

NEWS

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**Bottled Water Distribution Restrictions Rescinded;
Nestlé Waters Withdraws Lawsuits Against State of Michigan**

Stanwood, Mich. — Nestlé Waters North America today announced the company has withdrawn lawsuits it filed in state and federal courts in June 2005 against the State of Michigan. The lawsuits, which sought to protect the product distribution rights of Nestlé Waters' Ice Mountain Michigan operations, were withdrawn after the State this week rescinded arbitrary and unprecedented restrictions placed on permits issued to Nestlé Waters, which unfairly prevented some of the company's bottled water products from being marketed outside the Great Lakes Basin boundaries.

Both the Ingham Circuit Court and U.S. Federal Court, Grand Rapids, where the suits were pending, have entered orders dismissing the cases.

"We are pleased with the satisfactory resolution of these issues," said Kim Jeffery, President and CEO of Nestlé Waters North America. "We firmly believed in the rights of our company — and all companies — to do business on a fair and level playing field, and that the restrictions imposed on our Michigan operations were unjust and unjustified. Today, Michigan has taken the appropriate steps to right this error, and we find the future of our business in Michigan to be much more certain."

On February 28, 2006, legislation took effect enacting new water withdrawal regulations applicable to all major Michigan water users. Importantly, the legislation provides that water packaged in containers of 5.7 gallons, or less, is not a diversion of Great Lakes water. Nestlé Waters, the Michigan Bottled Water Council and other water-bottling operators, along with a wide range of mainstream environmental, conservation and business groups, supported the legislation.

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Following the enactment of the legislation, the State removed distribution restrictions placed in permits issued to Nestlé Waters for its Ewart water supply. The State also lifted a moratorium placed on new or increased bottled water operations in the state.

In its court filings, Nestlé Waters had asserted that the restrictions were illegal and discriminatory, and violated trade provisions of the U.S. Constitution's commerce clause. The company also asserted the Michigan Department of Environmental Quality (MDEQ), the regulatory agency that issues permits to water bottlers, had no statutory authority to impose such restrictions.

"We look forward to the opportunity to grow here, retain and create good jobs for people right here, and to continue contributing to the overall well being of our communities," said Tim Gratto, Ice Mountain Plant Manager. "This is welcome news, indeed, to our employees and their families, our community, and our business partners."

"We are pleased with the outcome of this legislation. It clearly defines diversion, and does not negatively affect the ability of the Great Lakes states to prevent Great Lakes water diversions," said Michael Haines, attorney for Nestlé Waters with the Grand Rapids law firm of Mika Meyers Beckett and Jones.

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