

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 2012 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2012 or fiscal plan year beginning <u>01/01/2012</u> and ending <u>12/31/2012</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information				
1a Name of plan <u>NESTLE PUERTO RICO 1165(E) EMPLOYEE SAVINGS PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>001</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>07/01/1990</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>001</u>	1c Effective date of plan <u>07/01/1990</u>	
1b Three-digit plan number (PN) ▶	<u>001</u>				
1c Effective date of plan <u>07/01/1990</u>					
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) <u>NESTLE PUERTO RICO, INC.</u> <u>P.O. BOX 364565</u> <u>SAN JUAN, PR 00936-4565</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>66-0500550</u></td> </tr> <tr> <td>2c Sponsor's telephone number <u>787-788-4300</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>311500</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>66-0500550</u>	2c Sponsor's telephone number <u>787-788-4300</u>	2d Business code (see instructions) <u>311500</u>	
2b Employer Identification Number (EIN) <u>66-0500550</u>					
2c Sponsor's telephone number <u>787-788-4300</u>					
2d Business code (see instructions) <u>311500</u>					

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature. Signature of plan administrator	<u>10/15/2013</u> Date	<u>ANA DEL ROSARIO</u> Enter name of individual signing as plan administrator
SIGN HERE	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE	Signature of DFE	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)			Preparer's telephone number (optional)

3a Plan administrator's name and address ☒ Same as Plan Sponsor Name ☐ Same as Plan Sponsor Address		3b Administrator's EIN
		3c Administrator's telephone number
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name		4b EIN 4c PN
5 Total number of participants at the beginning of the plan year		5 317
6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a 202	
b Retired or separated participants receiving benefits.....	6b 3	
c Other retired or separated participants entitled to future benefits.....	6c 88	
d Subtotal. Add lines 6a , 6b , and 6c	6d 293	
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e 1	
f Total. Add lines 6d and 6e	6f 294	
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g 246	
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h 6	
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)		7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2E 2F 2G 2T 3C		
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:		
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor		9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)		
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ <u>0</u> A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☐ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2012
		This Form is Open to Public Inspection.

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan <u>NESTLE PUERTO RICO 1165(E) EMPLOYEE SAVINGS PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>NESTLE PUERTO RICO, INC.</u>	D Employer Identification Number (EIN) <u>66-0500550</u>

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
BENEFIT PLANS ADMIN SERVICES, INC.

16-1503696

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation
AMERICAN FUNDS SERVICE COMPANY 333 SOUTH HOPE STREET
LOS ANGELES, CA 90071

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
CALAMOS INVESTMENTS 1111 E. WARRENVILLE RD
NAPERVILLE, IL 60563-1493

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
COLUMBIA MANAGEMENT ONE FINANCIAL CENTER
3RD FLOOR
BOSTON, MA 02111

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

FEDERATED SERVICES COMPANY

1001 LIBERTY AVENUE
PITTSBURGH, PA 15222-3779

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

FIDELITY INVESTMENT INSTITUTIONAL S

82 DEVONSHIRE STREET
BOSTON, MA 02109

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

FRANKLIN TEMPLETON FUNDS

2000 ALAMEDA DE LAS PULGA
2ND FLOOR
SAN MATEO, CA 94402

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

INVESCO AIM FUNDS

11 GREENWAY PLAZA
SUITE 100
HOUSTON, TX 77046

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

OPPENHEIMER FUNDS

6803 SOUTH TUCSON WAY
ENGLEWOOD, CO 80112

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

PIMCO

1633 BROADWAY
NEW YORK, NY 10019

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

VANGUARD GROUP

100 VANGUARD BLVD.
A22
MALVERN, PA 19355

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

WELLS FARGO FUNDS

525 MARKET STREET
12TH FLOOR
SAN FRANCISCO, CA 94105

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

BENEFIT PLANS ADMIN SERVICES, INC.

16-1503696

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
15 63 19 64 60	N/A	2183	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

UBS TRUST COMPANY OF PUERTO RICO

66-0532499

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
21 49 25 52 26 63	N/A	0	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2012 This Form is Open to Public Inspection
For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012		
A Name of plan NESTLE PUERTO RICO 1165(E) EMPLOYEE SAVINGS PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 NESTLE PUERTO RICO, INC.	D Employer Identification Number (EIN) 66-0500550	

Part I	Asset and Liability Statement		(a) Beginning of Year	(b) End of Year
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.				
	Assets			
a	Total noninterest-bearing cash	1a		
b	Receivables (less allowance for doubtful accounts):			
	(1) Employer contributions	1b(1)	0	0
	(2) Participant contributions	1b(2)	0	0
	(3) Other.....	1b(3)		
c	General investments:			
	(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	0	1632636
	(2) U.S. Government securities.....	1c(2)		
	(3) Corporate debt instruments (other than employer securities):			
	(A) Preferred	1c(3)(A)		
	(B) All other.....	1c(3)(B)		
	(4) Corporate stocks (other than employer securities):			
	(A) Preferred	1c(4)(A)		
	(B) Common	1c(4)(B)		
	(5) Partnership/joint venture interests	1c(5)		
	(6) Real estate (other than employer real property)	1c(6)		
	(7) Loans (other than to participants)	1c(7)		
	(8) Participant loans	1c(8)		
	(9) Value of interest in common/collective trusts.....	1c(9)		
	(10) Value of interest in pooled separate accounts.....	1c(10)		
	(11) Value of interest in master trust investment accounts	1c(11)		
	(12) Value of interest in 103-12 investment entities	1c(12)		
	(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	5409288	4535073
	(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
	(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	5409288	6167709

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	5409288	6167709
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	187407	
(B) Participants	2a(1)(B)	477984	
(C) Others (including rollovers)	2a(1)(C)	7755	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		673146

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0

(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	117423	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		117423

(3) Rents	2b(3)		
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(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		251660
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		1042229

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	281625	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		281625
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)	2183	
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		2183
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		283808

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		758421
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: **KPMG, LLP**

(2) EIN: **13-5565207**

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....

	Yes	No	Amount
4a		X	
4b		X	

	Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)		X	
e Was this plan covered by a fidelity bond?	X		20000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
 If "Yes," enter the amount of any plan assets that reverted to the employer this year..... ☐ Yes ☒ No Amount:

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

5b(2) EIN(s)	5b(3) PN(s)

Part V Trust Information (optional)

6a Name of trust

UBS TRUST COMPANY OF PUERTO RICO

6b Trust's EIN

660532499

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2012 This Form is Open to Public Inspection.
---	--	--

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan <u>NESTLE PUERTO RICO 1165(E) EMPLOYEE SAVINGS PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>NESTLE PUERTO RICO, INC.</u>	D Employer Identification Number (EIN) <u>66-0500550</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>66-0532499</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☐ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
--	-----------------------------------	-----------------------------------	-------------------------------	-----------------------------

Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.).....	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

a Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____



**NESTLE PUERTO RICO
1165(e) EMPLOYEE SAVINGS PLAN**

Financial Statements and Supplemental Schedules

December 31, 2012 and 2011

(With Independent Auditors' Report Thereon)



KPMG LLP
American International Plaza
Suite 1100
250 Muñoz Rivera Avenue
San Juan, PR 00918-1819

Independent Auditors' Report

The Savings Plan Committee
Nestle Puerto Rico 1165(e) Employee Savings Plan:

We were engaged to audit the accompanying financial statements of Nestle Puerto Rico 1165(e) Employee Savings Plan (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2012 and 2011, and the related statement of changes in net assets available for benefits for the year ended December 31, 2012, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in notes 3 and 4, which was certified by Hand Benefits & Trust Company, the custodian of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the custodian holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the custodian as of December 31, 2012 and 2011, and for the year ended December 31, 2012, that the information provided to the plan administrator by the custodian is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.



Other Matter

The supplemental Schedule H, line 4i, Schedule of Assets (held at end of year) as of or for the year ended December 31, 2012 is required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we do not express an opinion on this supplemental schedule.

Report of Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the custodian, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

KPMG LLP

October 15, 2013

Stamp No. E85487 of the Puerto Rico
Society of Certified Public Accountants
was affixed to the record copy of this report.

**NESTLE PUERTO RICO
1165(e) EMPLOYEE SAVINGS PLAN**

Statements of Net Assets Available for Benefits

December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Investments in mutual funds (notes 3 and 4)	\$ 6,167,709	5,409,288
Net assets available for benefits	<u>\$ 6,167,709</u>	<u>5,409,288</u>

See accompanying notes to financial statements.

**NESTLE PUERTO RICO
1165(e) EMPLOYEE SAVINGS PLAN**

Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2012

Investment income (notes 3 and 4):	
Interest and dividends	\$ 117,423
Net appreciation in fair value of investments	251,660
	<hr/>
Total investment income	369,083
	<hr/>
Contributions:	
Participants	477,984
Employer	187,407
Rollover	7,755
	<hr/>
Total contributions	673,146
	<hr/>
Total additions	1,042,229
	<hr/>
Deductions from net assets attributed to:	
Benefits paid to participants	281,625
Administrative expenses	2,183
	<hr/>
Total deductions	283,808
	<hr/>
Net increase in net assets available for benefits	758,421
	<hr/>
Net assets available for benefits, beginning of year	5,409,288
	<hr/>
Net assets available for benefits, end of year	\$ 6,167,709
	<hr/> <hr/>

See accompanying notes to financial statements.

NESTLE PUERTO RICO
1165(e) EMPLOYEE SAVINGS PLAN

Notes to Financial Statements

December 31, 2012 and 2011

(1) Description of the Plan

The following description of Nestle Puerto Rico 1165(e) Employee Savings Plan (the Plan) provides only general information. Participants should refer to the plan agreement for a more complete description of the Plan's provisions.

(a) General

The Plan is a defined-contribution plan covering substantially all employees of Nestle Puerto Rico, Inc. (the Company).

The Plan was established in July 1990 to provide a convenient way for employees to accumulate capital and to encourage employees to continue their careers with the Company. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Employees may elect to become participants in the Plan after meeting the eligibility requirements set forth in the plan document.

(b) Administration

The Plan is administered by a Savings Plan Committee appointed by the Company and has UBS Financial Services Incorporated of Puerto Rico as trustee (the Trustee).

The Plan requires that participants select the investment funds into which their accounts are invested. The participants were able to select from 15 and 14 investment funds for the years ended December 31, 2012 and 2011, respectively.

(c) Contributions

The Plan provides for before-tax contributions by participants and for matching contributions by the Company based on percentages of participant contributions. Act No. 186 of August 7, 2008 (Act 186) amended Section 1165(e) of the Puerto Rico Internal Revenue Code to gradually increase the maximum allowable contribution. Act No. 1 of January 31, 2011 increased the maximum allowable contributions for the years 2012 and 2013. Maximum allowable contributions are as follows:

	<u>Amount</u>
For tax years:	
Ending on or before	
December 31, 2012	\$ 13,000
Ending on December 31, 2013	
and thereafter	15,000

The Company makes matching contributions to the Plan equal to 50% of the participants' contributions up to a maximum of 6% of the participants' compensation.

NESTLE PUERTO RICO
1165(e) EMPLOYEE SAVINGS PLAN

Notes to Financial Statements

December 31, 2012 and 2011

(d) Participant Account Balances and Vesting

Participant contributions are credited to accounts established for each participant and, along with related investment gains and losses, are fully vested and nonforfeitable. Contributions made by the Company, which are credited to a participant's matching account, and related investment gains and losses become vested based upon the participant's years of service with the Company. Each participant's account is charged with an allocation of administrative expenses.

Participants become vested in the Company's contributions, in accordance with the following schedule:

<u>Completed years of service</u>	<u>Vesting percentage</u>
1 year or less	—%
2 years	20
3 years	40
4 years	60
5 years	80
6 or more years	100

Forfeitures represent the nonvested portion of the Company's matching contributions plus earnings thereon, which are not distributable to participants who terminate employment before they are 100% vested. The amounts forfeited from a participant may be used to reduce the Plan's administrative expense or to reduce the employer matching contributions. Forfeited accounts at December 31, 2012 and 2011 amounted to \$21,352 and \$16,475, respectively. No forfeited amounts were used to reduce the Plan's administrative expenses or employer matching contributions during 2012 or 2011.

Payment of Benefits

On termination of service due to death, disability, retirement, or termination of employment a participant may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his/her account, or annual installments over a period of years certain not to exceed the lifetime of the participant or his/her beneficiary. The Plan also provides for certain withdrawals during employment. Participant contributions may be withdrawn upon the attainment of age 59½ or, in the case of hardship, subject to limitations in the plan agreement. Withdrawal of rollover amounts and Company's contributions are also provided for, subject to, limitations set forth in the Plan.

(e) Administrative Expenses

Certain expenses of administering the Plan are funded by the Company or the Plan, as determined by the plan document, subject to limitations under ERISA.

NESTLE PUERTO RICO
1165(e) EMPLOYEE SAVINGS PLAN

Notes to Financial Statements

December 31, 2012 and 2011

(2) Summary of Significant Accounting Policies

(a) *Basis of Accounting*

The accompanying financial statements have been prepared on the accrual method of accounting, in accordance with accounting principles generally accepted in the United States of America (GAAP).

(b) *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires the Plan's management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets available for benefits during the reporting period. Actual results could differ from those estimates.

(c) *Investment Valuation and Income Recognition*

The Plan's investments are stated at fair value. Quoted market prices are used to value mutual funds investments.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

(d) *Fair Value Measurements*

The Plan follows the provisions of Accounting Standards Codification (ASC) Topic (820), *Fair Value Measurement*, for fair value measurement of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. ASC Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Topic 820 also establishes a framework for measuring fair value and expands disclosures about fair value measurements (note 4).

(e) *Payment of Benefits*

Benefits are recorded when paid.

(f) *Risk and Uncertainties*

Participants may direct investment of their account balances in various types of investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of net assets available for benefits.

NESTLE PUERTO RICO
1165(e) EMPLOYEE SAVINGS PLAN

Notes to Financial Statements

December 31, 2012 and 2011

(3) Information Certified by the Custodian

The plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the U.S. Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, Hand Benefits & Trust Company, the custodian of the Plan, has certified to the completeness and accuracy of all investment activity reflected on the accompanying statements of net assets available for benefits as of December 31, 2012 and 2011, and the related investment activity reflected in the statements of changes in net assets available for benefits for the years then ended, this note and that reflected on note 4.

The following table presents the fair values of investments in mutual funds, as of December 31, 2012 and 2011, all of which are participant directed:

	2012		2011
American Balanced Fund, 12,776 shares in 2011	\$ —		231,645
American Mutual Fund, 28,564 and 26,484 shares, respectively	803,232	*	679,587
Calamos Growth Fund, 4,776 and 3,616 3,852, shares respectively	224,682		178,735
Europacific Growth Fund, 13,751 and 12,077 shares, respectively	551,974	*	413,756
Federated Prime Oblig, 1,632,635 and 1,576,411 shares, respectively	1,632,636	*	1,576,411
Fidelity U.S. Bond Index Fund, 142,525 and 129,895 shares, respectively	1,694,619	*	1,530,168
Growth Fund of America, 14,236 shares 2011	—		399,750
Lord Abbett Mid-Cap Value, 10,469 shares in 2011	—		160,180
Seligman Small-Cap Value, 14,524 and 13,318 shares, respectively	223,241		182,327
Franklin Temp Conserv Class, 1,560 and 1,088 shares respectively	21,863		14,465
Franklin Temp Growth Trg Tel, 123 and 68 shares respectively	1,918		981
Franklin Temp Moderate Class, 115 and 72 shares respectively	1,674		976
Invesco Mid-Cap Core Equity, 8,900 shares	186,908		—
Oppenheimer Dev'l Mkts, 25 shares	868		—
Pimco Total Return, 2,389 and 1,554 shares respectively	26,852		16,897

**NESTLE PUERTO RICO
1165(e) EMPLOYEE SAVINGS PLAN**

Notes to Financial Statements

December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Vanguard Long Term Treasury, 1,870 and 1,754 shares respectively	\$ 24,446	23,410
Vanguard Wellington, 7,698 shares	260,503	—
Wells Fargo AVT Growth I, 11,897 shares	512,293 *	—
Total	<u>\$ 6,167,709</u>	<u>5,409,288</u>

* Represents 5% or more of the Plan's net assets available for benefits at the end of year

During 2012, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated by \$251,660. Additionally, interest and dividend income amounting to \$117,423 were recognized.

(4) Fair Value Measurements

The Plan utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Plan determines fair value based on assumptions that market participants would use in pricing an asset or a liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date
- Level 2 inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability
- Level 3 inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

The assets or liabilities fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

NESTLE PUERTO RICO
1165(e) EMPLOYEE SAVINGS PLAN

Notes to Financial Statements

December 31, 2012 and 2011

The following tables present the Plan's assets measured at fair value on a recurring basis at December 31, 2012 and 2011 as follows:

		Fair value measurements at reporting date using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	December 31, 2012			
Assets:				
Mutual funds:				
Bond (a):				
Fidelity U.S. Bond Index	\$ 1,694,619	1,694,619	—	—
Pimco Total Return	26,852	26,852	—	—
Vanguard Long-Term Treasury	24,446	24,446	—	—
Equity (b):				
American Mutual	803,232	803,232	—	—
Calamos Growth	224,682	224,682	—	—
Europacific Growth	551,974	551,974	—	—
Oppenheimer Dev'l Mkts	868	868	—	—
Invesco Mid-Cap Core Equity R	186,908	186,908	—	—
Seligman Small-Cap Value	223,241	223,241	—	—
Wells Fargo AVT Growth I	512,293	512,293	—	—
Balanced (c):				
Vanguard Wellington	260,503	260,503	—	—
Franklin Temp Conserv Class	21,863	21,863	—	—
Franklin Temp Gwth Trg Tel	1,918	1,918	—	—
Franklin Temp Moderate Class	1,674	1,674	—	—
Money Market (d):				
Federated Prime Oblig	1,632,636	1,632,636	—	—
	<u>\$ 6,167,709</u>	<u>6,167,709</u>	<u>—</u>	<u>—</u>

**NESTLE PUERTO RICO
1165(e) EMPLOYEE SAVINGS PLAN**

Notes to Financial Statements

December 31, 2012 and 2011

		Fair value measurements at reporting date using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	December 31, 2011			
Assets:				
Mutual funds:				
Bond (a):				
Fidelity U.S. Bond Index	\$ 1,530,168	1,530,168	—	—
Pimco Total Return	16,897	16,897	—	—
Vanguard Long-Term Treasury	23,410	23,410	—	—
Equity (b):				
American Mutual	679,587	679,587	—	—
Calamos Growth	178,735	178,735	—	—
Europacific Growth	413,756	413,756	—	—
Growth Fund of America	399,750	399,750	—	—
Lord Abbett Mid-Cap Value	160,180	160,180	—	—
Seligman Small-Cap Value	182,327	182,327	—	—
Balanced (c):				
American Balanced	231,645	231,645	—	—
Franklin Temp Conserv Class	14,465	14,465	—	—
Franklin Temp Gwth Trg Tel	981	981	—	—
Franklin Temp Moderate Class	976	976	—	—
Money Market (d):				
Federated Prime Oblig	1,576,411	1,576,411	—	—
	<u>\$ 5,409,288</u>	<u>5,409,288</u>	<u>—</u>	<u>—</u>

- (a) The mutual fund in this category primarily invests at least 80% of total assets in bonds included in the Barclays Capital U.S. Aggregate Bond Index.
- (b) The mutual funds in this category primarily invest in common stocks of companies that are likely to participate in the growth of the American economy and whose dividends appear to be sustainable, securities of issuers in Europe and the Pacific Basin, in securities of issuers domiciled outside the United States and may also hold cash or money market instruments. Also, the funds may invest in countries with developing economies and/or markets.
- (c) The mutual funds in this category primarily in a broad range of securities, including stocks, bonds, and securities issued and guaranteed by the U.S. government and other mutual funds.

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- (d) The money market fund in this category primarily invests in short-term, high-quality, fixed-income securities issued by banks, corporations, and the U.S. government, rated in the highest short-term category or of comparable quality.

(5) Related-Party Transactions

Certain administrative expenses of the Plan are paid and absorbed by the Company. Such expenses include accounting, legal, investment management, trust and record-keeping fees, and other fees of administering the Plan. Administrative expenses paid and absorbed by the Company amounted to approximately \$28,000 and \$33,000 for the years ended December 31, 2012 and 2011, respectively.

All plan investments are shares of mutual funds managed by UBS Paine Webber, an affiliate of the Trustee, and therefore, these transactions qualify as party-in-interest transactions.

(6) Plan Termination

Although the Company has not expressed any intent to do so, it has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, participants would become 100% vested in their employer contributions.

(7) Tax Status

On January 31, 2011, Act No. 1 of New PR Code was signed into law, which adopts new rules for qualified plans in Puerto Rico. The qualified plan provisions of the New PR Code are generally effective with respect to taxable years beginning after December 31, 2010. Among the most important changes in the New PR Code affecting the Plan are the following (a) increase in limitation of deferred contributions by participants; (b) new definitions of highly compensated employee (HCE) and nonhighly compensated employee (NHCE); (c) the new definitions of HCE and NHCE will apply for purposes of the coverage test and general nondiscrimination test of all qualified plans in Puerto Rico; (d) limitation on annual contributions for defined-contribution plans; (e) limit on annual compensation of a participant, and (f) statutory requirement for proof of exemption.

The Puerto Rico Department of the Treasury has determined and informed the custodian, as prototype plan sponsor, by letter dated April 14, 2009 that the Plan and related trust are designed in accordance with applicable sections of the Code, as amended and, therefore, are exempt from Puerto Rico taxes. The plan administrator has determined that the Plan's operation for the years ended December 31, 2012 and 2011 was in accordance with the rules and regulations of the Code. The Company is currently requesting a new determination letter from the Puerto Rico Department of Treasury for changes in the plan document that took effect in 2012.

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U.S. generally accepted accounting principles require plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2009.

(8) Subsequent Events

The Plan has evaluated subsequent events from the date of the statements of net assets available for benefits through October 15, 2013, the date at which the financial statements were available to be issued.

Supplemental Schedule 1

**NESTLE PUERTO RICO
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Schedule H, line 4i – Schedule of Assets (Held at End of Year)

December 31, 2012

(a)	(b) Identity of issuer, borrower, lessor, or similar party	(c) Description of investments	(d) Cost	(e) Current value
		Mutual funds:		
*	UBS Paine Webber	American Mutual Fund 28,564 shares	N/A	\$ 803,232
*	UBS Paine Webber	Calamos Growth Fund 4,776 shares	N/A	224,682
*	UBS Paine Webber	Europacific Growth Fund 13,751 shares	N/A	551,974
*	UBS Paine Webber	Federated Prime Oblig 1,632,635 shares	N/A	1,632,636
*	UBS Paine Webber	Fidelity U.S. Bond Index Fund 142,525 shares	N/A	1,694,619
*	UBS Paine Webber	Seligman Small-Cap Value 14,524 shares	N/A	223,241
*	UBS Paine Webber	Franklin Temp Conserve Class 1,560 shares	N/A	21,863
*	UBS Paine Webber	Franklin Temp Gwth Trg Tel 123 shares	N/A	1,918
*	UBS Paine Webber	Franklin Temp Moderate Class 115 shares	N/A	1,674
*	UBS Paine Webber	Invesco Mid-Cap Core Equity 8,900 shares	N/A	186,908
*	UBS Paine Webber	Oppenheimer Dev'l Mkts 25 shares	N/A	868
*	UBS Paine Webber	Pimco Total Return 2,389 shares	N/A	26,852
*	UBS Paine Webber	Vanguard Long Term Treasury 1,870 shares	N/A	24,446
*	UBS Paine Webber	Vanguard Wellington 7,698 shares	N/A	260,503
*	UBS Paine Webber	Wells Fargo AVT Growth I 11,897 shares	N/A	512,293
				\$ 6,167,709

* Represents a party in interest to the Plan

N/A: Not applicable. Cost omitted for participant-directed investments.

Note: The data included above is based upon information that has been certified as complete and accurate by Hand Benefits & Trust Company, the custodian of the Plan, as permitted by 29 CFR 2520.103-8 of the U.S. Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

See accompanying independent auditors' report.

Schedule H, Line 4i
Schedule of Assets (Held At End of Year)

Name of Plan:

► Nestle Puerto Rico 1165(e) Employee Savings Plan

Employer Identification Number:► 66-0500550

For plan year (beginning/ending):► 1/1/2012-12/31/2012

Plan number:► 001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current value
	American Funds American Balanced R2	Value of Registered Investment Companies		0
	American Funds American Mutual R2	Value of Registered Investment Companies		803,232
	American Funds EuroPacific Gr R2	Value of Registered Investment Companies		551,974
	American Funds Growth Fund of Amer R2	Value of Registered Investment Companies		0
	Calamos Growth A	Value of Registered Investment Companies		224,682
	Columbia Select Smaller Cap Value A	Value of Registered Investment Companies		223,241
	Federated Prime Obligations Fund	Money Market		1,632,636
	Franklin Templeton Cnsrv Allocation R	Value of Registered Investment Companies		21,863
	Franklin Templeton Growth Allocation R	Value of Registered Investment Companies		1,918
	Franklin Templeton Moderate Allc R	Value of Registered Investment Companies		1,674
	Invesco Mid Cap Core Equity Fund Class R	Value of Registered Investment Companies		186,908
	Lord Abbett Mid-Cap Value P	Value of Registered Investment Companies		0
	Oppenheimer Developing Markets Fund Class Y	Value of Registered Investment Companies		868
	PIMCO Total Return R	Value of Registered Investment Companies		26,852
	Spartan U.S. Bond Index Investor	Value of Registered Investment Companies		1,694,619
	Vanguard Long-Term Treasury Inv	Value of Registered Investment Companies		24,446
	Vanguard Wellington Fund Investor Shares	Value of Registered Investment Companies		260,503
	Wells Fargo Advantage Growth Fund Institutional Class	Value of Registered Investment Companies		512,293