuant to the Proposed SJW Merger and the adoption of the SJW certificate of incorporation amendment;

following the receipt of a takeover proposal with respect to SJW, the SJW board of directors has failed to publicly reaffirm its recommendation of the SJW Merger Agreement, the Proposed SJW Merger and the other transactions contemplated by the SJW Merger Agreement within 10 business days after CTWS reasonably requests in writing that such recommendation be reaffirmed; or