



A DIVISION OF
NESTLÉ WATERS
NORTH AMERICA

Project Newsletter

MARCH 2006

What's New

Dear Residents of McCloud and Siskiyou County,

I am happy to announce that in January, NWNA completed the purchase of the former Cal Cedar mill property for the future Arrowhead spring water bottling facility in McCloud.

This milestone is a tangible demonstration of our commitment to McCloud. By becoming a landowner and taxpayer, NWNA has put down roots in Siskiyou County. The next step will be the release of the environmental report by the County.

In this and future newsletters we will strive to not only keep the community updated about our

proposed project but also introduce who we are, our business and how as a member of Siskiyou county, NWNA can benefit both the local community and the County as a whole.

The theme of this issue, water, is near and dear to my heart both as a geologist and as an employee of a company whose success as a business depends on the wise management and sustainability of the resource. I hope these fun facts about water prove interesting to readers. If anyone has any questions, please feel free to submit them by calling the 1-866-McHYDRO hotline or by visiting our website. You can also contact me by phone at (530) 223-4430.



David Palais, Ph.D., CHG
Natural Resource Manager
Nestlé Waters North
America Inc.

Sincerely,

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Ask NWNA 2



Did You Know?

Spring Water Flows to Town (2004)

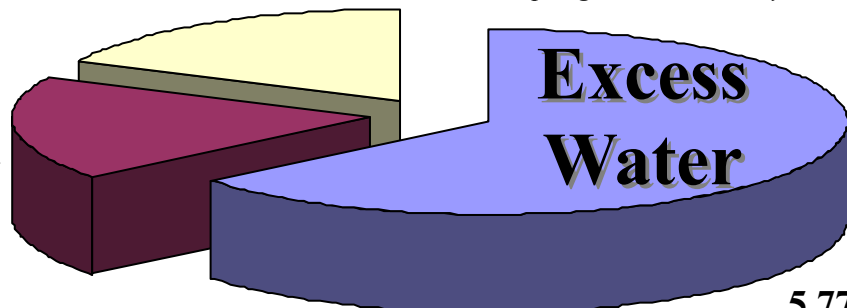
(Percentages rounded up)

Town Use
1,624: 18%

Maximum limit Placed on NWNA:
1,600: 18%

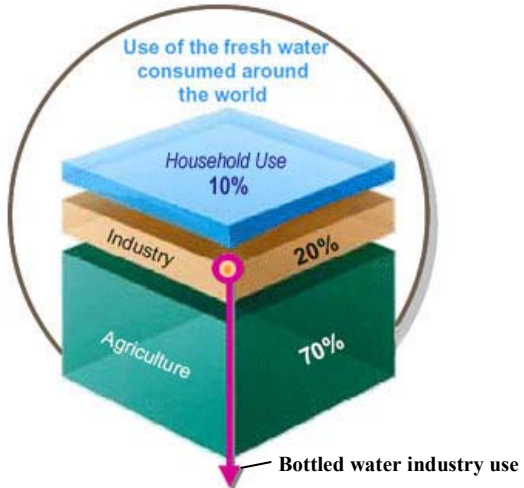
Total ~ 9,000 (acre-feet)

Note: Does not include overflow at springs not measured by MCSD



5,776: 64%

Global Water Use

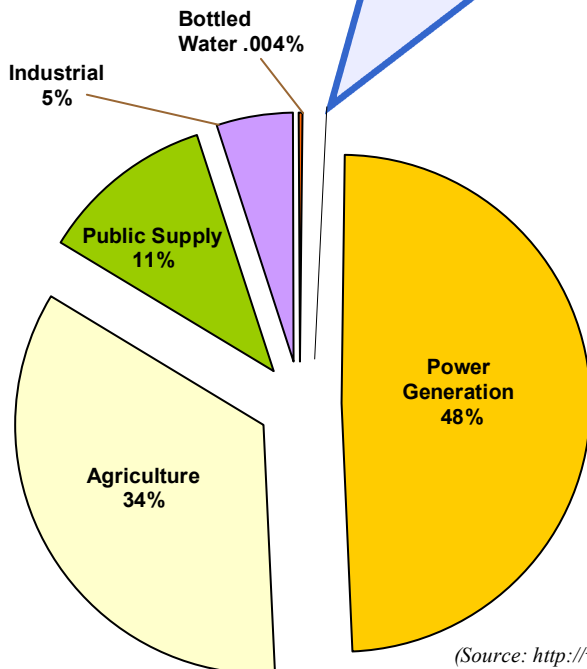


- bottled water: **0.007%**
- Nestlé: **0.005%**
- Nestlé Waters Worldwide: **0.0009%**

(Source: NWNA)

U.S. Water Use

The amount of water used by Nestlé Waters North America is just **0.001** percent of total water used in the U.S. each year.



(Source: <http://water.usgs.gov>)

This section will be dedicated to answering some of the most frequently asked questions about the proposed NWNA Project.

How can I be sure NWNA will be limited in the amount of water it will use from McCloud's watershed?

There are two controls placed on the amount of water NWNA will use: the contract between MCSD and NWNA and the associated environmental reviews.

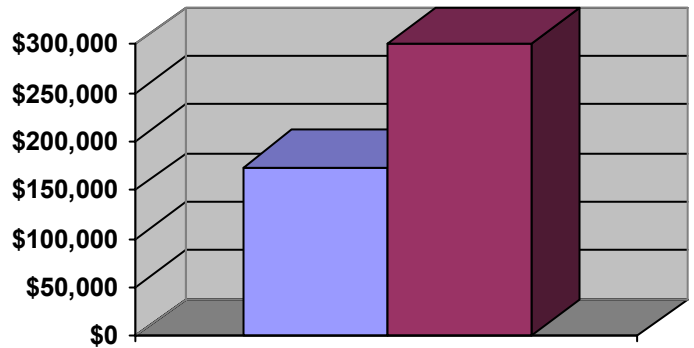
The contract between MCSD and NWNA limits the amount of spring water that MCSD

will sell to NWNA to no more than 1,600 acre-feet per year. MCSD set this limit knowing that it would not impair its ability to provide water to all of its other customers today and in the future.

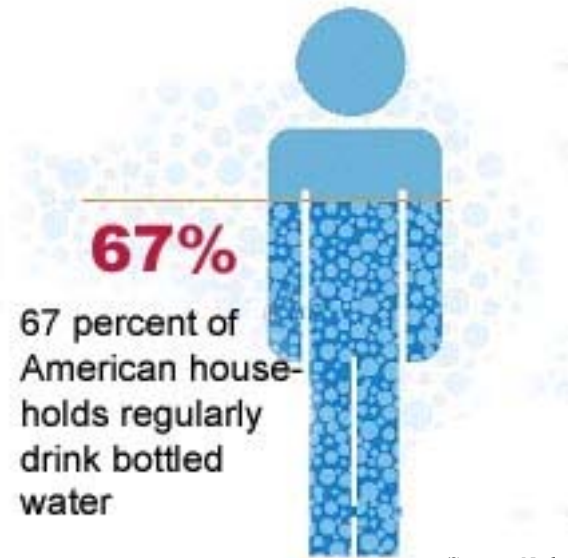
If NWNA ever purchases groundwater from a well that MCSD will own and control (but NWNA will pay for its installation), NWNA has agreed to include any of that groundwater

within the same 1,600 acre-foot per year limit. The inclusion of any groundwater was described in NWNA's project description for the environmental reviews currently being prepared by the County. NWNA is obligated to abide by that limit or any other limit resulting from the environmental reviews. MCSD will also control and meter the sale of that groundwater from a well to NWNA.

Did You Know?



- MCSD Water Revenue (FY 2003-2004): **\$173,518**
- Guaranteed revenue MCSD stands to gain from NWNA (annually): **\$300,000** growing to **\$400,000** per year or more



(Source: Nielsen)