

Direct Registration

We now offer you, our stockholders, a safe and convenient way to hold shares of stock through electronic registration, called the Direct Registration System (DRS). This method of recording stock gives you full ownership of Cal Water stock and enables you to be directly registered on the books of our transfer agent, American Stock Transfer & Trust Company (AST), while eliminating the need for you to keep track of physical stock certificates. Stock held through DRS has the same rights and privileges of stock held in certificate form.

Benefits of DRS

DRS is quickly becoming the standard in stock ownership because it:

- Protects you against loss or damage of physical certificates.
- Eliminates time, risk, and expense associated with storing and replacing lost or stolen certificates.
- Allows electronic stock transactions between your broker or dealer and AST.
- Is a free service.

How DRS Works

You will receive a DRS book-entry statement that reflects the amount of stock registered in your name. A statement is issued each time there is activity in your account.

As a stockholder through DRS, you have the same options for your dividends as stockholders with physical certificates. You may receive dividends via direct deposit or check, and you may choose to participate in our Dividend Reinvestment and Stock Purchase Plan.

Depositing Certificates in DRS

If you currently have stock in certificate form and would like to participate in DRS, you can have your existing certificate(s) converted to book-entry stock at any time by sending the certificate(s), along with a letter of instruction, to AST at: American Stock Transfer & Trust Company, Attn.: Stockholder Services, 59 Maiden Lane, New York, NY 10038. You do not need to endorse the certificate(s). If you mail your certificate, you may wish to consider sending it via a traceable method, such as certified mail or FedEx, as delivery is at your own risk. AST will mail a DRS Transaction Advice Form to you in about three business days of receipt of your request.

If you hold common stock through a broker and would like it to be held in DRS book-entry form, you must have your broker electronically move your stock to AST and request that it be held in DRS book-entry form.

Requesting Physical Certificates

You may request a physical stock certificate for all or a portion of your stock at any time by contacting AST at (toll-free) (800) 937-5449, www.amstock.com, or sending a letter of instruction to AST at the address above. There is no fee to receive a certificate.

Lost DRS Statements

You may request a duplicate statement free of charge at any time by contacting AST at (800) 937-5449, www.amstock.com, or the above address.

Selling DRS Book-Entry Stock

You may have your stock moved electronically to your bank or broker for sale at any time. Contact your broker and provide your DRS account number, the CUSIP number for Cal Water common stock, and amount of stock to be moved.

You may also sell your stock through AST free of charge at any time. AST records sales orders on the date of receipt and processes them within the terms of the Dividend Reinvestment and Stock Purchase Plan. AST cannot accept instructions to sell stock on a specific day or at a specific price. The price you receive will be the average price of all our stock sold by AST for DRS book-entry stockholders on the day your stock is sold. Your sales proceeds will then be mailed to you. For more information or to make a sale through AST, contact AST at www.amstock.com or by mail at the above address.

Questions

If you have any questions about DRS, please contact Lynne McGhee, Corporate Secretary and Associate Corporate Counsel, at (408) 367-8200 or toll-free (800) 750-8200.