



For Immediate Release:
September 10, 2009

Contact: Cristina Minasian
916-551-1383

Nestlé Waters North America Withdraws McCloud Project Proposal

McCloud, CA – After a thorough analysis of its business operations in Northern California, Nestlé Waters North America announced today it has decided to withdraw its proposal to build a facility in McCloud, CA.

Nestlé Waters CEO Kim Jeffery sent a letter to the McCloud Community Services District Board and members of the McCloud community communicating the company's decision and expressing his appreciation for the effort the community has put into its project proposal since its inception.

“Our company is in a continual process of evaluating our facility sites and water sources. Earlier this summer we were able to secure a new facility in Sacramento to serve our customers in Northern California. As a result, and after conducting a thorough analysis of our business operations in the region, we have determined that the Sacramento plant production will replace the production we expected in McCloud and therefore we do not have a need to build a new facility in McCloud,” said Jeffery. “The people of McCloud have provided valuable input and shown tremendous patience and spirit throughout this process. I want to extend my personal appreciation and gratitude to every Board member, community member and stakeholder involved for their willingness to remain engaged with us along the way.”

Nestlé Waters has been working with the McCloud community since 2003 to site a bottling facility. Over that time the company has been working through the California Environmental Quality Act (CEQA) process, conducting scientific research on the local watershed and animal habitat, and engaging in dialogue with the community and other stakeholders about its proposal. Read more about the company's history in McCloud here. (http://www.nestlewatersca.com/mccloud/index.php?p=project_overview).

In the Fall of 2008 the company began studies on the Squaw Valley Creek Watershed and habitat with the goal of establishing baseline data from which to evaluate its project and any future projects in the community. These studies were designed in conjunction with experts from the University of California, Berkeley and the University of California Davis, and in coordination with the McCloud Watershed Council and California Trout.

The company plans to continue these studies until their scheduled completion in the Fall of 2010. The data collected will be available to the McCloud community for use in evaluating other projects and proposals.

Beginning in 2008, the company also sponsored a series of community forums on various aspects of its proposed project, including the design and progress of these studies. The goal of these meetings was to receive community input on the proposed project and use that feedback to strengthen its proposal.

The company also announced today that it is beginning the process of appraising the Mill property it owns in the town of McCloud. Once that appraisal is completed Nestlé Waters will consider offers on the property from potential buyers.

The full text of the letter from company CEO Kim Jeffery to the McCloud Community is below:

September 10, 2009

McCloud Community Services District & McCloud Community
P.O. Box 640
McCloud, CA 96057

Dear McCloud Community Services District & McCloud Community,

For the past several years we have worked together to develop a project proposal to build a water bottling facility in McCloud that we believe would be of benefit both to your community and our company. We have sincerely appreciated the time, input and patience both supporters and opponents have shown as all stakeholders considered our evolving project proposal in McCloud. We know that this dialogue has not been an easy process and we are grateful for your willingness to stay engaged and provide us with feedback every step of the way.

The nature and economics of our business require us to continuously evaluate new spring sources and potential project sites. As most of you know, this summer we were able to secure a site for a new bottling facility in the Sacramento area to help supply our customers in Northern California, the bulk of which reside in the Bay Area and Sacramento. The Sacramento plant will allow us to serve our Northern California customers with lower distribution costs and a reduced environmental footprint. As a result, and after conducting a thorough analysis, we have concluded that we no longer have a business need to build a new facility in McCloud and we are withdrawing our proposal to build a bottling facility in your community.

Protecting and sustainably managing the sources for our product has always been part of the mission for Nestlé Waters, and we are continually striving to improve our siting process. Thanks in large part to your input, we have learned a great deal since the time we first submitted our initial project proposal in McCloud. We have solicited and listened to feedback, refined and re-refined our project proposal, and undertaken new scientific studies that will provide important baseline information on the Squaw Creek watershed.

The data produced by these ongoing studies can be used by the District and the McCloud community as you make water management decisions and consider other economic development opportunities in the future. Nestlé Waters plans to complete these two-years of baseline studies, and will ensure this information is made available to the District and community.

The importance of the Mill property to McCloud's history and culture is a theme that we have heard from you since we began this project. At this time we are beginning the process of obtaining a current appraisal of the Mill property. Once that appraisal is completed, we will consider offers on the property from potential buyers.

Once again, let me thank you all for your engagement, consideration, and patience over the past six years.

Sincerely,

Kim Jeffery
CEO, Nestlé Waters North America

For more information visit mccloud.nestlewatersca.com.

###