



Nestlé Waters Proposed McCloud Project

Answers To Questions Raised At Public Forum Held On February 18, 2009

On February 18, 2009, Nestlé Waters held a forum to provide an overview of the company's revised McCloud project proposal to the community and to give members of the public the opportunity to provide the company with direct feedback on the various elements of the project. Below are written responses to many of the questions raised during the public comment period and on comment cards submitted in conjunction with this meeting. This document is intended to supplement the verbal answers provided by senior company representatives at the forum and has been organized by topic areas for ease of reading. For a summary of Nestlé Water's February 2009 meeting and of other public forums, for more information on the revised project proposal and for answers to other frequently asked questions, please visit mccloud.nestlewatersca.com.

ENVIRONMENT

Watershed Biology/Hydrology

Q: Will comprehensive baseline data be collected on the watershed before Nestlé Waters will seek approval of its project?

A: Before the plant can be permitted the revised project proposal must undergo an environmental review under the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA). In addition, Nestlé Waters has committed to funding at least two years of additional study on the watershed and surrounding habitat, which began in October 2008. The science-based results of the first two years of study will be the basis for determining if further research may be required. A variety of additional studies will also be conducted to support preparation of a draft environmental impact report for the re-defined project. Once those studies are completed, the County's CEQA process can move forward. In addition, a long-term water-monitoring program is a critical element of the company's McCloud project proposal.

Q: Who is conducting these water studies and how were they designed?

A: These studies were started in the Fall of 2008 and were designed by experts from the University of California, Berkeley and the University of California, Davis, and in coordination with the McCloud Watershed Council, Trout Unlimited and California Trout (also known as the Protect Our Waters Coalition). The studies are being conducted by North State Resources, a Northern California based environmental consulting firm. North State Resources was selected to conduct this research through a competitive request for proposal process.

Q: Will the company commit to conducting five years of these studies rather than two?

A: As part of developing these studies in conjunction with the Protect Our Waters Coalition, Nestlé Waters committed to funding at least two years of study on the watershed. Once two years of data has been collected and reviewed by the scientists, it will be determined whether or not additional years of study are critical to evaluating our proposed project. It is possible that the scientists determine that two years worth of data is sufficient or they may recommend additional studies be conducted. But that decision will be made based on the objective results of the initial two years worth of data. The proposed project also includes a long-term monitoring program to ensure that plant operations do not impact the watershed.

Q: Will the company agree to an adaptive management plan for the project designed to protect the local trout population?

A: Yes. There will be a long-term monitoring program at the proposed McCloud water-bottling site. We take our responsibility to protect the health of the watersheds in the communities in which we operate very seriously—it's not just our responsibility, our business depends on it. This long-term monitoring program will be designed to generate ongoing data on the health of the McCloud-area watershed and lay out appropriate mitigation strategies that can be implemented if necessary. Nestlé Waters has successful ongoing watershed monitoring programs at bottling facilities across the country. For example, at some of our sites minimum flows must be maintained in the surface streams and creeks fed by some of the springs we use (these are called "pass-by flows"). If stream flow drops below the required pass-by flow established in our permits, we are required to curtail spring water collection or to augment the stream flow with an approved alternate water supply. The specifics of our McCloud plan will be informed by the data collected through the watershed and habitat studies currently underway, as well as studies conducted as part of the CEQA process. As we move forward in this process we look forward to working with the McCloud community and other stakeholders to develop this plan.

Q: What is the company's response to the accusations made by the meeting participant from Napa who claimed Nestlé Waters' take from local springs has significantly depleted the local fish population?

A: Nestlé Waters purchases spring water from a private landowner in Calistoga, California in Napa County. The landowner was required to comply with CEQA prior to selling spring water to our company. A third party evaluation conducted as part of the public CEQA process and subsequent real-time operational data, demonstrates that these operations have no negative impact on the local fish population or stream flows. We continue to monitor in this region to ensure that our operations are not negatively impacting the watershed or the fish population.

Water Rights, Source, Conservation & Quality

Q: Which of the McCloud Community Service District's (MCSD) springs would be the source of the water withdrawals for purposes of the bottling plant?

A: Nestlé Waters revised project proposes to utilize water from Upper and Lower Elk Springs. However, the terms of any water purchase agreement will be decided by the District.

Q: How much water does Nestlé Waters propose to use for this bottling plant?

A: Our revised project proposal caps total water usage of 600 acre-feet annually. This includes ALL water usage at the bottling facility (i.e. water for bottling, vehicle cleaning, employee break room and restroom usage and any other on-site water use). If the ongoing water studies or other scientific analysis conducted as part of the CEQA/NEPA review suggest that this level of water usage would harm the watershed, the proposed cap will be revised accordingly.

Q: Is the company seeking any rights to MCSD's water?

A: No. As with the original contract, Nestlé Waters has proposed to be a customer of the District—just like any other business in town—and is not seeking to gain any water rights to MCSD's water. MCSD will retain all rights and control over its water sources and supply.

Q: Would Nestlé Waters agree to a water use maximum based on historical maximum flow of the springs?

A: This is something that will be determined through any future contract discussions with MCSD.

Q: Does the Nestlé Waters project proposal include the possible drilling and use of groundwater wells?

A: No, the company will be legally prohibited under the revised project proposal to drill or use groundwater wells.

Q: What are the company's plans in the event of a drought?

A: Nestlé Waters will work with the District to develop a District-wide drought mitigation plan. Among other things, this drought mitigation plan will be required to satisfy the CEQA/NEPA environmental review that must be completed prior to any plant being permitted. There will be several opportunities for public review and comment on the District's drought mitigation plan as part of the CEQA/NEPA process, in addition to any discussions the District may host separately on this topic.

Q: Do you have any plans for future expansion and increased use of water?

A: Our revised project proposal caps water usage at 600 acre-feet of water annually. We do not have plans to expand the size of this proposed plant. In addition, if any future expansion of this plant were contemplated, it would be subject to an additional environmental review process, which would include additional scientific analysis and multiple opportunities for public review and comment before the District could agree to sell the company any additional water.

Q: What is the company's response to data provided by a member of the community at the meeting indicating levels of aluminum exceeding the allowable limit for drinking water in a snow sample from Mt. Shasta and a sample from a backyard rain gauge located in the city of Mt. Shasta?

A: This is an issue that goes well beyond the Nestlé Waters project proposal. We take water quality issues very seriously and, as discussed above, we will continue to conduct studies on area water quality throughout this process, and share that data with the District, the County, and other interested stakeholders. Aluminum levels in samples collected from MCSD springs that Nestlé Waters has tested in the past comply with all Environmental Protection Agency (EPA) requirements for public drinking water supplies and equally or more stringent Food and Drug Administration (FDA) requirement for bottled water.

Q: Will the company provide a list of all of its spring water sources for all of its plants and the spring water data for each of these sites?

A: We are committed to providing as much information as possible to every community in which we operate. Our company web site, found at <http://www.nestle-watersna.com>, includes comprehensive water quality reports and site information on all of our brands that is easily accessible and can be downloaded.

Mill Property

Q: Does the company have plans to address any issues with toxics on the mill property or has that been done already?

A: At the time Nestlé Waters purchased the mill property from Cal Cedar, a Phase 1 environmental assessment of the site's toxicity was conducted. Following that analysis, a clean up of soils contaminated through past industrial practices at the site in some specifically identified areas was conducted and these clean-up activities were approved by the California Department of Toxic Substances Control. In addition, the CEQA/NEPA review that will be conducted on the revised project proposal will include an analysis of the mill property and will determine whether any additional clean up of the property is required.

Q: Will a company representative go on a tour of the Mill Site with former mill employees to be shown areas of suspected toxic contamination as a result of mill operations?

A: Yes.

PLANT OPERATIONS & AESTHETICS

Trucks & Traffic

Q: How many trucks each day will go through the town as a result of this project?

A: No trucks will go through the Town of McCloud. A facility of this size typically involves an average of 110 round trips daily (220 one-way trips) and a maximum of 200 roundtrips (400 one-way trips) daily. These trucks will travel to and from the plant to State Highway 89 on a private road on the outskirts of town and will not be permitted to drive through the middle of town. This alternate truck route was announced in October 2004 when we entered into an agreement to acquire a 60-foot easement connecting State Highway 89 to the old mill property. The easement would be improved and maintained by Nestlé Waters.

Q: Have you considered other modes of transportation, such as rail, as alternative to truck transport?

Y: Yes, we are open to other forms of transportation that meet standards for cost-effectiveness, delivery time, and maintenance of product quality. We invite those interested in providing rail and other alternative transportation options to submit proposals to the company for consideration.

Q: Will all Nestlé Waters truck drivers, contract or otherwise, be required to follow all rules and regulations concerning traffic laws and route restrictions?

A: All of our truck drivers are required to comply with all federal, state and local traffic laws, licensing requirements, speed limits and route restrictions.

Q: Will the company be putting in a passing lane on Highway 89 as suggested by the original Environmental Impact Report (EIR) on this project? What other accommodations for truck traffic will be made?

A: A new traffic study will be conducted as part of the CEQA/NEPA process and Nestlé Waters will abide by any additional traffic mitigation requirements suggested in those reports. As stated above, our trucks will travel to and from the plant on a private road on the outskirts of town and will not be permitted to drive through the middle of town. This alternate truck route was announced in October 2004 when we entered into an agreement to acquire a 60-foot easement

connecting State Highway 89 to the old mill property. The easement would be improved and maintained by Nestlé Waters.

Q: Is the company willing to consider moving the proposed location of truck bays at the facility?

A: Yes. The proposed location of the truck bays is preliminary and is something that will be considered and discussed publicly as part of the CEQA/NEPA process.

Q: What will the impact of truck traffic be on air quality?

A: The impacts of truck traffic on air quality will be fully evaluated as part of the CEQA/NEPA process.

Q: Will the trucks and their lights generate noise and other disturbance to neighbors of the bottling plant?

A: Any potential light and noise impacts will be fully evaluated as part of the CEQA/NEPA process and Nestlé Waters is committed to mitigating any identified potential light and noise disturbances down to a less-than-significant level. We recognize that this is a particularly important issue for residents who live adjacent to the proposed project site and we are committed to working with them on a plan that avoids any significant noise and light impacts.

Q: Will the trucks be permitted to idle?

A: The California Air Resources Board closely monitors and regulates truck engines and idling in the state. Our trucks will be required to operate in full compliance with these regulations.

Plant Size, Design and Property Layout

Q: What is the anticipated height of your proposed bottling facility?

A: The design of the revised project's building has not been completed. However, for reference, the originally proposed bottling facility consisted of three primary areas with building heights ranging from 35 to 45 feet. Storage silo heights are flexible but in general will not exceed about 55 feet in height. The design of the revised proposed facility is anticipated to not exceed these heights.

Q: Will the plant be a LEED certified green building? To which LEED rating will it be built?

A: Yes. The McCloud project proposal is designed to be a LEED silver certified green building.

Q: Would Nestlé Waters consider the inclusion of a firefighting helicopter dipping site on the Mill Property?

A: Yes. As we have said throughout this project, we are open to considering any ideas that we receive from the public that may provide benefit back to the community.

Water Bottles

Q: Will the bottles be made on-site?

A: This has not yet been determined. Either the bottles will be made on-site from resin pellets or the preforms used to make the bottles would be produced elsewhere and brought into the facility.

Q: Will the bottles be pre-washed on-site?

A: No, the bottles do not need to be pre-washed or rinsed before they are filled.

Q: What type of bottled water products will be manufactured at the facility?

A: We plan on making our eco-shape bottles – they are 100 percent recyclable and are among the lightest weight, most environmentally friendly bottles in the beverage industry.

Q: Are the bottles recyclable?

A: Yes, the bottles we use are 100 percent recyclable. Nestlé Waters is working actively to increase recycling rates throughout the country through Project WET (Water Education for Teachers), partnerships with environmental organizations such as Keep America Beautiful and much more. For more information about our commitment to recycling and environmental stewardship visit <http://www.nestle-watersna.com/Menu/Environmental.htm>.

JOBS & BENEFITS

Q: How many jobs will this proposed project create?

A: Initially this facility will employ between 45 and 50 people and at full build out, a facility of this size can employ approximately 100 people.

Q: What types of jobs will be available at the plant and what qualifications are you looking for?

A: There are many types of jobs associated with our water bottling facilities. They include logistics and production planners, maintenance and operational technicians, blow-mold operators, quality control technicians, microbiologists,

fork lift drivers, warehouse technicians, dock coordinators, planning and inventory coordinators and administrative positions, among others.

Q: What are the wages and benefits the company offers?

A: We will conduct a wage survey once we are getting ready to hire for the facility and every one of the jobs at our bottling plant will pay wages in the top 50% of comparable wages in the region. In addition, NRNA offers a generous array of benefits, including medical, dental and vision insurance, life insurance, 401(k) and profit sharing.

Q: What percentage of the jobs at the plant will be filled by employees from the area vs. employees from out of the area?

A: One of the reasons McCloud is an attractive place for a bottling plant is because of the skilled labor force in the area. Many of the skills used in logging and lumber operations are transferable to our operation such as welding, forklift operation, etc. Typically at our plants several leadership positions are filled by Nestlé Waters employees that are transferred from other facilities and the majority of employees are hired locally.

HISTORIC & CULTURAL PRESERVATION

Native American Lands

Q: Will the company comply with the requirements of Section 106 of the National Historic Preservation Act?

A: The company will comply with all applicable local, state and federal laws, regulations and review processes associated with siting and permitting this proposed project.

Mill Property & Buildings

Q: The property you have purchased was home to the mill that once operated in McCloud. Are any of the buildings on that property of historical value and will the company consider preserving them?

A: As part of the CEQA/NEPA review of our project there will be a study of the buildings on the mill property to determine their historical significance. Regardless of the outcome of that study, some of these buildings have significant emotional value to many members of the McCloud community and we are open and committed to working with the McCloud community to develop a plan to preserve the memories and history these structures embody.

Q: Would Nestlé Waters consider parceling out the Mill Property for other uses or donating it back to the community for historic preservation?

A: Yes. Nestlé Waters is open to considering a wide variety of options for various buildings on the former mill property and we are committed to working with McCloud residents to develop a plan to preserve the memories and history these structures embody.

CONTRACT

Q: What elements of its original contract with the District does Nestlé Waters expect to be changed in any new contract with the Board? Will the contract term, drought plan, investment in the town's water infrastructure and other issues all be on the table?

A: We are open to discussing all issues with the District. Our goal is to come to an agreement on a new contract that reflects the smaller project proposal and takes into account additional community input on that revised proposal.

Q: How much will the company be paying to the community for water?

A: It is unknown at this time because we currently have no contract with the District to purchase water. The price of any water we purchase from the District will be discussed in the context of any future contract discussions with the District.

Q: In light of the recent California Supreme Court decision in the *Save Tara* case, will Nestlé Waters commit to completing the CEQA process before signing a contract with the District?

A: Nestlé Waters will not enter into a contract with the District that violates any local, state or federal laws. The application of the *Save Tara* decision is fact-specific, and therefore its implication in McCloud will depend on the terms of any potential agreement between the company and the District. Focusing on the *Save Tara* decision at this time is premature since the company has not even begun contract negotiations with the District and before anyone could consider signing anything, contract terms will have to be negotiated and put before the Board for public review and discussion. It is at that point that decisions about when the contract should be signed relative to the status of any CEQA/NEPA review would happen.

PUBLIC FORUM TIMES, TOPICS AND PROCESS

Q: Will the company consider holding future meetings on a Saturday to accommodate McCloud property owners not residing full-time in the community?

A: Yes. We understand that finding a meeting time that is convenient for everyone who is interested in this process is difficult and we are open to holding meetings on Saturdays. In addition, we encourage McCloud residents and homeowners with questions about our project proposal to call or email us at any time. Our current plan is to hold several additional meetings, some of which will be scheduled on a weekend so that we may provide weekend residents with a more convenient time to attend.

Q: Aren't these meetings premature since the science is still in process and MCSD has not committed to any contract discussions with Nestlé Waters?

A: One of the concerns often raised with regard to our original project proposal has been the perceived lack of sufficient public input into the MCSD decision making process and lack of public meetings for the community to learn about and discuss the proposed project before any decisions were made. As part of our discussions with the Protect our Waters Coalition, it was clear to us that they desired that we hold a series of public forums on the various issues surrounding our proposed project going forward. We agree that providing more information, more opportunities for public discussion and more answers to questions is an important part of the community's consideration of our project and this meeting is an attempt to do that and fulfill our commitment to the Coalition and the community to hold these forums.

Q: Will the company address the topic of trust at one of its future public forums?

A: Yes. Nestlé Waters has committed to holding several more public forums and the issue of trust can certainly be addressed in these meetings.

NESTLÉ WATERS IN OTHER COMMUNITIES

Q: What is your response to accusations about the company's conduct and watershed impact in other small communities in Michigan and Maine where litigation is pending?

A: We operate 27 plants throughout the country and have strong partnerships and generally enjoy good relationships in the communities in which we operate. However, in some communities there has been controversy surrounding our projects. During the public forum two sites where litigation was underway were mentioned: Fryeburg, Maine and Mecosta, Michigan. Below are additional details on each of these situations.

Maine

In the lawsuit in Fryeburg, Maine, which centered around a permit for a 24-hour 7-day/week truck loading station in an area zoned for both residential and commercial uses, Nestlé Waters asked the court to uphold the permitting decision made by the local planning board, which was overturned by the zoning board of

appeals. The court has ruled in this case allowing the permitting decision made by the local planning board to stand. For more information about the company's operations in Fryeburg visit <http://www.polandspringme.com/fryeburg>.

Michigan

A lawsuit brought in 2000 by a citizens group called Michigan Citizens for Water Conservation (MCWC) was ended in 2006 with rulings by the Michigan Court of Appeals. In an extensive opinion, the Court ruled

- That Nestle Waters, like any other company or water user, has the right to use water according to Michigan's water use laws;
- Michigan's water law is based on the right of reasonable use. In case of conflicts, the courts are to apply a six-factor balancing test to determine how the resource is to be shared; and
- Bottled water is a "lawful and beneficial" use of water.

Nestle Waters and MCWC also negotiated a stipulated agreement, approved by the Mecosta Circuit Court and Michigan Court of Appeals, with respect to the amount of water the company withdraws from its four spring water boreholes in Mecosta County.

The stipulated agreement allows for periodic review and adjustment pumping rates. A review has been requested by both parties, and the issue is to go before a circuit court judge in July to determine the amount of water Nestle Waters will be able to withdraw from its spring sources. The court hearing is scheduled for July 6 – 10.

As part of the company's long-term monitoring plan in Mecosta more than nine years of environmental monitoring data has been collected (this data was collected beginning in 2000, two years prior to the commencement of plant operations). This data shows no adverse harm as a result of withdrawals over the past seven years of operations.

For more information and to contact us, please visit our web site at mccloud.nestlewatersca.com.