



BOTTLING COMPANY

109 POLAND SPRING DRIVE · POLAND SPRING, ME 04274 · (207) 998-4315 · FAX: 207-998-4862

February 22, 2008

Mr. Normand Labbe  
Superintendent  
Kennebunk, Kennebunkport and Wells Water District  
PO Box 88  
Kennebunk, ME 04043  
phone: 207 985 3385

Dear Norm:

We are sending this letter outlining our thinking for a proposed business relationship between the Kennebunk, Kennebunkport and Wells Water District (KKWWD) and Nestle Waters North America Inc. (Nwana) whereby Nwana purchases spring water from KKWWD. This proposed relationship is based on our preliminary investigation into the spring water potential of property owned by KKWWD. Additionally, we are in a contract to purchase property adjacent to KKWWD lands (the Brown property) which KKWWD has in the past expressed an interest in owning or controlling the development thereof.

Accordingly, we are offering the following outline as a framework for discussions with you and the KKWWD Board:

1. Nwana would purchase spring water from KKWWD using currently established rates for annual bulk water service as a basis for price.
2. KKWWD would grant access to Nwana for Nwana to complete testing, design and installation of spring water collection and distribution facilities including wells and pipeline.
3. KKWWD would designate approximately 5 acres of appropriately zoned or re-zoned land with immediate access to State Highway 109 for use by Nwana as a bulk truck loading station. Local zoning restrictions will be evaluated by Nwana.
4. KKWWD would grant Nwana the opportunity to install pipelines from the springs on land owned by KKWWD or Brown to the truck loading station property.
5. Nwana would pay all costs associated with testing, monitoring, design, permitting and construction of all spring water collection and distribution facilities including the truck loading station.

6. Purchase and metering of water.
  - a. NWNA will have the right to purchase water for bottling from wells it installed and paid for on KKWWD land during the term of the agreement.
  - b. There will be no required minimum purchase. The maximum purchase from each well will be the officially permitted capacity limitation applicable to each well.
  - i. The point of measurement of the water purchased by NWNA will be at the wellhead of each well. The meters will be provided and paid for by NWNA, subject to the approval of the KKWWD. The meters will be subject to audit and calibration. All metered data will be provided to KKWWD on a regular basis.

7. Property Lease for Truck Loading Station

- a. NWNA will pay an amount equal to the monthly water rate as metered at the Truck Loading Station as rent for the Loading Station land and pipeline. These payments will be no less than \$4,167 on a monthly basis (or the equivalent of \$50,000 annually).
- b. NWNA will pay operating costs and expenses associated with the Truck Loading Station.
- c. Any property tax liability incurred by KKWWD as a result of NWNA activities, or imposed on Facilities installed by NWNA, will be borne by NWNA.
- d. At the end of the term of the agreement, NWNA would remove its equipment and facility and restore the property to its condition existing prior to the activities of NWNA.

8. Water rates, billing and payment.

- a. The rates for water purchased by NWNA will be the annual water rates charged by KKWWD for all bulk water customers using over 27,000 cubic feet per quarter. The current rate posted on KKWWD's website as of September 18, 2007 for this volume customer is \$1.53 per 100 cubic feet. One hundred (100) cubic feet is equal to 748 gallons of water. If KKWWD changes the rate for bulk water for its annual customers, NWNA will adjust payment to reflect the new rate in the first full month following notification.
- b. NWNA will pay the KKWWD on a monthly basis and will provide a statement water of withdrawn. NWNA will have 30 days in which to remit payment.

(Note: 8c. deleted since it is redundant from 7 a. & 8 a.

9. Operation, maintenance and repair of the wells, pipeline, load station and monitoring systems (collectively, the "Facilities").

- a. The NWNA will conduct the day-to-day operation, maintenance and repair of the Facilities. Major alterations, repairs or additions will be the responsibility of NWNA and subject to approval by the Board of the KKWWD (not to be unreasonably withheld).
- b. The KKWWD will have immediate access to the Facilities for shut-off in the event of an emergency, and at all other times KKWWD will be allowed access with reasonable notice and if deemed appropriate, accompanied by a NWNA employee or representative.
- c. NWNA will promptly apply for and diligently pursue all permits and regulatory approvals that may be needed in connection with operation, maintenance and repair of the Facilities. Certain permits will be held in the name of KKWWD. NWNA will pay for the costs of such permits. KKWWD will cooperate with NWNA in obtaining such permits.
- d. The KKWWD will file with the appropriate governmental agencies any reports and other filings that may be required relating to the Facilities. NWNA will provide technical and other assistance as reasonably requested by the KKWWD.

10. Project Development Payment.

- a. Within 45 days following the Effective Date, NWNA will pay the KKWWD the sum of no less than \$50,000 to KKWWD. Once all requisite permits for the project are obtained, NWNA will pay up to an additional \$100,000. The sum of said payments shall not be less than \$150,000. An additional payment of \$100,000 will be made by NWNA to the KKWWD at the point the facilities are in operation. These payments will be used by the KKWWD in its discretion and without limitation consistent with applicable laws and regulations.
- b. These payments will satisfy any project development costs of KKWWD.

11. Spring water exclusivity.

- a. During the term of the agreement, NWNA requires exclusive use of facilities purchased and installed by NWNA. KKWWD will not enter into a like agreement for the supply of water for resale by another seller of containerized water-based beverages for profit.

12. Effective date and term.

a. The effective date of the agreement will be \_\_\_\_\_ or, if the agreement is subject to a condition that has not been satisfied, the date the condition is satisfied ("Effective Date").

b. The term of the agreement will commence on the Effective Date and continue for a period of twenty five years, subject to the following provisions:

- NWNA will have a guaranteed right to extend the agreement for three additional renewal terms of 25 years each.
- NWNA will have the right to terminate the agreement at any time upon one year's notice. In case of termination, NWNA will properly restore the property to the condition existing prior to the activities of NWNA, and remove equipment unless otherwise directed through mutual agreement with the KKWWD.
- If NWNA has been substantially noncompliant with any of 1-5 outlined in Section 13.B below, the Board will have the right to notify NWNA of termination 1 year prior to the end of the current 25 year term, cancelling the right to a subsequent incremental 25 year term.

### 13. KKWWD Approval and Periodic Review

A. NWNA shall make an initial submission to the KKWWD. This submission would include:

1. a statement of the total maximum daily quantity of water to be extracted from all extraction points operated by the same individual or entity;
2. the location of the points of extraction;
3. the method of extraction;
4. a copy of any application and exhibits and reports for such extraction filed or to be filed with any agency or department of the State of Maine (the KKWWD must receive a copy of any application filed with any state agency under the provisions of the Bulk Water Transport Rules of the Department of Human Services, contemporaneous with its filing with the State);
5. copies of any permit, approval, or denial for such extraction as made by an agency referenced immediately above;

6. a certified hydrogeologic investigation and study that includes, at minimum:
7. a site plan;

B. Renewal Process

Approval granted by the KKWWD shall be valid for five years and is automatically renewable, subject to the District's review of compliance with the following determination that:

1. There is no unapproved change in the location or configuration of the extraction facility; and
2. There has been no material failure by NWNA to comply with any conditions of the original approval, permit conditions, applicable laws; and,
3. There is no significant, credible evidence that NWNA's acts or omissions would have a significant negative impact on KKWWD's ability to operate under its existing environmental permits.
4. There is no significant, credible evidence that NWNA's continuing operations would have a significant negative impact on domestic water supplies in the vicinity of the area of withdrawal.
5. NWNA activities will comply with easement restrictions established between TNC and KKWWD on relevant properties.

Any failure on the part of NWNA to comply with the approval conditions shall require correction on the part of NWNA. If any correction is not acted on within a reasonable time period following detailed written notice from KKWWD to NWNA, KKWWD would have the right to suspend the approval until such time as the corrections were made.

14. Brown Property:

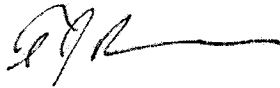
- a. During the term of the agreement, NWNA would work with KKWWD to restrict the use of the Brown property so no residential development will be allowed.
- b. NWNA may develop additional spring water sources on the Brown property and connect said springs(s) to the pipeline system transporting water to the Truck Loading Station.
- c. If and when the agreement for the purchase of spring water is terminated, NWNA would be entitled to rescind any restrictions on land use associated with this property. However, NWNA will be willing to discuss the potential for granting a first right of refusal to KKWWD for acquiring this property.

This letter is not intended to, and does not, create a binding agreement between the two entities, and does not constitute an offer the acceptance of which by either entity would give rise to a binding agreement. A binding agreement would only arise in the event of the execution of a definitive comprehensive agreement between the entities.

Norm, we have tried to be thorough in presenting all of the issues we can anticipate needing to be addressed, but we probably left something out that you may want to discuss. We are willing to meet with you at your earliest convenience to go through this with you and other members of your team to see if we can establish a viable framework for both entities.

Thanks again for your time and I will contact you in a few days to check in.

Sincerely,



Tom Brennan

Senior Natural Resource Manager

\_\_\_\_\_  
Accepted By:

\_\_\_\_\_  
Title:

\_\_\_\_\_  
Date: