



## Automotores Gildemeister S.A.

\$100,000,000

8.250% Senior Notes due 2021

**Issue Price: 102.267%, plus accrued interest from November 24, 2011**

*Interest payable May 24 and November 24 of each year, commencing May 24, 2012*

We are offering \$100,000,000 principal amount of 8.250% Senior Notes due 2021 (the “New Notes”).

The New Notes constitute a further issuance of and form a single series with our outstanding 8.250% Senior Notes due 2021 issued on May 24, 2011 in the principal amount of \$300,000,000 (the “Existing Notes”). The New Notes sold pursuant to Rule 144A under the Securities Act of 1933 as amended (the “Securities Act”) trade under the same CUSIP, Common Code and ISIN numbers and have identical terms as the Existing Notes held in the Rule 144A global note from the closing date other than their date of issue and their initial price to the public. The New Notes sold pursuant to Regulation S under the Securities Act have identical terms as the Existing Notes held in the Regulation S global note other than their date of issue and their initial price to the public. Through the 40th day following delivery of the New Notes, New Notes sold pursuant to Regulation S under the Securities Act will have temporary CUSIP and ISIN numbers. Thereafter such New Notes will trade under the same CUSIP, Common Code and ISIN numbers as the Existing Notes held in the Regulation S global note. Unless the context otherwise requires, references to “Notes” in this Luxembourg listing prospectus refer to the Existing Notes and the New Notes offered hereby as single series. Upon completion of this offering the aggregate principal amount of outstanding Notes will be \$400,000,000.

The New Notes will mature on May 24, 2021. Interest will accrue on the New Notes from November 24, 2011, and the first interest payment date will be May 24, 2012 (the next interest payment date for the Existing Notes).

We may redeem some or all of the Notes at any time, in whole or in part, at a price equal to 100% of the principal amount of the Notes plus accrued and unpaid interest and additional amounts, if any; to the redemption date, plus a “make-whole” premium. We may redeem all or part of the Notes on or after May 24, 2016 at the redemption prices set forth herein plus accrued and unpaid interest and additional amounts, if any, to the redemption date. At any time prior to May 24, 2014, we may also redeem up to 35% of the aggregate initial principal amount of the Notes using the proceeds of certain equity offerings at the redemption price of 108.250% of the principal amount plus accrued and unpaid interest and additional amounts, if any. We may also redeem the Notes, at any time, upon the occurrence of specified events relating to Chilean tax law, as set forth in this Luxembourg listing prospectus. See “*Description of the Notes—Optional Redemption upon a Tax Event.*” Payments in respect of the Notes may be subject to withholding or deduction for or on account of, taxes imposed by Chile or any jurisdiction through which payment is made. Subject to certain exceptions, we will pay such additional amounts as will result in the receipt by holders of such amounts as would have been received had no such withholding or deduction been required. See “*Description of the Notes—Additional Amounts.*” We must offer to purchase Notes if we experience specific kinds of changes of control or sell assets under certain circumstances.

The Notes will rank equally with all of our existing and future unsecured and unsubordinated debt, rank senior to all our existing and future subordinated debt and junior to all of our existing and future secured debt to the extent of the value of the assets securing such debt. The Notes will be guaranteed by Marc Leasing S.A. as of the issue date and by all of the subsidiaries we acquire or create in the future (other than any Peruvian subsidiaries or any companies formed to hold our interests in our Peruvian subsidiaries). The Notes will be structurally subordinated in right of payment to all existing and future obligations of our subsidiaries that do not guarantee the Notes.

Application has been made to list the New Notes on the Luxembourg Stock Exchange and trade the New Notes on the Euro MTF market. This Luxembourg listing prospectus constitutes a prospectus of the Luxembourg Law, dated July 10, 2005 on Prospectuses for Securities.

**See “Risk Factors” beginning on page 22 for a discussion of certain risks that you should consider in connection with an investment in the New Notes.**

Neither the New Notes nor the guarantee have been nor will be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), or the securities laws of any other place. We are offering the New Notes only to qualified institutional buyers under Rule 144A under the Securities Act and to non-U.S. persons outside the United States in reliance on Regulation S under the Securities Act. For further details about eligible offerees and resale restrictions, see “*Notice to Investors.*” ANY OFFER OR SALE OF THE NEW NOTES IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA WHICH HAS IMPLEMENTED DIRECTIVE 2003/71/EC (THE “PROSPECTUS DIRECTIVE”) MUST BE ADDRESSED TO QUALIFIED INVESTORS (AS DEFINED IN THE PROSPECTUS DIRECTIVE).

The New Notes were delivered to investors in book-entry form through The Depository Trust Company (“DTC”), and through Clearstream Banking, *société anonyme* (“Clearstream”) and Euroclear Company S.A./N.V. (“Euroclear”), as DTC participants, on January 17, 2012.

*Sole Book-Running Manager*

**J.P. Morgan**

January 20, 2012

Neither we nor the initial purchaser have authorized anyone to provide you with any information other than that contained in this Luxembourg listing prospectus. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We and the initial purchaser are offering to sell the New Notes only in places where offers and sales are permitted. You should not assume that the information contained in this Luxembourg listing prospectus is accurate as of any date other than the date on the front cover of this Luxembourg listing prospectus.

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**You should read this Luxembourg listing prospectus before making a decision whether to purchase any New Notes. You must not:**

- use this Luxembourg listing prospectus, or the information it contains, for any other purpose; or
- disclose any information in this Luxembourg listing prospectus to any other person.

**We have prepared this Luxembourg listing prospectus and we are solely responsible for its contents. You are responsible for making your own examination of us and your own assessment of the merits and risks of investing in the New Notes. You may contact us if you need any additional information. By purchasing any New Notes, you will be deemed to have acknowledged that:**

- you have reviewed this Luxembourg listing prospectus;
- you have had an opportunity to request any additional information that you need from us; and
- the initial purchaser is not responsible for, and is not making any representation to you concerning, our future performance or the accuracy or completeness of this Luxembourg listing prospectus.

**We are not providing you with any legal, business, tax or other advice in this Luxembourg listing prospectus. You should consult with your own advisors as needed to assist you in making your investment decision and to advise you whether you are legally permitted to purchase New Notes in this offering.**

**You must comply with all laws that apply to you in any place in which you buy, offer or sell any New Notes or possess this Luxembourg listing prospectus. You must also obtain any consents or approvals that you need in order to purchase any New Notes. We and the initial purchaser are not responsible for your compliance with these legal requirements.**

**We are offering the New Notes offered hereby in reliance on exemptions from the registration requirements of the Securities Act of 1933, as amended, or the Securities Act, and applicable state securities laws. These exemptions apply to offers and sales of securities that do not involve a public offering. The New Notes have not been recommended by any federal, state or foreign securities authorities and no such authority has determined that this Luxembourg listing prospectus is accurate or complete. Any representation to the contrary is a criminal offense.**

**The New Notes are subject to restrictions on resale and transfer as described under “Notice to Investors.” By purchasing any New Notes, you will be deemed to have represented, acknowledged and agreed to all the provisions contained in that section of this Luxembourg listing prospectus. You may be required to bear the financial risks of investing in the New Notes for an indefinite period of time.**

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Unless otherwise indicated or the context otherwise requires, all references in this Luxembourg listing prospectus to “Gildemeister”, “Company”, “we”, “our”, “ours”, “us” or similar terms refer to Automotores Gildemeister S.A. together with its subsidiaries.

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This Luxembourg listing prospectus has been prepared by Gildemeister solely for use in connection with the proposed offering of the securities described herein. This Luxembourg listing prospectus does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire securities. We and the initial purchaser reserve the right to reject for any reason any offer to purchase any of the New Notes.

This Luxembourg listing prospectus may only be used for the purposes of this offering.

The initial purchaser makes no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this Luxembourg listing prospectus. Nothing contained in this Luxembourg listing prospectus is, or shall be relied upon as, a promise or representation by the initial purchaser as to the past or future. Gildemeister has furnished the information contained in this Luxembourg listing prospectus. The initial purchaser has not independently verified any of the information contained herein (financial, legal or otherwise) and assume no responsibility for the accuracy or completeness of any such information.

Neither the United States Securities and Exchange Commission (“SEC”), any state securities commission nor any other U.S. regulatory authority has approved or disapproved the securities nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Luxembourg listing prospectus. Any representation to the contrary is a criminal offense.

In making an investment decision, prospective investors must rely on their own examination of Gildemeister and the terms of the offering, including the merits and risks involved. Prospective investors should not construe anything in this Luxembourg listing prospectus as legal, business or tax advice. Each prospective investor should consult its own advisors as needed to make its investment decision and to determine whether it is legally permitted to purchase the securities under applicable legal investment or similar laws or regulations. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

This Luxembourg listing prospectus contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. Copies of documents referred to herein will be made available to prospective investors upon request to Gildemeister or the initial purchaser, and at the office of the Luxembourg paying agent.

You must (1) comply with all applicable laws and regulations in force in any jurisdiction in connection with the possession or distribution of this Luxembourg listing prospectus and the purchase, offer or sale of the New Notes and (2) obtain any consent, approval or permission required to be obtained by you for the purchase, offer or sale by you of the New Notes under the laws and regulations applicable to you in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales; neither we nor the initial purchaser shall have any responsibility therefor. See “*Notice to Investors*” for information concerning some of the transfer restrictions applicable to the New Notes.

You acknowledge that:

- you have been afforded an opportunity to request from us, and to review, all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained in this Luxembourg listing prospectus;
- you have not relied on the initial purchaser or any person affiliated with the initial purchaser in connection with your investigation of the accuracy of such information or your investment decision; and
- no person has been authorized to give any information or to make any representation concerning us or the New Notes, other than as contained in this Luxembourg listing prospectus and, if given or made, any such other information or representation should not be relied upon as having been authorized by us or the initial purchaser.

**See “*Risk Factors*” on page 22 for a description of certain factors relating to an investment in the New Notes.**

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#### **U.S. Circular 230 Notice**

All discussions of U.S. federal tax considerations in this document have been written to support the marketing of the New Notes. Such discussions were not intended or written to be used, and cannot be used by any taxpayer, for the purpose of avoiding U.S. federal tax penalties. Investors should consult their own tax advisors in determining the tax consequences to them of holding the New Notes, including the application to their particular situation of the U.S. federal tax considerations discussed below, as well as the application of state, local, foreign, or other tax laws.

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**NOTICE TO NEW HAMPSHIRE RESIDENTS**

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED, OR THE RSA, WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

## **PRESENTATION OF FINANCIAL INFORMATION**

### **General**

We are a Chilean *sociedad anónima* and maintain our financial books and records in Chilean pesos (“Ch\$”) and prepare our financial statements in accordance with generally accepted accounting principles in Chile (“Chilean GAAP”). The generally accepted accounting principles in Chile differ in certain significant respects from International Financial Reporting Standards (“IFRS”). We have made no attempt to quantify these differences. See Appendix A for a description of the main differences between Chilean GAAP and International Financial Reporting Standards (“IFRS”). Investors should consult their professional advisors for a more detailed understanding of the differences between Chilean GAAP and IFRS. All of our Audited Consolidated Annual Financial Statements (as defined herein) have been translated into English.

This Luxembourg listing prospectus includes (i) our audited consolidated financial statements as of December 31, 2009 and 2010 and for the years ending December 31, 2008, 2009 and 2010, which we refer to as the “Audited Consolidated Annual Financial Statements” and (ii) our unaudited interim consolidated financial statements as of September 30, 2011 and for the nine months ended September 30, 2010 and 2011, which we refer to as the “Unaudited Interim Consolidated Financial Statements” and together with the Audited Consolidated Annual Financial Statements, our “Consolidated Financial Statements.”

### **Restatement of Prior Years**

For comparative purposes, the financial information in and derived from the Audited Consolidated Annual Financial Statements for the years ending December 31, 2008 and 2009 and at December 31, 2009 has been restated in terms of Chilean pesos as of December 31, 2010. The financial information in and derived from the Unaudited Consolidated Financial Statements as of and for the nine months ending September 30, 2010 has been restated in Chilean pesos as of September 30, 2011.

### **Financial Information from Peruvian Operations**

Financial information for Peru has been derived from the audited consolidated annual financial statements of Automotores Gildemeister Peru S.A. (the “Peruvian Audited Consolidated Annual Financial Statements”) and the unaudited consolidated interim financial statements of Automotores Gildemeister Peru S.A. (the “Peruvian Unaudited Consolidated Interim Financial Statements” and together with the Peruvian Audited Consolidated Annual Financial Statements, the “Peruvian Consolidated Financial Statements”), which were initially prepared in accordance with Chilean GAAP and stated in U.S. dollars. The Peruvian Consolidated Financial Statements were then translated, in accordance with Chilean GAAP to Chilean pesos as set forth in Technical Bulletin 64 of the Chilean Institute of Accountants. Technical Bulletin 64 classifies Peru as an “unstable” country according to its guidelines and consequently requires (i) monetary assets and liabilities to be converted into U.S. dollars at the end of period exchange rate, (ii) non-monetary assets and liabilities to be converted to U.S. dollars at their historical equivalents in U.S. dollars and (iii) cash flows to be converted to U.S. dollars at the average exchange rate of the month in which they are recognized. These figures are then translated into Chilean pesos at the end-of-period exchange rate.

### **EBITDA**

We define EBITDA as Net income plus Minority interest, Income tax, Price level restatement, Depreciation and amortization, and Financial expenses. EBITDA is not a recognized term under Chilean

GAAP or IFRS and does not purport to be an alternative to net earnings as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Additionally, EBITDA is not intended to be a measure of free cash flow available for management's discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements. Our presentation of EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under Chilean GAAP or IFRS. Management uses EBITDA to measure and evaluate the operating performance of our core business operations. EBITDA is not calculated under Chilean GAAP or IFRS and should not be considered in isolation or as a substitute for net income, cash flows or other financial data prepared in accordance with Chilean GAAP or IFRS or as a measure of our overall profitability or liquidity.

For a reconciliation of EBITDA to net income, see "*Summary Consolidated Financial Information.*"

### **Effect of Rounding**

Certain figures included in this Luxembourg listing prospectus have been rounded for ease of presentation. Percentage figures included in this Luxembourg listing prospectus have not in all cases been calculated on the basis of such rounded figures but on the basis of such amounts prior to rounding. For this reason, certain percentage amounts in this Luxembourg listing prospectus may vary from those obtained by performing the same calculations using the figures in the Audited Consolidated Annual Financial Statements. Certain other amounts that appear in this Luxembourg listing prospectus may not sum due to rounding.

### **Economic and Market Data**

In this Luxembourg listing prospectus, unless otherwise indicated, all macroeconomic data related to the Chilean economy is based on information published by the *Banco Central de Chile* (the Central Bank of Chile, or the "Chilean Central Bank"), and all economic data related to the Peruvian economy is based on information published by the *Banco Central de Reserva Perú* (the Central Reserve Bank of Peru, or the "Peruvian Central Bank"). Information on market share is based on information published by the *Asociación Nacional Automotriz de Chile* (the National Automotive Association of Chile, or ANAC) and the *Asociación de Representantes Automotrices del Perú* (Association of Peruvian Automotive Representatives, or ARAPER).

Facts, forecasts and statistics in this document relating to Chile and Peru and Chile's and Peru's economies are derived from various official and other publicly available sources that we generally believe to be reliable. However, we cannot guarantee the quality and reliability of such official and other sources of materials. In addition, these facts, forecasts and statistics have not been independently verified by us and, therefore, we make no representation as to the accuracy of such facts, forecasts and statistics, which may not be consistent with other information compiled within or outside of Chile or Peru and may not be complete or up to date. We have taken reasonable care in reproducing or extracting the information from such sources. However, because of possibly flawed or ineffective methodologies underlying the published information or discrepancies between the published information and market practice and other problems, these facts, forecasts or statistics may be inaccurate and may not be comparable from period to period or to facts, forecasts or statistics produced for other economies, and you should not unduly rely upon them.

## Currency

In this Luxembourg listing prospectus, references to “\$”, “US\$”, “U.S. dollars” and “dollars” are to United States dollars and references to “pesos” or “Ch\$” are to Chilean pesos, the legal currency of Chile. References to “UF” are references to *unidades de fomento*, an inflation-linked unit of account in Chile. References to “nuevo soles” or “P\$” are to Peruvian nuevo soles, the legal currency of Peru. Percentages and certain dollar, Chilean peso, UF and Peruvian nuevo sol amounts contained herein have been rounded for ease of presentation. Unless otherwise indicated, the exchange rate used to translate peso amounts as of or for the year ended December 31, 2010 appearing in this Luxembourg listing prospectus into dollars is the exchange rate published by the Chilean Central Bank for December 30, 2010, reported on January 3, 2011, which was Ch\$468.01 per US\$1.00 and the exchange rate used to translate UF amounts appearing in this Luxembourg listing prospectus into Chilean pesos is the exchange rate published by the Chilean Central Bank for December 30, 2010, reported on January 3, 2011, which was Ch\$21,455.55 per UF1.00. Unless otherwise indicated, the exchange rate used to translate Chilean peso amounts as of or for the nine months ended September 30, 2011 appearing in this Luxembourg listing prospectus into dollars is the exchange rate published by the Chilean Central Bank for September 30, 2011, reported on October 1, 2011, which was Ch\$521.76 per US\$1.00 and the exchange rate used to translate UF amounts appearing in this Luxembourg listing prospectus into Chilean pesos is the exchange rate published by the Chilean Central Bank for September 30, 2011, reported on October 3, 2011, which was Ch\$22,012.69 per UF1.00. These translations should not be construed as representations that the peso amounts actually represent such dollar or UF amounts or could be converted into dollars or UFs at the rates indicated or at any other rate. See “*Exchange Rates.*”

All Chilean peso amounts stated in this Luxembourg listing prospectus for periods ending December 31, 2008, 2009 and 2010, unless otherwise indicated, are stated in constant Chilean pesos as of December 31, 2010, and all Chilean peso amounts stated in this Luxembourg listing prospectus for periods ending September 30, 2010 and 2011, unless otherwise indicated, are stated in constant Chilean pesos as of September 30, 2011. The rates of inflation used to calculate constant Chilean pesos for each period are calculated from December 1 in the immediately preceding year to November 30 in the stated year, based on statistics from the Chilean National Statistics Agency (*Instituto Nacional de Estadísticas*). These rates were 2.5% for 2010, (2.3%) for 2009, 8.9% for 2008 and 3.2% for the twelve months ended September 30, 2011.

The translation of amounts expressed in constant or nominal pesos as of a certain date to the then prevailing exchange rate may result in presentation of dollar amounts different from the dollar amounts that would have been obtained by translating constant or nominal pesos as of a different date to the exchange rate prevailing on such different date.



## FORWARD-LOOKING STATEMENTS

This Luxembourg listing prospectus contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Examples of these forward-looking statements include statements regarding the intent, belief or current expectations of Gildemeister, its officers or its management with respect to:

- expectations of revenues, net income (loss), capital expenditures, dividends, capital structure, liquidity, asset portfolios or other financial items or ratios;
- statements of our plans, objectives or goals, including those relating to anticipated trends, competition, regulation and rates;
- statements about our exposure to market risks;
- statements about our future economic performance or that of Chile, Peru or other countries in which we have investments; and
- statements of assumptions underlying these statements.

Words such as “believe”, “could”, “may”, “will”, “anticipate”, “plan”, “expect”, “intend”, “target”, “estimate”, “project”, “potential”, “predict”, “forecast”, “guideline”, “should” and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying these statements.

Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in these forward-looking statements. Factors that could cause actual results to differ materially and adversely, some of which are discussed under “Risk Factors”, include, but are not limited to:

- changes in general economic, business or political or other conditions in Chile or Peru or changes in general economic or business conditions in Latin America or globally;
- changes in capital markets in general that may affect policies or attitudes towards lending to Chile or Peru or Chilean companies or securities issued by Chilean companies;
- inflation or deflation;
- unemployment;
- unanticipated increases in financing and other costs or the inability to obtain additional debt financing on attractive terms;
- volatility in currency exchange rates;
- movements in other rates or prices;
- changes in Chilean, Peruvian and foreign laws and regulations;
- changes in taxes;

- competition, changes in competition and pricing environments;
- our inability to hedge certain risks economically;
- technological changes;
- changes in consumer spending and saving habits;
- successful implementation of new technologies;
- earthquakes, tsunamis and other natural disasters; and
- loss of market share.

You are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements contained in this document speak only as of the date of this Luxembourg listing prospectus, and we do not undertake to update any forward-looking statement to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

## **AVAILABLE INFORMATION**

To permit compliance with Rule 144A under the Securities Act in connection with resales of the Notes, we will be required under the Indenture under which the Notes are issued (the “Indenture”), upon the request of a holder of Rule 144A Notes or Regulation S Notes (during the restricted period, as defined in the legend included under “Notice to Investors”), to furnish to such holder and any prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) under the Securities Act if at the time of the request we are neither a reporting company under Section 13 or Section 15(d) of the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act.

## **SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES**

We are a corporation (*sociedad anónima*) created and organized under the laws of Chile. Substantially all of the members of our directors and executive officers and certain experts named herein reside in Chile, and all or a significant portion of our assets and the assets of such directors, executive officers and experts are located outside of the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or against us or to enforce against them in United States courts judgments predicated upon the civil liability provisions of the federal securities laws of the United States. We have been advised by our Chilean counsel, Cariola Diez Perez-Cotapos y Cia. Ltda., that no treaty exists between the United States and Chile for the reciprocal enforcement of foreign judgments. Chilean courts, however, have enforced judgments rendered in the United States by virtue of the legal principles of reciprocity and comity, subject to the review in Chile of the U.S. judgment in order to ascertain whether certain basic principles of due process and public policy have been respected without reviewing the merits of the subject matter of the case. If a U.S. court grants a final judgment, enforceability of this judgment in Chile will be subject to obtaining the relevant exequatur (i.e., recognition and enforcement of the foreign judgment) according to Chilean civil procedure law in force at that time and, consequently, subject to the satisfaction of certain factors. Currently, the most important of these factors are the existence of reciprocity, the absence of a conflicting judgment by a Chilean court relating to the same parties and arising from the same facts and circumstances, the Chilean court's determination that the U.S. courts had jurisdiction, that process was appropriately served on the defendant and that the defendant was afforded a real opportunity to appear before the court and defend its case, and that enforcement would not violate Chilean public policy. Nevertheless, we have been advised by Cariola Diez Perez-Cotapos y Cia. Ltda. that there is doubt as to the enforceability, in original actions in Chilean courts, of liabilities predicated solely upon U.S. federal securities laws and as to the enforceability in Chilean courts of judgments of U.S. courts obtained in actions predicated upon the civil liability provisions of the U.S. federal securities laws.

## SUMMARY

*The following summary is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Luxembourg listing prospectus. This summary may not contain all the information that may be important in deciding whether to purchase the New Notes. If you are considering purchasing the New Notes you should carefully review the information contained in this Luxembourg listing prospectus, including the risk factors and the financial statements appearing elsewhere herein, and the documents to which they refer before you make an investment decision. Terms not defined in this summary are defined elsewhere herein. As used in this summary, unless otherwise indicated or the context otherwise requires, all references to “Gildemeister”, “the Company”, “we”, “our”, “ours”, “us” or similar terms refer to Automotores Gildemeister S.A. together with its subsidiaries.*

### Overview

We are one of the largest vehicle importers and distributors in Chile and Peru with a network of 175 vehicle dealerships (72 of which are operated by us and 103 of which are independent franchises appointed and supplied by us). As of December 31, 2010, we were the third-largest vehicle distributor in Chile and the second-largest vehicle distributor in Peru as measured by number of units sold in 2010. In 2010 we sold 39,551 new vehicles in Chile, which represented a market share of 13.1%, and 19,464 new vehicles in Peru, which represented a market share of 16.0%. Since 1986, we have been the sole distributor of Hyundai passenger and light commercial vehicles in Chile and since 2002, the sole distributor of Hyundai passenger, light commercial and heavy commercial vehicles in Peru. Hyundai is the third best-selling vehicle brand in Chile and the second best-selling vehicle brand in Peru as measured by number of units sold. In addition, we are the sole distributor of a number of established global vehicle brands, such as Ford, Volvo, Land Rover and Mini in Peru and Mini in Chile, and the sole distributor of rapidly-growing Chinese and Indian brands, such as Mahindra, Haima, Shenyang Brilliance (Jinbei), Zotye, Sinotruk and Keeway Motorcycles in Chile and Peru and Yuejin and Yutong buses in Chile. With these brands, we provide customers with a broad array of options, ranging from economy to luxury vehicles. In connection with the sale of new vehicles, we provide services authorized by our original equipment manufacturers (“OEMs”) and OEM parts for the brands of cars that we sell, and we broker financial services, such as insurance and vehicle loans to purchasers of our new vehicles.

There are no vehicle manufacturing facilities in Chile or Peru; as a result, all new vehicles are imported and distributed to dealerships in our territories. As vehicle importers and distributors, we are responsible for all aspects of the development and marketing of the brands we represent in the countries where we operate, including: (i) procurement of vehicles and parts, transportation, importing into our territories and delivery to retail locations; (ii) developing and managing the retail network; (iii) managing strategy and all operational aspects of the brands which we represent, including product selection, positioning and retail pricing; (iv) developing strong after-sale support for our brands; (v) developing and executing marketing and sales campaigns at both the national and local level and (vi) coordinating and arranging vehicle financing for customers throughout our retail network. We conduct all of these activities while focusing on performance and maintaining communication with the OEMs that we represent to ensure that our strategies and goals are closely aligned.

Although the vehicle business is our core business, we also have a heavy machinery business, which mainly consists of importing and selling construction, agricultural and industrial heavy machinery in Chile. We sell heavy machinery through a network of 13 dealerships (12 of which are owned and one of which is a franchise). We also record a small amount of income from renting heavy machinery and selling used heavy machinery. Our portfolio of 10 brands includes products ranging from bulldozers, front-loaders and forklifts to compressors and generators.

Additionally, in April 2009 we began selling non-OEM after-market accessories, such as batteries, motor oil and car stereos, through third party retailers and through two owned stores in Santiago.

Our business has grown substantially over the past three years. Our sales decreased slightly from Ch\$399,784.7 million in 2008 to Ch\$367,333.9 million in 2009 as a result of the economic slowdown in Chile and Peru related to the global financial crisis. In 2010, our sales increased to Ch\$514,493.2 million (US\$1.1 billion) due to strong demand for new vehicles in both Chile and Peru. In the first nine months of 2011 our sales increased to Ch\$492,092.4 million from Ch\$384,659.3 million in the first nine months of 2010 primarily due to an increase in new vehicle sales as result of increased demand in both Chile and Peru and an expansion of our dealership network in both countries. In addition, supply restrictions imposed by our OEMs on more economical vehicles resulted in increased sales of higher-margin vehicles. Our net income increased from Ch\$4,335.0 million in 2008 to Ch\$10,848.1 million in 2009 and to Ch\$32,307.4 million (US\$69.0 million) in 2010. In the first nine months of 2011 our net income increased to Ch\$27,254.7 million from Ch\$23,809.2 in the first nine months of 2010. On average, during the period from 2008 to 2010, 67.6% of our revenues came from Chile and 32.4% of our revenues came from Peru. In 2010, our EBITDA increased 120.2% from Ch\$25,483.0 million in 2009 to Ch\$56,105.8 million in 2010. During 2010, 75.1% of our consolidated EBITDA was generated by our Chilean operations and 24.9% was generated by our Peruvian operations. In the first nine months of 2011 our EBITDA increased 56.5% to Ch\$66,968.0 million from Ch\$42,790.1 in the first nine months of 2010.

### **Our Strengths**

*Leading brands and wide selection of vehicles.* We are the sole distributor of Hyundai passenger vehicles and light commercial vehicles in Chile and Peru. Hyundai is one of the most popular brands in those markets, offering vehicles ranging from mid-range sedans to high-end sport utility vehicles (SUVs). We also are the sole distributor of Keeway Motorcycles, as well as Mini Coopers, and a range of emerging Chinese and Indian brands, which include entry-level economy cars and pick-up trucks. We believe that our portfolio of strong brands with a wide selection of models, from economy to luxury options at competitive price points will position us to benefit from the sizeable untapped market for new vehicles in both Chile and Peru.

*Broad distribution network.* We use our strong distribution chain to leverage the strength of our brands and the opportunities for new vehicle sales in the Chilean and Peruvian markets. In 2010, we were the third-largest vehicle distributor in Chile and the second-largest vehicle distributor in Peru measured by number of units sold, with a total of 175 vehicle dealerships in our network. We directly operate 72 flagship dealerships in the main urban areas of Chile and Peru, which we believe are some of the strongest markets within those countries, which allows us to more closely control and monitor the execution of our sales and marketing programs and other corporate strategies. In addition, we distribute vehicles to 103 franchised dealerships in Chile and Peru. These franchises complement our retail operations and expand the reach and coverage of our brands.

*Focus on customer service.* We believe our focus on customer interactions has been the key to our success in the vehicles retail industry. According to a recent survey by the Reputation Institute of the Pontificia Universidad Católica de Chile (Catholic University), we had the best reputation in Chile of any vehicle importation and distribution group. We provide training to all of our staff to ensure that all of our customers are made aware of the variety of complementary products and services that we offer, from financing and insurance brokerage services to OEM parts and post-sales service. Guided by this customer-centric principle in all aspects of our business, we have designed our operations with the aim of delivering consistent, high-quality customer service and establishing long-lasting customer relationships.

*Strong, close and long-standing relationships with our OEMs.* As a result of our constant focus on performance, effective communication and alignment of our objectives with those of our OEMs, we have developed a very strong and long-lasting relationship with our OEMs. For instance, we have been Hyundai's sole distributor since 1986 in Chile and since 2002 in Peru. In 2009, our Chilean operations received Hyundai Motor Company's award for Best Hyundai Distributor Worldwide and in 2010 our Peruvian operations received this award. In 2010, our Chilean operations received the Best Worldwide Advertising Campaign Award from Hyundai.

*Opportunities for growth.* In 2008, there was only one vehicle for every 5.7 people in Chile and one vehicle for every 15.6 people in Peru, compared to one vehicle for every 4.8 people in Argentina, one vehicle for every 3.9 people in Mexico and one vehicle per 1.2 people in the United States. Between 2000 and 2010 the compound annual growth rate (CAGR) of the automobile market (in terms of units) was 10.3% and 22.8% in Peru and Chile, respectively. Given the strong growth in GDP and real wages, low inflation and unemployment, political stability and investments in road infrastructure in Peru and Chile over the past five years, as well as the increased availability of consumer financing, we believe that demand for vehicles in Peru and Chile will continue to accelerate until the level of motorization in these countries matches that of similar economies.

*Insight, control and added profitability from our role as distributor.* Because we are an importer and distributor in addition to being a retailer, we have control over the supply of vehicles and parts to our retail network. This allows us to establish the retail pricing strategy for our vehicles and control the design and implementation of both local and national marketing and sales strategies for our brands (within the guidelines established by our OEMs). Consequently, we are able to generate strong gross margins and operating margins. In 2008, 2009 and 2010, we recorded gross margins of 23.5%, 22.3% and 24.3%, respectively and operating margins of 10.1%, 6.0% and 10.1%, respectively. As of September 30, 2010 and 2011, we recorded gross margins of 24.3% and 26.3%, respectively, and operating margins of 10.0% and 12.7%, respectively.

*Captive Audience.* The 5-year or 100,000 kilometer warranty that Hyundai provides on its vehicles requires that only we, as sole authorized Hyundai service representative in Chile and Peru, service and repair certain vehicle parts during the warranty period. Since customers are strongly incentivized to have their vehicles serviced by us to maintain their warranty, we are able to develop strong relationships with our customers during this period by providing for a positive customer experience and focusing on customer satisfaction. We believe that this has allowed us to retain a larger number of our customers, either because they continue to service their vehicle with us past the warranty period or because they purchase their next vehicle from us.

## **Our Strategy**

Our goal is to strengthen our position as a leading automobile distributor and retailer in our geographic markets with excellent after-sale support. To achieve this objective, we intend to focus on the following areas:

*Increase our market share.* We plan to leverage our reputation as a leading vehicle distributor, our established network of owned and franchised dealerships and our marketing expertise to capitalize on the relatively low motorization rates of the Chilean and Peruvian market. We intend to aggressively market the brands that we have recently added to our portfolio, such as Mahindra, Haima and Jinbei (Brilliance), which we believe are attractive to growing market segments that are different from the target market segments for Hyundai vehicles, such as first-time purchasers of economy vehicles and purchasers of pick-up trucks. We also intend to continue taking advantage of Hyundai's strong brand reputation to maintain its position as one of the leading brands of mid-level sedans and SUVs in Chile and Peru.

*Continue to develop and expand our network.* We intend to continue expanding our retail network, which will support the development of our new brands and the maintenance of existing brands through sales and marketing programs. In particular, we plan to focus on opening dealerships in areas that we believe to be growing markets for particular brands within our brand portfolio. In addition we will continue to establish franchisees in markets where local knowledge is key to establishing a successful presence. This will allow us to continue increasing the recognition and awareness of our brands throughout Chile and Peru.

*Focus on customer experience.* We continually seek to improve our customers' experience by implementing best practices and improving quality of service. We continuously update our dealerships by implementing new guidelines and recommendations from OEMs, which we believe will make our dealerships even more user-friendly. For instance, we are currently implementing a US\$3.2 million capital improvement plan at our Hyundai dealerships to align our dealerships with Hyundai's global corporate identity. We are focused on retaining our customers, either as continuing service clients or as purchasers of new vehicles, by improving the customer experience to build loyalty. We use a state-of-the-art customer relationship management system that ensures that a customer is offered a wide range of services during each interaction with one of our dealerships and that dealership personnel follow-up with each customer to make sure that he or she is satisfied with the service we have provided.

*Increase sales from brokering financing and insurance products.* The availability of financing and insurance products is a key driver for the growth of vehicle sales. As a result, our ability to offer brokered financial services to our customers both helps to expand the market for new vehicle sales and provides us with a second revenue stream. All of our brokered financial services in Chile are provided through our affiliate *Sociedad de Créditos Automotrices S.A.* ("Amicar"), and we collect a commission for each financing or insurance placed through Amicar. In 2010, in Chile, approximately 33.4% of the customers in our owned dealerships obtained financing or purchased insurance through Amicar in connection with the purchase of a new vehicle, and financing services represented approximately 2.5% of our gross profit in 2010. We plan to maintain our affiliate Amicar as the exclusive financial services provider in our dealership network in Chile, and to continue to promote the opportunity to obtain financing at our dealerships as a means of attracting more customers. In addition, although we currently broker some financing and insurance with certain banks, we are currently exploring opportunities to develop a more robust platform to use in brokering financing and insurance products in Peru.

*Improve our cost structure.* Oversight and management of our dealerships is centralized at our Santiago headquarters, which we believe is an efficient way to handle our cost structure. As our business continues to grow, we expect to continue to take advantage of economies of scale to reduce the cost of our overhead and administrative functions. In addition, a portion of the compensation paid to most of our employees is tied to performance variables such as sales or net income. We believe this structure aligns employee incentives with our goals and allows us to quickly adjust to changes in the market and reduce costs during downturns in the business cycle. During the next twelve months, we plan on migrating our remaining portion of employees to the variable compensation model.



## **Our Corporate Structure**

Automotores Gildemeister S.A. is a privately held company founded on March 14, 1986 as a limited liability company, which was transformed into a *sociedad anónima* on April 22, 1988. We are a subsidiary of Minvest S.A., which holds 99.99% of our outstanding shares. Automotores Gildemeister S.A. includes our Chilean vehicle and heavy machinery sales divisions. Marc Leasing S.A., a direct subsidiary of Automotores Gildemeister S.A., is a subsidiary that previously provided leasing services of heavy machinery in Chile. Marc Leasing S.A. no longer has significant operations. Gildemeister's other direct subsidiary, Automotores Gildemeister Peru S.A. conducts Gildemeister's Peruvian vehicle sales and has two subsidiaries, Manasa Peru S.A., which has concessions and supply agreements for the importation and distribution of a number of different vehicle brands in Peru, including Ford Motor Company, Volvo Cars Overseas Corporation, Land Rover Exports Ltd. and Shenyang Brilliance (Jinbei) and Motor Mundo S.A, which has concessions and supply agreements for the importation and distribution of a number of vehicle brands in Peru, including Zotye, Sinotruk, Mahindra and Haima. All of Automotores Gildemeister S.A.'s direct and indirect subsidiaries are wholly-owned, other than for a nominal share owned by an affiliate of Automotores Gildemeister S.A. to comply with Chilean and Peruvian corporate law.

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Our principal executive offices are located at 570 Avenida Américo Vespucio, Pudahuel, Santiago, Chile. Our main telephone number is +56-2-640-4000 and our website is [www.gildemeister.cl](http://www.gildemeister.cl). Information contained on, or accessible through, our website is not incorporated by reference in, and shall not be considered part of, this Luxembourg listing prospectus.

## The Offering

*The following summary is provided solely for your convenience. The summary is not intended to be complete. You should read the full text and more specific details contained elsewhere in this Luxembourg listing prospectus. For a more detailed description of the Notes, see “Description of the Notes.”*

Issuer .....	Automotores Gildemeister S.A., a corporation organized under the laws of Chile.
Securities Offered .....	US\$100,000,000 aggregate principal amount of 8.250% Senior Notes due 2021. The New Notes offered hereby constitute a further issuance of, and form a single series with, our Existing Notes. The New Notes sold pursuant to Rule 144A under the Securities Act trade under the same CUSIP, Common Code and ISIN numbers and have identical terms as the Existing Notes held in the Rule 144A global note from the closing date, other than their date of issue and their initial price to the public. The New Notes sold pursuant to Regulation S under the Securities Act have identical terms as the Existing Notes held in the Regulation S global note, other than their date of issue and their initial price to the public. Through the 40th day following delivery of the New Notes, New Notes sold pursuant to Regulation S under the Securities Act will have temporary CUSIP and ISIN numbers. Thereafter, such New Notes will trade under the same CUSIP, Common Code and ISIN numbers as the Existing Notes held in the Regulation S global note. Unless the context otherwise requires, references to Notes in this Luxembourg listing prospectus refer to the Existing Notes and the New Notes offered hereby as a single series. Upon completion of this offering, the aggregate principal amount of outstanding Notes will be US\$400,000,000.
Maturity .....	May 24, 2021
Interest .....	8.250% per annum, paid every six months on May 24 and November 24, with the first payment on May 24, 2012 (the next interest payment date for the Existing Notes). Interest will accrue from November 24, 2011.
Issue Price .....	102.267%, plus accrued interest from November 24, 2011.
Optional Redemption .....	Prior to May 24, 2016, we may redeem the Notes, in whole or in part, at a price equal to 100% of the principal amount of the Notes plus the make-whole premium described under “ <i>Description of the Notes—Optional Redemption With a Make-Whole Premium,</i> ” plus accrued and unpaid interest and additional amounts, if any, to the redemption date.  On or after May 24, 2016, we may redeem some or all of the Notes at any time at the redemption prices set forth in “ <i>Description of the Notes—Optional Redemption Without a</i>

*Make-Whole Premium*” plus accrued and unpaid interest and additional amounts, if any, to the redemption date.

Before May 24, 2014, we may redeem up to 35% of the Notes with the proceeds of certain sales of common stock at a price of 108.250% of the principal amount plus accrued and unpaid interest and additional amounts, if any, to the redemption date as further described in “*Description of the Notes—Optional Redemption with Proceeds of Equity Offerings.*”

Optional Tax Redemption..... The Notes are redeemable at our option in whole (but not in part) at any time at the principal amount thereof plus accrued and unpaid interest and any additional amounts, if any, due thereon if the laws or regulations affecting taxes in the Republic of Chile change in certain respects and impose withholding tax on interest paid on the Notes in excess of 4.0%. See “*Description of the Notes—Optional Redemption Upon a Tax Event.*”

Additional Amounts..... Payments of interest in respect of the Notes made by us to foreign holders will be subject to Chilean interest withholding tax at a rate of 4.0%. Subject to certain exemptions, we and the guarantor will pay such additional amounts as may be necessary so that the net amount received by the holders of the Notes after withholding or deduction for or on account of any Chilean taxes, or any taxes imposed by any other jurisdiction from or through which we make any payment under the Notes, will not be less than the amount that would have been received in the absence of such withholding or deduction. For a discussion of the tax consequences of, and limitations on, the payment of additional amounts with respect to any such taxes, see “*Description of the Notes—Additional Amounts*” and “*Taxation—Chilean Taxation.*”

Mandatory Offer to Repurchase..... Upon the occurrence of certain change of control events described under “*Description of the Notes—Repurchase of Notes Upon a Change of Control*”, you may require us to repurchase some or all of your notes at 101% of their principal amount plus accrued and unpaid interest and additional amounts, if any. The occurrence of those events may, however, be an event of default under our debt agreements, and those agreements may prohibit the repurchase. Further, we cannot assure you that we will have sufficient resources to satisfy our repurchase obligation. You should read carefully the sections called “*Risk Factors—We May Be Unable to Purchase Your Notes Upon a Change of Control*” and “*Description of the Notes.*”

Guarantors..... The Notes will be fully and unconditionally guaranteed on a senior unsecured basis by our existing direct or indirect subsidiaries (other than our Peruvian subsidiaries) and our future direct or indirect subsidiaries (other than any Peruvian subsidiaries or any companies formed to hold our interests in our Peruvian subsidiaries). On the issue date, our only guarantor is Marc Leasing, S.A. See “*Description of the Notes—Guaranties.*”

Ranking ..... The Notes and the guarantees will be our and the guarantors' unsecured, unsubordinated obligations and will:

- rank senior in right of payment to any of our and the guarantors' existing and future subordinated indebtedness;
- rank equally in right of payment with all of our and the guarantors' existing and future unsecured unsubordinated indebtedness;
- rank effectively junior in right of payment to any of our and the guarantors' secured indebtedness to the extent of the value of the assets securing such indebtedness; and
- be structurally subordinated in right of payment to all existing and future indebtedness and other liabilities of the non-guarantor subsidiaries.

As of September 30, 2011, on an as adjusted basis after giving effect to this offering and the application of the net proceeds therefrom as described under "Use of Proceeds," our outstanding senior indebtedness would have been Ch\$220,854.0 million (US\$423.3 million), including Ch\$7,473.3 million (US\$14.32 million) of secured indebtedness of Gildemeister and the guarantor, and our Peruvian subsidiaries would have had no indebtedness outstanding; however, these amounts do not include any repayments or amortizations of our indebtedness since September 30, 2011.

As of September 30, 2011, our non-guarantor subsidiaries had total assets of Ch\$102,790.9 million (US\$197.0 million) representing 29.2% of our consolidated total assets, total long-term liabilities of Ch\$4,432.4 million (US\$8.5 million) representing 2.7% of our consolidated total long-term liabilities and total liabilities of Ch\$64,116.5 million (US\$122.9 million) representing 24.3% of our consolidated total liabilities. Furthermore, for the nine months ended September 30, 2011, our non-guarantor subsidiaries had sales of Ch\$ 184,057.1 million (US\$352.8 million) or 37.4% of our consolidated sales, net income of Ch\$11,947.8 (US\$ 22.9 million) representing 43.8% of our consolidated net income and EBITDA of Ch\$20,406.0 (US\$ 39.1 million) representing 30.5% of our consolidated EBITDA

*See "Risk Factors—Risks Related to this Offering—Your right to receive payments on the Notes is effectively junior to those lenders who have a security interest in our assets" and "Risk Factors—Risks Related to this Offering—Claims of noteholders will be structurally subordinated to the claims of creditors of our non-guarantor subsidiaries."*

Certain Covenants ..... The indenture governing the Notes contains covenants limiting

our ability and our subsidiaries' ability to:

- incur additional debt or issue subsidiary preferred stock or stock with a mandatory redemption features before the maturity of the Notes;
- pay dividends on our capital stock;
- redeem or repurchase capital stock or prepay or repurchase subordinated debt;
- make some types of investments and sell assets;
- create liens;
- engage in transactions with affiliates, except on an arms-length basis; and
- consolidate or merge with, or sell substantially all our assets to, another person.

Certain of these covenants will be suspended if the Notes are rated "BBB-" by Standard & Poor's, "Baa3" by Moody's, or "BBB-" by Fitch, by at least two of these rating agencies and no default has occurred or is continuing. If either rating on the Notes should subsequently decline to below investment grade, the suspended covenants will be reinstated.

You should read "*Description of the Notes—Suspension of Certain Covenants*" for a description of these covenants.

Book Entry; Form and Denominations ...	The Notes were issued in the form of one or more global Notes without coupons, registered in the name of a nominee of DTC, as depositary, for the accounts of its direct and indirect participants including Clearstream and Euroclear. The Notes were issued in minimum denominations of US\$100,000 and integral multiples of US\$1,000 in excess thereof. The Notes will not be issued in certificated form except under certain limited circumstances described herein. See " <i>Description of the Notes—Book-Entry; Delivery and Form.</i> "
Listing.....	The Existing Notes are currently listed on the Official List of the Luxembourg Stock Exchange. We have applied to increase the principal amount of Notes listed on the Luxembourg Stock Exchange and to trade on the Euro MTF market so as to include the principal amount of the New Notes.
Transfer Restrictions.....	Neither the Notes nor the guarantee have been nor will be registered under the Securities Act or any state securities laws. The Notes may not be offered or sold except under an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. See " <i>Notice to Investors.</i> "

	We will not be required to, nor do we intend to, register the Notes for resale under the Securities Act or to offer to exchange the Notes for Notes registered under the Securities Act or the securities laws of any jurisdiction.
Use of Proceeds.....	We will use the gross proceeds from the sale of the New Notes, estimated at US\$102,267,000, less any expenses and fees in connection with this offering, to repay our short-term indebtedness. See “ <i>Use of Proceeds.</i> ”
Risk Factors .....	See “ <i>Risk Factors</i> ” for important information regarding the Notes and us. Please read that section carefully before you decide whether to invest in the Notes.
No Established Trading Market .....	Application has been made to list the New Notes on the Luxembourg Stock Exchange (and to trade on the Euro MTF Market). We cannot assure you that an active or liquid trading market for the Notes has or will develop. If an active or liquid trading market for the Notes does not develop, the market price and liquidity of the Notes may be adversely affected.
Governing Law .....	The Indenture and the Notes will be governed by, and will be construed in accordance with, the laws of the state of New York. We will submit to the non-exclusive jurisdiction of the United States federal and state courts located in the Borough of Manhattan in The City of New York, in respect of any action arising out of or based on the Notes.
Trustee, Registrar and Paying Agent.....	Deutsche Bank Trust Company Americas
Luxembourg Listing Agent, Paying Agent, Registrar and Transfer Agent.....	Deutsche Bank Luxembourg S.A.

## Summary Consolidated Financial and Operating Information

The following summary consolidated financial and operating information should be read in conjunction with, and is qualified in its entirety by reference to, our Audited Consolidated Annual Financial Statements and Unaudited Interim Consolidated Financial Statements, including the accompanying notes thereto, and the information in sections “Presentation of Financial Information”, “Selected Consolidated Financial Information” and “Management’s Discussion and Analysis of Results of Operations and Financial Conditions” appearing elsewhere in this Luxembourg listing prospectus.

Our Audited Consolidated Annual Financial Statements and our Unaudited Interim Consolidated Financial Statements are prepared in accordance with Chilean GAAP, which differs in certain respects from IFRS. We have made no attempt to quantify these differences. See Appendix A for a description of the main differences between Chilean GAAP and IFRS. For further details and specific questions, investors should consult their professional advisors for an understanding of the differences between Chilean GAAP and IFRS.

In April 2009, we began conducting directly the sales of non-Hyundai new vehicles and OEM parts, used vehicles and third-party after-market accessories in Chile and the sales of certain brands of heavy machinery in Chile and Peru that had previously been sold by our affiliates and for which we do not hold the importation and distribution agreements. Our summary consolidated financial and operating information since April 2009 includes these operations and therefore financial and operating information since that date may not be directly comparable with financial and operating information prior to that date.

The tables below present summary consolidated financial information derived from our Audited Consolidated Annual Financial Statements and our Unaudited Interim Consolidated Financial Statements. Our Audited Consolidated Annual Financial Statements have been audited by PricewaterhouseCoopers, Consultores, Auditores y Cia. Ltda. The report of PricewaterhouseCoopers, Consultores, Auditores y Cia, Ltda. on our Audited Consolidated Annual Financial Statements appears elsewhere in this Luxembourg listing prospectus.

The following tables present our summary consolidated financial and operating information as of the years ended December 31, 2009 and 2010 and for the years ended December 31, 2008, 2009 and 2010 and as of September 30, 2011 and for the nine months ended September 30, 2010 and 2011.

	For the year ended December 31,				For the nine months ended September 30,			
	2008	2009	2010	2010	2010 <sup>(3)</sup>	2011 <sup>(3)</sup>	2011 <sup>(3)</sup>	
	(in millions of constant Ch\$ as of December 31, 2010)				(in thousands of US\$) <sup>(1)</sup>	(in millions of constant Ch\$ as of September 30, 2011)		(in thousands of US\$) <sup>(2)</sup>
<b>Income Statement Data:</b>								
Sales.....	Ch\$ 399,784.7	Ch\$ 367,333.9	Ch\$ 514,493.2	US\$ 1,099,321	Ch\$ 384,659.3	Ch\$ 492,092.4	US\$ 943,139	
Cost of sales.....	(305,879.0)	(285,421.4)	(389,336.3)	(831,897)	(291,272.5)	(362,814.0)	(695,365)	
Gross profit.....	93,905.7	81,912.5	125,156.9	267,424	93,386.8	129,278.4	247,774	
Administrative and selling expenses .....	(53,705.5)	(59,713.6)	(73,144.6)	(156,289)	(54,836.1)	(66,790.3)	(128,010)	
Operating income ....	40,200.2	22,198.9	52,012.3	111,135	38,550.7	62,488.1	119,764	
Non-operating income (loss) .....	(32,197.2)	(9,016.1)	(12,524.0)	(26,760)	(8,433.7)	(26,448.5)	(50,691)	
Income before income tax .....	8,003.0	13,182.8	39,488.3	84,375	30,117.0	36,039.6	69,073	
Income taxes .....	(3,668.2)	(2,334.7)	(7,180.9)	(15,343)	(6,307.8)	(8,784.9)	(16,837)	
Consolidated Income.....	4,334.8	10,848.1	32,307.4	69,032	23,809.2	27,254.7	52,236	
Minority interest .....	0.2	0.0	0.0	0	0.0	0.0	0	
<b>Net Income.....</b>	<b>Ch\$ 4,335.0</b>	<b>Ch\$ 10,848.1</b>	<b>Ch\$ 32,307.4</b>	<b>US\$ 69,032</b>	<b>Ch\$ 23,809.2</b>	<b>Ch\$ 27,254.7</b>	<b>US\$ 52,236</b>	

	As of December 31,			As of September 30,					
	2009	2010	2010	2011 <sup>(3)</sup>	2011 <sup>(3)</sup>				
	(in millions of constant Ch\$ as of December 31, 2010)			(in thousands of US\$) <sup>(1)</sup>	(in millions of constant Ch\$ as of September 30, 2011)	(in thousands of US\$) <sup>(2)</sup>			
<b>Balance Sheet Data:</b>									
Current assets.....	Ch\$ 185,137.0	Ch\$ 225,635.5	US\$ 482,117	Ch\$ 285,509.8	US\$ 547,205				
Net property, plant and equipment .....	45,324.2	47,519.9	101,536	63,004.6	120,754				
Other assets.....	3,728.1	2,928.3	6,257	3,476.1	6,662				
<b>Total Assets .....</b>	<b>234,189.3</b>	<b>276,083.7</b>	<b>589,910</b>	<b>351,990.5</b>	<b>674,621</b>				
Current liabilities .....	128,998.2	121,479.6	259,567	97,106.2	186,113				
Long-term liabilities .....	53,328.6	83,473.8	178,359	167,142.8	320,344				
Non-controlling interest.....	0.7	0.7	1	0.7	1				
Shareholders' equity .....	51,861.8	71,129.7	151,983	87,740.8	168,163				
<b>Total Liabilities and Shareholders' Equity.....</b>	<b>Ch\$ 234,189.3</b>	<b>Ch\$ 276,083.7</b>	<b>US\$ 589,910</b>	<b>Ch\$ 351,990.5</b>	<b>US\$ 674,621</b>				
<b>Consolidated Statement of Financial Position Data:</b>									
	For the year ended December 31,				For the nine months ended September 30,				
	2008	2009	2010	2010	2010 <sup>(3)</sup>	2011 <sup>(3)</sup>	2011 <sup>(3)</sup>		
	(in millions of constant Ch\$ as of December 31, 2010, other than percentages, ratios and operating data)				(in thousands of US\$) <sup>(1)</sup>	(in millions of constant Ch\$ as of September 30, 2011, other than percentages, ratios and operating data)		(in thousands of US\$) <sup>(2)</sup>	
Net cash flow (used in) provided by operating activities.....	Ch\$ (35,454.9)	Ch\$ 55,828.5	Ch\$ 14,691.1	US\$ 31,391	Ch\$ 26,883.0	Ch\$ 21,820.5	US\$ 41,82		
Net cash flow used in investing activities .....	(13,051.1)	(4,967.9)	(8,665.0)	(18,515)	(6,264.1)	(12,344.8)	(23,660)		
Net cash flow provided by (used in) financing activities.....	55,509.6	(52,964.7)	11,873.8	25,371	(15,934.8)	32,086.0	61,496		
<b>Net cash flow .....</b>	<b>Ch\$ 7,003.7</b>	<b>Ch\$ (2,104.1)</b>	<b>Ch\$ 17,899.9</b>	<b>US\$ 38,247</b>	<b>Ch\$ 4,684.1</b>	<b>Ch\$ 41,561.7</b>	<b>US\$ 79,656.7</b>		
<b>Other Financial Data:</b>									
EBITDA <sup>(4)</sup> .....	Ch\$ 45,083.5	Ch\$ 25,483.0	Ch\$ 56,105.8	US\$ 119,880	Ch\$ 42,790.1	Ch\$66,968.0	US\$ 128,352		
EBITDA margin <sup>(4)(5)</sup> .....	11.3%	6.9%	10.9%	10.9%	11.1%	13.6%	13.6%		
Acquisition of property, plant and equipment .....	Ch\$ 11,515.1	Ch\$ 9,604.9	Ch\$ 7,138.7	US\$ 15,253	Ch\$ 4,545.8	Ch\$ 15,222.3	US\$ 29,174.9		
Ratio of net financial debt to EBITDA <sup>(4)(6)</sup> .....	3.9x	4.5x	2.2x	2.2x	n/a	2.2x <sup>(7)</sup>	2.2x <sup>(7)</sup>		
Ratio of EBITDA to interest expense <sup>(4)</sup> .....	3.6x	1.9x	4.8x	4.8x	n/a	4.4x <sup>(7)</sup>	4.4x <sup>(8)</sup>		
<b>Operating Data:</b>									
New Vehicle Sales:									
Chile .....	30,824	29,373	39,551		28,876	31,310			
Peru.....	12,370	13,207	19,464		13,655	18,495			
<b>Total.....</b>	<b>43,194</b>	<b>42,580</b>	<b>59,015</b>		<b>42,531</b>	<b>49,805</b>			

(1) Amounts stated in U.S. dollars as of or for the year ended December 31, 2010 have been translated from Chilean pesos at the exchange rate of Ch\$468.01 = US\$1.00 as of December 30, 2010, published by the Chilean Central Bank on January 3, 2011. See "Exchange Rates."

(2) Amounts stated in U.S. dollars as of or for the nine months ended September 30, 2011 have been translated from Chilean pesos at the exchange rate of Ch\$521.76 = US\$1.00 as of September 30, 2011, published by the Chilean Central Bank on October 3, 2011. See "Exchange Rates."

(3) Unaudited.

(4) We define EBITDA as Net income plus Minority interest, Income tax, Price level restatement, Depreciation and amortization, and Financial expenses. EBITDA is not a recognized term under Chilean GAAP or IFRS and does not purport to be an alternative to net earnings as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Additionally, EBITDA is not intended to be a measure of free cash flow available for management's discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements. Our presentation of EBITDA has limitations as an analytical tool,



and you should not consider it in isolation or as a substitute for analysis of our results as reported under Chilean GAAP or IFRS. Management uses EBITDA to measure and evaluate the operating performance of our core business operations. EBITDA is not calculated under Chilean GAAP or IFRS and should not be considered in isolation or as a substitute for net income, cash flows or other financial data prepared in accordance with Chilean GAAP or IFRS or as a measure of our overall profitability or liquidity.

- (5) EBITDA margin is equal to EBITDA divided by Sales, expressed as a percentage.
- (6) Net financial debt is equal to "Obligations with banks and financial institutions" less "Cash and cash equivalents."
- (7) Ratio of net financial debt to EBITDA for the twelve months ended September 30, 2011.
- (8) Ratio of EBITDA for the twelve months ended September 30, 2011 to interest expense for the twelve months ended September 30, 2011.

The following table presents a reconciliation of our Net income to EBITDA for the years ended December 31, 2008, 2009 and 2010 and for the nine months ended September 30, 2010 and 2011:

	For the year ended December 31,				For the nine months ended September 30,			
	2008	2009	2010	2010	2010 <sup>(3)</sup>	2011 <sup>(3)</sup>	2011 <sup>(3)</sup>	
	(in millions of constant Ch\$ as of December 31, 2010)				(in thousands of US\$) <sup>(1)</sup>	(in millions of constant Ch\$ as of September 30, 2011)		(in thousands of US\$) <sup>(2)</sup>
<b>Income Statement Data:</b>								
Net income.....	Ch\$ 4,335.0	Ch\$ 10,848.1	Ch\$ 32,307.4	US\$ 69,031	Ch\$ 23,809.2	Ch\$ 27,254.7	US\$52,236	
Minority interest .....	0.2	0.0	0.0	0	0.0	0.0	0	
Income tax .....	3,668.2	2,334.7	7,180.9	15,343	6,307.8	8,784.9	16,837	
Price level restatement	21,805.9	(4,004.8)	1,880.1	4,017	986.0	12,540.8	24,036	
Depreciation and amortization .....	2,712.1	3,147.3	3,116.5	6,659	3,345.4	3,157.5	6,053	
Financial expenses	12,562.5	13,157.7	11,620.9	24,830	8,341.6	15,230.1	29,190	
EBITDA .....	<b>Ch\$ 45,083.5</b>	<b>Ch\$ 25,483.0</b>	<b>Ch\$ 56,105.8</b>	<b>US\$ 119,880</b>	<b>Ch\$ 42,790.1</b>	<b>Ch\$66,968.0</b>	<b>US\$ 128,352</b>	

- (1) Amounts stated in U.S. dollars as of or for the year ended December 31, 2010 have been translated from Chilean pesos at the exchange rate of Ch\$468.01 = US\$1.00 as of December 30, 2010, published by the Chilean Central Bank on January 3, 2011. See "Exchange Rates."
- (2) Amounts stated in U.S. dollars as of or for the nine months ended September 30, 2011 have been translated from Chilean pesos at the exchange rate of Ch\$521.76 = US\$1.00 as of September 30, 2011, published by the Chilean Central Bank on October 3, 2011. See "Exchange Rates."
- (3) Unaudited.

The information below is derived from our Peruvian Audited Consolidated Annual Financial Statements and our Peruvian Unaudited Interim Consolidated Financial Statements not included in this Luxembourg listing prospectus. See "*Presentation of Financial Information – Financial Information From Peruvian Operations.*" Our Peruvian Audited Consolidated Annual Financial Statements have been audited by Ernst & Young.

The following tables present summary financial data for our Peruvian subsidiaries as of December 31, 2009 and 2010 and September 30, 2011, and for the years ended December 31, 2008, 2009 and 2010 and for the nine months ended September 30, 2011:

	As of December 31,		As of September 30,
	2009	2010	2011
	(in millions of constant Ch\$ as of December 31, 2010, except for percentages) <sup>(1)</sup>		(in millions of constant Ch\$ as of September 30, 2011) <sup>(2)(3)</sup>
<b>Selected Balance Sheet Data for the Peruvian Subsidiaries:</b>			
Total assets .....	Ch\$ 67,114.2	Ch\$ 97,855.3	Ch\$ 102,790.9
Total assets as a percentage of Gildemeister's consolidated total assets ....	28.7%	35.4%	29.2%
Long-term liabilities .....	2,816.7	2,274.1	4,432.4
Long-term liabilities as a percentage of Gildemeister's consolidated long-term liabilities .....	5.3%	2.7%	2.7%
Total liabilities.....	47,089.2	73,430.3	64,116.5
Total liabilities as a percentage of Gildemeister's consolidated total liabilities.....	25.8%	35.8%	24.3%

	For the year ended December 31,			For the nine months ended September 30,	
	2008	2009	2010	2010	2011
	(in millions of constant Ch\$ as of December 31, 2010, except for percentages) <sup>(1)</sup>			(in millions of constant Ch\$ as of September 30, 2011) <sup>(2)(3)</sup>	
<b>Selected Financial Data for the Peruvian Subsidiaries:</b>					
Sales .....	141,515.5	114,983.6	158,927.3	118,671.4	184,057.1
Sales as a percentage of Gildemeister's consolidated sales .....	35.4%	31.3%	30.9%	30.85%	37.40%
Net Income .....	5,466.0	3,709.7	6,394.4	5,589.2	11,947.8
Net income as a percentage of Gildemeister's consolidated net income ...	126.8%	34.2%	19.8%	23.5%	43.8%
EBITDA .....	16,422.8	7,299.2	13,408.5	10,386.3	20,406.0
EBITDA as a percentage of Gildemeister's consolidated EBITDA .....	36.4%	28.6%	23.9%	24.4%	30.5%

- (1) Amounts stated in Chilean pesos as of or for the year ended December 31, 2010 have been translated from U.S. dollars at the exchange rate of Ch\$468.01 = US\$1.00 as of December 30, 2010, published by the Chilean Central Bank on January 3, 2011. See "Exchange Rates."
- (2) Amounts stated in U.S. dollars as of or for the nine months ended September 30, 2011 have been translated from Chilean pesos at the exchange rate of Ch\$521.76 = US\$1.00 as of September 30, 2011, published by the Chilean Central Bank on October 3, 2011. See "Exchange Rates."
- (3) Unaudited.

The following table presents a reconciliation of the Net income for our Peruvian subsidiaries to EBITDA for our Peruvian subsidiaries for the years ended December 31, 2008, 2009 and 2010 and for the nine months ended September, 2010 and 2011:

	For the year ended December 31,			For the nine months ended September 30,	
	2008	2009	2010	2010	2011
	(in millions of constant Ch\$ as of December 31, 2010)			(in millions of constant Ch\$ as of September 30, 2011) <sup>(3)</sup>	
<b>Income Statement Data:</b>					
Net income .....	Ch\$ 5,466	Ch\$ 3,709.7	Ch\$ 6,394.4	Ch\$ 5,589.2	Ch\$ 11,947.8
Minority interest .....	-	-	-	-	-
Income tax <sup>(1)</sup> .....	2,747.0	814.0	2,713.1	2,272.5	5,103.9
Price level restatement <sup>(2)</sup> .....	2,081.0	(2,939.3)	(1,325.9)	(1,770.4)	(596.4)
Depreciation and amortization .....	608.7	646.6	670.7	540.1	656.4
Financial Expenses .....	5,520.1	5,068.2	4,956.2	3,754.9	3,294.4
EBITDA .....	<b>Ch\$ 16,422.8</b>	<b>Ch\$ 7,299.2</b>	<b>Ch\$ 13,408.5</b>	<b>Ch\$ 10,386.3</b>	<b>Ch\$ 20,406.0</b>

- (1) Includes mandatory profit sharing expenses.
- (2) Includes translation results.
- (3) Unaudited.

## RISK FACTORS

*An investment in the Notes is subject to risks and uncertainties. You should carefully consider the risks described below, in addition to the other information contained in this Luxembourg listing prospectus, before deciding whether to purchase the New Notes. Realization of any of these risks could have a material adverse effect on our business, financial condition, cash flows and results of operations or could materially and adversely affect the value or liquidity of the Notes and result in the loss of all or part of your investment in the Notes. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect us, which could also result in the loss of all or part of your investment in the Notes.*

### **Risk Factors Related to Our Business**

*Our business and the automotive retail industry in general are sensitive to adverse economic conditions.*

We believe that vehicle sales, and hence our results of operations, are strongly influenced by economic conditions in the markets in which we operate, including inflation, recession or economic slowdown, consumer confidence, interest rates, the level of personal discretionary spending, credit availability and employment/unemployment rates. Historically, unit sales of motor vehicles, particularly new vehicles, have been cyclical, fluctuating with general economic cycles. During economic downturns, retail new vehicle sales typically experience periods of decline characterized by oversupply and weak demand. Although we have adjusted our pricing strategy from time to time in an attempt to mitigate these historical trends, the automotive industry may experience sustained periods of decline in vehicle sales in the future. In addition, local economic, competitive and other conditions affect the performance of our dealerships. Accordingly, adverse changes in macroeconomic conditions in Chile and Peru would adversely affect our profitability and our ability to service our debt, including the Notes. In 2009, the impact of the global economic recession in Chile and Peru led to our experiencing lower sales volumes and decreased sales, gross profits and net income. For further description of the primary factors affecting macroeconomic conditions in Chile and Peru, see “—*Risk Factors Related to Chile*” and “—*Risk Factors Related to Peru*.” We are unable to control future economic conditions in our markets and we cannot assure you that they will not adversely impact our business, results of operations, financial condition and cash flow.

*A failure to renew or comply with our agreements entered into with our original equipment manufacturers may adversely affect our results of operations and financial condition.*

Our business depends on non-exclusive importation and distribution agreements entered into with OEMs for the distribution of their products. These agreements generally provide for one- to four-year terms and are subject to termination by the OEMs upon the occurrence of certain events, including our failure to comply with minimum purchase requirements, failure to comply with certain laws or our bankruptcy. In certain agreements, an OEM may be entitled to terminate its agreement if the OEM wishes to reorganize its distribution network. Even if an OEM wishes to terminate its agreement without cause, there can be no assurance that we would be able to obtain an injunction to compel the OEM to continue supplying their products pending resolution of the dispute. In addition, our agreements with OEMs may be renegotiated at the end of their term. Although we believe that we will be able to renew at expiration all of our existing agreements, we cannot guarantee that any of our agreements will be renewed or that the terms of the renewals will be as favorable to us as our current agreements. Furthermore, actions taken by OEMs to exploit their bargaining position in negotiating the terms of renewals of our agreements or otherwise could have a material adverse effect on our revenues and profitability. Also, if an OEM wishes to terminate or not renew its agreement with us, we would not be able to obtain that OEM's

products through alternate sources and that OEM could enter into an agreement with one of our competitors. As a result, complete or partial termination or nonrenewal of these agreements by an OEM could materially and adversely affect our business, results of operations, financial condition and cash flows.

As of January 1, 2012, the importation and distribution agreements for vehicles for Mahindra, Jinbei (Brilliance) and Sinotruk in Chile and Jinbei (Brilliance) in Peru and heavy equipment for Mahindra in Chile had expired and are in the process of renewal. In the aggregate, the contracts for Mahindra, Jinbei (Brilliance) and Sinotruk vehicles in Chile represented approximately 4.3% of our total sales (by revenue) for 2010. Total sales (by revenue) in 2010 for Jinbei (Brilliance) vehicles in Peru and Mahindra heavy equipment in Chile were not material. While we are negotiating the renewal of these contracts, we continue to import and distribute vehicles for these OEMs on substantially the same terms and conditions as the lapsed agreements with each OEM. However, we can provide no assurances that we will be able to renew these agreements or that they will be renewed on the same terms as the lapsed agreements. In addition, the continuing arrangements with each of these OEMs is subject to termination with or without cause at any time until we have renewed our agreements with it. Our failure to renew any of these agreements could materially and adversely affect our business, results of operations, financial condition and cash flows.

In addition, the importation and distribution agreements with two of our OEMs, Piaggio and Duetz have lapsed. Sales from these OEMs represented approximately 1% of our sales in 2010. We have continued to sell the vehicles and heavy machinery of the OEMs without the benefit of an agreement, substantially on the terms and conditions of the last importation and distribution agreement with each OEM. Any of these OEMs could terminate their arrangements with or without cause at any time, which could materially and adversely affect our business, results of operations, financial condition and cash flows.

***We do not have exclusive importation and distribution rights with most of our OEMs.***

Most of our importation and distribution agreements with OEMs do not provide for our exclusive right to import and distribute their products within the markets we operate. As a result, any of the OEMs with whom we have such non-exclusive agreements could enter into agreements with our competitors or with other parties to import and distribute their products. Nonetheless, since our founding, we have been the exclusive importer and distributor for all of our OEMs in Chile and Peru. However, if we lose a substantial number of our agreements, we would be subject to competitive pressures, which could result in lower margins and lower sales and may adversely affect our results of operations.

***Certain of our products and services are dependent upon contracts that are held by our affiliates.***

Our affiliates Fortaleza S.A. and Comercial Gildemeister S.A. (which we do not control) hold the importation and distribution agreements for the sale and authorized service and repair in Chile of Mahindra, Haima, Zotye, Jinbei (Brilliance), Yuejin, Sinotruk, Keeway Motorcycles, Yutong and MINI vehicles and OEM parts. These affiliates effectively empowered us to import and distribute these brands' products beginning in April 2009 and our results of operations since that time reflect most of the results derived from the contracts held by these affiliates. We do not pay these affiliates for the right to import the products for which they have the license. Revenues from sales of these vehicles represented 17.2% of total vehicle sales in 2010 and we expect the proportion of revenues from the sales of these vehicles to increase. In addition, our affiliate RTC S.A. (which we do not control) holds the importation and distribution contracts for the sale in Chile of all of our third-party after-market accessories, which represented 4.2% of our sales in 2010. Furthermore, RTC holds the importation and distribution

agreements for Heli heavy equipment in Chile and Peru, and Fortaleza holds the heavy equipment importation and distribution agreements for Jinma in Chile and Peru and for Mahindra and Shantui in Chile. All of these affiliates are owned and controlled by our controlling shareholder Minvest S.A. However, none of the arrangements between Gildemeister and our affiliates for the sale of products for which they hold the importation and distribution contracts are documented in written agreements and all of the arrangements may be terminated by them without prior notice. There can be no assurance that Minvest will not cause our affiliates to terminate these arrangements with or without prior notice, and if Minvest were to do so, our results of operations would be adversely affected. Minvest may also transfer these contracts elsewhere or allow our affiliate to import and distribute these products themselves, for which they would derive the entire benefit. Finally Minvest may also sell these affiliates or their businesses. In these scenarios, the holders of the Notes would not be entitled to receive, or have recourse against, any of the proceeds thereof. In addition, creditors, including holders of the Notes, will have no recourse against these affiliates in the event that we are unable to pay our obligations. See “—*Related Party Transactions.*”

***We are the wholly-owned subsidiary of a closely-held corporation and the interests of our parent corporation and its shareholders, including our CEO, may diverge from those of creditors, including holders of the Notes.***

We are a direct subsidiary of Minvest S.A., whose stock is directly and indirectly held by our CEO Ricardo Lessmann, the Puntous family and Hans D. Baumann. See “Principal Shareholders.” Our board of directors and the board of directors of our parent corporation are appointed entirely by representatives of these shareholders. In addition to owning affiliates that provide us with services and the benefits of certain agreements, Minvest also owns interests in businesses in other territories, such as Uruguay and Central America. The interests of Minvest and its shareholders may diverge from those of creditors, including holders of Notes, and creditors will not have any control over the actions taken by Minvest. In particular, Minvest and its shareholders may divert corporate opportunities from Gildemeister to Minvest, our affiliates, or other investments by the Minvest shareholders. In addition, Minvest and its shareholders may focus the attention of our management, including our CEO Ricardo Lessmann, on businesses other than Automotores Gildemeister. Furthermore, Minvest may choose to cause our affiliates to terminate their arrangements with us (pursuant to which we import and distribute inventory from certain OEMs and other related arrangements) or begin charging us for the benefits of these arrangements. These and other actions or decisions by Minvest and its shareholders may adversely affect our financial condition and our results of operations.

***Because our sales are dependent upon the continued viability and overall success of the OEMs with which we hold importation and distribution agreements, adverse conditions affecting such OEMs may negatively affect our revenues and profitability.***

Our success depends to a great extent on our OEMs financial condition, marketing, product design, production and distribution capabilities, reputation, management and labor relations. In addition, the success of our dealerships is dependent on our OEMs in several key respects. First, we rely exclusively on our OEMs for our product inventory, including new vehicles and OEM parts. Our ability to sell new vehicles, heavy machinery and aftermarket accessories is dependent on our OEMs’ ability to produce and allocate to our stores attractive, high-quality and desirable products at the right time in order to satisfy customer demand. Second, OEMs have in the past provided advertising assistance. In addition, we rely on OEMs training, product brochures and point of sale materials, and other items for our products.

Our OEMs may be adversely impacted by economic downturns or recessions, significant declines in the sales of their new vehicles, increases in interest rates, declines in their credit ratings, labor strikes or

similar disruptions (including within their major suppliers), supply shortages or rising raw material costs, rising employee benefit costs, adverse publicity that may reduce consumer demand for their products (including due to bankruptcy), product defects, vehicle recall campaigns, litigation, poor product mix or unappealing vehicle design, governmental laws and regulations or other adverse events. In 2008 and through the first half of 2009, our OEMs were adversely impacted by the unfavorable economic conditions around the world. In addition, if OEMs fail to adequately gauge consumer opinion, OEMs may fail to develop high quality and desirable products in the future.

These and other risks could materially adversely affect any manufacturer and impact its ability to profitably design, market, produce or distribute new vehicles, which in turn could materially adversely affect our business, results of operations, financial condition and cash flows.

***The wholesale price of the vehicles, heavy machinery and parts that we sell are determined by OEMs.***

The wholesale price of new vehicles, OEM parts, heavy machinery and third-party after-market accessories are generally determined by OEMs on an annual basis. Although we are permitted to advise OEMs as to pricing conditions in the markets in which we operate, we are not contractually entitled to any restraints on wholesale prices of vehicles, equipment and parts. We believe that OEMs determine wholesale prices based on factors such as costs of raw materials, shipping costs, customer demand, economic conditions, profit margins, market share, the competitive environment and other internal and external conditions. If our OEMs were to increase our wholesale costs and we were unable to pass this cost increase along to our customers without losing market share, our profit margins and results of operations would be adversely affected.

***We are subject to restrictions imposed by, and significant influence from, our OEMs that may adversely impact our business, financial condition, results of operations, cash flows, and prospects.***

OEMs with whom we hold importation and distribution agreements have influence over our operations and dealerships. The terms and conditions of our importation and distribution agreements and the OEMs' interests and objectives may, in certain circumstances, conflict with our interests and objectives. For instance, OEMs may require us to meet certain image and facility guidelines and make capital investments, which may require us to divert financial resources from uses that management believes may be of better value to the company's operations.

***We are vulnerable to supply shortages from our OEMs.***

All of the products that we sell are manufactured by OEMs. In particular, in recent years, high demand for certain types of vehicles, including certain lower-priced vehicles from Hyundai, have outstripped OEMs' abilities to produce those vehicles. As a result, importers and distributors, including Automotores Gildemeister, have been subject to supply limitations, and have been unable to fully meet consumer demand for our products and services, which we believe has resulted in lost sales and lost market share, as not all customers have been able to migrate to higher-priced or other branded products. We believe that these supply restrictions have impacted many vehicle OEMs, and as a result, many vehicle importers and distributors in Chile. If we were to be disproportionately affected by supply problems from any of our OEMs in the future, we could also lose market share, which would adversely affect our results of operations.

In addition, the vehicle business has been subject to significant labor and financial turmoil, including strikes and bankruptcies, which at times have reduced or delayed the supply of vehicles. Such

disruptions to our OEMs could also cause us to lose market share and adversely affect our results of operations, financial condition and cash flows.

***A potential bankruptcy or insolvency of any of our OEMs would affect our results of operations.***

Several vehicle OEMs, including Chrysler and General Motors in the United States, have been insolvent in recent years. Although none of our vehicle OEMs have been insolvent in the past ten years, we cannot assure you that they will not encounter substantial financial distress or insolvency in the future. In the event of bankruptcy or insolvency filings by our OEMs, among other things, (i) such OEM could attempt to terminate all or certain of its importation and distribution agreements, and we may not receive adequate compensation from them, (ii) consumer demand for an OEM's products could be reduced and (iii) an OEM's production could decrease, and we may not receive sufficient vehicles to meet demand.

***Our new vehicle business is dependent on Hyundai.***

A significant portion of our sales and net income are related to the sale of new vehicles manufactured by Hyundai. Sales of new Hyundai vehicles represented 89.8%, 72.6% and 71.1% of our total sales in Chile and over 70.0%, 73.2% and 75.7% of our total sales in Peru in 2008, 2009 and 2010, respectively. Accordingly, the loss of all or a substantial portion of our sales of vehicles manufactured by Hyundai due to competitive factors or otherwise, would have a material adverse effect on our results of operations.

***Our inability to collect receivables from our franchises could adversely affect our results of operations and financial condition.***

We maintain receivable balances from independently owned and operated franchises, consisting of payments for vehicles in connection with the franchise's floor plan. At December 31, 2008, 2009 and 2010, our net receivables from franchises in Chile were Ch\$3,193.2 million, Ch\$5,968.4 million and Ch\$5,855.9 million, respectively. At December 31, 2008, 2009 and 2010, our net receivables from franchises in Peru were Ch\$3,641.2 million, Ch\$6,061.1 million and Ch\$9,486.6 million, respectively. From time to time we have factored these receivables although we did not factor any receivables in 2010 or in the nine months ended September 30, 2011. Changes in the financial condition of one or more of these franchises could cause a delay or failure in collecting these receivable balances. A significant delay or failure in collecting these receivable balances could materially adversely affect our results of operations and financial condition.

***Our operations are subject to governmental laws and regulations.***

The vehicle retailing industry, including our facilities and operations, are subject to national and local laws and regulations, such as those relating to motor vehicle sales, leasing, sales of finance and insurance, licensing, consumer protection, environmental, vehicle emissions and fuel economy, health and safety, and wage-hour and other employment practices. Our violation of any of these regulations could subject us to lawsuits or governmental investigations and adverse publicity, in addition to administrative, civil, or criminal sanctions, which may include a cease and desist order against our operations or even revocation or suspension of our license to operate, as well as significant fines and penalties.

***Substantial competition in vehicle sales and services may adversely affect our profitability due to our need to lower prices to sustain sales and profitability.***

The new vehicle retail industry in Chile and Peru is highly competitive. We primarily compete with dealerships that sell similar new vehicles to the vehicles we offer by different brands such as Chevrolet, Toyota, Kia and Nissan. We may face significant competition as we strive to gain market share. Some of our competitors may have greater financial, marketing and personnel resources and lower overhead and sales costs than we have. We typically rely on advertising, merchandising, sales expertise, service reputation and dealership location in order to sell new vehicles.

In addition to competition for vehicle sales, our dealerships compete with independent garages for non-warranty repair and routine maintenance business. Our dealerships compete with other automotive dealers, service stores and automobile parts retailers in their parts operations. We believe that the principal competitive factors in service and parts sales are the quality of customer service, the use of factory-approved replacement parts, familiarity with an OEM's brands and models, convenience, the competence of technicians, location, and price.

***We rely on an adequate supply of skilled field personnel.***

In order to continue to provide high quality repair and maintenance services, we require an adequate supply of skilled field managers and technicians. Trained and experienced vehicle field personnel are in high demand, and may be in short supply in some areas. We cannot assure that we will be able to attract, motivate and maintain an adequate skilled workforce necessary to operate our existing and future dealerships efficiently, or that labor expenses will not increase as a result of a shortage in the supply of skilled field personnel, thereby adversely impacting our financial performance. While the vehicle repair industry generally operates with high field employee turnover, any material increases in employee turnover rates in our dealerships or any widespread employee dissatisfaction could also have a material adverse effect on our business, financial condition and results of operations.

***Our business is affected by advances in automotive technology.***

The demand for new vehicles as well as parts and our repair and maintenance services could be adversely affected by continuing developments in vehicle technology. Vehicle OEMs are producing cars that last longer and require service and maintenance at less frequent intervals in certain cases. Quality improvement of OEMs' original equipment parts has in the past reduced, and may in the future reduce, demand for new vehicles, parts and services, adversely affecting our sales. For example, OEMs' use of stainless steel exhaust components has significantly increased the life of those parts, thereby decreasing the demand for exhaust repairs and replacements. Longer and more comprehensive warranty or service programs offered by vehicle OEMs and other third parties also could adversely affect the demand for our non-warranty repair and maintenance services. In addition, advances in vehicle technology continue to require us to incur additional costs to update our diagnostic capabilities and technical training programs.

***The loss of any key members of the management team may impair our ability to identify and secure new contracts or renew expiring importation and distribution agreements with OEMs or otherwise manage our business effectively.***

We rely on our senior management, including our CEO Ricardo Lessmann, to manage our business successfully. In addition, the relationships and reputation that members of our management team have established and maintained with our OEMs contribute to our ability to maintain good relations with our OEMs, which is important to our ability to maintain importation and distribution agreements in the countries in which we operate. Employment contracts entered into between us and senior



management cannot prevent our senior management from terminating their employment, and the death, disability or resignation of any member of our senior management team may impair our ability to maintain business growth and identify and develop new business opportunities or otherwise to manage our business effectively.

***The occurrence of natural disasters in the regions where we operate could impair our ability to conduct business effectively and could impact our results of operations.***

In both Chile and Peru, we are exposed to the risk of natural disasters such as earthquakes, tsunamis and volcanic eruptions. Although our operations are geographically dispersed and we maintain insurance coverage for our fixed assets and inventory, a natural disaster could adversely affect our fixed assets, such as our dealerships and warehouses, as well as our inventory. In addition, a natural disaster or multiple catastrophic events could have a material adverse effect on consumer demand for our products and services in the affected region and could result in substantial volatility in our results of operations for any fiscal quarter or year.

Chile suffered a significant earthquake on February 27, 2010, as well as a tsunami from adjacent coastal waters, which caused severe damage to Chile's infrastructure, including roads, bridges, ports and Santiago's international airport. The regions of Bernardo O'Higgins, Bío Bío and Maule were the most severely affected by the February 27, 2010 earthquake and tsunami. The city of Concepción, located approximately 200 miles south of Santiago, was the most affected, with its infrastructure and numerous buildings severely damaged. The coastal area of Concepción, including the neighboring cities Talcahuano and Penco, were hit by a tsunami shortly after the earthquake that significantly damaged port facilities. Several cities in the Maule region, including its capital city of Talca, were also seriously affected by the earthquake. The region of Valparaíso, including the port of Valparaíso and the city of Viña del Mar, was also severely affected. Neither our fixed assets nor our inventory suffered material damages as a result of the earthquake or the tsunami. We do not believe that the earthquake or tsunami directly impacted our results of operations, and it is unclear what effect the earthquake and tsunami had on the overall Chilean economy, which may have affected demand for our products and therefore indirectly affected our results of operations.

In Peru, El Niño is an oceanic and atmospheric phenomenon that causes a warming of temperatures in the Pacific Ocean, resulting in heavy rains off the coast of Peru and Ecuador and various other effects in other parts of the world. The effects of El Niño, which typically occurs every two to seven years in the Peruvian summertime, include, among other things, flooding and the destruction of fish populations and agriculture, and it accordingly can have a negative impact on Peru's economy, which could lead to decreased demand for our products and services. In addition, Peru has experienced other natural phenomena in the past such as earthquakes and floods. Most recently, on August 15, 2007, a strong earthquake measuring 7.9 on the Richter scale hit the central coast of Peru, heavily affecting the Ica province in particular. Neither our fixed assets nor our inventory suffered material damages as a result of the earthquake. If such event were to occur again, we may suffer damage to, or destruction of, properties and equipment, as well as temporary disruptions to our services, which may have an adverse affect on our business.

***Our business is highly dependent on the availability of working capital financing, and our growth strategy may require additional working capital financing that may not be available on favorable terms or at all.***

We have, in the past, entered into loan agreements and letter of credit facilities for working capital. Our business requires significant working capital and although we believe that our current cash and cash flow from operations, together with the proceeds of the Notes, will be sufficient to meet our

current and reasonably anticipated cash needs, we may, in the future, require additional cash resources due to changed business conditions, implementation of our strategy to expand our retail and distribution network or other investments or acquisitions we may decide to pursue. If our own financial resources are insufficient to satisfy our working capital requirements, we may seek to sell equity or additional debt securities or obtain additional credit facilities. The incurrence of debt would result in increased debt service obligations and could require us to agree to operating and financial covenants that would restrict our operations. Working capital financing may not be available in amounts or on terms acceptable to us, if at all. Any failure by us to raise additional funds on terms favorable to us, or at all, could limit our ability to expand our business operations and could harm our overall business prospects.

***Due to our rapid growth in recent years, our past results may not be indicative of our future performance and evaluating our business and prospects may be difficult.***

Our business has grown and evolved rapidly in recent years as demonstrated by our 197.8% growth in net income, from Ch\$10,848.1 million in 2009 to Ch\$32,307.4 million in 2010. We may not be able to achieve similar growth in future periods, and our historical operating results may not provide a meaningful basis for evaluating our business, financial performance and prospects. For instance, our net income for 2010 reflects the inclusion of a full year of revenue, cost of sales and associated administrative and selling costs related to the sale in Chile of certain brands of new vehicles and OEM parts and services, used vehicles and third-party after-market accessories, whereas our net income in 2009 reflects revenues, cost of sales and associated administrative and selling costs only from April of that year, and our 2008 net income does not reflect these businesses at all. In addition, our results from operations in 2010 may reflect recovery from the economic slowdown in 2009 rather than inherent increased demand for our products and services or increased market share. Furthermore, in January 2011, we sold the rights to distribute Mazda in Peru, which was previously our second most popular brand in that market, in order to focus on the development of our newer brands. In 2010, Mazda represented 7.8% of our Peruvian sales and 2.4% of our total sales. Although we intend to replace the sales from Mazda with sales of vehicles from our Chinese and Indian brands, there can be no assurance that we will do so and our sales in Peru may decline as a result.

***Changes in the availability and cost of credit to customers could decrease demand for our products and services.***

In 2010, approximately 33.4% of our customers in Chile financed at least a portion of their vehicle purchase through financing services brokered by us in partnership with our affiliate Amicar and in Peru, approximately 33.8% of customers received financing brokered by us, and we believe that others may obtain independent financing for their vehicle purchase. Furthermore, most of our heavy machinery customers pay for their purchase or rental at least in part with the proceeds of financing. Therefore, if there is a decline in the availability of credit for purchasers of our products and services, or an increase in interest rates makes credit unaffordable or otherwise unfeasible, the ability of certain customers to purchase vehicles could be limited, resulting in a decline in sales or profits.

***The indenture governing the Notes contains and any future indebtedness may contain restrictions on our ability to operate our business and to pursue our business strategies, and our failure to comply with these covenants could result in an acceleration of our indebtedness.***

The indenture governing the Notes contains, and any future indebtedness of ours may contain, a number of restrictive covenants that impose significant operating and financial restrictions, including restrictions on our ability to engage in acts that may be in our best long-term interests. The indenture governing the Notes offered hereby includes covenants that, among other things, restrict our ability to:

- incur additional indebtedness or contingent obligations;
- pay dividends or make distributions to our stockholders;
- repurchase or redeem our stock;
- make investments;
- grant liens;
- make capital expenditures;
- enter into transactions with our stockholders and affiliates;
- sell assets; and
- acquire the assets of, or merge or consolidate with, other companies.

We may incur other indebtedness in the future with the same and/or additional covenants. We cannot assure you that we will be able to maintain compliance with such covenants in the future and, if we fail to do so, that we will be able to obtain waivers from the agent and the lenders and/or amend the covenants.

Any breach of the covenants in the indenture could result in a default of the obligations under such debt and cause a default under other debt. If there were an event of default under the indenture or future credit agreements that was not cured or waived, the lenders under our credit agreements could cause all amounts outstanding thereunder to be due and payable immediately. Our assets and cash flow may not be sufficient to fully repay borrowings under future credit agreements and our obligations under the Notes offered hereby if accelerated upon an event of default. If, as or when required, we are unable to repay, refinance or restructure our indebtedness under, or amend the covenants contained in, any future credit agreements, the lenders under the facilities could declare an event of default and thereafter institute foreclosure proceedings against the assets securing borrowings pursuant to the terms of the credit agreements and other related loan documents.

***Disruptions or volatility in global financial markets could limit our sources of liquidity, or the liquidity of our customers, dealers and OEMs.***

Global economic conditions may cause volatility and disruptions in the capital and credit markets. During the 2009 global economic downturn, financial markets decreased the availability of liquidity, credit and credit capacity. Although we were able to obtain sufficient funding during this period to satisfy our working capital needs, there can be no assurance that we would be able to do so in a future downturn. An inability to access capital and credit markets may have an adverse effect on our business, results of operations, financial condition and competitive position.

***Changes in interest rates could adversely impact our profitability.***

After giving effect to the application of the proceeds of the Notes (as described in “Use of Proceeds”), some of our debt will bear interest based on a floating rate. Therefore, our interest expense will rise with increases in interest rates. Rising interest rates may also have the effect of depressing demand in the interest rate sensitive aspects of our business, particularly new and used vehicle sales,

because many of our customers finance their vehicle purchases. As a result, rising interest rates may have the effect of simultaneously increasing our costs and reducing our revenues.

***A decline of available financing provided by certain financial institutions may adversely affect our sales.***

A significant portion of vehicle buyers finance their purchases of automobiles. In addition, we record revenue from commissions generated by brokering financing for vehicle purchases in Chile through our affiliate Amicar and on a transactional basis with certain banks in Peru. If financial institutions were to tighten their credit standards or decrease the availability of credit, the ability of these customers to purchase vehicles could be limited, which could decrease our sales and could have a material adverse effect on our results of operations.

***Our insurance does not fully cover all of our operational risks, and changes in the cost of insurance or the availability of insurance could materially increase our insurance costs or result in a decrease in our insurance coverage.***

The operation of automobile dealerships is subject to a broad variety of risks. While we have property and liability insurance, we do not carry business interruption insurance, and we are self-insured for a portion of our potential liabilities. In certain instances, our insurance may not fully cover an insured loss depending on the magnitude and nature of the claim. Additionally, changes in the cost of insurance or the availability of insurance in the future could substantially increase our costs to maintain our current level of coverage or could cause us to reduce our insurance coverage and increase the portion of our risks that we self-insure.

***Due to the nature of the automotive retailing business, we may be involved in legal proceedings or suffer losses that could have a material adverse effect on our business.***

We will continue to be involved in legal proceedings in the ordinary course of business. A significant judgment against us, the loss of a significant license or permit, or the imposition of a significant fine could have a material adverse effect on our business, financial condition and future prospects. In addition, it is possible that we could suffer losses at individual dealerships due to fraud or theft.

## **Risk Factors Related to Chile**

***Our growth and profitability depend on the level of economic activity in Chile.***

In 2010 and the first nine months of 2011, 69.1% and 62.6%, respectively, of our sales were derived from our operations in Chile. Accordingly, our financial condition and results of operations are dependent to a significant extent on the level of economic activity in Chile. The Chilean economy has been influenced, to varying degrees, by economic conditions in other emerging and developed countries, and by the economic effects of the global financial crisis, including the deceleration of economic growth of Asian or other developed countries to which Chile exports its goods. In addition, economic activity in Chile was temporarily affected by the earthquake and tsunami of February 27, 2010. In spite of the recent growth of the Chilean economy, we cannot assure you that the Chilean economy will continue to grow in the future or that future developments in or affecting the Chilean economy, including further consequences of continuing economic difficulties in other emerging and developed markets, including some of our neighboring countries, will not materially and adversely affect our business, financial condition or results of operations.

According to data published by the Chilean Central Bank, the Chilean economy fell by 1.7% in 2009. This economic recession caused a rise in unemployment, a fall in consumer spending, a fall in real estate prices and a general decline in economic activity, which we believe led to decreased demand for automotive products and services, and adversely affect our financial condition and results of operations that year. In 2010, the Chilean economy recovered, with real GDP growth of 5.2%. In the first nine months of 2011, real GDP increased by 7.0% as compared to the first nine months of 2010.

Minerals represent approximately 65% of Chile's exports and approximately 6.4% of its GDP. Therefore, the Chilean economy is vulnerable to a sharp fall in key commodity prices, especially copper. If commodity prices were to fall, employment and consumer spending would be adversely affected and as a result, demand for our products and services could decrease.

Although economic conditions are different in each country, investors' reactions to economic and political developments in one country may affect the prices of the securities of issuers in other countries, including Chile. In September 2008, the housing crisis in the United States sparked a series of financial institution failures throughout the globe. Consequently, Chile was adversely affected by a strong decrease in growth during the fourth quarter of 2008 and 2009 as its trading partners entered into recession, which affected local sales, employment levels, plans for investment and the price of exports. Although the Chilean economy has since recovered, future global downturns could result in economic contraction in Chile, which could have a material adverse effect on our financial condition, results of operations and the price of the Notes.

In addition, our financial condition and results of operations could also be affected by regulatory changes in administrative practices, changes in economic or other policies of the Chilean government or other political or economic developments in or affecting Chile, over which we have no control.

***Inflation in Chile could adversely affect our business, financial condition and results of operations.***

In Chile, the inflation rate is measured by the Chilean Consumer Price Index, which is calculated by the Chilean *Instituto Nacional de Estadísticas* (National Statistics Institute). This index includes prices of a selected group of goods and services typically consumed by Chilean families. In the past, Chile has experienced high levels of inflation, and from December 1, 2007 to November 30, 2008, inflation reached 8.9%. From December 1, 2008 to November 30, 2009, Chile experienced deflation of 2.3% and from December 1, 2009 to November 30, 2010 experienced inflation of 2.5%. From November 30, 2010 to August 30, 2011, Chile experienced inflation of 2.6%. The measures taken by the Chilean Central Bank to control inflation have often included maintaining a tight monetary policy with high interest rates, thereby restricting the availability of credit and retarding economic growth. Inflation, measures to combat inflation and public speculation about possible additional actions have also contributed materially to economic uncertainty in Chile and to heightened volatility in its securities markets. Periods of higher inflation may also slow the growth rate of the Chilean economy and could lead to reduced demand for our products and services and decreased sales. Any future increases in the rate of inflation could depress economic activity and consumer demand in Chile, which would adversely affect demand for our products and services.

***A fluctuation in the Chilean peso could adversely affect our financial condition, results of operations and value of our securities.***

The Chilean peso has been subject to large devaluations and appreciations in the past and could be subject to significant fluctuations in the future. In 2007, the Chilean peso appreciation was driven by an improvement in Chilean economic indicators and record commodities prices, together with a weak

performance of the U.S. dollar. More recently, the primary driver of exchange rate volatility has been the substantial appreciation of Latin American currencies, including the Chilean peso, against the U.S. dollar. The value of the Chilean peso against the U.S. dollar may continue to fluctuate significantly in the future. Substantially all of the importation and distribution contracts between us and our OEMs are denominated in U.S. dollars and we generally set the prices of our products to Chilean consumers in Chilean pesos. Therefore, a devaluation of the Chilean peso would result in an increase in the Chilean peso price that we are able to charge to our customers, which can affect consumer demand and our market share, or a decrease in our margins. In addition, substantial devaluations of the Chilean peso could impact the overall Chilean economy, thereby decreasing demand for our products and services there. Furthermore, our Peruvian Consolidated Financial Statements are reported in U.S. dollars before being translated to Chilean pesos for consolidation into our Consolidated Financial Statements. As a result, fluctuations in the exchange rate between the Chilean peso and the U.S. dollar may cause the Chilean peso results of our Peruvian operations to fluctuate. Finally, a depreciation in the Chilean peso against the U.S. dollar without a concomitant increase in prices could result in us being required to generate higher amounts of revenues in Chilean pesos in order to satisfy our dollar-denominated obligations, including the Notes.

According to data from the Chilean Central Bank, during 2008, the Chilean peso depreciated 21.9%, to Ch\$636.45 per US\$1.00, in the context of rising inflation and the global economic crisis. In 2009, the Chilean peso appreciated 25.5%, to Ch\$507.10 per US\$1.00, and in 2010 appreciated 8.4% to Ch\$468.01 per US\$1.00. In 2011, the Chilean peso depreciated 10.9% to Ch\$519.20 per US\$1.00.

In the event of a fluctuation of the Chilean peso relative to the U.S. dollar, our financial condition and results of operations and our ability to meet our dollar-denominated obligations, including the Notes, could be adversely affected.

***We are not a publicly traded company in Chile and are therefore not subject to Chile's securities laws and will have no public disclosure reporting obligations other than the reporting requirements under the indenture governing the Notes.***

We are not a publicly traded company on any securities exchange in Chile. Therefore, we are not subject to the disclosure and financial reporting requirements of publicly listed companies in Chile. Accordingly, the information about us available to you will be very limited and will not be the same as the information disclosed by a public company in Chile or a company required to file reports with the SEC. Even if we were to become a publicly listed company in Chile, applicable Chilean laws are different from those in the United States, and in certain respects the Chilean securities markets are not as highly regulated and supervised as the U.S. securities markets.

***Developments in other emerging markets or in the automotive market may adversely affect us.***

Developments in the global automotive market and in other emerging markets, particularly in Latin America, may adversely affect the market for our securities and the availability of foreign capital in Chile. We cannot predict whether events in other markets will adversely affect the price of, or market for, our securities.

Unfavorable general economic conditions, including the recession in the United States and the recent financial crisis that affected the global banking system and financial markets, caused a decrease in the amount of foreign capital invested in emerging markets, including Chile and Latin America. In turn, this caused securities markets in many emerging markets, including Chile and Latin America, to decrease in value and led to depreciation of emerging market currencies compared to the U.S. dollar. We cannot give any assurance that negative developments in Latin America or other emerging markets will not occur

or that such negative developments would not adversely affect the securities markets in which our securities trade or affect our access to sources of financing.

***We cannot assure you of the accuracy or comparability of facts, forecasts and statistics contained in this Luxembourg listing prospectus with respect to Chile, its economy and the automotive industry.***

Facts, forecasts and statistics in this document relating to Chile, Chile's economy and the Chilean automotive industry, including market share information, are derived from or based on internal estimates as well as various official and other publicly available sources that we generally believe to be reliable, including reports of ANAC. However, we cannot vouch for the quality and reliability of such official and other sources of materials. In addition, these facts, forecasts and statistics have not been independently verified by us and, therefore, we make no representation as to the accuracy of such facts, forecasts and statistics, which may not be consistent with other information compiled within or outside of Chile and may not be complete or up to date. We have taken reasonable care in reproducing or extracting the information from such sources. However, because of possibly flawed or ineffective methodologies underlying the published information or discrepancies between the published information and market practice and other problems, these facts, forecasts or statistics may be inaccurate and may not be comparable from period to period or to facts, forecasts or statistics produced for other economies, and you should not unduly rely upon them.

#### **Risk Factors Related to Peru**

***A slowdown in Peruvian economic activity could affect our business, financial condition and results of operations.***

In 2010 and the first nine months of 2011, 30.9% and 37.4%, respectively, of our sales were from our Peruvian operations and are therefore dependent upon the performance of the Peruvian economy. The Peruvian economy has been influenced, to varying degrees, by economic conditions in other emerging and developed countries, and by the economic effects of the global financial crisis, including the deceleration of economic growth of Asian or other developed countries to which Peru exports its goods. We cannot assure you that the Peruvian economy will continue to grow in the future or that future developments in or affecting the Peruvian economy, including further consequences of continuing economic difficulties in other emerging and developed markets, including some of our neighboring countries, will not materially and adversely affect our business, financial condition or results of operations.

According to data published by the Peruvian Central Bank, the Peruvian economy grew at a rate of 7.7% in 2006, 8.9% in 2007, and 9.8% in 2008, 0.9% in 2009 and 8.8% in 2010. In the first nine months of 2011, Peruvian GDP increased 7.3% as compared to the first nine months of 2010.

Metals represent more than 60% of Peru's exports. Therefore, the Peruvian economy is vulnerable to a sharp fall in key commodity prices. If commodity prices were to fall, employment and consumer spending would be adversely affected and as a result, demand for our products and services could decrease.

Although economic conditions are different in each country, investors' reactions to economic and political developments in one country may affect the prices of the securities of issuers in other countries, including Peru. In addition, our financial condition and results of operations could also be affected by regulatory changes in administrative practices, changes in economic or other policies of the Peruvian

government or other political or economic developments in or affecting Peru, over which we have no control.

***Social developments in Peru could affect our business, financial condition and results of operations.***

Our financial condition and results of operations may also be adversely affected by changes in Peru's social climate to the extent that such changes affect the nation's stability, social and economic policies, growth, outlook or regulatory environment. While Peru has experienced economic growth in the recent past, political tensions, high levels of poverty and unemployment, and social conflicts with local communities continue to be pervasive in Peru. In recent months, different regions in Peru (including Cajamarca in the north and Tacna in the south) have experienced strikes and protests related mainly to the environmental impact of metallic mining activities, resulting in political tensions and commercial disruptions in that area. Future government policies in response to social unrest could include increased taxation as well as expropriation of assets. These policies could materially and adversely affect the Peruvian economy and, as a result, our business, financial condition and results of operations.

***Political developments in Peru could affect our business, financial condition and results of operations.***

Our financial condition and results of operations may also be adversely affected by changes in Peru's political climate to the extent that such changes affect the nation's economic policies, growth, stability, outlook or regulatory environment.

Presidential elections in Peru occur every five years, and the most recent election occurred on June 5, 2011. Ollanta Humala, a leftist former army officer, won the presidential election in a run-off vote against Keiko Fujimori, and took office as President on July 28, 2011. President Humala's presidential campaign was based on a platform of poverty reduction and wealth redistribution, including by means of interventionist policies, although since his inauguration President Humala has backed more centrist economic policies. We cannot assure you that the new administration will not pursue significant changes in the country's economic policies and regulations, including tax increases, price controls, higher minimum wages and employee pension requirements, stricter environmental, health and safety standards, greater rights and expectations for local communities and more proactive or interventionist government policies in certain sectors of the economy. Such policies, if implemented, could materially and adversely affect our business, financial condition and results of operations and ability to repay the Notes.

In addition, because in the most recent election for congress, which occurred on April 10, 2011, no single party obtained a clear majority, government gridlock and political uncertainty may occur. We cannot provide any assurances that political or social developments in Peru, over which we have no control, will not have an adverse effect on Peru's economic situation and on our business, results of operation, financial condition and ability to pay interest and principal on the Notes.

***Inflation in Peru could adversely affect our business, financial condition and results of operations.***

In Peru, the inflation rate is measured by the Peruvian Consumer Price Index, which is calculated by the *Instituto Nacional de Estadística e Informática* (the National Institute of Statistics and Information Technology). This index includes prices of a selected group of goods and services typically consumed by Peruvian families. Between 2000 and 2007, average inflation in Peru was 2.2%. However, in the past, Peru has experienced high levels of inflation, and in 2008, inflation reached 7.3%. The rate of inflation in 2009 and 2010 was 0.1% and 2.1%, respectively and in the first nine months of 2011, was 3.7%. Any



future increases in the rate of inflation could depress economic activity and consumer demand in Peru, which would adversely affect demand for our products and services.

***A fluctuation in the Peruvian nuevo sol could adversely affect our results of operations.***

Substantially all of the importation and distribution contracts between our Peruvian subsidiaries and OEMs are denominated in U.S. dollars and unlike in Chile, we generally set the prices of our products to customers in U.S. dollars. Salaries for our customers, however, are generally denominated in Peruvian nuevo soles. Therefore a devaluation of the Peruvian nuevo sol would result in an increase in the Peruvian nuevo sol price of our U.S. dollar denominated vehicles to our customers. This increase could result in a decrease in consumer demand and therefore market share, or a decrease in our margins. In addition, substantial devaluations of the Peruvian nuevo sol could impact the overall Peruvian economy, thereby decreasing demand for our products and services. Furthermore, although our functional currency is the Peruvian nuevo sol, in accordance with Peruvian GAAP, our Peruvian Consolidated Financial Statements are reported in U.S. dollars before being translated to Chilean pesos for consolidation into our Consolidated Financial Statements. As a result, fluctuations in the exchange rate between the Peruvian nuevo sol and the U.S. dollar may cause the U.S. dollar results of our Peruvian operations to fluctuate, and they may fluctuate differently than if our Peruvian Consolidated Financial Statements were translated directly to Chilean pesos. Finally, a depreciation in the Peruvian nuevo sol against the U.S. dollar without a concomitant increase in prices could result in us being required to generate higher amounts of revenues in Peruvian nuevo soles in order to satisfy our dollar-denominated obligations, including the Notes.

The Peruvian nuevo sol has been subject to large devaluations and appreciations in the past and could be subject to significant fluctuations in the future. According to the data reported by the Peruvian Central Reserve Bank, during 2008, the Peruvian nuevo sol depreciated 4.7%, from P\$3.00 per US\$1.00 to P\$3.14 per US\$1.00. In 2009, the Peruvian nuevo sol appreciated 8.0% to P\$2.89 per US\$1.00. In 2010, the Peruvian nuevo sol appreciated 2.8% to P\$2.81 per US\$1.00 and in 2011, the Peruvian nuevo sol appreciated 4.1% to P\$2.70 per US\$1.00.

In the event of a fluctuation of the Peruvian nuevo sol relative to the U.S. dollar, our financial condition and results of operations and our ability to meet our dollar-denominated obligations, including the Notes, could be adversely affected.

***The re-implementation of protectionist and interventionist laws by the Peruvian government, including restrictive exchange rate policies, could have an adverse effect on our business, financial condition and results of operations.***

Over the past 20 years, the Peruvian economy has undergone a major transformation from a highly protected and regulated system to a free-market economy. Since 1991, protectionist and interventionist laws and policies have been gradually dismantled to create a liberal economy dominated by the private sector and market forces. Exchange controls and restrictions on remittances of profits, dividends and royalties have disappeared. However, it is uncertain whether a new Peruvian government will continue to pursue business-friendly and open-market economic policies or policies that stimulate economic growth and social stability. Any changes in the Peruvian economy or the Peruvian government's economic policies may adversely affect us. Protectionist policies or tariffs could increase our cost of importing vehicles or may lead to a complete ban on certain imports. Any protectionist policies that would affect our ability to import vehicles would affect our business, financial condition and results of operations.

## **Risk Factors Related to the Notes**

***The Notes are an issue of securities for which there may not be an established trading market. You may be unable to sell your Notes if a trading market for the Notes does not exist.***

The offer and sale of the New Notes have not been registered under the Securities Act or any state securities laws and may not have an established trading market. The New Notes are being offered and sold only to qualified institutional buyers within the meaning of Rule 144A under the Securities Act and in offshore transactions to persons other than U.S. persons pursuant to Regulation S under the Securities Act. We do not intend to exchange the New Notes for Notes that are registered under the Securities Act. This could affect the trading price of the Notes. See “*Notice to Investors.*”

The Notes may not have an established trading market. If a trading market does not develop or is not maintained, holders of the Notes may experience difficulty in reselling the Notes or may be unable to sell them at all, which could adversely affect the market price and liquidity of the Notes. We have applied to increase the principal amount of Notes listed on the Luxembourg Stock Exchange and to trade on the Euro MTF market so as to include the principal amount of the New Notes. However, we cannot assure you that a trading market will develop.

The New Notes cannot be publicly offered in Chile unless the issuer and the Notes are registered with the *Superintendencia de Valores y Seguros* (the Chilean Securities Commission or “SVS”). The definition of a public offering of securities under Chilean law includes both offers directed to the general public and offers directed to a part or specific group thereof. We do not expect to register the Notes with the SVS.

The initial purchasers are not obligated to make a market in the Notes. No assurance can be given about the liquidity of any markets that may develop for the Notes, the ability of holders to sell the Notes or the prices at which the Notes could be sold. Because the market for the Notes may not be liquid, you may have to bear the economic risk of an investment in the Notes for an indefinite period of time.

Even if a market for the Notes develops, the liquidity of any market for the Notes will depend on the number of holders of the Notes, the interest of securities dealers in making a market in the Notes and other factors, therefore, a market for the Notes may develop but it may not be liquid. In addition, trading prices could be higher or lower than the initial offering price. The price of the Notes will depend on many factors, including prevailing interest rates, our operating results and the market for similar securities. Declines in the market for debt and equity securities generally may also materially and adversely affect the liquidity of the Notes, independent of our financial performance. See “*Description of the Notes*”, “*Plan of Distribution*” and “*Notice to Investors.*”

***The New Notes are subject to certain transfer restrictions.***

The New Notes are being offered in reliance upon an exemption from registration under the Securities Act. Therefore, the New Notes may be transferred or resold only in a transaction registered under or exempt from the registration requirements of the Securities Act and in compliance with any other applicable securities law. See “*Notice to Investors.*”

***Changes in Chilean tax laws could lead to the redemption of the Notes by us.***

Payments of interest in respect of the Notes made by us to foreign holders will be subject to Chilean interest withholding tax at a rate of 4.0%. Subject to certain exceptions, we will pay additional

amounts so that the amount received by the holder after Chilean withholding tax will equal the amount that would have been received if no such taxes had been applicable. Under the indenture, the Notes are redeemable at our option, subject to applicable Chilean law, in whole (but not in part) at any time at the principal amount thereof plus accrued and unpaid interest and any additional amounts due thereon if, as a result of changes in the laws or regulations affecting Chilean taxation, we become obligated to pay additional amounts on the Notes (in excess of additional amounts payable in respect of the 4.0% withholding tax payable on payments of interest on the Notes). Although no proposal to increase the withholding tax rate in Chile is currently pending, we cannot assure you that an increase in withholding tax rate will not be presented to or enacted by the Chilean Congress.

***The obligations under the Notes will be subordinated to certain statutory liabilities and the liabilities of our subsidiaries.***

Under Chilean Bankruptcy law, the obligations under the Notes are subordinated to certain statutory preferences. In the event of liquidation, such statutory preferences, including, without limitation, claims for salaries, wages, secured obligations, social security, taxes and court fees and expenses, will have preference over any other claims, including claims by any investor in respect of the Notes. In addition, the liabilities of our subsidiaries are structurally senior to the Notes.

***Holders of Notes may find it difficult to enforce civil liabilities against us or our directors, officers and controlling persons.***

We are organized under the laws of Chile and our principal place of business (*domicilio social*) is in Santiago, Chile. All of our directors, officers and controlling persons reside outside of the United States. In addition, all or a substantial portion of our assets are located outside of the United States. As a result, it may be difficult for holders of Notes to effect service of process within the United States on such persons or to enforce judgments against them, including in any action based on civil liabilities under the U.S. federal securities laws. Our Chilean counsel has expressed that there is doubt as to the enforceability, in original actions in Chilean courts, of liabilities predicated solely upon U.S. federal securities laws and as to the enforceability in Chilean courts of judgments of U.S. courts obtained in actions predicated upon the civil liability provisions in the U.S. federal securities laws. See “*Service of Process and Enforcement of Civil Liabilities.*”

***We may incur additional indebtedness ranking equally to the Notes or secured indebtedness.***

The Indenture will permit us to issue additional debt that ranks on an equal and ratable basis with the Notes. If we incur any additional debt that ranks on an equal and ratable basis with the Notes, the holders of that debt will be entitled to share ratably with the holders of the Notes in any proceeds distributed in connection with an insolvency, liquidation, reorganization, dissolution or other winding-up of us subject to satisfaction of certain debt limitations. This may have the effect of reducing the amount of proceeds paid to you. We also have the ability to incur collateralized debt and such debt would be effectively senior to the Notes to the extent of such collateral.

***We will not have guaranteed access to U.S. dollars for repayment of the Notes.***

Under Chilean laws and Chilean Central Bank regulations, we will not have guaranteed access to the Formal Exchange Market for payment of interest and principal on the Notes in U.S. dollars. However, we are permitted to purchase U.S. dollars to make payments of interest and principal on the Notes. Future Chilean Central Bank regulations or legislative changes to the current foreign exchange control regime in Chile could restrict or prevent us from purchasing U.S. dollars for purposes of making payments under the Notes. See “*Exchange Controls in Chile.*”

***Claims of noteholders will be structurally subordinated to the claims of creditors of our non-guarantor subsidiaries.***

The Notes will not be guaranteed by all of our subsidiaries. For example, our subsidiaries organized under the laws of Peru will not guarantee the Notes. Accordingly, claims of holders of the Notes will be structurally subordinated to the claims of creditors of these non-guarantor subsidiaries, including trade creditors. All obligations of our non-guarantor subsidiaries will have to be satisfied before any of the assets of such subsidiaries would be available for distribution, upon a liquidation or otherwise, to us or a guarantor of the Notes.

Approximately 30.9% of our revenues came from the operations of Peruvian subsidiaries in 2010, our cash flow and our ability to service debt, including our and the guarantor's ability to pay the interest on and principal of the Notes when due are dependent to some extent on cash dividends and distributions and other transfers of cash from our Peruvian subsidiaries. In addition, any payment of interest, dividends, distributions, loans or advances by our Peruvian subsidiaries to us and the guarantor, as applicable, could be subject to taxation or other restrictions on dividends or repatriation of earnings under Peruvian law, monetary transfer restrictions and foreign currency exchange regulations in Peru. Moreover, payments to us and the guarantor by the Peruvian subsidiaries will be contingent upon these subsidiaries' earnings.

Our Peruvian subsidiaries are separate and distinct legal entities and have no obligations, contingent or otherwise, to pay any amounts due pursuant to the Notes, or to make any funds available therefor, whether by dividends, loans, distributions or other payments. Any right that we or the guarantor have to receive any assets of any of our Peruvian subsidiaries upon the liquidation or reorganization of those subsidiaries, and the consequent rights of holders of Notes to realize proceeds from the sale of any of those subsidiaries' assets, will be structurally subordinated to the claims of that subsidiary's creditors, including trade creditors and holders of debt of that subsidiary.

The Notes will be structurally subordinated to all of the liabilities of our subsidiaries that do not guarantee the Notes. As of September 30, 2011, our non-guarantor subsidiaries had total assets of Ch\$102,790.9 million (US\$197.0 million) representing 29.2% of our consolidated total assets, total long-term liabilities of Ch\$4,432.4 million (US\$8.5 million) representing 2.7% of our consolidated total long-term liabilities and total liabilities of Ch\$64,116.5 million (US\$122.9 million) representing 24.3% of our consolidated total liabilities. Furthermore, for the nine months ended September 30, 2011, our non-guarantor subsidiaries had sales of Ch\$184,057.1 million (US\$352.8 million) or 37.4% of our consolidated sales, net income of Ch\$11,947.8 million (US\$22.9 million) representing 43.8% of our consolidated net income and EBITDA of Ch\$20,406.0 million (US\$39.1 million) representing 30.5% of our consolidated EBITDA.

***Your right to receive payments on the Notes will be effectively junior to those lenders who have a security interest in our assets.***

The Notes will be effectively subordinated to any of our secured indebtedness to the extent of the value of the real properties securing such indebtedness. In the event of any bankruptcy, liquidation or dissolution of our assets, holders of secured indebtedness will have a prior claim to the assets that constitute the collateral. Additionally, the indenture governing the Notes permits us and/or our subsidiaries to incur additional indebtedness, including secured indebtedness, under certain circumstances. As of September 30, 2011, after giving effect to the offering of the Notes and the use of proceeds therefrom, Gildemeister and the guarantor would have approximately Ch\$7,473.3 million (US\$14.3 million) of secured indebtedness outstanding, which is secured by a portion of our real property; however, this amount does not include any repayments or amortizations of our secured

indebtedness since September 30, 2011. Additionally, under the indenture we can incur additional amounts of secured debt. See “*Description of the Notes.*”

***To service our indebtedness, including the Notes, we will require a significant amount of cash. The ability to generate cash depends on many factors beyond our control.***

Our ability to make payments on and to refinance our indebtedness, including the Notes, and to fund planned capital expenditures will depend on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

We cannot assure you, however, that our business will generate sufficient cash flow from operations, that currently anticipated cost savings and operating improvements will be realized on schedule, that current capital spending projects will not require significant additional funds to complete or be successful, or that future borrowings will be available to us in an amount sufficient to enable us to pay our indebtedness, including the Notes, or to fund our other liquidity needs. If we consummate an acquisition, our debt service requirements could increase. We may need to refinance all or a portion of our indebtedness, including the Notes on or before maturity. We cannot assure you that we will be able to refinance any of our indebtedness, including our credit facilities and the Notes, on commercially reasonable terms or at all.

***We may not have the ability to raise the funds necessary to finance any change of control offer required by the indenture governing the Notes.***

If we undergo a change of control (as defined in the indenture governing the Notes) we may need to refinance large amounts of our debt, including the Notes. If a change of control occurs, we must offer to buy back the Notes for a price equal to 101% of the principal amount of the Notes, plus any accrued and unpaid interest. We cannot assure you that there will be sufficient funds available for us to make any required repurchases of the Notes upon a change of control. If we fail to repurchase the Notes in that circumstance, we will go into default under the indenture governing the Notes. Any future debt which we incur may also contain restrictions on repayment upon a change of control. If any change of control occurs, we cannot assure you that we will have sufficient funds to satisfy all of our debt obligations. The buyback requirements may also delay or make it harder for others to effect a change of control. See “*Description of the Notes—Change of Control.*”

***Fraudulent transfer laws may permit a court to void the guarantee and, if that occurs, you may not receive any payments on the Notes.***

Federal and state fraudulent transfer and conveyance statutes may apply to the issuance of the Notes and the incurrence of the guarantee. Under fraudulent transfer or conveyance laws, which may vary from jurisdiction to jurisdiction, the Notes or guarantee could be voided as a fraudulent transfer or conveyance if (1) we or the guarantor, as applicable, issued the Notes or incurred the guarantee with the intent of hindering, delaying or defrauding creditors or (2) we or the guarantor, as applicable, received less than reasonably equivalent value or fair consideration in return for either issuing the Notes or incurring the guarantee and, in the case of (2) only, one of the following is also true at the time thereof:

- we or the guarantor, as applicable, were insolvent or rendered insolvent by reason of the issuance of the Notes or the incurrence of the guarantee;
- the issuance of the Notes or the incurrence of the guarantee left us or the guarantor, as applicable, with an unreasonably small amount of capital to carry on the business;

- we or the guarantor intended to, or believed that we or the guarantor would, incur debts beyond our or the guarantor's ability to pay as they mature; or
- we or the guarantor was a defendant in an action for money damages, or had a judgment for money damages docketed against us or the guarantor if, in either case, after final judgment, the judgment is unsatisfied.

If a court were to find that the issuance of the Notes or the incurrence of the guarantee was a fraudulent transfer or conveyance, the court could void the payment obligations under the Notes or the guarantee or subordinate the Notes or the guarantee to presently existing and future indebtedness of ours or of the guarantor, or require the holders of the Notes to repay any amounts received with respect to such guarantee. In the event of a finding that a fraudulent transfer or conveyance occurred, you may not receive any repayment on the Notes. Further, the voidance of the Notes could result in an event of default with respect to our and our subsidiaries' other debt that could result in acceleration of such debt.

We cannot be certain as to the standards a court would use to determine whether or not we or the guarantor were solvent at the relevant time or, regardless of the standard that a court uses, that the issuance of the guarantee would not be subordinated to our or any of our guarantor's other debt.

## **USE OF PROCEEDS**

On January 17, 2012, we received net proceeds of approximately US\$101.0 million. We will use the net proceeds from the sale of the New Notes for the repayment of our short-term indebtedness.

## CAPITALIZATION

The following table sets forth our consolidated capitalization, in accordance with Chilean GAAP, as of September 30, 2011, on an actual basis, and as adjusted to give effect to receipt of approximately US\$102.3 million in gross proceeds from the sale of the New Notes as if such sale had occurred on September 30, 2011.

This table should be read in conjunction with the information contained in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our Audited Consolidated Annual Financial Statements included elsewhere in this Luxembourg listing prospectus.

	As of September 30, 2011		
	Historical (in millions of constant Ch\$ as of September 30, 2011)	As adjusted for the New Notes Ch\$ as of	(in thousands of US\$) <sup>(1)</sup>
<b>Cash and Cash Equivalents:</b>			
Cash and cash equivalents <sup>(2)</sup> .....	Ch\$ 70,083.6	Ch\$ 75,967.9 <sup>(5)</sup>	US\$ 145,599.4 <sup>(5)</sup>
<b>Short-Term Financial Debt:</b>			
Bank loans and loans from other institutions <sup>(3)</sup> .....	48,815.4	1,340.9	2,570.0
Existing Notes – short term portion	4,627.4	4,627.4	8,868.8
<b>Long-Term Financial Debt:</b>			
New Notes offered hereby <sup>(4)</sup> .....	--	52,176.0	100,000.0
Bank loans and loans from other institutions.....	6,181.7	6,181.7	11,847.8
Existing Notes	156,528.0	156,528.0	300,000.0
<b>Stockholder’s Equity:</b>			
Stockholders’ equity.....	87,740.8	87,740.8	168,163.1
<b>Total Capitalization.....</b>	<b>Ch\$ 303,893.3</b>	<b>Ch\$ 308,594.8</b>	<b>US\$ 591,449.7</b>

(1) Amounts stated in U.S. dollars as of or for the nine months ended September 30, 2011 have been translated from Chilean pesos at the exchange rate of Ch\$521.76 = US\$1.00 as of September 30, 2011, published by the Chilean Central Bank on October 3, 2011. See “Exchange Rates.”

(2) On January 6, 2012, we paid a cash dividend of Ch\$1,555.7 million to our shareholders.

(3) Between September 30, 2011 and December 31, 2011, our short-term financing for inventory increased by approximately Ch\$32,278.3 million in Chile and Ch\$16,754.5 million in Peru.

(4) The New Notes offered hereby are presented at their face amount (without giving effect to net proceeds received).

(5) The increase in the amount of cash as adjusted for the New Notes in comparison to the amount of historical cash as of September 30, 2011 generated as a result of the issuance of the New Notes, will be used by the Company to pay additional short-term financial debt incurred by the Company between September 30, 2011 and December 31, 2011 referred to in note (3) above.



## EXCHANGE RATES

Chile has two currency markets, the Formal Exchange Market (*Mercado Cambiario Formal*) and the Informal Exchange Market (*Mercado Cambiario Informal*). The Formal Exchange Market is comprised of banks and other entities authorized by the Chilean Central Bank. The Informal Exchange Market is comprised of entities that are not expressly authorized to operate in the Formal Exchange Market, such as certain foreign exchange houses and travel agencies, among others. The Chilean Central Bank is empowered to require that certain purchases and sales of foreign currencies be carried out on the Formal Exchange Market. Both the Formal and Informal Exchange Markets are driven by free market forces. Current regulations require that the Chilean Central Bank be informed of certain transactions and that they be effected through the Formal Exchange Market.

The *dólar observado* (the “Observed Exchange Rate”), which is reported by the Chilean Central Bank and published daily in the *Diario Oficial* (Official Gazette), is the weighted average exchange rate of the previous business day’s transactions in the Formal Exchange Market. Nevertheless, the Chilean Central Bank may intervene by buying or selling foreign currency on the Formal Exchange Market to attempt to maintain the Observed Exchange Rate within a desired range.

The Informal Exchange Market reflects transactions carried out at an informal exchange rate (the “Informal Exchange Rate”). There are no limits imposed on the extent to which the rate of exchange in the Informal Exchange Market can fluctuate above or below the Observed Exchange Rate. In recent years, the variation between the Observed Exchange Rate and the Informal Exchange Rate has not been significant. Even though the Chilean Central Bank is authorized to carry out its transactions at the Observed Exchange Rate, it often uses spot rates instead. Many other banks carry out foreign exchange transactions at spot rates as well.

The Federal Reserve Board does not report a noon buying rate for Chilean pesos.

As of January 18, 2012, the Observed Exchange Rate was Ch\$496.68 = US\$1.00.

The following table sets forth for each of the last five years and through January 18, 2012, the annual low, high, average and year-end Observed Exchange Rates for dollars as reported by the Chilean Central Bank. No representation is made that the Chilean peso or the dollar amounts referred to herein actually represent, could have been or could be converted into dollars or Chilean pesos, as the case may be, at the rates indicated, at any particular rate or at all.

Year	Observed Exchange Rates (Ch\$ per US\$)			
	Low	High	Average <sup>(1)</sup>	Period-end <sup>(2)</sup>
2007 .....	493.14	548.67	521.95	496.89
2008 .....	431.22	676.75	528.88	636.45
2009 .....	491.09	643.87	553.77	507.10
2010 .....	468.37	548.16	511.20	468.01
2011 .....	455.91	533.74	483.67	519.20
August .....	457.41	474.10	466.79	463.19
September .....	460.34	521.85	483.69	521.76
October .....	492.04	533.74	511.74	490.29
November .....	490.29	526.83	508.44	517.37
December .....	508.67	522.62	517.17	519.20
2012				
January <sup>(3)</sup> .....	496.68	519.20	508.81	496.68

(1) The average of monthly average rates during the year-long periods and the daily average for the monthly periods. The yearly average rate is calculated as the average of the exchange rates on the last day of each month during the period.

(2) As reported by the Chilean Central Bank the first business day following the last day of the period.

(3) Through January 18, 2012.

Source: Chilean Central Bank.

## EXCHANGE CONTROLS IN CHILE

Pursuant to Article 39 of Law No. 18,880 (the Central Bank Act), any person or entity may freely execute any foreign exchange transaction unless the Chilean Central Bank imposes a restriction or limitation upon such foreign exchange transaction.

The Chilean Central Bank is the entity responsible for monetary policies and exchange controls in Chile. Chilean issuers are authorized to offer securities internationally provided they comply with, among other things, the provisions of Chapter XIV of the Compendium of Foreign Exchange Regulations of the Chilean Central Bank (the “Compendium”).

Pursuant to the provisions of Chapter XIV of the Compendium, it is not necessary to seek the Chilean Central Bank’s prior approval in order to issue the Notes. The Chilean Central Bank only requires that (i) the remittance of funds obtained from the sale of the Notes into Chile be made through the Formal Exchange Market and disclosed to the Chilean Central Bank as described below; and (ii) all remittances of funds to make payments under the Notes made from Chile be made through the Formal Exchange Market and disclosed to the Chilean Central Bank as described below.

The proceeds of the sale of the Notes may be brought into Chile or held abroad. If we remit the funds obtained from the sale of the Notes into Chile, such remittance must be made through the Formal Exchange Market and we must deliver to the Chilean Central Bank directly or through an entity of the Formal Exchange Market an annex providing information about the transaction, together with a letter instructing such entity to deliver the foreign currency or the peso equivalent thereof to us. If we do not remit the funds obtained from the sale of the Notes into Chile, we have to provide the same information to the Central Bank directly or through an entity of the Formal Exchange Market, within the first 10 days of the month following the date on which we received the funds. Any international issue of bonds in an aggregate amount exceeding US\$1,000,000 must be notified to the Chilean Central Bank before or on the date the proceeds from the issuance are remitted to Chile and received by the issuer or simultaneously with the remittance into Chile of such proceeds. The regulations require that the information provided describe the financial terms and conditions of the securities offered, related guarantee and the schedule of payments.

All payments in connection with the Notes made from Chile must be made through the Formal Exchange Market. Pursuant to Chapter XIV of the Compendium, no prior authorization from the Chilean Central Bank is required for such payments in U.S. dollars. The participant in the Formal Exchange Market involved in the transfer must provide certain information to the Chilean Central Bank on the banking business day following the day of payment. In the event payments are made outside Chile using foreign currency held abroad, we must provide the relevant information to the Chilean Central Bank directly or through an entity of the Formal Exchange Market within the first 10 days of the month following the date on which the payment was made.

Under Chapter XIV of the Compendium, payments and remittances of funds from Chile are governed by the rules in effect at the time the payment or remittance is made. Therefore, any change made to Chilean laws and regulations after the date hereof will affect foreign investors who have acquired the Notes. We cannot assure you that further Chilean Central Bank regulations or legislative changes to the current foreign exchange control regime in Chile will not restrict or prevent us from acquiring U.S. dollars or that further restrictions applicable to us will not affect our ability to remit U.S. dollars for payment of interest or principal on the Notes.

The above is a summary of the Chilean Central Bank’s regulations with respect to the issuance of debt securities, including the Notes, as in force and effect as of the date of this Luxembourg listing

prospectus. We cannot assure you that restrictions will not be imposed in the future, nor can there be any assessment of the duration or impact of such restrictions if imposed. This summary does not purport to be complete and is qualified in its entirety by reference to the provisions of Chapter XIV of the Compendium, a copy of which is available from us upon request.

## SELECTED CONSOLIDATED FINANCIAL AND OPERATING INFORMATION

The following summary consolidated financial and operating information should be read in conjunction with, and is qualified in its entirety by reference to, our Audited Consolidated Annual Financial Statements and Unaudited Interim Consolidated Financial Statements, including the accompanying notes thereto, and the information in sections “Presentation of Financial Information”, “Selected Consolidated Financial Information” and “Management’s Discussion and Analysis of Results of Operations and Financial Conditions” appearing elsewhere in this Luxembourg listing prospectus.

Our Audited Consolidated Annual Financial Statements and our Unaudited Interim Consolidated Financial Statements are prepared in accordance with Chilean GAAP, which differs in certain respects from IFRS. We have made no attempt to quantify these differences. See Appendix A for a description of the main differences between Chilean GAAP and IFRS. For further details and specific questions, investors should consult their professional advisors for an understanding of the differences between Chilean GAAP and IFRS.

In April 2009, we began conducting directly the sales of non-Hyundai new vehicles and OEM parts, used vehicles and third-party after-market accessories in Chile and the sales of certain brands of heavy machinery in Chile and Peru that had previously been sold by our affiliates and for which we do not hold the importation and distribution agreements. Our summary consolidated financial and operating information since April 2009 includes these operations and therefore financial and operating information since that date may not be directly comparable with financial and operating information prior to that date.

The tables below present summary consolidated financial information derived from our Audited Consolidated Annual Financial Statements and our Unaudited Interim Consolidated Financial Statements. Our Audited Consolidated Annual Financial Statements have been audited by PricewaterhouseCoopers, Consultores, Auditores y Cia. Ltda. The report of PricewaterhouseCoopers, Consultores, Auditores y Cia, Ltda. on our Audited Consolidated Annual Financial Statements appears elsewhere in this Luxembourg listing prospectus.

The following tables present our summary consolidated financial and operating information as of the years ended December 31 2009 and 2010 and for the years ended December 31, 2008, 2009 and 2010 and as of September 30, 2011 and for the nine months ended September 30, 2010 and 2011.

	For the year ended December 31,				For the nine months ended September 30,			
	2008	2009	2010	2010	2010 <sup>(3)</sup>	2011 <sup>(3)</sup>	2011 <sup>(3)</sup>	
	(in millions of constant Ch\$ as of December 31, 2010)				(in thousands of US\$) <sup>(1)</sup>	(in millions of constant Ch\$ as of September 30, 2011)		(in thousands of US\$) <sup>(2)</sup>
<b>Income Statement Data:</b>								
Sales.....	Ch\$ 399,784.7	Ch\$ 367,333.9	Ch\$ 514,493.2	US\$ 1,099,321	Ch\$ 384,659.3	Ch\$ 492,092.4	US\$ 943,139	
Cost of sales.....	(305,879.0)	(285,421.4)	(389,336.3)	(831,897)	(291,272.5)	(362,814.0)	(695,365)	
Gross profit.....	93,905.7	81,912.5	125,156.9	267,424	93,386.8	129,278.4	247,774	
Administrative and selling expenses .....	(53,705.5)	(59,713.6)	(73,144.6)	(156,289)	(54,836.1)	(66,790.3)	(128,010)	
Operating income ....	40,200.2	22,198.9	52,012.3	111,135	38,550.7	62,488.1	119,764	
Non-operating income (loss) .....	(32,197.2)	(9,016.1)	(12,524.0)	(26,760)	(8,433.7)	(26,448.5)	(50,691)	
Income before income tax .....	8,003.0	13,182.8	39,488.3	84,375	30,117.0	36,039.6	69,073	
Income taxes .....	(3,668.2)	(2,334.7)	(7,180.9)	(15,343)	(6,307.8)	(8,784.9)	(16,837)	
Consolidated Income.....	4,334.8	10,848.1	32,307.4	69,032	23,809.2	27,254.7	52,236	
Minority interest .....	0.2	0.0	0.0	0	0.0	0.0	0	
<b>Net Income.....</b>	<b>Ch\$ 4,335.0</b>	<b>Ch\$ 10,848.1</b>	<b>Ch\$ 32,307.4</b>	<b>US\$ 69,032</b>	<b>Ch\$ 23,809.2</b>	<b>Ch\$ 27,254.7</b>	<b>US\$ 52,236</b>	

	As of December 31,			As of September 30,					
	2009	2010	2010	2011 <sup>(3)</sup>	2011 <sup>(3)</sup>				
	(in millions of constant Ch\$ as of December 31, 2010)			(in thousands of US\$) <sup>(1)</sup>	(in millions of constant Ch\$ as of September 30, 2011)	(in thousands of US\$) <sup>(2)</sup>			
<b>Balance Sheet Data:</b>									
Current assets.....	Ch\$ 185,137.0	Ch\$ 225,635.5	US\$ 482,117	Ch\$ 285,509.8	US\$ 547,205				
Net property, plant and equipment .....	45,324.2	47,519.9	101,536	63,004.6	120,754				
Other assets.....	3,728.1	2,928.3	6,257	3,476.1	6,662				
<b>Total Assets .....</b>	<b>234,189.3</b>	<b>276,083.7</b>	<b>589,910</b>	<b>351,990.5</b>	<b>674,621</b>				
Current liabilities .....	128,998.2	121,479.6	259,567	97,106.2	186,113				
Long-term liabilities .....	53,328.6	83,473.8	178,359	167,142.8	320,344				
Non-controlling interest.....	0.7	0.7	1	0.7	1				
Shareholders' equity .....	51,861.8	71,129.7	151,983	87,740.8	168,163				
<b>Total Liabilities and Shareholders' Equity.....</b>	<b>Ch\$ 234,189.3</b>	<b>Ch\$ 276,083.7</b>	<b>US\$ 589,910</b>	<b>Ch\$ 351,990.5</b>	<b>US\$ 674,621</b>				
	For the year ended December 31,				For the nine months ended September 30,				
	2008	2009	2010	2010	2010 <sup>(3)</sup>	2011 <sup>(3)</sup>	2011 <sup>(3)</sup>		
	(in millions of constant Ch\$ as of December 31, 2010, other than percentages, ratios and operating data)				(in thousands of US\$) <sup>(1)</sup>	(in millions of constant Ch\$ as of September 30, 2011, other than percentages, ratios and operating data)		(in thousands of US\$) <sup>(2)</sup>	
<b>Consolidated Statement of Financial Position Data:</b>									
Net cash flow (used in) provided by operating activities.....	Ch\$ (35,454.9)	Ch\$ 55,828.5	Ch\$ 14,691.1	US\$ 31,391	Ch\$ 26,883.0	Ch\$ 21,820.5	US\$ 41,82		
Net cash flow used in investing activities .....	(13,051.1)	(4,967.9)	(8,665.0)	(18,515)	(6,264.1)	(12,344.8)	(23,660)		
Net cash flow provided by (used in) financing activities.....	55,509.6	(52,964.7)	11,873.8	25,371	(15,934.8)	32,086.0	61,496		
<b>Net cash flow .....</b>	<b>Ch\$ 7,003.7</b>	<b>Ch\$ (2,104.1)</b>	<b>Ch\$ 17,899.9</b>	<b>US\$ 38,247</b>	<b>Ch\$ 4,684.1</b>	<b>Ch\$ 41,561.7</b>	<b>US\$ 79,656.7</b>		
<b>Other Financial Data:</b>									
EBITDA <sup>(4)</sup> .....	Ch\$ 45,083.5	Ch\$ 25,483.0	Ch\$ 56,105.8	US\$ 119,880	Ch\$ 42,790.1	Ch\$66,968.0	US\$ 128,352		
EBITDA margin <sup>(4)(5)</sup> .....	11.3%	6.9%	10.9%	10.9%	11.1%	13.6%	13.6%		
Acquisition of property, plant and equipment .....	Ch\$ 11,515.1	Ch\$ 9,604.9	Ch\$ 7,138.7	US\$ 15,253	Ch\$ 4,545.8	Ch\$ 15,222.3	US\$ 29,174.9		
Ratio of net financial debt to EBITDA <sup>(4)(6)</sup> .....	3.9x	4.5x	2.2x	2.2x	n/a	2.2x <sup>(7)</sup>	2.2x <sup>(7)</sup>		
Ratio of EBITDA to interest expense <sup>(4)</sup> .....	3.6x	1.9x	4.8x	4.8x	n/a	4.4x <sup>(7)</sup>	4.4x <sup>(8)</sup>		
<b>Operating Data:</b>									
New Vehicle Sales:									
Chile .....	30,824	29,373	39,551		28,876	31,310			
Peru.....	12,370	13,207	19,464		13,655	18,495			
<b>Total.....</b>	<b>43,194</b>	<b>42,580</b>	<b>59,015</b>		<b>42,531</b>	<b>49,805</b>			

(1) Amounts stated in U.S. dollars as of or for the year ended December 31, 2010 have been translated from Chilean pesos at the exchange rate of Ch\$468.01 = US\$1.00 as of December 30, 2010, published by the Chilean Central Bank on January 3, 2011. See "Exchange Rates."

(2) Amounts stated in U.S. dollars as of or for the nine months ended September 30, 2011 have been translated from Chilean pesos at the exchange rate of Ch\$521.76 = US\$1.00 as of September 30, 2011, published by the Chilean Central Bank on October 3, 2011. See "Exchange Rates."

(3) Unaudited.

(4) We define EBITDA as Net income plus Minority interest, Income tax, Price level restatement, Depreciation and amortization, and Financial expenses. EBITDA is not a recognized term under Chilean GAAP or IFRS and does not purport to be an alternative to net earnings as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Additionally, EBITDA is not intended to be a measure of free cash flow available for management's discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements. Our presentation of EBITDA has limitations as an analytical tool,

and you should not consider it in isolation or as a substitute for analysis of our results as reported under Chilean GAAP or IFRS. Management uses EBITDA to measure and evaluate the operating performance of our core business operations. EBITDA is not calculated under Chilean GAAP or IFRS and should not be considered in isolation or as a substitute for net income, cash flows or other financial data prepared in accordance with Chilean GAAP or IFRS or as a measure of our overall profitability or liquidity.

- (5) EBITDA margin is equal to EBITDA divided by Sales, expressed as a percentage.
- (6) Net financial debt is equal to "Obligations with banks and financial institutions" less "Cash and cash equivalents."
- (7) Ratio of net financial debt to EBITDA for the twelve months ended September 30, 2011.
- (8) Ratio of EBITDA for the twelve months ended September 30, 2011 to interest expense for the twelve months ended September 30, 2011.

The following table presents a reconciliation of our Net income to EBITDA for the years ended December 31, 2008, 2009 and 2010 and for the nine months ended September 30, 2010 and 2011:

	For the year ended December 31,				For the nine months ended September 30,			
	2008	2009	2010	2010	2010 <sup>(3)</sup>	2011 <sup>(3)</sup>	2011 <sup>(3)</sup>	
	(in millions of constant Ch\$ as of December 31, 2010)				(in thousands of US\$) <sup>(1)</sup>	(in millions of constant Ch\$ as of September 30, 2011)		(in thousands of US\$) <sup>(2)</sup>
<b>Income Statement Data:</b>								
Net income.....	Ch\$ 4,335.0	Ch\$ 10,848.1	Ch\$ 32,307.4	US\$ 69,031	Ch\$ 23,809.2	Ch\$ 27,254.7	US\$52,236	
Minority interest .....	0.2	0.0	0.0	0	0.0	0.0	0	
Income tax .....	3,668.2	2,334.7	7,180.9	15,343	6,307.8	8,784.9	16,837	
Price level restatement	21,805.9	(4,004.8)	1,880.1	4,017	986.0	12,540.8	24,036	
Depreciation and amortization .....	2,712.1	3,147.3	3,116.5	6,659	3,345.4	3,157.5	6,053	
Financial expenses	12,562.5	13,157.7	11,620.9	24,830	8,341.6	15,230.1	29,190	
EBITDA .....	<b>Ch\$ 45,083.5</b>	<b>Ch\$ 25,483.0</b>	<b>Ch\$ 56,105.8</b>	<b>US\$ 119,880</b>	<b>Ch\$ 42,790.1</b>	<b>Ch\$66,968.0</b>	<b>US\$ 128,352</b>	

- (1) Amounts stated in U.S. dollars as of or for the year ended December 31, 2010 have been translated from Chilean pesos at the exchange rate of Ch\$468.01 = US\$1.00 as of December 30, 2010, published by the Chilean Central Bank on January 3, 2011. See "Exchange Rates."
- (2) Amounts stated in U.S. dollars as of or for the nine months ended September 30, 2011 have been translated from Chilean pesos at the exchange rate of Ch\$521.76 = US\$1.00 as of September 30, 2011, published by the Chilean Central Bank on October 3, 2011. See "Exchange Rates."
- (3) Unaudited.

The information below is derived from our Peruvian Audited Consolidated Annual Financial Statements and our Peruvian Unaudited Interim Consolidated Financial Statements not included in this Luxembourg listing prospectus. See "Presentation of Financial Information – Financial Information From Peruvian Operations." Our Peruvian Audited Consolidated Annual Financial Statements have been audited by Ernst & Young.

The following tables present summary financial data for our Peruvian subsidiaries as of December 31, 2009 and 2010 and September 30, 2011, and for the years ended December 31, 2008, 2009 and 2010 and for the nine months ended September 30, 2011:

	As of December 31,		As of September 30,
	2009	2010	2011
	(in millions of constant Ch\$ as of December 31, 2010, except for percentages) <sup>(1)</sup>		(in millions of constant Ch\$ as of September 30, 2011) <sup>(2)(3)</sup>
<b>Selected Balance Sheet Data for the Peruvian Subsidiaries:</b>			
Total assets .....	Ch\$ 67,114.2	Ch\$ 97,855.3	Ch\$ 102,790.9
Total assets as a percentage of Gildemeister's consolidated total assets ....	28.7%	35.4%	29.2%
Long-term liabilities .....	2,816.7	2,274.1	4,432.4
Long-term liabilities as a percentage of Gildemeister's consolidated long-term liabilities .....	5.3%	2.7%	2.7%
Total liabilities.....	47,089.2	73,430.3	64,116.5
Total liabilities as a percentage of Gildemeister's consolidated total liabilities.....	25.8%	35.8%	24.3%

	For the year ended December 31,			For the nine months ended September 30,	
	2008	2009	2010	2010	2011
	(in millions of constant Ch\$ as of December 31, 2010, except for percentages) <sup>(1)</sup>			(in millions of constant Ch\$ as of September 30, 2011) <sup>(2)(3)</sup>	
<b>Selected Financial Data for the Peruvian Subsidiaries:</b>					
Sales .....	141,515.5	114,983.6	158,927.3	118,671.4	184,057.1
Sales as a percentage of Gildemeister's consolidated sales .....	35.4%	31.3%	30.9%	30.85%	37.40%
Net Income .....	5,466.0	3,709.7	6,394.4	5,589.2	11,947.8
Net income as a percentage of Gildemeister's consolidated net income ...	126.8%	34.2%	19.8%	23.5%	43.8%
EBITDA .....	16,422.8	7,299.2	13,408.5	10,386.3	20,406.0
EBITDA as a percentage of Gildemeister's consolidated EBITDA .....	36.4%	28.6%	23.9%	24.4%	30.5%

- (1) Amounts stated in Chilean pesos as of or for the year ended December 31, 2010 have been translated from U.S. dollars at the exchange rate of Ch\$468.01 = US\$1.00 as of December 30, 2010, published by the Chilean Central Bank on January 3, 2011. See "Exchange Rates."
- (2) Amounts stated in U.S. dollars as of or for the nine months ended September 30, 2011 have been translated from Chilean pesos at the exchange rate of Ch\$521.76 = US\$1.00 as of September 30, 2011, published by the Chilean Central Bank on October 3, 2011. See "Exchange Rates."
- (3) Unaudited.

The following table presents a reconciliation of the Net income for our Peruvian subsidiaries to EBITDA for our Peruvian subsidiaries for the years ended December 31, 2008, 2009 and 2010 and for the nine months ended September, 2010 and 2011:

	For the year ended December 31,			For the nine months ended September 30,	
	2008	2009	2010	2010	2011
	(in millions of constant Ch\$ as of December 31, 2010)			(in millions of constant Ch\$ as of September 30, 2011) <sup>(3)</sup>	
<b>Income Statement Data:</b>					
Net income .....	Ch\$ 5,466	Ch\$ 3,709.7	Ch\$ 6,394.4	Ch\$ 5,589.2	Ch\$ 11,947.8
Minority interest .....	-	-	-	-	-
Income tax <sup>(1)</sup> .....	2,747.0	814.0	2,713.1	2,272.5	5,103.9
Price level restatement <sup>(2)</sup> .....	2,081.0	(2,939.3)	(1,325.9)	(1,770.4)	(596.4)
Depreciation and amortization .....	608.7	646.6	670.7	540.1	656.4
Financial Expenses .....	5,520.1	5,068.2	4,956.2	3,754.9	3,294.4
EBITDA .....	<b>Ch\$ 16,422.8</b>	<b>Ch\$ 7,299.2</b>	<b>Ch\$ 13,408.5</b>	<b>Ch\$ 10,386.3</b>	<b>Ch\$ 20,406.0</b>

- (1) Includes mandatory profit sharing expenses.
- (2) Includes translation results.
- (3) Unaudited.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

*The following discussion should be read in conjunction with our Audited Consolidated Annual Financial Statements and the sections entitled "Selected Consolidated Financial Information" and "Presentation of Financial Information" included elsewhere herein. Certain amounts (including percentage amounts) that appear herein have been rounded for ease of presentation. Percentage figures included herein have not in all cases been calculated on the basis of such rounded figures but on the basis of such amounts prior to rounding. For this reason, certain percentage amounts may vary from those obtained by performing the same calculations using the figures in our Audited Consolidated Annual Financial Statements. Certain other amounts may not sum due to rounding.*

### Overview

We are a leading importer, distributor and retailer of new vehicles in Chile and Peru. In connection with these businesses, we also provide OEM-authorized service and OEM parts for the brands of cars that we sell, and we broker financial services, such as insurance and vehicle loans to purchasers of our new cars. In addition, we sell used cars, sell, service and rent heavy machinery and sell third-party after-market accessories. Accordingly, our results of operations are directly related to our cost structure, demand for our products and services and competition. See "*—Business.*" In addition, because our operations are concentrated in Chile and Peru and vehicle sales fluctuate as a result of changes in economic conditions, GDP, wages and employment, inflation and foreign exchange rates in each of those countries, as described below, affect our results of operations.

### Macroeconomic Conditions in the Chilean and Peruvian Economies

#### Chilean Economy

##### *GDP, Wages and Employment*

A substantial portion of our operations and customers are located in Chile. Accordingly, our financial condition and results of operations are substantially dependent upon economic conditions prevailing in Chile. According to the Central Bank, the Chilean economy grew from 2003 to 2007, with real GDP increasing on average by 4.2% per year during this period. The growth of real GDP led to a 110.4% growth in real wages and a decrease in seasonally-adjusted unemployment from 8.5% in 2003 to a low of 7.1% in 2007.

Real GDP growth slowed in 2008, with an increase of 3.7%, and decreased in the third and fourth quarters of 2008. Real wages remained nearly constant between January and April 2008, and then fell 3.4% from January 2008 to October 2008. From October to December 2008, real wages recovered the loss suffered earlier in the year, rising by 3.6%. However, with the economic slowdown setting in, seasonally-adjusted unemployment increased to 7.8% at the end of 2008. The economic slowdown in Chile continued into 2009, and real GDP fell by 1.7% in 2009. As a result of the slowdown, seasonally-adjusted unemployment grew to 9.7% in December 2009. Nevertheless, real wages increased 4.6% in 2009.

Real GDP increased by 5.2% during 2010. Likewise, seasonally-adjusted unemployment decreased to 7.1% and real wages increased 2.1% during 2010. In the first nine months of 2011, real GDP increased by 7.0% as compared to the first nine months of 2010 and seasonally-adjusted unemployment increased to 7.4% and real wages increased 4.4% in the first nine months of 2011.



## ***Inflation***

In general, an increase in inflation results in a decrease in demand for our products. In addition, our Chilean assets and liabilities are revalued on an annual basis to account for inflation in Chile, and we record income or losses from the revaluation in “Price-level restatement” based on inflation and purchasing power figures from the National Statistics Institute. Furthermore, our financial statements from prior years are restated, for comparability purposes, to account for the effects of inflation. As of December 31, 2009 and 2010, respectively, Ch\$6,199.8 million and Ch\$104,400.1 million, or 4.9% and 68.5% of our total indebtedness was denominated in UF, which is indexed to inflation.

Chile has experienced significant fluctuations in inflation in the past. The rate of inflation in Chile was low between 2003 and 2006, fluctuating between 1.1% in 2003, 2.4% in 2004, 3.7% in 2005 and 2.6% in 2006. However, from December 1, 2007 to November 30, 2008 inflation spiked to 8.9%. From December 1, 2008 to November 30, 2009, Chile experienced deflation of 2.3%, in part due to the contraction of the economy related to the global economic crisis. From December 1, 2009 to November 30, 2010, the rate of inflation was 2.5%, which was within the target announced by the Chilean Central Bank. From December 1, 2010 to August 30, 2011, inflation in Chile was 2.6%.

## ***Foreign Exchange Rates***

Chile has a floating exchange rate. As of December 31, 2009 and 2010, respectively, all of our Chilean automobile, heavy machinery and aftermarket accessories supply contracts and approximately 36.2% and 27.8% of our Chilean indebtedness were denominated in foreign currencies (principally U.S. dollars), and therefore changes in the value of the Chilean peso against the U.S. dollar affect the amount of Chilean pesos we pay our Chilean suppliers and creditors. Because our cost structure is based on a margin over the prices charged by OEMs, a devaluation of the Chilean peso would result in an increase in the Chilean peso price that we are able to charge to our customers, which can reduce consumer demand, or lead to a decrease in our margins. In addition, the reporting currency for our Peruvian subsidiaries is the U.S. dollar, and our Peruvian Financial Statements are translated from U.S. dollars into Chilean pesos at period-end prior to consolidation into our Consolidated Financial Statements. Accordingly, a fluctuation in the value of the Chilean peso against the U.S. dollar affects the Chilean peso values at which our Peruvian results of operations, assets, liabilities and cash flows are recorded.

The Chilean peso has been subject to significant fluctuation in the past and may be subject to significant fluctuations in the future. In 2003, the Chilean peso experienced a 16.6% appreciation, from Ch\$722.48 per US\$1.00 in January 2003 to Ch\$602.90 per US\$1.00 in December 2003. From 2004 through March 2008, the peso continued to appreciate, peaking at Ch\$452.20 per US\$1.00 during March 2008. However, from March 2008 to December 2008, the Chilean peso depreciated 46.6%, to Ch\$649.32 per US\$1.00, in the context of rising inflation and the global economic crisis. In 2009, the Chilean peso appreciated 20.3%, to Ch\$507.10 per US\$1.00, and in 2010 appreciated 7.7% to Ch\$448.01 per US\$1.00. In the first nine months of 2011, the Chilean peso depreciated 14.1% to Ch\$521.76 per US\$1.00. As of January 18, 2012, the exchange rate was Ch\$496.68 per US\$1.00.

## **Peruvian Economy**

### ***GDP, Wages and Employment***

Approximately a third of our operations and customers are located in Peru. Accordingly, although to a lesser degree than Chile, our financial condition and results of operations are highly dependent on the performance of the Peruvian economy and on social and political conditions in Peru. In 2008, Peruvian GDP grew at the highest rate since 1994, registering growth of 9.8% for the year. GDP

increased by 10.9% in the first nine months of 2008, reflecting strong domestic demand, and slower growth of 6.4% in the fourth quarter of 2008, affected by less favorable external conditions. In 2009, Peruvian GDP growth slowed to 0.9% as a result of less favorable external conditions reflecting the onset of the global financial crisis. In 2010, the Peruvian economy recovered sharply, with GDP growing 8.8%. In the first nine months of 2011, Peruvian GDP increased 7.3% as compared to the first nine months of 2010.

Despite the slowdown in GDP growth during 2009, unemployment has been relatively steady in Peru, increasing slightly between 2008 and 2009 from 8.0% to 8.5%, and decreasing to 8.0% in 2010. Unemployment in Peru decreased to 7.0% in September 2011.

### ***Inflation***

As in Chile, we believe that consumer discretionary spending and demand for our products and services are negatively affected by inflation. Inflation reached 7.3% in December 2008. During 2009, inflation was only 0.1%, in part due to the contraction of the economy related to the global economic crisis. Inflation was 2.1% in 2010 and 3.7% in the first nine months of 2011.

### ***Foreign Exchange Rates***

As in Chile, all of our vehicle, equipment and aftermarket accessories supply contracts for our Peruvian operations are denominated in foreign currencies, principally U.S. dollars. In addition, prices for our products in Peru are charged in U.S. dollars. Therefore, a devaluation of the Peruvian nuevo sol would result in an increase in amount of Peruvian nuevo soles that customers would have to pay for U.S. dollar-denominated goods, which can reduce consumer demand, or if we are forced to change our pricing strategy in relation to changing demand, lead to a decrease in our margins. To a certain extent, however, the effect of fluctuations in exchange rates in Peru on consumer demand are mitigated by the high degree of dollarization in that country. As of December 31, 2008, 2009 and 2010, approximately 47%, 44% and 39% of deposits in the Peruvian banking system were denominated in U.S. dollars. Potential customers with substantial deposits in U.S. dollars are effectively hedged against depreciation in the Peruvian nuevo sol, and therefore, demand for our products and services by those customers is less susceptible to market fluctuations.

During 2008, the Peruvian nuevo sol depreciated 5.0%, from P\$2.99 per US\$1.00 to P\$3.14 per US\$1.00. In 2009, the Peruvian nuevo sol appreciated 8.0% to P\$2.89 per US\$1.00. In 2010, the Peruvian nuevo sol appreciated 3.1% to P\$2.80 per US\$1.00 and 2.8% in the first nine months of 2011 to P\$2.73 per US\$1.00. As of January 18, 2012, the exchange rate was P\$2.69 per US\$1.00.

### **Critical Accounting Policies**

In preparing our consolidated financial statements, we use estimates and assumptions to account for certain assets, liabilities, revenues, expenses and other transactions. Our Consolidated Financial Statements include various estimates and assumptions, including but not limited to estimates of the fair value of certain financial instruments, the selection of useful lives of certain assets and the valuation and recoverability of deferred tax assets. We evaluate these estimates and judgments on an ongoing basis. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances. Actual results in future periods could differ from those estimates and assumptions, and if these differences were significant enough, our reported results of operations would be affected materially.

Note 2 to our Audited Consolidated Annual Financial Statements contains a summary of our significant accounting policies. We believe that the following are the more critical judgment areas or the areas that involve a higher degree of complexity in the application of the accounting policies that currently affect our financial condition and results of operations:

*Provisions for Doubtful Accounts.* At the end of each fiscal year, we apply a standard policy to those accounts that are unlikely to be collected, based on the age of the accounts and other relevant factors. The policy we have adopted provides for a 100% provision for the uninsured portion of invoices, checks received but not cashed due to insufficient funds and other customer receivables that are more than 180 days past due and a 100% provision for those receivables for which we have commenced collection proceedings. Additionally, according to our policy we establish provisions for receivables that are past due between 90 and 179 days. These provisions are deducted from the line items Trade accounts receivable (net), Notes receivable (net) and Sundry debtors (net).

*Leasing Obligations.* We have capital leasing operations related to fixed assets. Leased assets are not legally our property, and as a result, as long as we do not exercise our right to purchase these assets, we cannot freely dispose of them. Under the policy we have adopted, these assets are included in the line item Other Fixed Assets and are accounted for at the present value of the lease agreement. This value is established by discounting the cost of the periodic fees and the purchase option at the explicit or implicit interest rate for each contract. The corresponding obligation is accounted for under the line item “Long-term liabilities.”

*Inventory.* We present inventories at the end of each fiscal year at their restated acquisition cost. These values do not exceed their respective net realization and replacement values. Under our policy for inventory, we recognize an obsolescence allowance for spare parts based on the arrival date of a particular inventory item, and the obsolescence allowance is deducted from the Inventories line item in our financial statements. Depending on the product line, for inventory that is between two and three years old, the allowance is 50%, and after three years, the allowance is 100% of the value. Inventories in transit are accounted for at cost (including insurance and transportation expenses), translated at the exchange rate at year end.

*Amortization.* The goodwill value of an investment is the excess of the adjusted carrying equity value of the investments over the cost of acquisition. Under our policy, this goodwill is amortized over the expected term for the return of the investment with a maximum of 20 years. For other assets, mostly trademarks recognized at the purchase cost, amortization is over a 40 year period. Additionally, rights for usage of assets are amortized according to the durations of the contracts and lease guarantees.

*Recognition of Income from Sale of Products not Delivered.* Our policy recognizes income from gross sales, generated by the sales of new and used vehicles, OEM parts, heavy machinery and third-party after-market accessories as of the moment they are invoiced, which in the majority of cases is the same as the date of physical delivery. For those invoices issued for which an invoice has been issued prior to the end of a fiscal year but for which physical delivery of the product has not been made as of the end of the fiscal year, an asset is recognized for undelivered vehicles under “Inventory” for the cost of sale of the product and a corresponding liability is recognized on the balance sheet as deferred income for the sale price of the vehicle. When these products are sold, the corresponding asset and liability are cancelled and we recognize the sale gain or loss and cost of sale of the asset in our income statement. As of December 31, 2009 and 2010 and September 30, 2011, we recognized assets of Ch\$11,174.1 million, Ch\$18,998.3 million and Ch\$16,209.4 million, respectively, and liabilities of Ch\$15,686.4 million, Ch\$26,063.6 million and Ch\$21,547.4 million, respectively.

## Income Statement Data

In April 2009, we began directly conducting the sales of non-Hyundai new vehicles and OEM parts, used vehicles and third-party after-market accessories in Chile and the sales of certain brands of heavy machinery in Chile and Peru that had previously been sold by our affiliates and for which we do not hold the relevant importation and distribution agreements. See “*Related Party Transactions.*” Our selected consolidated financial and operating information since April 2009 includes results of these operations and therefore financial and operating information since that date may not be directly comparable with financial and operating information prior to that date.

The following table presents our consolidated income statement for the years ended December 31, 2008, 2009 and 2010 and for the nine months ended September 30, 2010 and 2011.

	For the year ended December 31,				For the nine months ended September 30,			
	2008	2009	2010	2010	2010 <sup>(3)</sup>	2011 <sup>(3)</sup>	2011 <sup>(3)</sup>	
	(in millions of constant Ch\$ as of December 31, 2010)				(in thousands of US\$) <sup>(1)</sup>	(in millions of constant Ch\$ as of September 30, 2011)		(in thousands of US\$) <sup>(2)</sup>
<b>Income Statement Data:</b>								
Sales.....	Ch\$ 399,784.7	Ch\$ 367,333.9	Ch\$ 514,493.2	US\$ 1,099,321	Ch\$ 384,659.3	Ch\$ 492,092.4	US\$ 943,139	
Cost of sales.....	(305,879.0)	(285,421.4)	(389,336.3)	(831,897)	(291,272.5)	(362,814.0)	(695,365)	
Gross profit.....	93,905.7	81,912.5	125,156.9	267,424	93,386.8	129,278.4	247,774	
Administrative and selling expenses .....	(53,705.5)	(59,713.6)	(73,144.6)	(156,289)	(54,836.1)	(66,790.3)	(128,010)	
Operating income ....	40,200.2	22,198.9	52,012.3	111,135	38,550.7	62,488.1	119,764	
Non-operating income (loss) .....	(32,197.2)	(9,016.1)	(12,524.0)	(26,760)	(8,433.7)	(26,448.5)	(50,691)	
Income before income tax .....	8,003.0	13,182.8	39,488.3	84,375	30,117.0	36,039.6	69,073	
Income taxes .....	(3,668.2)	(2,334.7)	(7,180.9)	(15,343)	(6,307.8)	(8,784.9)	(16,837)	
Consolidated Income.....	4,334.8	10,848.1	32,307.4	69,032	23,809.2	27,254.7	52,236	
Minority interest .....	0.2	0.0	0.0	(0.0)	0.0	0.0	0	
<b>Net Income.....</b>	<b>Ch\$ 4,335.0</b>	<b>Ch\$ 10,848.1</b>	<b>Ch\$ 32,307.4</b>	<b>US\$ 69,032</b>	<b>Ch\$ 23,809.2</b>	<b>Ch\$ 27,254.7</b>	<b>US\$ 52,236</b>	

(1) Amounts stated in U.S. dollars as of or for the year ended December 31, 2010 have been translated from Chilean pesos at the exchange rate of Ch\$468.01 = US\$1.00 as of December 30, 2010, published by the Chilean Central Bank on January 3, 2011. See “*Exchange Rates.*”

(2) Amounts stated in U.S. dollars as of or for the nine months ended September 30, 2011 have been translated from Chilean pesos at the exchange rate of Ch\$521.76 = US\$1.00 as of September 30, 2011, published by the Chilean Central Bank on October 3, 2011. See “*Exchange Rates.*”

(3) Unaudited.

## Discussion of Line Items

Our income statement consists of the following line items:

- **Sales.** Revenues from sales include sales of new vehicles by our dealerships to customers, sales of new vehicles to our licensed franchises, sales and rentals of heavy machinery through our dealerships and franchise to customers, sales of OEM parts, service fees, sales of used vehicles (including direct sales and commissions from the sale of consigned vehicles or from intermediation sales), sales of third-party after-market accessories and commissions from the brokerage of insurance and financing services. Our sales figures are presented net of discounts provided to customers.
- **Cost of Sales.** The principal components of our cost of goods sold are the cost of the new vehicles, the costs of heavy machinery, the costs of OEM spare parts, the purchase price of used vehicles that we sell directly, the costs of third-party after-market accessories, transportation costs

for our products, insurance costs related to transportation, costs related to the preparation of vehicles for sale and other ancillary costs.

- **Gross Profit.** Gross profit is equal to our sales less cost of sales.
- **Administrative and Selling Expenses.** Our administrative and selling expenses primarily include salaries and other compensation expenses of sales employees, customer service departments and management, accounting and administrative personnel. All of our employees receive fixed compensation and compensation which is based on performance (such as commissions for vehicles sold or bonuses based on departmental and overall performance). Selling and administrative expenses also includes provisions for depreciation of properties used for sales and administrative purposes, advertising and promotion expenses and utilities and lease expenses for dealership and administrative premises.
- **Operating Income.** Operating income is our gross profit less administrative and selling expenses.
- **Non-Operating Income (Loss), Net.** Non-operating income (loss), net, consists of the following items:
  - **Financial income.** Financial income consists predominantly of interest we charge on short-term financing for purchases of new vehicles by our licensed franchisees (through floor plan financing) and certain customers at our retail locations, interest charged on medium-term financing to customers for heavy machinery purchases, as well as interest earned on our bank accounts and investments.
  - **Other non-operating income.** Other income includes revenues from leasing of commercial space, the recovery of certain taxes and trademark use rights.
  - **Amortization of goodwill.** Goodwill is being amortized over the expected term for the return of the investment with a maximum of 20 years.
  - **Financial expenses.** Financial expenses primarily include accrued interest on the debt we have incurred and other financing-related costs. In addition, financial expenses also includes any losses we incur on direct financing we provide to customers (to date, these losses have been *de minimis*).
  - **Other non-operating expenses.** Other expenses include losses from the sale of certain real property and other minor costs.
  - **Price-level restatement.** Price-level restatement is the adjustment to the value of our assets and liabilities as a consequence of the application of monetary adjustment rules in accordance with Chilean GAAP which reflect the effects of changes in the purchasing power of the Chilean peso as a result of inflation and changes in foreign exchange rates.
- **Income Before Taxes.** Income before taxes is our operating income less non-operating expense, net.
- **Income Taxes.** We pay taxes on our net income in Chile and Peru. The Chilean income tax rate for 2008, 2009 and 2010 was 17%. The Chilean income tax rate increased to 20% for 2011, and in accordance with current legislation, is scheduled to be 18.5% in 2012 and return to 17% in 2013. The Peruvian income tax rate for 2008, 2009, 2010 and 2011 was 30%.

- **Net Income.** Net income is income before taxes, less income taxes, less income attributable to the owners of minority investments in our subsidiaries. In order to comply with applicable Chilean and Peruvian corporate laws, each of our subsidiaries is required to be owned by at least two shareholders, and as a result, a nominal amount of shares of each of our subsidiaries is owned by affiliates of Automotores Gildemeister. The following table shows the percentage of our subsidiaries directly or indirectly owned by our affiliates:

	As of December 31,			As of September 30,
	2008	2009	2010	2011
Marc Leasing S.A. ....	0.25%	0.25%	0.25%	0.25%
Automotores Gildemeister Peru S.A.....	0.01%	0.01%	0.01%	0.01%
Maquinaria Nacional Peru S.A. ....	0.01%	0.01%	--	--
Motor Mundo Peru S.A.....	0.01%	0.01%	--	--

*Results of Operations for the Nine Months Ended September 30, 2011 Compared to the Nine Months Ended September 30, 2010*

*Sales*

Sales for the nine months ended September 30, 2011 increased 27.9%, to Ch\$492,092.4 million, from Ch\$384,659.3 million for the nine months ended September 30, 2010, primarily due to a 17.1% increase in new vehicles sales, from 42,531 vehicles during the nine months ended September 30, 2010 to 49,805 vehicles for the nine months ended September 30, 2011, mainly as result of increased demand in both Chile and Peru and an expansion of our dealership network in both countries. In addition, supply restrictions imposed by our OEMs on more economical vehicles resulted in increased sales of higher-margin vehicles.

Sales from Chile represented 62.6% of total sales for the nine months ended September 30, 2011, compared to 69.1% of total sales for the nine months ended September 30, 2010. New vehicle sales in Chile were 31,310 units for the nine months ended September 30, 2011, an 8.4% increase as compared to 28,876 new vehicle sales for the nine months ended September 30, 2010 mainly driven by a 74.9% increase in the number of new Chinese- and Indian-branded vehicles sold. Sales from Peru represented 37.4% of total sales for the nine months ended September 30, 2011, as compared to 30.9% of total sales for the nine months ended September 30, 2010. New vehicle sales in Peru were 18,495 units for the nine months ended September 30, 2011, a 35.4% increase as compared to 13,655 new vehicle sales in Peru for the nine months ended September 30, 2010, driven by substantial increases in the numbers of all vehicles sold, including a 36.7% increase in the number of new Hyundai vehicles sold and a 107% increase in the number of motorcycles sold, as well as the liquidation of our Mazda inventory resulting from our January 2011 sale of the distribution rights for Mazda in Peru.

The following tables show the amounts and percentages of sales represented by our lines of business for the periods indicated, by country:

	Nine months ended September 30,					
	Chile		Peru		Total	
	(in millions of constant Ch\$ as of September 30, 2011, except for percentages)					
Vehicles:						
New Vehicles.....	Ch\$ 213,723.8	80.3%	Ch\$ 110,824.1	93.4%	Ch\$ 324,547.9	84.4%
Used Vehicles.....	7,100.7	2.7%	--	--	7,100.7	1.8%

OEM Parts and Service .....	18,181.3	6.8%	7,525.8	6.3%	25,707.2	6.7%
Financing and Insurance <sup>(1)</sup> .....	2,265.9	0.8%	321.4	0.3%	2,587.4	0.7%
Total Vehicles .....	241,271.8	90.7%	118,671.4	100.0%	359,943.2	93.6%
Heavy Machinery .....	14,167.2	5.3%	--	--	14,167.2	3.7%
Third-Party After-Market Accessories .....	10,548.9	4.0%	--	--	10,548.9	2.7%
<b>Total Sales .....</b>	<b>Ch\$ 265,987.9</b>	<b>100.0%</b>	<b>Ch\$ 118,671.4</b>	<b>100.0%</b>	<b>Ch\$ 384,659.3</b>	<b>100.0%</b>

**Nine months ended September 30,**

<b>2011</b>						
	<b>Chile</b>		<b>Peru</b>		<b>Total</b>	
(in millions of constant Ch\$ as of September 30, 2011, except for percentages)						
<b>Vehicles:</b>						
New Vehicles .....	Ch\$ 246,073.8	79.9%	Ch\$ 173,685.6	94.4%	Ch\$ 419,759.3	85.3%
Used Vehicles .....	9,278.3	3.0%	--	--	9,278.3	1.9%
OEM Parts and Service .....	22,491.1	7.3%	9,946.3	5.4%	32,437.5	6.6%
Financing and Insurance <sup>(1)</sup> .....	3,466.9	1.1%	283.3	0.1%	3,750.2	0.8%
Total Vehicles .....	281,310.1	91.3%	183,915.2	99.9%	465,225.3	94.5%
Heavy Machinery .....	18,169.5	5.9%	141.9	0.1%	18,311.4	3.7%
Third-Party After-Market Accessories .....	8,555.7	2.8%	--	--	8,555.7	1.7%
<b>Total Sales .....</b>	<b>Ch\$ 308,035.3</b>	<b>100.0%</b>	<b>Ch\$ 184,057.1</b>	<b>100.0%</b>	<b>Ch\$ 492,092.4</b>	<b>100.0%</b>

(1) Represents sales from commissions in respect of brokered insurance and financing services.

### Cost of Sales

Our cost of sales for the nine months ended September 30, 2011 increased 24.6% to Ch\$362,814.0 million, from Ch\$291,272.5 million for the nine months ended September 30, 2010. This cost of sales increase is primarily explained by the increase in the number of new vehicles sold and in sales of higher-margin vehicles, as described above, and, to a lesser extent, the depreciation in the Chilean peso during the period.

The cost of sales from Chile represented 59.5% of total cost of sales for the nine months ended September 30, 2011, as compared to 66.9% of total cost of sales for the nine months ended September 30, 2010. Cost of sales from Peru represented 40.5% of total cost of sales for the nine months ended September 30, 2011, as compared to 33.1% of total cost of sales for the nine months ended September 30, 2010.

The following tables show the amounts and percentages of cost of sales represented by our lines of business for the periods indicated, by country:

<b>Nine months ended September 30,</b>						
<b>2010</b>						
	<b>Chile</b>		<b>Peru</b>		<b>Total</b>	
(in millions of constant Ch\$ as of September 30, 2011, except for percentages)						
<b>Vehicles:</b>						
New Vehicles .....	Ch\$ 162,038.0	83.1%	Ch\$ 92,802.0	96.4%	Ch\$ 254,840.0	87.5%
Used Vehicles .....	6,525.5	3.3%	--	--	6,525.6	2.2%
OEM Parts and Service .....	7,605.6	3.9%	3,234.8	3.3%	10,840.4	3.7%
Financing and Insurance <sup>(1)</sup> .....	--	--	252.1	0.3%	252.0	0.1%
Total Vehicles .....	176,169.1	90.3%	96,288.9	100.0%	272,458.0	93.5%
Heavy Machinery .....	10,871.5	5.6%	--	--	10,871.5	3.7%
Third-Party After-Market Accessories .....	7,943.0	4.1%	--	--	7,943.0	2.7%
<b>Total Cost of Sales .....</b>	<b>Ch\$ 194,983.5</b>	<b>100.0%</b>	<b>Ch\$ 96,288.9</b>	<b>100.0%</b>	<b>Ch\$ 291,272.5</b>	<b>100.0%</b>

<b>Nine months ended September 30,</b>						
<b>2011</b>						
	<b>Chile</b>		<b>Peru</b>		<b>Total</b>	
(in millions of constant Ch\$ as of September 30, 2011, except for percentages)						
<b>Vehicles:</b>						
New Vehicles .....	Ch\$ 180,220.9	83.4%	Ch\$ 141,827.4	96.6%	Ch\$ 322,048.3	88.8%

Used Vehicles .....	8,446.7	3.9%	--	--	8,446.7	2.3%
OEM Parts and Service .....	8,664.8	4.0%	4,853.9	3.3%	13,518.7	3.7%
Financing and Insurance <sup>(1)</sup> .....	--	--	--	--	0.0	0.0%
Total Vehicles .....	197,332.4	91.3%	146,681.3	99.9%	344,013.7	94.8%
Heavy Machinery .....	12,984.2	6.0%	119.0	0.1%	13,103.2	3.6%
Third-Party After-Market Accessories .....	5,697.1	2.6%	--	--	5,697.1	1.6%
<b>Total Cost of Sales.....</b>	<b>Ch\$ 216,013.7</b>	<b>100.0%</b>	<b>Ch\$ 146,800.3</b>	<b>100.0%</b>	<b>Ch\$ 362,814.0</b>	<b>100.0%</b>

(1) Represents cost of sales from brokered insurance and financing services.

### Gross Profit

Our gross profit for the nine months ended September 30, 2011 increased by 38.4% to Ch\$129,278.4 million from Ch\$93,386.8 million for the nine months ended September 30, 2010 as a result of the increase in sales as described above. Our gross margin increased to 26.3% for the nine months ended September 2011 from 24.3% for the nine months ended September 30, 2010, as a result of the higher increase in sales than cost of sales.

Our gross profit from Chile represented 71.1% of total gross profit for the nine months ended September 30, 2011, as compared to 76.0% of total gross profit for the nine months ended September 30, 2010. Gross profit from Peru represented 28.9% of total gross profit for the nine months ended September 30, 2011, as compared to 24.0% of total gross profit for the nine months ended September 30, 2010.

The following table shows the amounts and percentages of gross profit represented by our lines of business for the periods indicated, by country:

	Nine months ended September 30.					
	2010					
	Chile		Peru		Total	
	(in millions of constant Ch\$ as of September 30, 2011, except for percentages)					
Vehicles:						
New Vehicles.....	Ch\$ 51,685.9	72.8%	Ch\$ 18,022.1	80.5%	Ch\$ 69,708.0	74.6%
Used Vehicles .....	575.1	0.8%	--	--	575.1	0.6%
OEM Parts and Service .....	10,575.8	14.9%	4,291.0	19.2%	14,866.8	15.9%
Financing and Insurance <sup>(1)</sup> .....	2,265.9	3.2%	69.4	0.3%	2,335.3	2.5%
Total Vehicles .....	65,102.7	91.7%	22,382.5	100.0%	87,485.2	93.7%
Heavy Machinery .....	3,295.7	4.6%	--	--	3,295.7	3.5%
Third-Party After-Market Accessories .....	2,605.9	3.7%	--	--	2,605.9	2.8%
<b>Total Gross Profit .....</b>	<b>Ch\$ 71,004.4</b>	<b>100.0%</b>	<b>Ch\$ 22,382.5</b>	<b>100.0%</b>	<b>Ch\$ 93,386.8</b>	<b>100.0%</b>
	Nine months ended September 30.					
	2011					
	Chile		Peru		Total	
	(in millions of constant Ch\$ as of September 30, 2011, except for percentages)					
Vehicles:						
New Vehicles.....	Ch\$ 65,852.9	71.6%	Ch\$ 31,858.1	85.5%	Ch\$ 97,711.0	75.6%
Used Vehicles .....	831.6	0.9%	--	--	831.6	0.6%
OEM Parts and Service .....	13,826.4	15.0%	5,092.4	13.7%	18,918.8	14.6%
Financing and Insurance <sup>(1)</sup> .....	3,466.9	3.8%	283.3	0.8%	3,750.2	2.9%
Total Vehicles .....	83,977.8	91.2%	37,233.8	99.9%	121,211.6	93.8%
Heavy Machinery .....	5,185.3	5.6%	23.0	0.1	5,208.2	4.0%
Third-Party After-Market Accessories .....	2,858.5	3.1%	--	--	2,858.6	2.2%
<b>Total Gross Profit .....</b>	<b>Ch\$ 92,021.6</b>	<b>100.0%</b>	<b>Ch\$ 37,256.8</b>	<b>100.0%</b>	<b>Ch\$ 129,278.4</b>	<b>100.0%</b>

(1) Represents gross profit from commissions in respect of brokered insurance and financing services.



### *Administrative and Selling Expenses*

Our administrative and selling expenses increased 21.8% to Ch\$66,790.3 million for the nine months ended September 30, 2011, from Ch\$54,836.1 million for the nine months ended September 30, 2010. This increase was primarily attributable to higher variable expenses, such as salaries. Because a significant portion of the salaries paid to our employees is variable, an increase in the number of vehicles sold and in our gross profit increases the compensation paid to those employees. In addition, we increased our overall employee base by 257 employees to 2,207 employees during the period, including sales force and service providers such as mechanics, in response to increased consumer demand. As a result, employee salary and benefit expenses were Ch\$22,265.0 million in Chile and Ch\$8,963.8 million in Peru for the nine months ended September 30, 2011, a 25.7% and 62.1% increase, respectively, as compared to Ch\$17,713.6 million in Chile and Ch\$5,528.8 million in Peru for the nine months ended September 30, 2010. The substantial increase in employee salary and benefit costs in Peru is due to the substantial increase in sales in that country. Marketing costs decreased to Ch\$4,165.5 million in Chile in the nine months ended September 30, 2011, a 0.3% decrease as compared to Ch\$4,177.5 million in the nine months ended September 30, 2010. In Peru, marketing costs decreased 4.9% to Ch\$2,781.0 million in the nine months ended September 30, 2011 from Ch\$2,923.9 million in the nine months ended September 30, 2010. We were able to decrease marketing costs in both Chile and Peru because of high and less elastic demand for our products in both markets combined with supply restrictions on our more economical vehicles.

As a percentage of sales, administrative and selling expenses dropped to 13.6% for the nine months ended September 30, 2011 as compared to 14.2% for the nine months ended September 30, 2010. Administrative and selling expenses as a percentage of sales decreased mainly due to the substantial increase in sales combined with the increase in sales of higher-margin vehicles, which does not require a corresponding increase in administrative and selling expenses.

### *Operating Income*

For the nine months ended September 30, 2011, our operating income increased by 62.0%, to Ch\$62,488.1 million, from Ch\$38,550.7 million for the nine months ended September 30, 2010. This increase was achieved as a result of the 38.4% increase in our gross profit together with a 21.8% increase in selling and administrative and selling expenses, and therefore as a result our operating income as a percentage of sales increased to 12.7% for the nine months ended September 30, 2011 from 10.0% for the nine months ended September 30, 2010.

### *Non-Operating Income (Loss), Net*

The following table sets forth the principal components of our non-operating income (loss) and expenses for the periods indicated:

	<b>Nine months ended September 30.</b>	
	<b>2010</b>	<b>2011</b>
	(in millions of constant Ch\$ as of September 30, 2011)	
Financial income.....	Ch\$ 518.7	Ch\$ 1,065.0
Other non-operating income .....	840.7	1,074.8
Amortization of goodwill.....	(33.1)	(33.1)
Financial expenses .....	(8,341.6)	(15,230.1)
Other non-operating expenses.....	(432.4)	(784.2)
Price-level restatement.....	(986.1)	(12,540.8)
<b>Total Non-Operating Loss, Net.....</b>	<b>Ch\$ (8,433.7)</b>	<b>Ch\$ (26,448.5)</b>

For the nine months ended September 30, 2011, our non-operating loss, net increased 213.6% to Ch\$26,448.5 million from Ch\$8,433.7 million for the nine months ended September 30, 2010. This increase was primarily attributable to an increase in financial expenses due to the issuance of the Existing Notes, an increase in short-term interest rates for the period, and a one-time charge related to commissions paid when we incurred our UF4,490,000 “club deal” term loan in December 2010, which we prepaid in full with the proceeds of the issuance of the Existing Notes. As a result of this prepayment, we were no longer able to amortize this commission over the term of the loan and recorded its full amount as an expense in May 2011. In addition, our issuance of the Existing Notes resulted in a substantial increase in our U.S. dollar-denominated liabilities, which, combined with the depreciation of the Chilean peso, resulted in an increase in losses from price-level restatement.

#### *Income Before Income Tax*

Our income before income tax for the nine months ended September 30, 2011 increased 19.7%, to Ch\$36,039.6 million, from Ch\$30,117.0 million for the nine months ended September 30, 2010. This increase occurred mainly as a result of our increase in operating income, which more than offset the increase in non-operating losses.

#### *Income Tax*

Our income taxes increased 39.3% to Ch\$8,784.9 million for the nine months ended September 30, 2011, from Ch\$6,307.7 million for the nine months ended September 30, 2010, primarily as a result of the increase in our income before income taxes and an increase in the income tax rate from 17% to 20%. Our effective income tax rate was 24.4% for the nine months ended September 30, 2011 as compared to 20.9% for the nine months ended September 30, 2010.

#### *Net Income*

Our net income for the nine months ended September 30, 2011 increased 14.5% to Ch\$27,254.7 million, from Ch\$23,809.2 million for the nine months ended September 30, 2010, mainly as a result of a 62.0% increase in operating income, which more than offset the 213.6% increase in non-operating loss, net.

#### *Results of Operations for the Year Ended December 31, 2010 Compared to the Year Ended December 31, 2009*

##### *Sales*

In 2010, our sales increased 40.1%, to Ch\$514,493.2 million, from Ch\$367,333.9 million in 2009, primarily due to a 38.6% increase in new vehicles sales, from 42,580 vehicles in 2009 to 59,015 vehicles in 2010, mainly as result of the strong demand for new vehicles in both Chile and Peru driven by improved macro-economic conditions during 2010 as compared to 2009. During 2010, stronger new vehicle markets in Chile and Peru resulted in lower new vehicle inventory levels which allowed us to offer fewer price reductions, sales incentives and bonuses than during the weaker market experienced in 2009.

In addition, our 2009 results reflect sales of non-Hyundai new vehicles and OEM parts, used vehicles and third-party after-market accessories in Chile, and certain brands of heavy machinery only from April 2009, when these operations were transferred from our affiliates to us, whereas our 2010 results reflect a full year of sales from these businesses. See “*Related Party Transactions.*” In 2010,

Ch\$49,528.5 million, or 9.6% of our sales represented sales from operations transferred from our affiliates, as compared to Ch\$31,106.1 million, or 8.5% of our 2009 sales.

Sales from Chile represented 69.1% of total sales in 2010, compared to 68.7% of total sales in 2009. New vehicle sales in Chile were 39,551 units in 2010, a 34.7% increase as compared to 29,373 new vehicle sales in 2009 mainly driven by a 31.5% increase in sales of new Hyundai vehicles. Sales from Peru represented 30.9% of total sales in 2010, as compared to 31.3% of total sales in 2009. New vehicle sales in Peru were 19,464 units in 2010, a 47.4% increase as compared to 13,207 new vehicle sales in Peru in 2009 mainly driven by a 56.7% increase in sales of new Hyundai vehicles. Although Mazda represented 7.8% of our Peruvian sales (by sales) and was our second-largest OEM in terms of units sold in Peru during 2010, in January 2011 we sold our existing inventory and the rights to distribute Mazda in Peru in order to focus our efforts on developing our Chinese and Indian brands of OEMs in Peru.

The following tables show the amounts and percentages of sales represented by our lines of business for the periods indicated, by country:

	Year ended December 31,					
	2009					
	Chile		Peru		Total	
	(in millions of constant Ch\$ as of December 31, 2010, except for percentages)					
Vehicles:						
New Vehicles.....	Ch\$ 206,302.3	81.8%	Ch\$ 106,129.7	92.3%	Ch\$ 312,432.0	85.1%
Used Vehicles.....	875.5	0.3%	--	--	875.5	0.2%
OEM Parts and Service.....	20,993.0	8.3%	8,392.3	7.3%	29,385.3	8.0%
Financing and Insurance <sup>(1)</sup> .....	2,040.2	0.8%	461.6	0.4%	2,501.7	0.7%
Total Vehicles.....	230,210.9	91.2%	114,983.6	100.0%	345,194.5	94.0%
Heavy Machinery.....	15,267.3	6.1%	--	--	15,267.3	4.2%
Third-Party After-Market Accessories.....	6,872.1	2.7%	--	--	6,872.1	1.9%
<b>Total Sales.....</b>	<b>Ch\$ 252,350.3</b>	<b>100.0%</b>	<b>Ch\$ 114,983.6</b>	<b>100.0%</b>	<b>Ch\$ 367,333.9</b>	<b>100.0%</b>

	Year ended December 31,					
	2010					
	Chile		Peru		Total	
	(in millions of constant Ch\$ as of December 31, 2010, except for percentages)					
Vehicles:						
New Vehicles.....	Ch\$ 287,578.0	80.9%	Ch\$ 149,061.6	93.8%	Ch\$ 436,639.6	84.9%
Used Vehicles.....	9,626.0	2.7%	--	--	9,626.0	1.9%
OEM Parts and Service.....	24,074.0	6.8%	9,486.1	6.0%	33,560.1	6.5%
Financing and Insurance <sup>(1)</sup> .....	3,062.1	0.9%	379.6	0.2%	3,441.7	0.7%
Total Vehicles.....	324,340.1	91.2%	158,927.3	100.0%	483,267.4	93.9%
Heavy Machinery.....	19,179.0	5.4%	--	--	19,179.0	3.7%
Third-Party After-Market Accessories.....	12,046.7	3.4%	--	--	12,046.7	2.3%
<b>Total Sales.....</b>	<b>Ch\$ 355,565.9</b>	<b>100.0%</b>	<b>Ch\$ 158,927.3</b>	<b>100.0%</b>	<b>Ch\$ 514,493.2</b>	<b>100.0%</b>

(1) Represents sales from commissions in respect of brokered insurance and financing services.

### Cost of Sales

In 2010, our cost of sales increased 36.4% to Ch\$389,336.3 million, from Ch\$285,421.4 million in 2009. This cost of sales increase is primarily explained by an increase in the number of new vehicles sold as described above. The increase in vehicles sold was partially offset by the strengthening of the Chilean peso against the dollar, which reduced the dollar-denominated cost of vehicles, heavy machinery and parts in Chilean peso terms.

In addition, as discussed above, our 2009 results reflect cost of sales of non-Hyundai new vehicles and OEM parts, used vehicles and third-party after-market accessories in Chile, and certain

brands of heavy machinery only from April 2009, when these operations were transferred from our affiliates to us, whereas our 2010 results reflect a full year of cost of sales from these businesses. Cost of sales from operations transferred from our affiliates were Ch\$39,443.4 million, or 10.1% of our 2010 cost of sales, as compared to Ch\$29,422.4 million, or 10.3% of our 2009 cost of sales. In 2009, we purchased substantially all of the inventory held by our affiliates whose operations were transferred to us. See “*Related Party Transactions*.”

The cost of sales from Chile represented 66.7% of total cost of sales in 2010, as compared to 67.0% of total cost of sales in 2009. Cost of sales from Peru represented 33.3% of total cost of sales in 2010, as compared to 33.0% of total cost of sales in 2009.

The following tables show the amounts and percentages of cost of sales represented by our lines of business for the periods indicated, by country:

	Year ended December 31,					
	2009					
	Chile		Peru		Total	
	(in millions of constant		Ch\$ as of December 31, 2010, except for percentages)			
Vehicles:						
New Vehicles.....	Ch\$ 164,832.4	86.2%	Ch\$ 89,787.4	95.3%	Ch\$ 254,619.8	89.2%
Used Vehicles.....	132.3	0.1%	--	--	132.3	0.0%
OEM Parts and Service.....	9,365.9	4.9%	4,014.2	4.3%	13,380.1	4.7%
Financing and Insurance <sup>(1)</sup> .....	--	--	374.2	0.4%	374.2	0.1%
Total Vehicles.....	174,330.6	91.2%	94,175.8	100.0%	268,506.4	94.1%
Heavy Machinery.....	12,205.3	6.4%	--	--	12,205.3	4.3%
Third-Party After-Market Accessories.....	4,709.7	2.5%	--	--	4,709.7	1.7%
<b>Total Cost of Sales.....</b>	<b>Ch\$ 191,245.6</b>	<b>100.0%</b>	<b>Ch\$ 94,175.8</b>	<b>100.0%</b>	<b>Ch\$ 285,421.4</b>	<b>100.0%</b>

	Year ended December 31,					
	2010					
	Chile		Peru		Total	
	(in millions of constant Ch\$ as of December 31, 2010, except for percentages)					
Vehicles:						
New Vehicles.....	Ch\$ 217,163.7	83.6%	Ch\$ 125,137.9	96.6%	Ch\$ 342,301.6	87.9%
Used Vehicles .....	8,749.5	3.4%	--	--	8,749.5	2.2%
OEM Parts and Service.....	10,161.9	3.9%	4,119.0	3.2%	14,280.9	3.7%
Financing and Insurance <sup>(1)</sup> .....	--	--	305.6	0.2%	305.6	0.1%
Total Vehicles .....	236,075.2	90.9%	129,562.5	100.0%	365,637.7	93.9%
Heavy Machinery .....	14,824.3	5.7%	--	--	14,824.3	3.8%
Third-Party After-Market Accessories .....	8,874.4	3.4%	--	--	8,874.4	2.3%
<b>Total Cost of Sales.....</b>	<b>Ch\$ 259,773.8</b>	<b>100.0%</b>	<b>Ch\$ 129,562.5</b>	<b>100.0%</b>	<b>Ch\$ 389,336.3</b>	<b>100.0%</b>

(1) Represents cost of sales from brokered insurance and financing services.

### Gross Profit

Our gross profit in 2010 increased by 52.8% to Ch\$125,156.9 million from Ch\$81,912.5 million in 2009 as a result of the greater increase in sales as described above. Our gross margin increased to 24.3% in 2010 from 22.3% in 2009. As described above, the increases in our gross profit and gross margin were driven mainly by an increase in sales of new vehicles.

In addition, as discussed above, our 2009 results reflect gross profit of non-Hyundai new vehicles and OEM parts, used vehicles and third-party after-market accessories in Chile, and certain brands of heavy machinery only from April 2009, when these operations were transferred from our affiliates to us, whereas our 2010 results reflect a full year of gross profits from these businesses. Gross profits from transferred operations were Ch\$10,085.1 million, or 8.1% of our 2010 gross profits, as compared to Ch\$1,683.7 million, or 2.1% of our 2009 gross profits. This difference in gross profit from transferred operations is primarily explained by the fact that during 2009, our margin on vehicles from our transferred operations was lower as a result of an increased amount and quantity of price discounts, incentives and bonuses provided to customers in order to stimulate demand during the global financial crisis.

Our gross profit from Chile represented 76.5% of total gross profit in 2010, as compared to 74.6% of total gross profit in 2009. Gross profit from Peru represented 23.5% of total gross profit in 2010, as compared to 25.4% of total gross profit in 2009.

The following tables show the amounts and percentages of gross profit represented by our lines of business for the periods indicated, by country:

	Year ended December 31,					
	2009					
	Chile		Peru		Total	
	(in millions of constant Ch\$ as of December 31, 2010, except for percentages)					
Vehicles:						
New Vehicles.....	Ch\$ 41,469.9	67.9%	Ch\$ 16,342.3	78.6%	Ch\$ 57,812.2	70.6%
Used Vehicles .....	743.1	1.2%	--	--	743.1	0.9%
OEM Parts and Service.....	11,627.1	19.0%	4,378.1	21.0%	16,005.2	19.5%
Financing and Insurance <sup>(1)</sup> .....	2,040.2	3.3%	87.3	0.4%	2,127.5	2.6%
Total Vehicles .....	55,880.3	91.5%	20,807.7	100.0%	76,688.1	93.6%
Heavy Machinery .....	3,062.1	5.0%	--	--	3,062.1	3.7%
Third-Party After-Market Accessories .....	2,162.4	3.5%	--	--	2,162.4	2.6%
<b>Total Gross Profit .....</b>	<b>Ch\$ 61,104.8</b>	<b>100.0%</b>	<b>Ch\$ 20,807.7</b>	<b>100.0%</b>	<b>Ch\$ 81,912.5</b>	<b>100.0%</b>

	Year ended December 31,					
	2010					
	Chile		Peru		Total	
	(in millions of constant Ch\$ as of December 31, 2010, except for percentages)					
Vehicles:						
New Vehicles.....	Ch\$ 70,414.3	73.5%	Ch\$ 23,923.7	81.5%	Ch\$ 94,338.0	75.4%
Used Vehicles.....	876.5	0.9%	--	--	876.5	0.7%
OEM Parts and Service.....	13,912.1	14.5%	5,367.1	18.2%	19,279.2	15.4%
Financing and Insurance <sup>(1)</sup> .....	3,062.1	3.2%	73.9	0.3%	3,136.0	2.5%
Total Vehicles.....	88,265.0	92.1%	29,364.7	100.0%	117,629.8	94.0%
Heavy Machinery.....	4,354.8	4.5%	--	--	4,354.8	3.5%
Third-Party After-Market Accessories.....	3,172.4	3.3%	--	--	3,172.4	2.5%
<b>Total Gross Profit.....</b>	<b>Ch\$ 95,792.2</b>	<b>100.0%</b>	<b>Ch\$ 29,364.7</b>	<b>100.0%</b>	<b>Ch\$ 125,156.9</b>	<b>100.0%</b>

(1) Represents gross profit from commissions in respect of brokered insurance and financing services.

### *Administrative and Selling Expenses*

Our administrative and selling expenses increased 22.5% to Ch\$73,144.6 million in 2010, from Ch\$59,713.6 million in 2009. This increase was primarily attributable to higher variable expenses, such as salaries and marketing. Because a significant portion of the salaries paid to our employees is variable, an increase in the number of vehicles sold and in our gross profit increases the compensation paid to those employees. In addition, we increased our overall employee base by 318 employees, including sales force and service providers such as mechanics, in response to increased consumer demand. As a result, employee salary and benefit expenses in Chile were Ch\$23,925.6 million in 2010, an 18.1% increase as compared to Ch\$20,262.8 million in 2009, and employee and salary benefit expenses in Peru were Ch\$6,498.3 million in 2010, a 16.7% increase as compared to Ch\$5,566.3 million in 2009. Marketing costs in Chile increased to Ch\$5,444.7 million in 2010, an 82.1% increase as compared to Ch\$2,990.0 million in 2009, and marketing costs in Peru increased to Ch\$4,066.1 million in 2010, a 96.6% increase as compared to Ch\$2,068.2 million in 2009, as a result of an increase in the number of advertising campaigns required to support the sales growth experienced in 2010. Higher costs for TV, radio and print advertising resulting from the recovery in the Chilean and Peruvian advertising markets, which had decreased during the 2009 economic slowdown, also contributed to higher marketing costs. In addition, administrative and selling expenses in 2010 reflect a full year of administrative and selling expenses related to the sales of non-Hyundai new vehicles and OEM parts, used vehicles and third-party aftermarket accessories in Chile and certain brands of heavy machinery that had previously been conducted by our Chilean affiliates, whereas administrative and selling expense in 2009 reflect those expenses only from April 2009, when we began conducting these sales.

As a percentage of sales, administrative and selling expenses reached 14.2% in 2010 as compared to 16.3% in 2009. Administrative and selling expenses as a percentage of sales decreased because we were able to maintain a lower rate of growth in fixed costs by leveraging economies of scale notwithstanding the expansion of our business.

### *Operating Income*

In 2010, our operating income increased by 134.3%, to Ch\$52,012.3 million, from Ch\$22,198.9 million in 2009. This increase was achieved as a result of the 52.8% increase in our gross profit, which more than offset the 22.5% increase in administrative and selling expenses, as described above. As a result, our operating income as a percentage of sales increased to 10.1% in 2010 from 6.0% in 2009.

### *Non-Operating Income (Loss), Net*

The following table sets forth the principal components of our non-operating income (loss) and expenses for the periods indicated:

	Year ended December 31,	
	2009	2010
	(in millions of constant Ch\$ as of December 31, 2010)	
Financial income.....	Ch\$ 1,021.8	Ch\$ 1,153.2
Other non-operating income .....	954.0	1,048.6
Amortization of goodwill .....	(43.0)	(43.6)
Financial expenses .....	(13,157.7)	(11,620.8)
Other non-operating expenses.....	(1,796.0)	(1,181.4)
Price-level restatement.....	4,004.8	(1,880.1)
<b>Total Non-Operating Loss, Net.....</b>	<b>Ch\$ (9,016.1)</b>	<b>Ch\$ (12,524.0)</b>

In 2010, our non-operating loss, net increased 38.9% to Ch\$12,524.0 million from Ch\$9,016.1 million in 2009. This increase was primarily attributable to price-level restatement, which reflects changes in the purchasing power of the Chilean peso on our assets, liabilities and income and moved from income of Ch\$4,004.8 million in 2009 to a loss of Ch\$1,880.1 million in 2010 because Chile experienced inflation of 3.0% in 2010 as compared to deflation of 1.4% in 2009, and because the appreciation of the Chilean peso slowed in 2010 to 7.7% from 20.3% in 2009. This increase was partially offset by a 11.7% decrease in financial expenses to Ch\$11,620.8 million in 2010 as compared to Ch\$13,157.7 million in 2009, primarily as a result of the 7.7% appreciation of the Chilean peso which reduced our payments in Chilean pesos on our dollar denominated debt, which constituted 36.2% and 27.8% of our total debt as of December 31, 2009 and 2010, respectively. In addition, our other non-operating expenses decreased to Ch\$1,181.4 million in 2010 from Ch\$1,796.0 million in 2009, principally as a result of the fact that during 2009 we recorded the loss associated with the sale of property located in Punta Arenas, Chile which was previously used by our affiliate Open Road S.A., as a supermarket. In 2009, our affiliate sold the business, and we subsequently sold the property. In addition, in 2009, we were required to pay a contract penalty related to our decision to not acquire land which we had previously contracted to acquire. Our decision not to acquire this land in 2009 stemmed from our decision to postpone certain investments in the wake of the global financial crisis.

### *Income Before Income Tax*

In 2010, our income before income tax increased 199.5%, to Ch\$39,488.2 million, from Ch\$13,182.8 million in 2009. This increase occurred as a result of the 134.3% increase in operating income, which more than offset the 38.9% increase in our non-operating loss, net.

### *Income Tax*

Our income tax increased 207.6% to Ch\$7,180.9 million in 2010, from Ch\$2,334.7 million in 2009. Our effective income tax rate was 18.2% in 2010 as compared to 17.7% in 2009, primarily as a result of the increase in the income tax rate from 17% to 20% in Chile and an increase in non-deductible taxable expenses.

### *Net Income*

In 2010, our net income increased 197.8% to Ch\$32,307.4 million, from Ch\$10,848.1 million in 2009, primarily as a result of 134.3% the increase in operating income.

*Results of Operations for the Year Ended December 31, 2009 Compared to the Year Ended December 31, 2008*

*Net Sales*

In 2009, our sales decreased 8.1% to Ch\$367,333.9 million, from Ch\$399,784.7 million in 2008, primarily as a result of the contraction in the new vehicle markets in Chile and Peru as a consequence of economic recession that caused GDP to decrease in Chile by 1.5% and to increase by just 0.9% in Peru. As a result, our vehicle sales dropped to 42,580 vehicles in 2009 from 43,194 vehicles in 2008. In addition, as a result of the weak market for new vehicles, we increased the amount and quantity of price discounts, incentives and bonuses provided to customers in order to stimulate demand, which helped to offset the contraction in the new vehicle market, but, because our sales are presented net of discounts, also contributed to lower sales.

In addition, as of April 2009, we began recording sales of non-Hyundai new vehicles and OEM parts, used vehicles and third-party after-market accessories in Chile, and certain brands of heavy machinery that had previously been conducted by our affiliates. See “*Related Party Transactions.*” In 2009, Ch\$31,106.1 million, or 8.5% of our sales represented sales from operations transferred from our affiliates.

Sales from Chile represented 68.7% of total sales in 2009, as compared to 64.6% of total sales in 2008. New vehicle sales in Chile were 29,373 in 2009, a 4.7% decrease as compared to 30,824 new vehicle sales in 2008. Sales from Peru represented 31.3% of total sales in 2009, as compared to 35.4% of total sales in 2008. New vehicle sales in Peru were 13,207 in 2009, a 6.8% increase as compared to 12,370 new vehicles in 2008.

The following tables show the amounts and percentages of sales represented by our lines of business for the periods indicated, by country:

	Year ended December 31,							
	2008							
	Chile		Peru		Total			
	(in millions of constant Ch\$ as of December 31, 2010, except for percentages)							
Vehicles:								
New Vehicles.....	Ch\$ 214,680.1	83.1%	Ch\$ 133,524.4	94.4%	Ch\$ 348,204.5	87.1%		
Used Vehicles.....	--	--	--	--	--	--		
OEM Parts and Service.....	20,840.0	8.1%	7,560.3	5.3%	28,400.3	7.1%		
Financing and Insurance <sup>(1)</sup> .....	1,937.6	0.8%	430.8	0.3%	2,368.4	0.6%		
Total Vehicles.....	237,457.7	91.9%	141,515.5	100.0%	378,973.2	94.8%		
Heavy Machinery.....	20,811.5	8.1%	--	--	20,811.5	5.2%		
Third-Party After-Market Accessories.....	--	--	--	--	--	--		
<b>Total Sales.....</b>	<b>Ch\$ 258,269.2</b>	<b>100.0%</b>	<b>Ch\$ 141,515.5</b>	<b>100.0%</b>	<b>Ch\$ 399,784.7</b>	<b>100.0%</b>		
	Year ended December 31,							
	2009							
	Chile		Peru		Total			
	(in millions of constant Ch\$ as of December 31, 2010, except for percentages)							
Vehicles:								
New Vehicles.....	Ch\$ 206,302.3	81.8%	Ch\$ 106,129.7	92.3%	Ch\$ 312,432.0	85.1%		
Used Vehicles.....	875.5	0.3%	--	--	875.5	0.2%		
OEM Parts and Service.....	20,993.0	8.3%	8,392.3	7.3%	29,385.3	8.0%		
Financing and Insurance <sup>(1)</sup> .....	2,040.2	0.8%	461.6	0.4%	2,501.7	0.7%		
Total Vehicles.....	230,210.9	91.2%	114,983.6	100.0%	345,194.5	94.0%		
Heavy Machinery.....	15,267.3	6.1%	--	--	15,267.3	4.2%		
Third-Party After-Market Accessories.....	6,872.1	2.7%	--	--	6,872.1	1.9%		
<b>Total Sales.....</b>	<b>Ch\$ 252,350.3</b>	<b>100.0%</b>	<b>Ch\$ 114,983.6</b>	<b>100.0%</b>	<b>Ch\$ 367,333.9</b>	<b>100.0%</b>		

(1) Represents sales from commissions in respect of brokered insurance and financing services.



## Cost of Sales

In 2009, our cost of sales decreased 6.7% to Ch\$285,421.4 million from Ch\$305,879.0 million in 2008, primarily as a result of the decrease in sales as described above, which more than offset the strengthening of the Chilean peso against the dollar, which reduced the dollar-denominated cost of our vehicles, heavy machinery and parts in Chilean peso terms.

In addition, as discussed above, our 2009 results reflect cost of sales of non-Hyundai new vehicles and OEM parts, used vehicles and third-party after-market accessories in Chile, and certain brands of heavy machinery from April 2009, when these operations were transferred from our affiliates to us. Cost of sales from transferred operations were Ch\$29,422.4 million, or 10.3% of our 2009 cost of sales.

The cost of sales from Chile represented 67.0% of total cost of sales in 2009, as compared to 66.9% of total cost of sales in 2008. Cost of sales from Peru represented 33.0% of total cost of sales in 2009, as compared to 33.1% of total cost of sales in 2008.

The following tables show the amounts and percentages of cost of sales represented by our lines of business for the periods indicated, by country:

	Year ended December 31,								
	2008								
	Chile		Peru		Total				
	(in millions of constant Ch\$ as of December 31, 2010, except for percentages)								
Vehicles:									
New Vehicles.....	Ch\$	169,916.4	86.9%	Ch\$	106,992.5	96.9%	Ch\$	276,908.9	90.5%
Used Vehicles.....		--	--		--	--		--	--
OEM Parts and Service.....		10,142.5	5.2%		3,012.1	2.7%		13,154.6	4.3%
Financing and Insurance <sup>(1)</sup> .....		--	--		409.8	0.4%		409.8	0.1%
Total Vehicles.....		180,058.9	92.1%		110,414.4	100.0%		290,473.3	95.0%
Heavy Machinery.....		15,405.7	7.9%		--	--		15,405.7	5.0%
Third-Party After-Market Accessories.....		--	--		--	--		--	--
<b>Total Cost of Sales.....</b>	<b>Ch\$</b>	<b>194,464.6</b>	<b>100.0%</b>	<b>Ch\$</b>	<b>110,414.4</b>	<b>100.0%</b>	<b>Ch\$</b>	<b>305,879.0</b>	<b>100.0%</b>
	Year ended December 31,								
	2009								
	Chile		Peru		Total				
	(in millions of constant Ch\$ as of December 31, 2010, except for percentages)								
Vehicles:									
New Vehicles.....	Ch\$	164,832.4	86.2%	Ch\$	89,787.4	95.3%	Ch\$	254,619.8	89.2%
Used Vehicles.....		132.3	0.1%		--	--		132.3	0.0%
OEM Parts and Service.....		9,365.9	4.9%		4,014.2	4.3%		13,380.1	4.7%
Financing and Insurance <sup>(1)</sup> .....		--	--		374.2	0.4%		374.2	0.1%
Total Vehicles.....		174,330.6	91.2%		94,175.8	100.0%		268,506.4	94.1%
Heavy Machinery.....		12,205.3	6.4%		--	--		12,205.3	4.3%
Third-Party After-Market Accessories.....		4,709.7	2.5%		--	--		4,709.7	1.7%
<b>Total Cost of Sales.....</b>	<b>Ch\$</b>	<b>191,245.6</b>	<b>100.0%</b>	<b>Ch\$</b>	<b>94,175.8</b>	<b>100.0%</b>	<b>Ch\$</b>	<b>285,421.4</b>	<b>100.0%</b>

(1) Represents cost of sales from brokered insurance and financing services.

## Gross Profit

Our gross profit decreased 12.8% to Ch\$81,912.5 million in 2009 from Ch\$93,905.7 million in 2008 as a result of the greater decrease in sales than in cost of sales as described above. Our gross margin fell to 22.3% in 2009 as compared to 23.5% in 2008. The decrease in gross profit and gross margins was

largely due to lower per-vehicle margins in 2009 as a consequence of the weak market and the increased incentives and bonuses that we provided to customers to stimulate demand.

In addition, as discussed above, our 2009 results reflect gross profit of non-Hyundai new vehicles and OEM parts, used vehicles and third-party after-market accessories in Chile, and certain brands of heavy machinery from April 2009, when these operations were transferred from our affiliates to us. Gross profits from transferred operations were Ch\$1,683.7 million, or 2.1% of our 2009 gross profits.

Our gross profit from Chile represented 74.6% of total gross profit in 2009, as compared to 66.9% of total gross profit in 2008. Gross profit from Peru represented 25.4% of total gross profit in 2009, as compared to 33.1% of total gross profit in 2008.

The following tables show the amounts and percentages of gross profit represented by our lines of business for the periods indicated, by country:

	Year ended December 31,							
	2008							
	Chile		Peru		Total			
	(in millions of constant Ch\$ as of December 31, 2010, except for percentages)							
Vehicles:								
New Vehicles .....	Ch\$ 44,763.7	71.2%	Ch\$ 26,531.9	85.3%	Ch\$ 71,295.6	75.9%		
Used Vehicles .....	--	--	--	--	--	--		
OEM Parts and Service .....	10,697.4	17.1%	4,548.2	14.6%	15,245.6	16.3%		
Financing and Insurance <sup>(1)</sup> .....	1,937.6	3.1%	21.0	0.1%	1,958.6	2.1%		
Total Vehicles .....	57,398.7	91.4%	31,101.1	100.0%	88,499.8	94.2%		
Heavy Machinery .....	5,405.9	8.6%	--	--	5,405.9	5.8%		
Third-Party After-Market Accessories .....	--	--	--	--	--	--		
<b>Total Gross Profit .....</b>	<b>Ch\$ 62,804.6</b>	<b>100.0%</b>	<b>Ch\$ 31,101.1</b>	<b>100.0%</b>	<b>Ch\$ 93,905.7</b>	<b>100.0%</b>		

	Year ended December 31,							
	2009							
	Chile		Peru		Total			
	(in millions of constant Ch\$ as of December 31, 2010, except for percentages)							
Vehicles:								
New Vehicles .....	Ch\$ 41,469.9	67.9%	Ch\$ 16,342.3	78.6%	Ch\$ 57,812.2	70.6%		
Used Vehicles .....	743.1	1.2%	--	--	743.1	0.9%		
OEM Parts and Service .....	11,627.1	19.0%	4,378.1	21.0%	16,005.2	19.5%		
Financing and Insurance <sup>(1)</sup> .....	2,040.2	3.3%	87.3	0.4%	2,127.5	2.6%		
Total Vehicles .....	55,880.3	91.5%	20,807.7	100.0%	76,688.1	93.6%		
Heavy Machinery .....	3,062.1	5.0%	--	--	3,062.1	3.7%		
Third-Party After-Market Accessories .....	2,162.4	3.5%	--	--	2,162.4	2.6%		
<b>Total Gross Profit .....</b>	<b>Ch\$ 61,104.8</b>	<b>100.0%</b>	<b>Ch\$ 20,807.7</b>	<b>100.0%</b>	<b>Ch\$ 81,912.5</b>	<b>100.0%</b>		

(1) Represents gross profit from commissions in respect of brokered insurance and financing services.

### *Administrative and Selling Expenses*

Our administrative and selling expenses increased 11.2% to Ch\$59,713.6 million in 2009, from Ch\$53,705.5 million in 2008. This increase was primarily attributable to higher variable expenses, such as salaries. Employee salary and benefit expenses in Chile were Ch\$20,262.8 million in 2009, a 23.0% increase as compared to Ch\$16,469.4 million in 2008, and employee and salary benefit expenses in Peru were Ch\$5,566.3 million in 2009, a 15.4% decrease as compared to Ch\$6,580.7 million in 2008. This increase occurred because we increased our overall employee base by 154 employees. This increase was primarily because beginning in April 2009 we started to conduct the sales of non-Hyundai new vehicles and OEM parts, used vehicles and third-party after-market accessories in Chile, and certain brands of heavy machinery that had previously been conducted by certain of our Chilean affiliates, and concurrently we began incorporating into our administrative and selling expenses the expenses associated with those

activities. As a percentage of sales, administrative and selling expenses reached 16.3% in 2009, compared to 13.4% in 2008.

### *Operating Income*

In 2009, our operating income decreased 44.8%, to Ch\$22,198.9 million, from Ch\$40,200.2 million during the year ended December 31, 2008. This decrease occurred as a result of the 12.8% decrease in our gross profit coupled with the 11.2% increase in administrative and selling expenses, as described above. As a result, operating income as a percentage of sales decreased to 6.0% in 2009 from 10.1% in 2008.

### *Non-Operating Income (Loss), Net*

The following table sets forth the principal components of our non-operating income and loss for the periods indicated:

	<b>Year ended December 31,</b>	
	<b>2008</b>	<b>2009</b>
	(in millions of constant Ch\$ as of December 31, 2010)	
Financial income.....	Ch\$ 1,313.8	Ch\$ 1,021.8
Other non-operating income .....	970.3	954.0
Amortization of goodwill.....	(48.0)	(43.0)
Financial expenses .....	(12,562.5)	(13,157.7)
Other non-operating expenses.....	(64.9)	(1,796.0)
Price-level restatement.....	(21,805.9)	4,004.8
<b>Total Non-Operating Loss, Net.....</b>	<b>Ch\$ (32,197.2)</b>	<b>Ch\$ (9,016.1)</b>

In 2009, our non-operating loss, net decreased 72.0% to Ch\$9,016.1 million from Ch\$32,197.2 million in 2008. This decrease was primarily attributable to price-level restatement, which moved from a loss of Ch\$21,805.9 million in 2008 to a gain of Ch\$4,004.8 million in 2009. Price-level restatement is tied to inflation, which moved from inflation of 7.1% in 2008 to deflation of 1.4% in 2009, and foreign exchange rates, which, in the case of the Chilean peso, appreciated 20.3% in 2009 as compared to a depreciation of 28.1% in 2008. This more than offset a substantial increase in other non-operating expenses associated with the sale of property located in Punta Arenas, Chile and our payment of a contract penalty related to our decision to not acquire land which we had previously contracted to acquire, as discussed above.

### *Income before Income Tax*

In 2009, our income before income tax increased 64.7%, to Ch\$13,182.8 million, from Ch\$8,003.0 million in 2008. This increase in income before income tax is primarily due to the decrease in non-operating expense, net, as discussed above, which more than offset the decrease in operating income.

### *Income Tax*

Income tax for 2009 was Ch\$2,334.7 million, a decrease of 36.4% as compared to income tax of Ch\$3,668.2 million during 2008. Our effective income tax rate was 17.7% in 2009 as compared to 45.8% in 2008, primarily as a result of the decrease in the effect of income tax rate in Peru.

## Net Income

Our net income increased 150.2% to Ch\$10,848.1 million in 2009, from Ch\$4,335.0 million in 2008, primarily as a result of the decrease in non-operating expense, net together with the decrease in income taxes, which more than offset a decrease in operating income.

## Liquidity and Capital Resources

We manage our liquidity to ensure access to sufficient funding at acceptable costs to fund our ongoing operating requirements and future capital expenditures while continuing to meet our financial obligations. We believe that our cash and cash equivalents, funds generated through future operations, and amounts available under our credit facilities and from this and future issuances of capital markets debt will be sufficient to fund our working capital requirements, service our debt, pay our tax obligations and commitments and contingencies, and meet any operating requirements for the foreseeable future.

Historically, we have funded our purchases of inventory through cash generated by operations or from medium-term debt and short-term working capital debt. We intend to use a part of the proceeds from this offering to pay down all of our long-term bank debt (other than mortgage debt and our performance bond) and a portion of our short-term debt. After the issuance of the Notes, our policy will be to maintain medium-term debt with banks and long-term debt through bond issuances either in the Chilean or international capital markets and to reduce our reliance on short-term debt. In general, our administrative and selling expenses are funded by cash generated by our operations, and our capital expenditures are funded by cash from operations and long-term debt.

## Cash Flow

The following table shows the generation and use of cash for the years ended December 31, 2008, 2009 and 2010 and the nine month period ended September 30, 2010 and 2011.

	Year ended December 31,			Nine months ended September 30,	
	2008	2009	2010	2010 <sup>(1)</sup>	2011 <sup>(1)</sup>
	(in millions of constant Ch\$ as of December 31, 2010)			(in millions of constant Ch\$ as of September 30, 2011)	
Net cash flow (used in) provided by operating activities .....	Ch\$ (35,454.9)	Ch\$ 55,828.5	Ch\$ 14,691.1	Ch\$ 26,883.0	Ch\$ 21,820.5
Net cash flow used in investing activities .....	(13,051.0)	(4,967.9)	(8,665.0)	(6,264.1)	(12,344.8)
Net cash flow provided by (used in) financing activities .....	55,509.6	(52,964.7)	11,873.8	(15,934.8)	32,086.0
<b>Net cash flow .....</b>	<b>Ch\$ 7,003.7</b>	<b>Cb\$ (2,104.1)</b>	<b>Ch\$ 17,899.9</b>	<b>Ch\$ 4,684.1</b>	<b>Ch\$ 41,561.7</b>

(1) Unaudited.

### Operating Activities.

Our cash flow provided by operating activities was Ch\$21,820.5 million in the first nine months of 2011 as compared to Ch\$26,883.0 million in the first nine months of 2010. This decrease in cash flow from operating activities is mainly due to an increase in inventory levels to support higher sales and a decrease in accounts payable (mainly interest bearing) which were only partially offset by higher net income and a higher price level restatement charge during the first nine months of 2011 than 2010.

Our cash flow provided by operating activities was Ch\$14,691.1 million in 2010 as compared to Ch\$55,828.5 million in 2009. Despite higher net income in 2010 than 2009, this decrease was due primarily to the replenishment of inventory and a substantial increase in pre-paid outstanding letters of credit reflecting our decision to begin prefunding letters of credit from cash generated by operations. Our

cash flow provided by operating activities was Ch\$55,828.5 million in 2009 as compared to cash flow used in operating activities of Ch\$35,454.9 million in 2008. This variation was primarily due to a sell-off of inventory purchased in 2008 but sold in 2009, the collection of accounts receivable from 2008 and an increase in the amount of taxes recovered. This increase was partially offset by inflation adjustments.

#### *Investing Activities.*

Our cash flow used in investing activities was Ch\$12,344.8 million in the first nine months of 2011 as compared to Ch\$6,264.1 million in the first nine months of 2011. This change in the use of cash flow from investing activities is due to an increase in capital expenditures related to the expansion of our owned non-Hyundai dealership network in Peru and purchases of machinery and equipment for our rental business.

Our cash flow used in investing activities was Ch\$8,665.0 million in 2010 as compared to Ch\$4,967.9 million in 2009. This change was due to a decrease in the sale of fixed assets in 2010 as compared to 2009, partially offset by a reduction in capital expenditures. Our cash flow used in investing activities was Ch\$4,967.9 million in 2009 as compared to Ch\$13,051.1 million in 2008. This decrease was due to a decrease in capital expenditures, an increase in the sale of fixed assets, primarily the sale of the real property in Punta Arenas and the postponement of permanent investments in the wake of the global financial crisis, in each case in 2009.

#### *Financing Activities.*

Our cash flow provided by financing activities was Ch\$32,086.0 million in the first nine months of 2011 as compared to cash flow used in financing activities of Ch\$15,934.8 million in the first nine months of 2010. This change is mainly due to the issuance on May 24, 2011 of the Existing Notes, the payment of Ch\$13,945.8 million in dividends, and the funding and repayment of certain loans we made to our affiliates in 2011.

Our cash flow provided by financing activities was Ch\$11,873.8 million in 2010 as compared to cash flow used in financing activities of Ch\$52,964.7 million in 2009. This variation was due to increased short-term borrowing for inventories in 2010, which more than offset increased debt repayment and the payment of dividends. Our cash flow used in financing activities was Ch\$52,964.7 million in 2009 as compared to cash flow provided in financing activities of Ch\$55,509.6 million in 2008. This variation was due to increased debt repayment and lower borrowing levels in 2009 which more than offset the increased collections from loans to related parties.

#### **Debt**

The following table shows our outstanding debt as of December 31 2009 and 2010 and September 30, 2011:

	As of December 31,		As of September 30,	
	2009	2010	2011 <sup>(1)</sup>	
	(in millions of constant Ch\$ as of December 31, 2010)		(in millions of constant Ch\$ as of September 30, 2011)	
Short-Term Debt:				
Banks and financial institutions.....	Ch\$ 47,895.8	Ch\$ 45,597.4	Ch\$	47,474.5
Banks and financial institutions – short-term portion of long-term debt.....	27,261.2	25,683.3		1,340.9
Existing Notes – short-term portion of long-term debt	--	--		4,627.4
<i>Total Short Term Debt</i> .....	<u>75,157.0</u>	<u>71,280.7</u>		<u>53,442.8</u>

	As of December 31,		As of September 30,
	2009	2010	2011 <sup>(1)</sup>
Long-Term Debt:			
Banks and financial institutions.....	50,328.5	81,176.2	6,181.7
Existing Notes .....	--	--	156,528.0
<i>Total Long Term Debt</i> .....	50,328.5	81,176.2	162,709.7
<b>Total Debt</b> .....	<b>Ch\$ 125,485.5</b>	<b>Ch\$ 152,456.9</b>	<b>Ch\$ 216,152.5</b>

(1) Unaudited.

**Short Term Debt.** Our current short-term debt consists primarily of letters of credit for the purchase of inventory. We purchase inventory by requesting that a bank provide a letter of credit to the OEM. In the past, OEMs have required that we provide this letter of credit after we place an order. At times of high demand, OEMs require that the letter of credit be provided prior to the initiation of the manufacturing process, whereas at times of lower demand, we are able to delay providing the letter of credit until immediately prior to shipment. In 2010, as worldwide demand for vehicles increased, we were generally required to provide letters of credit for vehicle purchases prior to the manufacturing process. The letter of credit remains outstanding and undrawn until the shipment of the inventory. The letter of credit is drawn when the OEM's correspondent bank provides the appropriate documents, including the bill of lading, to the bank that issued the letter of credit on our behalf. Once the letter of credit has been drawn, we normally have 180 days to pay the issuing bank depending on the terms of the letter of credit. In the past, we have pre-paid a substantial number of letters of credit, from cash flow or from the incurrence of long-term debt, in order to maintain letter of credit issuance capacity. In general, our letters of credit do not contain any covenants. We obtain our letters of credit through a number of different banks and we do not have any committed letter-of-credit facilities. We expect to repay a portion of our existing short-term debt with the proceeds of the Notes. See "Use of Proceeds."

**Long-Term Debt.** Our long-term debt consists primarily of secured mortgage loans from Chilean banks, the Existing Notes and certain performance bonds issued to secure our obligations in connection with our use of certain facilities.

Our principal outstanding long-term debt as of December 31, 2010 was a "club deal" term loan for a principal amount of UF 4,490,000 (Ch\$98,837.0 million based on the UF exchange rate as of September 30, 2011) from Corpbanca, Banco de Chile, Banco Security and Scotiabank Chile. The maturity date of this loan was December 2014; it had 16 equal and quarterly amortizations, and paid interest quarterly at a floating rate equal to the TAB UF rate plus an annual margin of 2.5%. This loan was incurred in 2010 to refinance debt which had been incurred in 2009 to refinance a mixture of short- and long-term debt. The entire principal amount of term loans outstanding under this "club deal" term loan agreement was paid on May 2011 with the proceeds of the Existing Notes.

As of September 30, 2011, we have an outstanding long-term bank debt for a principal amount of Ch\$6,181.7 million. This long-term debt consists of loans from Banco de Chile for an aggregate amount of Ch\$3,929.3 million and with Banco Santander for an aggregate amount of Ch\$2,246.3 million. These loans were used to fund the purchase of real property and improvements for dealerships in Chile. Each of these loans is secured with a mortgage on the acquired property. The following table sets forth the currency and maturity for each of our mortgage loans:

Institution	Principal Amount <sup>(1)</sup>	Currency	Maturity	Mortgaged Property <sup>(2)</sup>
Banco Santander	Ch\$ 234.7	UF	November 2016	Las Condes Offices
Banco de Chile	3,929.3	UF	December 2016	Headquarters and Las Condes Offices
Banco Santander	2,011.6	Ch\$	October 2018	Headquarters

(1) In millions of constant Chilean pesos. As of September 30, 2011. Includes short term portion of long-term debt.

- (2) Loans secured by Las Condes Offices and headquarters have liens on different parcels of land that comprise the respective properties.

In 2011, we provided three performance bonds (in the form of a *pagare*, or promissory note) for a total amount of Ch\$6.1 million (US\$11.6 thousand). One of these performance bonds was for a total amount of Ch\$ 2.1 million (US\$4.0 thousand) and was provided to Zofri, the state owned company responsible for managing the Iquique free trade zone in northern Chile, in connection with our use of the facilities in the free trade zone. The other two were for a total amount of Ch\$2.0 million each (US\$3.8 thousand) and were provided to the Servicio Nacional de Aduanas (the Chilean National Customs Service) to guarantee the performance of equipment sold to them.

In 2011, we issued the Existing Notes in an aggregate principal amount of US\$300.0 million.

Between September 30, 2011 and December 31, 2011, our short-term financing for inventory increased by approximately Ch\$32,278.3 million in Chile and Ch\$16,754.5 million in Peru.

#### *Dividends*

In accordance with Chilean law, we must distribute cash dividends equal to at least 30% of our annual net income calculated in accordance with Chilean GAAP, unless otherwise decided by a unanimous vote of the holders of our capital stock, and unless, and to the extent that, we have accumulated losses. We paid dividends totaling Ch\$4,311.8 million in 2008 and Ch\$11,045.0 million in 2010 and Ch\$13,945.7 million in the nine months ended September 30, 2011. We did not pay any dividends in 2009.

#### ***Market Risk***

We believe the principal market risks that we are exposed to are interest rate risk and foreign exchange risk (principally with respect to the Chilean peso/U.S. dollar and the Peruvian nuevo sol/U.S. dollar rates).

#### *Interest Rate Risk*

We are exposed to interest rate risk through our debt that bears interest at a floating rate. As of December 31, 2008, 2009 and 2010, substantially all of our debt bore interest at a floating rate, mainly at the London Interbank Offered Rate (“LIBOR”) and TAB UF rate. For the years ended December 31, 2008, 2009 and 2010, the average TAB UF rate as reported by the Central Bank was 3.42%, 3.99% and 1.46% respectively. For the years ended December 31, 2008, 2009 and 2010, the average LIBOR rate as reported by the British Bankers Association was 3.07%, 1.13% and 0.52% respectively. Following the issuance of the Notes, we expect that a substantial portion of our long-term debt, including the Notes, will bear interest at fixed rates.

We have, in the past, entered into a limited number of interest rate swaps to mitigate the impact of fluctuations in interest rates. We are not currently party to any interest rate swaps or derivatives.

#### *Exchange Rate Risk*

Because we collect revenues principally in Chilean pesos and Peruvian nuevo soles, we are exposed to exchange rate risk through contracts and debt that are denominated in other currencies, principally the U.S. dollar. As of December 31, 2008, 2009 and 2010, all of our vehicles, OEM parts, heavy machinery and third-party after-market supply contracts, and substantially all of the short-term working capital debt that we incurred to pay for inventory under these contracts, were denominated in foreign currencies. As of December 31, 2008, 2009 and 2010, 84.4%, 36.2% and 27.8% of our total debt

was denominated in foreign currencies. Fluctuations in exchange rates depend principally on national economic conditions, although general perceptions of emerging markets risk and global events, such as wars, recessions and crises have in the past resulted in depreciation of currencies in emerging markets, such as Chile and Peru. In addition, both the Chilean and Peruvian governments have in the past and may continue to intervene in foreign exchange markets.

We have, in the past, entered into a limited number of interest rate swaps to mitigate the impact of fluctuations in exchange rates. We are not currently party to any exchange rate swaps or derivatives. In the past, we have normally been able to increase or decrease prices in response to fluctuations in exchange rates, which mitigates the effect of exchange rates on our liabilities under supply contracts (and the associated short-term working capital debt).

### ***Off-Balance Sheet Arrangements***

As of December 31, 2008, 2009 and 2010, we were liable under letters of credit that were issued but undrawn in principal amounts totaling Ch\$9,386.5 million, Ch\$12,836.6 million and Ch\$24,704.5 million, respectively. As of September 30, 2011, we were liable under undrawn letters of credit in a principal amount of Ch\$111,894.1 million. The substantial increase in the amount of undrawn letters of credit is related to supply restrictions with our OEMs. Because our OEMs have required that we issue letters of credit when we order vehicles that are subject to supply restrictions (rather than immediately prior to the manufacturing of those vehicles), these letters of credit remain outstanding and undrawn for a longer period of time.

### ***Contingent Liabilities***

During November 2011, we entered into arrangements with Banco Internacional de Peru-Interbank and Banco Financiero de Peru for the capital leasing of a total of 118 buses to seven different transportation companies in Peru for a total of US\$17.6 million. In connection with these arrangements, we agreed to guarantee all or part of the obligations of the transportation companies to make payments to the banking institutions, and in certain cases, provided financing for the down payment due by the transportation companies to the bank. Under some of the contracts, we would be obligated to take the place of the lessee under the lease upon a payment default, while in others, we have an option to either enter into a new leasing arrangement or purchase the vehicles subject to the capital lease. The total principal amount guaranteed by us under these arrangements is approximately US\$11.7 million and we provided US\$1.9 million in financing for down payments in connection with these arrangements.

### ***Capital Expenditures***

In the nine months ended September 30, 2011, we made Ch\$15,222.3 million of capital expenditures, which was spent primarily on new owned dealerships and heavy equipment and machinery for our rental business.

In 2010, we made Ch\$7,138.7 million of capital expenditures, which was spent primarily on construction, primarily for new owned dealerships and for the construction of our new Chilean headquarters.

In 2009, we made Ch\$9,604.9 million of capital expenditures, which was spent primarily on construction, primarily for new owned dealerships and our new Chilean headquarters.

In 2008, we made Ch\$11,515.1 million of capital expenditures, which was spent primarily on the purchase of land.



### *Tabular Disclosure of Contractual Obligations*

The following table summarizes our contractual cash financial obligations as of September 30, 2011.

<b>Contractual Obligations</b>	<b>Payments due by period<sup>(1)</sup></b>				
	<b>(in millions of nominal Ch\$)</b>				
	<b>Total</b>	<b>Less than 1 year</b>	<b>1-3 years</b>	<b>3-5 years</b>	<b>More than 5 years</b>
Real property leases.....	16,156.2	4,402.3	5,423.7	3,221.1	3,109.1
Operational leases.....	455.3	446.9	8.4	-	-
Financial leases.....	5,260.2	886.1	3,121.0	977.4	275.7
Short-term debt <sup>(2)</sup> .....	47,381.5	47,381.5	-	-	-
Long-term debt - bank debt ...	7,522.5	1,340.9	1,628.9	2,608.0	1,944.7
Long-term debt - Existing Notes.....	126,409.4	13,128.8	26,257.6	26,257.6	60,765.5
<b>Total.....</b>	<b>203,185.1</b>	<b>67,586.4</b>	<b>36,439.5</b>	<b>33,064.1</b>	<b>66,095.1</b>

(1) Including future interest payments.

(2) Does not include short-term portion of our long-term bank debt or the short-term portion of the Existing Notes.

## OUR BUSINESS

### Overview

We are one of the largest vehicle importers and distributors in Chile and Peru with a network of 175 vehicle dealerships (72 of which are operated by us and 103 of which are independent franchises appointed and supplied by us). As of December 31, 2010, we were the third-largest vehicle distributor in Chile and the second-largest vehicle distributor in Peru as measured by number of units sold in 2010. In 2010 we sold 39,551 new vehicles in Chile, which represented a market share of 13.1%, and 19,464 new vehicles in Peru, which represented a market share of 16.0%. Since 1986, we have been the sole distributor of Hyundai passenger and light commercial vehicles in Chile and since 2002, the sole distributor of Hyundai passenger, light commercial and heavy commercial vehicles in Peru. Hyundai is the third best-selling vehicle brand in Chile and the second best-selling vehicle brand in Peru as measured by number of units sold. In addition, we are the sole distributor of a number of established global vehicle brands, such as Ford, Volvo, Land Rover and Mini in Peru and Mini in Chile, and the sole distributor of rapidly-growing Chinese and Indian brands, such as Mahindra, Haima, Shenyang Brilliance (Jinbei), Zotye, Sinotruk and Keeway Motorcycles in Chile and Peru and Yuejin and Yutong buses in Chile. With these brands, we provide customers with a broad array of options, ranging from economy to luxury vehicles. In connection with the sale of new vehicles, we provide services authorized by our original equipment manufacturers (“OEMs”) and OEM parts for the brands of cars that we sell, and we broker financial services, such as insurance and vehicle loans to purchasers of our new vehicles.

There are no vehicle manufacturing facilities in Chile or Peru; as a result, all new vehicles are imported and distributed to dealerships in our territories. As vehicle importers and distributors, we are responsible for all aspects of the development and marketing of the brands we represent in the countries where we operate, including: (i) procurement of vehicles and parts, transportation, importing into our territories and delivery to retail locations; (ii) developing and managing the retail network; (iii) managing strategy and all operational aspects of the brands which we represent, including product selection, positioning and retail pricing; (iv) developing strong after-sale support for our brands; (v) developing and executing marketing and sales campaigns at both the national and local level and (vi) coordinating and arranging vehicle financing for customers throughout our retail network. We conduct all of these activities while focusing on performance and maintaining communication with the OEMs that we represent to ensure that our strategies and goals are closely aligned.

Although the vehicle business is our core business, we also have a heavy machinery business, which mainly consists of importing and selling construction, agricultural and industrial heavy machinery in Chile. We sell heavy machinery through a network of 13 dealerships (12 of which are owned and one of which is a franchise). We also record a small amount of income from renting heavy machinery and selling used heavy machinery. Our portfolio of 10 brands includes products ranging from bulldozers, front-loaders and forklifts to compressors and generators.

Additionally, in April 2009 we began selling non-OEM after-market accessories, such as batteries, motor oil and car stereos, through third party retailers and through two owned stores in Santiago.

Our business has grown substantially over the past three years. Our sales decreased slightly from Ch\$399,784.7 million in 2008 to Ch\$367,333.9 million in 2009 as a result of the economic slowdown in Chile and Peru related to the global financial crisis. In 2010, our sales increased to Ch\$514,493.2 million (US\$1.1 billion) due to strong demand for new vehicles in both Chile and Peru. In the first nine months of 2011 our sales increased to Ch\$492,092.4 million from Ch\$384,659.3 million in the first nine months

of 2010 primarily due to an increase in new vehicle sales as result of increased demand in both Chile and Peru and an expansion of our dealership network in both countries. In addition, supply restrictions imposed by our OEMs on more economical vehicles resulted in increased sales of higher-margin vehicles. Our net income increased from Ch\$4,335.0 million in 2008 to Ch\$10,848.1 million in 2009 and to Ch\$32,307.4 million (US\$69.0 million) in 2010. In the first nine months of 2011 our net income increased to Ch\$27,254.7 million from Ch\$23,809.2 in the first nine months of 2010. On average, during the period from 2008 to 2010, 67.6% of our revenues came from Chile and 32.4% of our revenues came from Peru. In 2010, our EBITDA increased 120.2% from Ch\$25,483.0 million in 2009 to Ch\$56,105.8 million in 2010. During 2010, 75.1% of our consolidated EBITDA was generated by our Chilean operations and 24.9% was generated by our Peruvian operations. In the first nine months of 2011 our EBITDA increased 56.5% to Ch\$66,968.0 million from Ch\$42,790.1 in the first nine months of 2010.

## **Our Strengths**

*Leading brands and wide selection of vehicles.* We are the sole distributor of Hyundai passenger vehicles and light commercial vehicles in Chile and Peru. Hyundai is one of the most popular brands in those markets, offering vehicles ranging from mid-range sedans to high-end sport utility vehicles (SUVs). We also are the sole distributor of Keeway Motorcycles, as well as Mini Coopers, and a range of emerging Chinese and Indian brands, which include entry-level economy cars and pick-up trucks. We believe that our portfolio of strong brands with a wide selection of models, from economy to luxury options at competitive price points will position us to benefit from the sizeable untapped market for new vehicles in both Chile and Peru.

*Broad distribution network.* We use our strong distribution chain to leverage the strength of our brands and the opportunities for new vehicle sales in the Chilean and Peruvian markets. In 2010, we were the third-largest vehicle distributor in Chile and the second-largest vehicle distributor in Peru measured by number of units sold, with a total of 175 vehicle dealerships in our network. We directly operate 72 flagship dealerships in the main urban areas of Chile and Peru, which we believe are some of the strongest markets within those countries, which allows us to more closely control and monitor the execution of our sales and marketing programs and other corporate strategies. In addition, we distribute vehicles to 103 franchised dealerships in Chile and Peru. These franchises complement our retail operations and expand the reach and coverage of our brands.

*Focus on customer service.* We believe our focus on customer interactions has been the key to our success in the vehicles retail industry. According to a recent survey by the Reputation Institute of the Pontificia Universidad Católica de Chile (Catholic University), we had the best reputation in Chile of any vehicle importation and distribution group. We provide training to all of our staff to ensure that all of our customers are made aware of the variety of complementary products and services that we offer, from financing and insurance brokerage services to OEM parts and post-sales service. Guided by this customer-centric principle in all aspects of our business, we have designed our operations with the aim of delivering consistent, high-quality customer service and establishing long-lasting customer relationships.

*Strong, close and long-standing relationships with our OEMs.* As a result of our constant focus on performance, effective communication and alignment of our objectives with those of our OEMs, we have developed a very strong and long-lasting relationship with our OEMs. For instance, we have been Hyundai's sole distributor since 1986 in Chile and since 2002 in Peru. In 2009, our Chilean operations received Hyundai Motor Company's award for Best Hyundai Distributor Worldwide and in 2010 our Peruvian operations received this award. In 2010, our Chilean operations received the Best Worldwide Advertising Campaign Award from Hyundai.

*Opportunities for growth.* In 2008, there was only one vehicle for every 5.7 people in Chile and one vehicle for every 15.6 people in Peru, compared to one vehicle for every 4.8 people in Argentina, one vehicle for every 3.9 people in Mexico and one vehicle per 1.2 people in the United States. Between 2000 and 2010 the compound annual growth rate (CAGR) of the automobile market (in terms of units) was 10.3% and 22.8% in Peru and Chile, respectively. Given the strong growth in GDP and real wages, low inflation and unemployment, political stability and investments in road infrastructure in Peru and Chile over the past five years, as well as the increased availability of consumer financing, we believe that demand for vehicles in Peru and Chile will continue to accelerate until the level of motorization in these countries matches that of similar economies.

*Insight, control and added profitability from our role as distributor.* Because we are an importer and distributor in addition to being a retailer, we have control over the supply of vehicles and parts to our retail network. This allows us to establish the retail pricing strategy for our vehicles and control the design and implementation of both local and national marketing and sales strategies for our brands (within the guidelines established by our OEMs). Consequently, we are able to generate strong gross margins and operating margins. In 2008, 2009 and 2010, we recorded gross margins of 23.5%, 22.3% and 24.3%, respectively and operating margins of 10.1%, 6.0% and 10.1%, respectively. As of September 30, 2010 and 2011 we recorded gross margins of 24.3% and 26.3%, respectively, and operating margins of 10.0% and 12.7%, respectively.

*Captive Audience.* The 5-year or 100,000 kilometer warranty that Hyundai provides on its vehicles requires that only we, as sole authorized Hyundai service representative in Chile and Peru, service and repair certain vehicle parts during the warranty period. Since customers are strongly incentivized to have their vehicles serviced by us to maintain their warranty, we are able to develop strong relationships with our customers during this period by providing for a positive customer experience and focusing on customer satisfaction. We believe that this has allowed us to retain a larger number of our customers, either because they continue to service their vehicle with us past the warranty period or because they purchase their next vehicle from us.

## **Our Strategy**

Our goal is to strengthen our position as a leading automobile distributor and retailer in our geographic markets with excellent after-sale support. To achieve this objective, we intend to focus on the following areas:

*Increase our market share.* We plan to leverage our reputation as a leading vehicle distributor, our established network of owned and franchised dealerships and our marketing expertise to capitalize on the relatively low motorization rates of the Chilean and Peruvian market. We intend to aggressively market the brands that we have recently added to our portfolio, such as Mahindra, Haima and Jinbei (Brilliance), which we believe are attractive to growing market segments that are different from the target market segments for Hyundai vehicles, such as first-time purchasers of economy vehicles and purchasers of pick-up trucks. We also intend to continue taking advantage of Hyundai's strong brand reputation to maintain its position as one of the leading brands of mid-level sedans and SUVs in Chile and Peru.

*Continue to develop and expand our network.* We intend to continue expanding our retail network, which will support the development of our new brands and the maintenance of existing brands through sales and marketing programs. In particular, we plan to focus on opening dealerships in areas that we believe to be growing markets for particular brands within our brand portfolio. In addition we will continue to establish franchisees in markets where local knowledge is key to establishing a successful presence. This will allow us to continue increasing the recognition and awareness of our brands throughout Chile and Peru.

*Focus on customer experience.* We continually seek to improve our customers' experience by implementing best practices and improving quality of service. We continuously update our dealerships by implementing new guidelines and recommendations from OEMs, which we believe will make our dealerships even more user-friendly. For instance, we are currently implementing a US\$3.2 million capital improvement plan at our Hyundai dealerships to align our dealerships with Hyundai's global corporate identity. We are focused on retaining our customers, either as continuing service clients or as purchasers of new vehicles, by improving the customer experience to build loyalty. We use a state-of-the-art customer relationship management system that ensures that a customer is offered a wide range of services during each interaction with one of our dealerships and that dealership personnel follow-up with each customer to make sure that he or she is satisfied with the service we have provided.

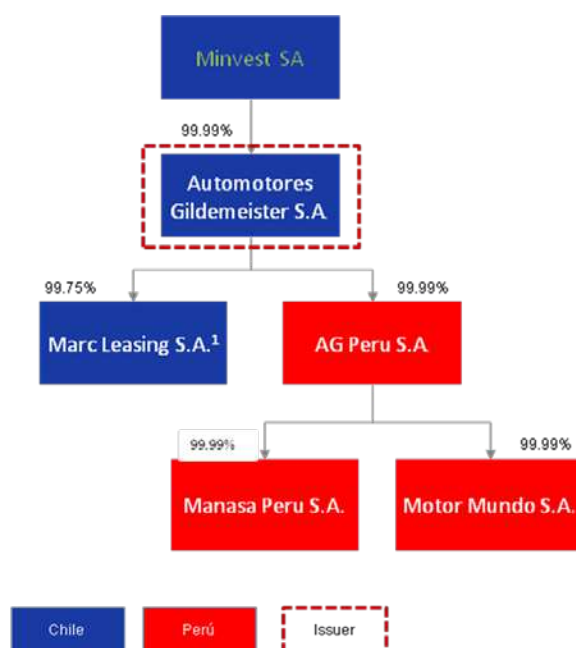
*Increase sales from brokering financing and insurance products.* The availability of financing and insurance products is a key driver for the growth of vehicle sales. As a result, our ability to offer brokered financial services to our customers both helps to expand the market for new vehicle sales and provides us with a second revenue stream. All of our brokered financial services in Chile are provided through our affiliate *Sociedad de Créditos Automotrices S.A.* ("Amicar"), and we collect a commission for each financing or insurance placed through Amicar. In 2010, in Chile, approximately 33.4% of the customers in our owned dealerships obtained financing or purchased insurance through Amicar in connection with the purchase of a new vehicle, and financing services represented approximately 2.5% of our gross profit in 2010. We plan to maintain our affiliate Amicar as the exclusive financial services provider in our dealership network in Chile, and to continue to promote the opportunity to obtain financing at our dealerships as a means of attracting more customers. In addition, although we currently broker some financing and insurance with certain banks, we are currently exploring opportunities to develop a more robust platform to use in brokering financing and insurance products in Peru.

*Improve our cost structure.* Oversight and management of our dealerships is centralized at our Santiago headquarters, which we believe is an efficient way to handle our cost structure. As our business continues to grow, we expect to continue to take advantage of economies of scale to reduce the cost of our overhead and administrative functions. In addition, a portion of the compensation paid to most of our employees is tied to performance variables such as sales or net income. We believe this structure aligns employee incentives with our goals and allows us to quickly adjust to changes in the market and reduce costs during downturns in the business cycle. During the next twelve months, we plan on migrating our remaining portion of employees to the variable compensation model.

## **Our Corporate Structure**

Automotores Gildemeister S.A. is a privately held company founded on March 14, 1986 as a limited liability company, which was transformed into a *sociedad anónima* on April 22, 1988. We are a subsidiary of Minvest S.A., which holds 99.99% of our outstanding shares. Automotores Gildemeister S.A. includes our Chilean vehicle and heavy machinery sales divisions. Marc Leasing S.A., a direct subsidiary of Automotores Gildemeister S.A., is a subsidiary that previously provided leasing services of heavy machinery in Chile. Marc Leasing S.A. no longer has significant operations. Gildemeister's other direct subsidiary, Automotores Gildemeister Peru S.A. conducts Gildemeister's Peruvian vehicle sales

and has two subsidiaries, Manasa Peru S.A., which has concessions and supply agreements for the importation and distribution of a number of different vehicle brands in Peru, including Ford Motor Company, Volvo Cars Overseas Corporation, Land Rover Exports Ltd. and Shenyang Brilliance (Jinbei) and Motor Mundo S.A, which has concessions and supply agreements for the importation and distribution of a number of vehicle brands in Peru, including Zotye, Sinotruk, Mahindra and Haima. All of Automotores Gildemeister S.A.'s direct and indirect subsidiaries are wholly-owned, other than for a nominal share owned by an affiliate of Automotores Gildemeister S.A. to comply with Chilean and Peruvian corporate law.



(1) No longer operating

## Business Categories

For operational purposes, we divide our business into three main categories: (i) a vehicle business, which is our core activity and mainly consists of importing, distributing and selling new vehicles (primarily Hyundai), providing maintenance and repair services and selling associated OEM parts, selling used vehicles and brokering insurance and financing services; (ii) a heavy machinery business, which mainly consists of importing, selling and renting construction, agricultural and industrial heavy machinery and (iii) a third-party after-market accessories business, under which we sell accessories, such as car batteries and motor oil and stereos.

### *Vehicle Business*

Our vehicle business consists primarily of the importation of vehicles from foreign OEMs and their subsequent distribution and sale to customers, either through independently owned and franchisee operated dealerships or our owned and operated dealerships. We also provide maintenance and repair services to our brands of vehicles (including OEM parts), regardless of whether the vehicle was purchased at one of our franchised dealerships or at our owned dealerships. We are the sole distributor of OEM parts for our brands to the service departments in our franchised dealerships. In addition, we generate revenue from the sale of used vehicles.

Our vehicles business (including service fees, sale of OEM parts and commissions from brokering finance and insurance) accounted for 91.9%, 91.2% and 91.2% of our sales in Chile, all of our sales in Peru and 94.8%, 94.0% and 93.9% of our total sales in 2008, 2009 and 2010 respectively. Our vehicles business represented 91.4%, 91.5% and 92.1% of our gross profit in Chile and all of our gross profit in Peru and 94.2%, 93.5% and 94.0% of our total gross profit in 2008, 2009 and 2010, respectively. Our vehicle business accounted for 90.7% and 91.3% of our sales in Chile, 100.0% and 99.9% of our sales in Peru and 93.6% and 94.5% of our total sales for the nine months ended September 30, 2010 and 2011, respectively. Our vehicle business accounted for 91.7% and 91.3% of our gross profit in Chile and 100.0% and 99.9% of our gross profit in Peru, respectively, and 93.7% and 93.8% of our total gross profit for the nine months ended September 30, 2010 and 2011, respectively.

Our Chilean operations accounted for 60.4%, 66.7% and 67.1% of the sales and 64.7%, 72.9% and 75.0% of the gross profit in our vehicles business in 2008, 2009 and 2010, respectively, and the remainder was attributable to our Peruvian operations. Our Chilean operations accounted for 67.0% and 60.5% of the sales and 74.4% and 69.3% of the gross profit in our vehicles business for the nine months ended September 30, 2010 and 2011, respectively, and the remainder was attributable to our Peruvian Operations.

New vehicle sales accounted for 90.4%, 89.6% and 88.7% of the sales from our vehicle business in Chile, 94.4%, 92.3% and 93.8% of the sales from our vehicle business in Peru, and 91.9%, 90.5% and 90.4% of our total sales from our vehicle business in 2008, 2009 and 2010. New vehicles sales accounted for 88.6% and 87.5% of the sales from our vehicle business in Chile, 93.4% and 94.3% of the sales from our vehicle business in Peru, and 90.2% and 90.2% of our total sales from our vehicle business for the nine months ended September 30, 2010 and 2011, respectively.

New vehicle sales accounted for 78.0%, 74.2% and 79.8% of the gross profit from our vehicle business in Chile, 85.3%, 78.5% and 81.5% of gross profit from our vehicle business in Peru, and 80.6%, 75.4% and 80.2% of our gross profit from our vehicle business in 2008, 2009 and 2010, respectively. New vehicles sales accounted for 79.4% and 78.4% of the gross profit from our vehicle business in Chile, 80.5% and 85.5% of gross profit from our vehicle business in Peru, and 79.7% and 80.6% of our gross profit from our vehicle business for the nine months ended September 30, 2010 and 2011, respectively. The remaining sales and gross profit in our vehicles business are attributable to used vehicles (in Chile only), repair and maintenance service fees and OEM spare parts sales and brokerage of finance and insurance services.

The following table shows the number of vehicles sold by brand and country, in the periods indicated:

	For the year ended December 31,			For the nine months ended September 30,	
	2008	2009	2010	2010	2011
<b>Chile:</b>					
Hyundai .....	28,821	25,945	34,122	25,255	25,636
Mahindra.....	874	1,299	2,438	1,579	2,719
MINI.....	--	156	331	192	304
Zotye.....	--	248	679	--	279
Jinbei (Brilliance) .....	--	37	152	442	670
Yuejin .....	--	--	231	133	131
Sinotruk .....	64	43	103	169	285
Piaggio Group.....	457	298	263	74	94
Keeway Motorcycles .....	608	1,347	1,232	193	167
<b>Total Chilean Sales .....</b>	<b>30,824</b>	<b>29,373</b>	<b>39,551</b>	<b>28,037</b>	<b>30,285</b>
<b>Peru:</b>					

Hyundai .....	9,284	9,848	15,436	10,889	14,539
Mahindra.....	117	156	330	224	406
MINI.....	--	2	59	43	70
Mazda* .....	1,378	678	1,236	879	767
Zotye.....	--	165	416	283	320
Jinbei (Brilliance) .....	550	388	287	218	278
Sinotruk .....	9	47	23	23	1
Piaggio Group.....	6	18	--	--	--
Ford.....	549	338	653	388	764
Volvo.....	141	97	135	92	120
Land Rover .....	41	44	87	56	71
Keeway Motorcycles .....	295	1,426	762	538	1,105
BMW Motorrad .....	--	--	40	22	54
Haima**.....	n/a	n/a	n/a	n/a	--
<b>Total Peruvian Sales .....</b>	<b>12,370</b>	<b>13,207</b>	<b>19,464</b>	<b>13,655</b>	<b>18,495</b>
<b>Total Sales .....</b>	<b>43,194</b>	<b>42,580</b>	<b>59,015</b>	<b>42,531</b>	<b>49,805</b>

\* In January 2011, we sold the rights to distribute Mazda in Peru.

\*\* In March 2011, we entered into an agreement to sell Haima vehicles in Peru, and we are currently implementing our plans to create a distribution network.

In 2008, 2009 and 2010, sales (by units) from our top three vehicle OEMs, Hyundai, Mahindra and Keeway Motorcycles, accounted for 92.6%, 94.0% and 92.0% of our total vehicle sales, respectively. For the nine months ended September 30, 2010 and 2011, sales (by units) from our top three vehicle OEMs, Hyundai, Mahindra and Keeway Motorcycles, accounted for 92.5% and 91.2% of our total vehicle sales, respectively. Hyundai, which was the only OEM that individually accounted for more than 10% of our total vehicle sales (by units) in 2008, 2009 and 2010, represented 88.2%, 84.0% and 84.0% of our total vehicle sales (by units) in those years, and 85.0% and 80.7% of our total vehicle sales (by units) for the nine months ended September 30, 2010 and 2011, respectively. Although Mazda represented 7.8% of our Peruvian sales (by revenue) and was our second-largest OEM in terms of units sold in Peru during 2010, in January 2011 we sold our existing inventory and the rights to distribute Mazda in Peru in order to focus our efforts on developing our Chinese and Indian brands of OEMs in Peru.

### Importation and Distribution Agreements

Our business operates pursuant to importation and distribution agreements that we believe have terms that are customary for the industry. These agreements are entered into with the OEMs of each brand of vehicle that we distribute to our franchisees or that we sell at our dealerships. Either we or one of our affiliates are a party to the importation and distribution agreements. Each importation and distribution agreement contains provisions and standards governing certain aspects of the importation of the brand and operations of the dealerships, including sales targets and periodic sales reporting.

In addition, our importation and distribution agreements contain standard provisions related to the following:

- product requests, shipping arrangements and procedures;
- restrictions on the sale and use of non-OEM parts;
- guidelines for our reports on sales, market and customer information to the OEM; and
- competitive products restrictions such as limiting sales within a dealership to products of only its brand or non-competitive products as defined in the agreement.

In exchange for complying with these provisions and standards, we are granted the non-exclusive right to distribute and sell the OEM's brand of vehicles and associated OEM parts, and to provide "official" post-sales service for the OEM's brand of vehicles. These importation and distribution



agreements also grant us a non-exclusive license to use each OEM's trademarks, service marks and designs in connection with our sales and services of its brands during the duration of the agreements.

Our importation and distribution agreements typically expire after a specified period of time, ranging from one to four years, although some are automatically renewed or are renewed subject to us complying with certain conditions, such as achievement of certain sales targets. We have never had an OEM refuse to renew one of our importation and distribution agreements. In practice, our OEMs look at our overall performance in considering renewal of our agreements. In the past five years, we have exceeded the contractual minimum sales targets in the importation and distribution agreements for each of our top three vehicle OEMs.

The importation and distribution agreements also entitle some OEMs to terminate or not renew the agreement for a variety of causes, including failure to comply with minimum purchase requirements, failure to comply with applicable laws or regulations, insolvency or bankruptcy, changes in our management or ownership without consent, failure to have any permit or license necessary to operate the dealership, and material breaches of other provisions of the agreement.

As stated above, most of our relationships with vehicle OEMs are on a non-exclusive basis, although some, including Jinbei (Brilliance) are exclusive contracts. We have been the sole distributor for each of our brands in the relevant territory since entering into the respective importation and distribution agreements.

The tables below present our principal importation and distribution agreements with vehicle OEMs in Chile and Peru:

Country	Manufacturer	Product line	Year of first agreement	Exclusivity Rights	Date of last renewal	Expiration Date, or Automatic Renewal
Chile	Hyundai Motor Company	Passenger & light commercial vehicles	1986	Not exclusive	January 1, 2010	December 31, 2013
	Mahindra	Passenger & light commercial vehicles	2006	Not Exclusive	November 15, 2009	November 15, 2011 <sup>(1)</sup>
	MINI	Passenger & light commercial vehicles	2009	Not exclusive	January 1, 2012	December 31, 2012
	Haima	Passenger & light commercial vehicles	2010	Exclusive	January 31, 2010	Automatic renewal if minimum purchases are accomplished
	Zotye	Passenger & light commercial vehicles	2008	Exclusive	January 1, 2012	Automatic renewal
	Shenyang Brilliance (Jinbei)	Trucks and Passenger & light commercial vehicles	2008	Exclusive <sup>(2)</sup>	July 1, 2008	June 30, 2011 <sup>(1)</sup>
	Yuejin	Trucks	2009	Exclusive <sup>(2)</sup>	September 19, 2009	Automatic renewal
	Sinotruk	Trucks	2007	Exclusive <sup>(2)</sup>	January 26, 2010	December 31, 2011 <sup>(1)</sup>
	Keeway Motorcycles	Motorcycles	2007	Exclusive	November 22, 2010	November 22, 2013
Yutong Group	Buses	2011	Exclusive <sup>(2)</sup>	March 11, 2011	Automatic renewal	
Peru	Mahindra	Passenger & light commercial vehicles	2007	Not exclusive	July 14, 2010	July 13, 2012

<b>Hyundai Motor Company</b>	Passenger & light commercial vehicles	2003	Not exclusive	January 1, 2010	December 31, 2013
<b>Ford</b>	Passenger & light commercial vehicles	1997	Not exclusive	March 1, 1997	Indefinite duration
<b>Volvo</b>	Passenger & light commercial vehicles	2005	Not exclusive	July 1, 2005	Indefinite duration
<b>Land Rover</b>	Passenger & light commercial vehicles	2006	Not exclusive	January 1, 2006	Indefinite duration
<b>MINI</b>	Passenger & light commercial vehicles	2009	Not exclusive	January 1, 2012	December 31, 2012
<b>Shenyang Brilliance (Jinbei)</b>	Passenger & light commercial vehicles	2008	Exclusive <sup>(2)</sup>	July 1, 2008	June 30, 2011 <sup>(1)</sup>
<b>Zotye</b>	Passenger & light commercial vehicles	2008	Exclusive	January 1, 2012	Automatic renewal
<b>BMW Motorrad</b>	Motorcycles	2009	Not exclusive	September 15, 2009	Indefinite Duration
<b>Keeway Motorcycles</b>	Motorcycles	2007	Exclusive	November 22, 2010	November 22, 2013
<b>Sinotruk</b>	Trucks	2007	Exclusive <sup>(2)</sup>	August 15, 2011	December 31, 2014
<b>Haima</b>	Passenger & light commercial vehicles	2011	Exclusive	March 30, 2011	Automatic renewal if minimum purchases are accomplished

(1) The renewal of the contract is currently under negotiation.

(2) The exclusivity right of this contract is subject to limited exceptions. For instance, contracts with Chinese OEMs may have exceptions for sales to companies incorporated in China operating within the distribution territory and projects financed by national loans from the People's Republic of China.

As of January 1, 2012, the importation and distribution agreements for vehicles for Mahindra, Jinbei (Brilliance) and Sinotruk in Chile and Jinbei (Brilliance) in Peru had expired and are in the process of renewal. We are currently negotiating the renewal of these agreements with the OEMs, and we continue to import and distribute vehicles for these OEMs on substantially the same terms and conditions as the lapsed agreements with each OEM. See *“Risk Factors—Risk Factors Related to Our Business—A failure to renew or comply with our agreements entered into with our original equipment manufacturers may adversely affect our results of operations and financial condition.”*

In addition, we had previously entered into an importation and distribution agreement with Piaggio motorcycles, which has since lapsed. Nevertheless, we continue to import and distribute Piaggio motorcycles on substantially the same terms and conditions as the lapsed agreement.

Most of our agreements contain clauses pursuant to which we commit ourselves to actively promote and develop sales of a specific brand within the markets in which we operate. For instance, we may freely advertise a specific brand of vehicle through our own implemented and developed marketing strategy without further approval by the OEM, or, in certain cases, subject to a limited review by the OEM for compliance with certain minimum requirements. This freedom also allows us to implement and manage our owned and franchised dealerships as we determine is appropriate for our markets. Despite this independence, we work closely with personnel at different divisions and at different levels within our OEMs to ensure alignment of our strategies with their global plans.

We pay each OEM the wholesale price for each vehicle and OEM part we import. Prices are generally negotiated on an annual basis, either as part of the contract renewal negotiations or in individual negotiations with OEMs. OEMs are entitled to adjust prices throughout the year. In line with industry practice, the OEMs require us to provide a letter of credit prior to the production month indicated in our

monthly confirming order, although in practice most OEMs do not require the letter of credit to be provided until immediately before production has started or, in some cases, before the vehicle is shipped. Additionally, we are required to make full payment of the purchase price (through our letter of credit) before delivery of the new vehicles.

We negotiate with vehicle OEMs to set annual non-binding minimum sales numbers and/or market share targets for new vehicles as part of their annual sales plans. These numbers and targets are determined after consideration of a variety of factors, including estimated growth of the vehicle sales and awareness of the OEM and its brands. These minimum sales numbers and market share targets for the OEMs with whom we have more developed relationships are sometimes as much as a third less than the actual sales we have achieved. For newer OEMs, minimum sales numbers and market share targets are often projections that are adjusted annually according to market share. Although minimum sales numbers do not bind us to make that number of purchases, failure to meet a certain percentage of minimum sales figures for a certain number of years without justification could trigger termination rights by our OEM. Minimum sales targets are negotiated and in most cases, particularly our most important brands, are significantly below our actual sales for the brand.

New vehicles are delivered on the basis of orders placed by us in consultation with each of our dealerships that are then communicated to the OEM on a monthly basis. As part of our OEMs' planning processes, we also provide a rolling forecast that is updated along with our monthly orders.

In general, we receive shipments of vehicles from each OEM on a monthly basis, but in the cases of our higher volume brands we may receive two or more shipments per month. For our larger OEMs, including Hyundai, the cost of shipping is included in the cost of the vehicle (CIF); for some of our smaller OEMs we are responsible for the costs of shipping (FOB). Once payment is made, we obtain commercial control of, and responsibility for, the vehicles once they are loaded onto a ship and pass the ship's rail at port of origin. Consequently we also carry (or, in the case of vehicles shipped CIF, require OEMs to carry) "all risk" insurance for our shipments. Our vehicles arrive at one of the following three ports: San Antonio, which serves central and southern Chile dealerships; Iquique, which serves dealerships in northern Chile; and Callao, which serves our Peruvian dealerships.

Once vehicles arrive into port, they are transported first to our operations centers in Santiago and Iquique in Chile or Callao in Peru to undergo pre-delivery inspection where they are checked for proper fluid levels and washed and prepared for delivery to customers. Vehicles are then stored at these facilities and transported to our owned or franchised dealerships as needed. On average, we maintain two to three months of inventory at our operations centers.

Importation and Distribution Agreements with Affiliates. Our affiliates Fortaleza S.A. ("Fortaleza") and Comercial Gildemeister S.A. ("Comercial GSA") (which we do not control) hold the importation and distribution agreements for the sale and authorized service and repair in Chile of Mahindra, Haima, Zotye, Jinbei (Brilliance), Yuejin, Sinotruk, Keeway Motorcycles, Yutong and MINI vehicles and OEM parts. These affiliates effectively empowered us to import and distribute these brands' products beginning in April 2009 and our results of operations since that time reflect most of the results derived from the contracts held by these affiliates. We do not pay these affiliates for the right to import the products for which they have the license. Revenues from sales of these vehicles represented 12.1% of total vehicle sales in 2010.

In implementing these arrangements with our affiliates, we request that either Fortaleza or Comercial GSA place a purchase order with the relevant OEM. The OEM typically issues the invoice naming either Fortaleza or Comercial GSA as the purchaser. However, we provide a letter of credit to support the purchases, and the bill of lading names us as the recipient/buyer of the vehicles and/or parts.

Prior to receipt of the vehicles in Chile, our affiliate endorses the purchase order and any other relevant documentation to us. These transactions do not constitute a financial transaction and therefore are not recorded as related party transactions in our financial statements. Revenue from the subsequent sale of the vehicles and/or parts is recorded as sales, and the cost of importing these products is recorded under cost of sales in our income statement. See *“Risk Factors—Risk Factors Related to Our Business—Certain of our products and services are dependent upon contracts that are held by our affiliates.”*

Dealership Management. Our retail network provides market-specific responses to sales, service, marketing and inventory requirements. These operations are complemented by our centralized information technology and financial controls, as well as sharing of sales and marketing best practices throughout our organization. In managing our dealership portfolio, we employ a system whereby certain administrative and strategic functions of the business are centralized, while each franchise dealership is separately managed in accordance with the guidelines and operational recommendations established by our OEMs and our requirements for our franchisees. Our corporate office is responsible for, among other matters, coordinating our retail distribution network, implementing country-wide marketing plans and promotional strategies, managing the capital structure of our owned dealerships, setting and maintaining internal controls, establishing information requirements, procuring and distributing parts and negotiating with third-party suppliers. The centralization of key functions at the corporate level enables us to take advantage of certain synergies within our dealership operations as a whole, gain better negotiating power over third parties and obtain volume-based rebates or discounts from suppliers.

The implementation of the operational policies and procedures established by our corporate office to maintain uniformity of appearance and high quality of service among both owned and franchised dealerships in our network, is the responsibility of each dealership’s management team. The manager of each dealership, with assistance from the managers of vehicle sales, automobile repair and maintenance service, marketing and administration, is ultimately responsible for the operation, personnel and financial performance of his or her dealership. Therefore, our dealerships are operated as individual profit centers in which the managers are given significant autonomy. Our management team’s thorough understanding of their local markets enables them to effectively run day-to-day operations, market to customers, recruit new employees and gauge business opportunities in the local markets. In addition, our management structure is intended to always promote and reward entrepreneurial spirit and the achievement of team goals.

Corporate management utilizes computer-based management information systems to monitor each dealership’s sales, profitability and inventory on a regular, detailed basis. We believe that training and implementation of industry best practices provides us with a competitive advantage over many dealerships. In addition, our corporate headquarters coordinates a platform peer review process. On a rotating basis, each department’s and dealership’s operations are examined in detail by management. Through this process, we identify areas for improvement and disseminate best practices company-wide.

Marketing. Our marketing programs have contributed to our sales growth. Our advertising and marketing efforts tend to target the local markets and are aimed at driving new business as well as attracting repeat customers. We utilize many different media options for our marketing activities, including the internet, print, radio and television. We usually measure the success of campaigns by the number of customers they bring to our dealerships. We maintain a specialized advertising department that analyzes purchasing trends and focuses our advertising and marketing efforts where we believe it will likely provide the highest return. Vehicles are marketed under their brand names, but we believe that the Gildemeister, Fortaleza, Comercial Gildemeister and Motormundo brands for new vehicles, and the Carmeister brand for used vehicles, are well recognized by customers. In addition, some OEMs supplement our local and national advertising efforts by producing large advertising campaigns of their

own to support their brands. We believe that our ability to obtain volume discounts and other valuable concessions from advertisers enables us to realize continued cost savings in advertising.

We are currently in the second year of a three-year, US\$3.2 million, capital improvement plan at our Hyundai dealerships. In accordance with our discussions with Hyundai, we have agreed (but are not contractually bound) to make improvements to our dealerships so that they meet Hyundai’s new global standards for appearance and service; however, we are not subject to any specific sanction for failure to comply with the plan. See “*Management’s Discussion and Analysis of Results of Operations and Financial Condition—Capital Expenditures.*”

**Owned Dealerships.** We sell 15 brands through 72 vehicle dealerships that we own and operate, including 58 owned dealerships in Chile and 14 owned dealerships in Peru. Our strategy has been to locate our owned dealerships in the largest cities in Chile and in Lima, Peru, which we also believe to be some of the most important markets in both countries. These dealerships may or may not be exclusive to a single brand of vehicle depending on the requirements of our importation and distribution agreements with the OEMs. Our bigger brands such as Hyundai are sold in dedicated showrooms solely dedicated to that brand, while some of our smaller brands are bundled together in multi-brand dealerships, where each brand has a separate showroom located near the others.

The following table shows our owned dealerships in Chile:

City	Hyundai		Other brands
	Vehicle Sales, Service and OEM Parts	Only Vehicle Sales and Service / Only Sales	
Iquique.....	1		1
Antofagasta.....	1	1	2
Calama.....	1		2
La Serena.....		1	1
San Fernando.....			1
Viña del Mar / Valparaiso.....	1		2
Santiago.....	6	9	12
Curico.....			1
Concepcion.....		2	3
Los Angeles.....	1		1
Temuco.....	1		1
Valdivia.....	1		1
Osorno.....		1	1
Puerto Mont.....	1		1
<b>Total.....</b>	<b>14</b>	<b>14</b>	<b>30</b>

The following table shows our owned dealerships in Peru:

City	Hyundai		Other brands
	Vehicle Sales, Service and OEM Parts Sales	Only Vehicle Sales and Service / Only Sales	
Lima.....	2	2	6
Trujillo.....	1		1
Arequipa.....			1
Ilo.....			1
<b>Total.....</b>	<b>3</b>	<b>2</b>	<b>9</b>

New vehicles for our dealerships are transported by third parties contracted by us, and the cost of transportation is included in the retail cost. During 2010, our dealerships maintained an average of a 30-day supply of new vehicles. Inventory at any given dealership varies according to the size and location of the dealership. Our pricing strategy for new-vehicles reflects a margin over the wholesale price at which we purchase vehicles from the OEM. The price to customers (list price) is adjusted on a regular basis throughout the year to reflect market trends, fluctuations in exchange rates and in response to prices and

promotions set by our competitors. Our vehicles generally come with an OEM's warranty, under which we provide service and maintenance.

In general, retail customers purchasing vehicles from the inventory available at our dealerships represent the vast majority of the vehicle units we sold in 2008, 2009 and 2010. However, we also offer customers the ability to custom order vehicles. In addition to sales made through our dealerships we also sell vehicles to fleet, institutional or government customers. We maintain specialized personnel at our headquarters and at certain dealerships to address the needs of fleet customers.

Repairs and Maintenance Services and OEM Part Sales. While all of our owned dealerships sell vehicles, some of our owned dealerships also provide repairs and maintenance service and sales of OEM parts. These dealerships employ technicians who receive special training from us and from our OEMs on the proper maintenance and repair of their vehicles. In accordance with our agreements with our OEMs, our dealerships use only OEM parts sold by us in connection with maintenance and repair service. These OEM parts are stored in our state-of-the-art warehouses which employ computerized inventory management systems. We perform both warranty and non-warranty work. Our repair and maintenance service fees and OEM parts sales have increased each year, in large part due to increasingly complex technology in vehicles, which makes it difficult for independent repair facilities to diagnose problems in and repair today's automobiles. A goal of each of our dealerships is to make each vehicle purchaser a customer of our repair and maintenance service and OEM parts department. Our dealerships keep detailed records of our customers' repair and maintenance service history and we send reminders to customers when vehicles are due for periodic maintenance service.

Used Vehicles. Some of our dealerships also sell used vehicles through the Carmeister brand. These vehicles are generally received by us as a trade-in or payment in kind for a new vehicle; however, we also receive used vehicles on consignment from customers, intermediate the sale of used vehicles by customers to third parties and sell vehicles from our own fleet when we determine they are no longer useful in our business. In the case of trade-in or former fleet vehicles, our pricing strategy is to add a margin to the cost of the vehicle, whereas in the case of consignment or intermediation, we receive a commission which is generally equal to five percent of the sale price.

Finance and Insurance Brokerage. At our dealerships in Chile, we broker financing and insurance services to our customers through Sociedad de Créditos Automotrices S.A., also known as "Amicar", which is a 50% joint venture between our affiliate Finmeister S.A. and Derco S.A. Amicar pays us a commission in respect of financing and insurance services brokered by us through it, which is recorded as sales revenue in our income statement and which is recorded as a related party transaction in our financial statements. In 2010, approximately 33.4% of our customers in Chile financed their vehicle purchases using Amicar brokered financing, and we expect this number to continue increasing. In Peru, we receive commissions for financing and insurance as a result of brokering activities as well, but we do not have a structured platform such as Amicar and instead operate on a transaction basis with the banks. In Peru, 33.8% of our customers in 2010 received financing brokered by us. In brokering financing and insurance, we do not assume credit risk. All of our owned and franchised dealerships in Chile are required to offer these financing and insurance services to all of our customers who want to purchase new vehicles. Sales from commissions for financing and insurance represented 0.6%, 0.7% and 0.7% of total sales and 2.1% and 2.6% and 2.5% of our total gross profit in 2008, 2009 and 2010, respectively. See "*Related Party Transactions.*"

We also offer short-term financing which permits customers to pay a portion of their vehicle using up to four checks. We are subject to the credit risk of our customers in connection with these financings (i.e., the risk that a check will be rejected or dishonored for insufficient funds); however, we also maintain credit insurance that covers up to 80% of the loss on a check that is rejected or dishonored

for insufficient funds. We do not provide any direct long-term financing to retail customers for vehicle purchases. Income from these short-term financing is *de minimis*, and we have reduced the amount of direct financing and expect to continue doing so in order to develop our finance and insurance brokerage business.

In addition, we provide capital leasing of vehicles through our affiliate Finmeister S.A. Upon approval of the capital leasing arrangement, Finmeister issues a purchase order to us for the vehicles being leased. We receive the purchase order and deliver the vehicle to Finmeister, who delivers the vehicle to the customer. We then record an account receivable with Finmeister in respect of the purchaser. As Finmeister receives lease payments, it pays down the account receivable with us; however, in many cases, Finmeister assigns the leasing contract to a financial institution who then becomes responsible to us for the repayment of the purchase price. The sale of the vehicle is recorded in sales on our income statement and we then record an account receivable in respect of the unpaid purchase price of the vehicle in our balance sheet. See “*Related Party Transactions.*”

**Franchises.** We distribute vehicles to 103 franchised dealerships, including 57 franchised dealerships located in Chile and 46 franchised dealerships located in Peru. Franchises operate very similarly to our owned dealerships. Franchises are usually given for a single brand, generally Hyundai, or a bundle of smaller brands (albeit in separate showrooms). We do not offer any of our franchised dealerships brand or geographic exclusivity. In general, we grant franchises to complement our owned dealership network in larger cities, or to take advantage of sales opportunities in smaller and more remote markets.

The following table shows our franchised dealerships in Chile:

City	Hyundai		Other brands
	Vehicle Sales, Service and OEM Parts Sales	Only Vehicle Sales and Service / Only Sales	
Arica.....		1	
Copiapo.....	1		1
Coquimbo.....			1
La Serena.....	1		
Ovalle.....		1	1
San Felipe.....	1		2
San Fernando.....		1	
Viña del Mar / Valparaiso.....	2		
Santiago.....	6	8	8
Rancagua.....		1	1
Curico.....	1		1
Talca.....	2		2
Linares.....	1		
Chillan.....	1		1
Concepcion.....	2	1	1
Temuco.....	1		1
Osorno.....		1	
Chiloe.....	1		1
Coihaique.....		1	
Punta Arenas.....	1		1
<b>Total.....</b>	<b>21</b>	<b>15</b>	<b>22</b>

The following table shows our franchised dealerships in Peru:

City	Hyundai		Other brands
	Vehicle Sales, Service and OEM Parts Sales	Only Vehicle Sales and Service / Only Sales	
Iquitos.....		1	1
Piura.....	1		1
Tarapoto.....		1	1
Chiclayo.....	1		1

Chimbote.....		1	
Huanuco.....	1		1
Lima.....	5	1	
Cuzco.....	1		1
Jaen.....		1	
Ica.....	1		1
Juliaca.....	1		1
Ancash.....		1	2
Apurimac.....		1	1
Arequipa.....	2	2	1
Ayacucho.....		1	1
Cajamarca.....	1		
Huancayo.....		1	1
Pucallpa.....		1	1
Puerto Maldonado.....			1
Ilo.....	1		1
Tacna.....	1		1
<b>Total.....</b>	<b>16</b>	<b>12</b>	<b>18</b>

Although we do not provide guidelines for how the franchisees must be organized, our agreements with the franchisees establish certain requirements with respect to the image, size and services of the dealership. In addition, franchisees are required to comply with OEM standards and requirements for service and sales of OEM parts, and in Chile are obligated to offer financing only through our affiliate Amicar. Marketing and advertising strategies are developed by us in conjunction with OEMs and are then rolled out to the dealerships, whether owned or franchised. Therefore, we expect our franchised dealerships to maintain the same standards and customer focus as our own dealerships.

We set annual and monthly binding sales targets for new vehicles as part of the sales plans for each franchised dealership. These targets are determined after consideration of a variety of factors, including our annual sales targets for each OEM, economic and market conditions and historical sales performance. Some of our franchisees provide warranty and non-warranty services for our brands, for which they are required to purchase OEM parts from us.

In general, we have the ability to terminate a franchise agreement at any time with or without notice in the case of any breach of the franchise agreement, including the failure to meet agreed-upon sales objectives. We believe that the high degree of control provided for in our franchise agreements gives us flexibility to manage our franchised dealership network and respond effectively to market developments.

Our franchisees pay us for each vehicle delivered to them. The prices for vehicles delivered to franchisees are determined by us based on the list price of a vehicle less a rebate to the franchised dealership. The list prices for vehicles sold to franchised dealerships are the same as the list prices for vehicles sold through our owned dealerships. Rebates to franchised dealerships are generally composed of a fixed rebate amount and an incentive rebate amount that is based on the franchise's compliance with sales and marketing targets, image standards, and other metrics that we set on a regular basis.

Most of our franchised dealerships acquire vehicles from us based on "floor plan" financing. "Floor plan" financing allows a franchised dealership to order vehicles from us on a periodic basis. Although vehicles are delivered to the franchised dealership before payment is made, we retain title to the vehicle, the franchised dealership is required to purchase the vehicle from us within 180 days, and interest accrues on the sales price after 30 days. In general, franchised dealers purchase vehicles from us through the "floor plan" when they have a confirmed sale of a vehicle. In certain cases, franchised dealerships may prepay for vehicles.



### ***Heavy Machinery Business***

Our heavy machinery business consists primarily of the importation of heavy machinery from foreign OEMs and its subsequent sale or rental to customers, primarily through our owned dealerships. We also provide maintenance and repair services and sell OEM parts for heavy machinery.

We offer a variety of heavy machinery for use in agriculture, construction and industry. We sell all of our brands through 12 dealerships that we own in Chile, one owned dealership in Peru and one franchisee for agricultural equipment in Chile. Our heavy machinery business accounted for 8.1%, 6.1% and 5.4% of our sales in Chile and 5.2%, 4.2% and 3.7% of our total sales in 2008, 2009 and 2010, respectively. The heavy machinery business accounted for 8.6%, 4.5% and 5.0% of our gross profit in Chile and 5.8%, 3.7% and 3.5% of our total gross profit in 2008, 2009 and 2010, respectively. We did not generate any sales or gross profit from our heavy machinery business in Peru in these years. Sales of heavy machinery represented 70.2%, 66.5% and 70.7% of total heavy machinery sales in Chile and 46.6%, 22.0% and 48.0% of our heavy machinery gross profit in Chile in 2008, 2009 and 2010, respectively. The balance of sales and gross profit for heavy machinery was generated by sales of OEM parts and repair and maintenance services and rentals. All of our heavy machinery sales and rental business is conducted in Chile, although we maintain one heavy machinery dealership in Peru.

**Heavy Machinery Supply.** As with our vehicles business, our heavy machinery business operates pursuant to importation and distribution agreements that we believe have terms that are customary for the industry. These agreements can be exclusive or non-exclusive, generally have a term of one to two years, and can be terminated by the OEM under certain circumstances such as our failure to comply with minimum purchase requirements, failure to comply with laws or our insolvency or bankruptcy. These agreements generally provide for the same level of marketing, informational, and competitive standards and restrictions as our importation and distribution agreements with vehicle OEMs. RTC holds the importation and distribution agreements for Heli heavy equipment in Chile and Peru, and Fortaleza holds the heavy equipment importation and distribution agreements for Jinma in Chile and Peru and for Mahindra and Shantui in Chile. In the case of importation and distribution agreements for which one of our affiliates, rather than Automotores Gildemeister or one of its subsidiaries, is a party, although our affiliate is responsible for placing heavy machinery orders with the OEM, we pay for the heavy machinery and record sales and cost of sales upon our sale of the heavy machinery to a customer. See “*Related Party Transactions.*”

The table below shows our principal importation and distribution agreements with heavy machinery OEMs in Chile and Peru:

<b>Country</b>	<b>Manufacturer</b>	<b>Product line</b>	<b>Year of first agreement</b>	<b>Exclusivity rights</b>	<b>Date of last renewal</b>	<b>Expiration date / automatic renewal</b>
	<b>Airman</b>	Compressors & Generators	2006	Exclusive	January 1, 2012	Automatic renewal
	<b>CASE</b>	Construction	2002	Not Exclusive	January 2, 2006	Indefinite
	<b>Shantui</b>	Construction	2007	Exclusive <sup>(2)</sup>	November 3, 2011	Automatic renewal
	<b>Mahindra</b>	Agricultural	2002	Exclusive	November 15, 2009	November 15, 2011 <sup>(1)</sup>
<b>Chile</b>	<b>Kuhn</b>	Agricultural	1997	Not exclusive	June 1, 2011	Automatic renewal
	<b>Jiangsu (Jinma)</b>	Agricultural	2008	Exclusive	November 2, 2011	Automatic renewal for successive periods of two years each if minimum purchases are accomplished
	<b>Heli</b>	Forklifts Trucks	2005	Exclusive	July 30, 2011	Automatic renewal
	<b>Mitsubishi</b>	Forklift Trucks	1988	Not exclusive	January 1, 2011	December 31, 2012
		Telescopic Handlers	2011	Exclusive for	March 11, 2011	March 11, 2014

Country	Manufacturer	Product line	Year of first agreement	Exclusivity rights	Date of last renewal	Expiration date / automatic renewal
	Merlo Spa			Agricultural and Forestry Sectors / Not exclusive for Construction and Industrial Sectors		
Peru	Heli Jiangsu (Jinma)	Forklifts Trucks Agricultural	2005 2008	Exclusive Exclusive	July 30, 2011 February 28, 2011	Automatic renewal Automatic renewal for two years if minimum purchases are accomplished

(1) The renewal of the contract is currently under negotiation.

(2) This contract is subject to an exception to the exclusivity right for construction projects within the distribution territory by a construction company or entity from the People's Republic of China, in which case the distributor has the right to provide the products directly.

As of January 1, 2012, the importation and distribution agreement for heavy machinery for Mahindra in Chile had expired and is in the process of renewal. We are currently negotiating the renewal of this agreement with Mahindra, and we continue to import and distribute heavy machinery for Mahindra on substantially the same terms and conditions as the lapsed agreement. See *“Risk Factors—Risk Factors Related to Our Business—A failure to renew or comply with our agreements entered into with our original equipment manufacturers may adversely affect our results of operations and financial condition.”*

In addition, we had previously entered into an importation and distribution agreement with Deutz, which has since lapsed. Nevertheless, we continue to import and distribute Deutz heavy machinery on substantially the same terms and conditions as the lapsed agreement. In 2010, sales of Deutz represented a de minimis amount of total sales (by revenue) and approximately 5% of heavy machinery sales (by revenue).

In 2008, 2009 and 2010, sales (by revenue) from our top three heavy machinery OEMs, Case, Kunh and Heli, accounted for approximately 50.9%, 45.5% and 48.2% of our total heavy machinery sales, respectively. Suppliers that individually accounted for more than 10% of our total purchases of heavy machinery (by revenue) in 2010 were Case and Kuhn which accounted for 27.4% and 13.2%, respectively.

We generally purchase heavy machinery through letters of credit, which are provided to OEMs and supplier credit. We receive heavy machinery at the San Antonio port facility in Chile and the Callao port facility in Peru. In order to meet customer needs, and because there are fewer changes to heavy machinery models from year to year, we generally maintain inventory of heavy machinery for a longer period than vehicle inventory.

Heavy Machinery Dealerships. We sell heavy machinery primarily through our owned dealership network. Our dealerships generally focus on certain types of equipment, such as agricultural, construction or forklifts, rather than a particular brand. We have also granted a franchise for agricultural equipment in Chillán to extend the reach of our brands.

The following table shows our heavy machinery dealership network in Chile:

	<u>Owned</u>	<u>Franchise</u>
Iquique.....	1	
Antofagasta.....	1	
Copiapo.....	1	
Calama.....	1	
San Fernando.....	1	
Santiago.....	1	
Chillan.....		1
Concepcion.....	1	
Los Angeles.....	1	
Temuco.....	1	
Valdivia.....	1	
Osorno.....	1	
Puerto Mont.....	1	
<b>Total.....</b>	<b>12</b>	<b>1</b>

We also have a Heli dealership in Lima, Peru.

Our customers for heavy machinery are generally corporations rather than individual customers. We provide financing for heavy machinery for up to 540 days. On these financings we have credit risk; however, we also maintain credit insurance that covers up to 80% of any losses in connection with heavy machinery financing. Non-operating income from heavy machinery financing is *de minimis*.

We also have a small business in the rental of heavy machinery, primarily construction equipment, as well as a business in used heavy machinery from our rental fleet, from time-to-time, traded-in heavy machinery that we receive in connection with a sale. In addition, we provide service for all of the heavy machinery we sell, as well as OEM parts for our brands of heavy machinery. In contrast to our vehicles business, we do not provide any insurance brokerage services in connection with our heavy machinery business.

### ***Third-Party After-Market Accessories***

We also sell after-market accessories such as batteries, motor oil and car stereos manufactured by third parties through an arrangement with our affiliate RTC. See “—*Related Party Transactions—Third-Party After-Market Accessories.*” We are the only distributor of some of the third-party after-market accessories that we sell; however, in other cases we face competition from other distributors of the same parts in Chile. In addition we sell a number of accessories, such as car batteries and audio equipment under our own “RTC” or “Audiomeister” name brands. Sales of third-party after-market accessories accounted for 2.7% and 3.4% of our sales in Chile and 1.9% and 2.3% of our total gross profit in 2009 and 2010 respectively. Gross profit from third-party after-market accessories accounted for 3.5% and 3.3% of our gross profit in Chile and 2.6% and 2.5% of our total gross profit in 2009 and 2010, respectively. We did not sell any third-party after-market accessories in 2008. All of our third-party after-market accessories business is conducted in Chile.

The majority of our sales of third-party after-market accessories are to independent retailers. Therefore, a majority of our sales in this business are wholesale. Selling to independent retailers allows us to increase the scope of our distribution without having to invest heavily in creating retail locations. Through this approach we have become a leading wholesaler of car batteries in Chile. In addition, we also sell third-party after-market accessories directly to customers through two owned after-market part retailers in Santiago which operate under the “RTC” brand. In accordance with our agreements with vehicle OEMs, we are not permitted to sell or use non-OEM after-market accessories that compete with OEM parts in any of our vehicle dealerships.

## **Competition and Markets**

### *Overview*

The markets for our products are highly competitive. The most important factors affecting competition in our business include the following:

- pricing;
- availability of financing;
- marketing capabilities;
- attractiveness and breadth of portfolio of products and services offered; and
- quality of customer services support.

### **Vehicles Business**

We have rights to distribute and to either retail or grant franchises to retail for the brands of cars we sell. We are the only distributor of the brands of vehicles we sell in our territories. In the vehicle sales market, we face competition from the distributors of other vehicles and their owned and franchised dealership networks and independent used vehicle dealerships. We typically rely on advertising and merchandising, sales expertise, service reputation and location of our dealerships to sell new vehicles. Each of our markets includes a number of well-capitalized competitors that have extensive automobile dealership managerial experience and strong retail locations and facilities. We believe that the barriers to entry into the vehicle industry are high, given the limited number of vehicle OEMs and the high capital investments required to become a distributor or retailer.

For used vehicle sales, we compete with other franchised dealers, independent used vehicle dealers, automobile rental agencies, and private parties for supply and resale of used vehicles.

For repair and maintenance service, we compete with independent repair shops; however, our OEM's warranties require that vehicles be serviced by an OEM-authorized dealers and use only OEM parts. We are the only entity in Chile and Peru authorized to perform (or grant franchises to perform) authorized service, and we are the sole distributor of OEM parts in those countries.

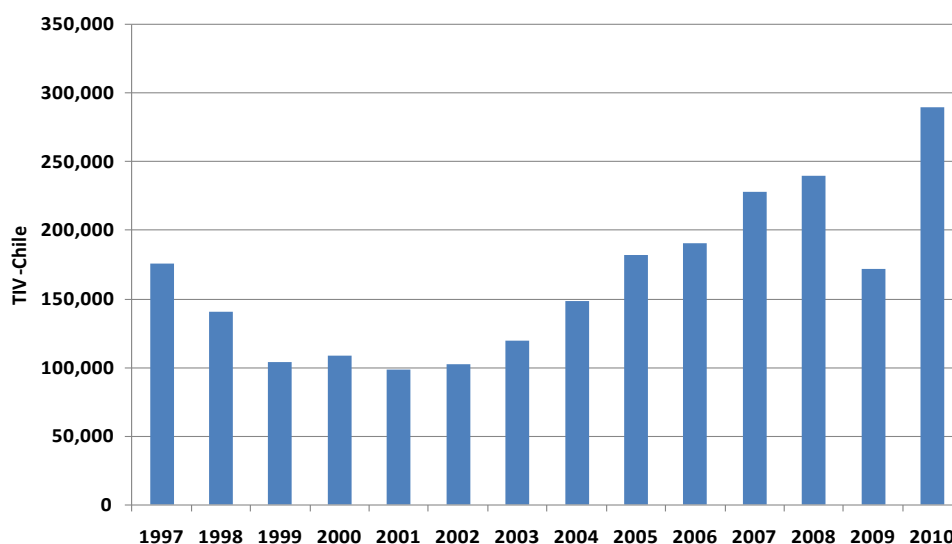
We believe that the principal competitive factors in vehicle sales are the marketing campaigns conducted by distributors such as us and OEMs, the ability of dealerships to offer a wide selection of the most popular vehicles, the location of dealerships and the quality of customer service. As mentioned above, other competitive factors include customer preference for particular brands of automobiles, pricing (including any rebates and promotions) and warranties. We believe that we are competitive in all of these areas.

For financing and insurance brokerage, we do not allow any competing brokers to offer financing or insurance services in our dealerships; however, we compete with other providers of financing or insurance services, such as banks and non-bank finance companies, who may offer services directly to our customers outside of our dealerships.

## Chile

Demand for new and used vehicles in Chile has grown significantly since 2001, as Chile has experienced significant economic growth, and customers have acquired more disposable income. We believe that given the relatively low motorization rate in Chile (5.7 persons per vehicle) compared with countries with similar levels of economic development (4.8 persons per vehicle in Argentina, 3.9 persons per vehicle in Mexico), in each case as of 2008, and recent high levels of economic growth, employment and investment in roads infrastructure, there is a strong market for vehicle sales in Chile. In addition, we believe that the prohibition under Chilean law on the importation of used vehicles has contributed to development of the economy car market in Chile.

The following table sets forth vehicle sales in Chile from 2001 to 2010:



Source: ANAC

We are the third-largest vehicle distributor and retailer in Chile, measured by new vehicle sales in 2010. Our passenger and light commercial vehicles market share in Chile was 12.5% in 2008, 16.3% in 2009 and 13.1% in 2010. The decrease in market share from 2009 to 2010 was due primarily to a shortage in inventory of certain Hyundai vehicles, such as the Tucson and Elantra, because of higher-than-expected worldwide demand and issues in Hyundai's supply chain. We believe that Hyundai has taken the necessary steps to address the supply shortage, and that we will be able to recover this market share in upcoming years.

The following table provides a breakdown of passenger and light commercial vehicle market share by group in Chile:

Importer	For the year ended December 31,					
	2008		2009		2010	
	Sales (Units)	% Market Share	Sales (Units)	% Market Share	Sales (Units)	% Market Share
GM Chile .....	40,597	16.9%	29,745	17.3%	49,483	17.1%
Derco .....	40,867	17.0%	25,941	15.1%	43,907	15.2%
<b>Gildemeister .....</b>	<b>30,067</b>	<b>12.5%</b>	<b>28,034</b>	<b>16.3%</b>	<b>37,772</b>	<b>13.1%</b>
Marubeni + Cidef .....	20,010	8.3%	16,427	9.5%	35,494	12.3%
Grupo Indumotora .....	20,548	8.6%	21,026	12.2%	31,669	10.9%
Grupo SK Berge .....	21,263	8.9%	16,287	9.5%	28,276	9.8%
Toyota/Mitsui .....	30,002	12.5%	13,182	7.7%	25,515	8.8%
Ford Chile .....	6,644	2.8%	4,720	2.7%	7,332	2.5%
Peugeot Chile .....	9,004	3.8%	3,875	2.3%	7,264	2.5%
Maco .....	4,272	1.8%	3,220	1.9%	5,947	2.1%
Citroën .....	4,558	1.9%	2,136	1.2%	4,036	1.4%
Honda Chile .....	3,608	1.5%	1,860	1.1%	3,000	1.0%
Kaufmann .....	1,682	0.7%	1,513	0.9%	2,565	0.9%
BMW .....	1,317	0.5%	1,078	0.6%	1,969	0.7%
Ditec .....	1,242	0.5%	1,153	0.7%	1,864	0.6%
Cidef / China Car .....	3,201	1.3%	1,020	0.6%	1,355	0.5%
Kovacs .....	375	0.2%	635	0.4%	1,311	0.5%
Others .....	579	0.2%	192	0.1%	521	0.2%
<b>Total .....</b>	<b>239,836</b>	<b>100.0%</b>	<b>172,044</b>	<b>100.0%</b>	<b>289,280</b>	<b>100.0%</b>

Source: ANAC

Among passenger and light commercial vehicle sales, Hyundai-brand vehicles occupied the third place among different brands in Chile and represented approximately 11.8% of units sold in 2010 as compared to 15.1% of units sold in 2009. This reduction in market share was the result of an inventory shortage described above.

The following table provides a breakdown of passenger and light commercial vehicle market share by group in Chile:

Brand	For the year ended December 31,					
	2008		2009		2010	
	Sales (Units)	% Units	Sales (Units)	% Units	Sales (Units)	% Units
Chevrolet .....	40,597	16.9%	29,745	17.3%	49,483	17.1%
Nissan .....	20,010	8.3%	16,427	9.5%	35,494	12.3%
<b>Hyundai* .....</b>	<b>28,821</b>	<b>12.0%</b>	<b>25,945</b>	<b>15.1%</b>	<b>34,122</b>	<b>11.8%</b>
Kia .....	16,687	7.0%	17,184	10.0%	25,089	8.7%
Toyota .....	27,517	11.5%	12,130	7.1%	24,908	8.6%
Suzuki .....	20,634	8.6%	11,071	6.4%	18,659	6.5%
Mazda .....	9,455	3.9%	5,362	3.1%	8,434	2.9%
Mitsubishi .....	7,527	3.1%	5,217	3.0%	7,677	2.7%
Ford .....	6,644	2.8%	4,720	2.7%	7,332	2.5%
Peugeot .....	9,004	3.8%	3,875	2.3%	7,264	2.5%
Grupo Chrysler .....	5,546	2.3%	4,235	2.5%	7,011	2.4%
Renault Samsung .....	2,055	0.9%	2,823	1.6%	6,220	2.2%
Ssangyong .....	3,193	1.3%	2,682	1.6%	5,011	1.7%

For the year ended December 31,

Brand	2008		2009		2010	
	Sales (Units)	% Units	Sales (Units)	% Units	Sales (Units)	% Units
Great Wall.....	3,544	1.5%	2,342	1.4%	4,420	1.5%
Subaru.....	3,428	1.4%	3,071	1.8%	4,409	1.5%
Volkswagen.....	3,207	1.3%	2,102	1.2%	4,113	1.4%
Citroën.....	4,558	1.9%	2,136	1.2%	4,036	1.4%
Fiat.....	1,994	0.8%	1,734	1.0%	3,756	1.3%
Chery.....	2,878	1.2%	2,067	1.2%	3,643	1.3%
Honda.....	3,608	1.5%	1,860	1.1%	3,000	1.0%
Mercedes Benz.....	1,682	0.7%	1,513	0.9%	2,565	0.9%
<b>Mahindra*</b> .....	<b>874</b>	<b>0.4%</b>	<b>1,299</b>	<b>0.8%</b>	<b>2,438</b>	<b>0.8%</b>
Others.....	16,373	6.8%	12,504	7.3%	20,196	7.0%
<b>Total.....</b>	<b>239,836</b>	<b>100.0%</b>	<b>172,044</b>	<b>100.0%</b>	<b>289,280</b>	<b>100.0%</b>

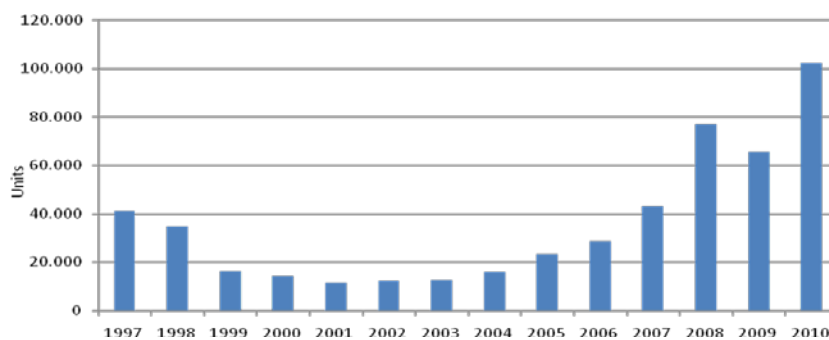
\*Indicates brands sold by Gildemeister.  
Source: ANAC

Peru

As in Chile, rising prosperity in Peru has resulted in an increased demand for new vehicles since 2001. In Peru, the motorization rate was 15.6 persons per vehicle, compared with 4.8 persons per vehicle in Argentina and 3.9 persons per vehicle in Mexico, in each case as of 2008.

In Peru, unlike in Chile, the importation of used vehicles for sale is allowed and represents a significant source of competition in the market for economy vehicles. However, the government recently has been implementing new restrictions on imports of used vehicles and strengthening existing restrictions. These restrictions include controls on the year of manufacture, engine size and CO2 emissions. We believe that the increase in restrictions on the importation of used vehicles has contributed to the growth of the new vehicle market in Peru.

The following chart shows vehicle sales in Peru from 2001 to 2010:



Source: AAP

We are the second-largest group in Peru as measured by new vehicle sales in 2010. Our Peruvian operations were less affected than our Chilean operations by the inventory shortage experienced in 2010 as a result of the fact that Hyundai was better positioned to meet the demands of the smaller market. As a

result, our passenger and light commercial market share in Peru increased from 14.0% in 2008 to 16.0% in 2009, and remained stable at 16.0% in 2010.

The following table provides a breakdown of passenger and light commercial vehicle market share by group in Peru:

Importer	For the Year Ended December 31,					
	2008		2009		2010	
	Sales (Units)	% Units	Sales (Units)	% Units	Sales (Units)	% Units
Toyota.....	23,060	29.9%	16,201	24.8%	26,449	25.9%
<b>Gildemeister .....</b>	<b>10,793</b>	<b>14.0%</b>	<b>10,454</b>	<b>16.0%</b>	<b>16,367</b>	<b>16.0%</b>
Derco .....	11,237	14.6%	8,642	13.2%	13,313	13.0%
Nissan Maquinarias .....	9,423	12.2%	8,426	12.9%	12,362	12.1%
SK Berge .....	5,492	7.1%	7,488	11.4%	11,860	11.6%
Euromotors .....	4,370	5.7%	3,994	6.1%	6,604	6.5%
Honda .....	2,661	3.5%	1,868	2.9%	2,200	2.2%
MC Autos .....	2,273	3.0%	1,617	2.5%	2,032	2.0%
Indumotora.....	1,948	2.5%	1,150	1.8%	1,869	1.8%
Divemotors .....	1,177	1.5%	1,054	1.6%	1,528	1.5%
Braillard.....	729	0.9%	572	0.9%	797	0.8%
Others .....	3,843	5.0%	3,958	6.0%	6,783	6.6%
<b>Total .....</b>	<b>77,006</b>	<b>100.0%</b>	<b>65,424</b>	<b>100.0%</b>	<b>102,164</b>	<b>100.0%</b>

Source: AAP

Among passenger and light commercial vehicles, our sales of Hyundai occupy the second place among the different brands in Peru and represent approximately 10.2%, 13.0% and 12.8% of vehicles sold in 2008, 2009 and 2010, respectively.

Brand	For the Year Ended December 31,					
	2008		2009		2010	
	Sales (Units)	% Units	Sales (Units)	% Units	Sales (Units)	% Units
Toyota.....	23,060	29.9%	16,201	24.8%	26,449	25.9%
<b>Hyundai* .....</b>	<b>7,860</b>	<b>10.2%</b>	<b>8,473</b>	<b>13.0%</b>	<b>13,051</b>	<b>12.8%</b>
Nissan .....	8,589	11.2%	7,673	11.7%	11,127	10.9%
Kia .....	4,004	5.2%	5,856	9.0%	9,790	9.6%
Chevrolet .....	4,004	5.2%	3,680	5.6%	7,202	7.0%
Suzuki .....	7,664	10.0%	5,443	8.3%	6,596	6.5%
Volkswagen .....	2,589	3.4%	2,672	4.1%	4,503	4.4%
Mitsubishi .....	2,273	3.0%	1,617	2.5%	2,032	2.0%
Honda .....	2,661	3.5%	1,868	2.9%	2,200	2.2%
<b>Mazda* .....</b>	<b>1,401</b>	<b>1.8%</b>	<b>690</b>	<b>1.1%</b>	<b>1,242</b>	<b>1.2%</b>
Subaru.....	1,149	1.5%	703	1.1%	1,241	1.2%
Others .....	11,752	15.7%	10,548	16.0%	16,731	16.4%
<b>Total .....</b>	<b>77,006</b>	<b>100.0%</b>	<b>65,424</b>	<b>100.0%</b>	<b>102,164</b>	<b>100.0%</b>

\*Indicates brands sold by Gildemeister through 2010. In January 2011, we sold the rights to distribute Mazda in Peru.

Source: AAP

Among commercial vehicle sales, our sales of Hyundai occupy the top position among the different brands in Peru and represented approximately 9.8%, 12.2% and 13.0% of commercial vehicles sold in 2008, 2009 and 2010, respectively.



**For the Year Ended December 31,**

Brand	2008		2009		2010	
	Sales (Units)	% Units	Sales (Units)	% Units	Sales (Units)	% Units
Hyundai*	1,521	9.8%	1,407	12.2%	2,427	13.0%
Mitsubishi	1,459	9.4%	1,207	10.5%	1,719	9.2%
Hino	1,369	8.8%	914	7.9%	1,406	7.5%
Volvo	1,277	8.2%	712	6.2%	1,360	7.3%
Mercedes Benz	1,318	8.5%	818	7.1%	1,258	6.8%
Jac	740	4.8%	783	6.8%	1,138	6.1%
Volkswagen	855	5.5%	856	7.4%	1,155	6.2%
International	1,273	8.2%	512	4.4%	882	4.7%
Dong Feng	382	2.5%	372	3.2%	854	4.6%
Isuzu	1	0.0%	52	0.5%	662	3.6%
Scania	839	5.4%	227	2.0%	613	3.3%
Others	4,499	29.0%	3,648	31.7%	5,162	27.7%
<b>Total</b>	<b>15,533</b>	<b>100.0%</b>	<b>11,508</b>	<b>100.0%</b>	<b>18,636</b>	<b>100.0%</b>

\*Indicates brands sold by Gildemeister.  
Source: AAP

### Heavy Machinery Business

We compete in the heavy machinery market primarily in Chile, and we maintain a Heli forklift dealership in Peru. In the heavy machinery market, we face less competition from distributors of other brands of equipment due to greater consolidation in the industry, but we face more direct competition from alternatives like heavy machinery rental locations and used heavy machinery sales.

### Third-Party After-Market Accessories

In the third-party after-market accessories market, we face competition primarily from independent parts dealers, and, in the case of our two owned retail stores, independent parts retailers. In general, the barriers to entry in the third-party after-market accessories market are low, and as a result, the market is heavily dispersed among a large number of independently owned and operated distributors (in the case of distribution) and parts stores (in the case of retail).

### Employees

The following table shows the breakdown of our full-time employees for the years ended December 31, 2008, 2009 and 2010 and the nine months ended September 30, 2011.

	As of December 31,			As of September 30,
	2008	2009	2010	2011
Chile	954	1,126	1,322	1,493
Peru	524	506	628	714
<b>Total employees</b>	<b>1,478</b>	<b>1,632</b>	<b>1,950</b>	<b>2,207</b>

None of our employees are unionized. We link compensation for most of our employees to performance by relying on an incentive-based pay system. The amount and number of metrics impacting an employee's salary depend on the employee's role within the company. For instance, we compensate our dealership managers based on dealership profitability, while our departmental managers and sales people are similarly compensated based on departmental profitability and individual performance.

Variable compensation for administrative employees is based on overall group performance. Similarly, compensation for other employees is also comprised of a fixed component and a variable component which is tied to specific performance metrics applicable to the employee's specific job description. We have not experienced any significant work stoppages in the last ten years and consider our relations with employees to be good.

### **Legal Proceedings**

We are subject to certain claims and are a party to certain legal proceedings incidental to the normal course of our business. We do not believe that liabilities related to such claims and proceedings are likely to have, in the aggregate, a material adverse effect on our financial condition or results of operations.

### **Description of Property**

Our headquarters are located at 570 Avenida Américo Vespucio, Pudahuel, Santiago, Chile. Our main offices and showroom are approximately 6,247 square meters in area and are owned by us.

We both lease and own the retail space used by our dealerships. We select the retail space used by our dealerships based upon various considerations, including our desire to convey a uniform corporate image and the need for total sales and warehouse areas sufficient to accommodate our increasing number of product lines and services and merchandise volumes.

As of December 31, 2010, we owned 45.7% of our real property and leased 54.3% from third parties.

As of December 31, 2009, we owned 51.3% of our real property and leased 48.7% from third parties.

As of December 31, 2008, we owned 54.1% of our real property and leased 45.9% from third parties.

As of December 31, 2008, 2009 and 2010, we had more than 49, 59 and 79 short- and long-term lease agreements in place, respectively. Leased properties are used primarily for our dealerships and as office space and warehouse facilities. As of December 31, 2008, 2009 and 2010, our total rental expense amounted to Ch\$4,642.2 million, Ch\$5,203.2 million and Ch\$6,476.1 million, respectively.

### **Environmental Matters**

We are subject to a wide range of Chilean and Peruvian environmental laws and regulations, including those governing discharges into the air and water, the operation and removal of aboveground and underground storage tanks, the use, handling, storage and disposal of hazardous substances and other materials and the investigation and remediation of contamination. As with automotive dealerships generally, and service, parts and body shop operations in particular, our business involves the generation, use, handling and contracting for recycling or disposal of hazardous or toxic substances or wastes, including environmentally sensitive materials such as motor oil, waste motor oil and filters, transmission fluid, antifreeze, refrigerant, waste paint and lacquer thinner, batteries, solvents, lubricants, degreasing agents, gasoline and diesel fuels. Similar to many of our competitors, we have incurred and will continue to incur, capital and operating expenditures and other costs in complying with such laws and regulations.

We believe that we do not have any material environmental liabilities and that compliance with environmental laws and regulations will not, individually or in the aggregate, have a material adverse effect on our results of operations or financial condition. Further, environmental laws and regulations are complex and subject to change. In addition, in connection with our acquisitions, it is possible that we will assume or become subject to new or unforeseen environmental costs or liabilities, some of which may be material. Compliance with current, amended, new or more stringent laws or regulations, stricter interpretations of existing laws or the future discovery of environmental conditions could require additional expenditures by us and such expenditures could be material.

## **Insurance**

Due to the nature of the automotive retail industry and the large inventory maintained by dealerships, automotive retail dealerships generally require significant levels of insurance covering a broad variety of risks.

The business is subject to substantial risk of property loss due to the significant concentration of property values at dealership locations. Other potential liabilities arising out of our operations involve claims of employees, customers or third parties for personal injury or property damage and potential fines and penalties in connection with alleged violations of regulatory requirements.

In both Chile and Peru, we maintain insurance coverage for our fixed assets and inventory. In addition we maintain “all risk” insurance on our vehicles during transportation from the OEM up to the dealership.

## **REGULATIONS**

In Chile the automobile industry is not regulated by industry specific laws or regulations. We refer to the main laws and regulations applicable to our business.

### **General Contractual Rules**

The relationship between us and our franchised dealers is regulated by the terms and conditions provided in the agreements entered into between the relevant parties, and in addition by general contractual rules contained in the Civil Code and the Commercial Code. According to these regulations we may freely agree the terms and conditions of our distribution or franchises agreements.

### **Antitrust Regulations**

We are subject to the antitrust regulations of the Decree Law N°211 (the “Free Competition Law”), according to which, we cannot execute or enter into any act, agreement or contract, either individually or collectively, that hinders, restricts or impedes free competition, or which tends to produce such effects.

The National Economic Prosecutor (*Fiscalía Nacional Económica*) is the entity that investigates any acts or circumstances that may breach the Free Competition Law, whether at the request of any person or ex-officio. Once an investigation is completed, if the National Economic Prosecutor considers that the relevant acts or circumstances breach the Free Competition Law, it may decide to present charges before the Free Competition Tribunal, which is the competent entity to decide if there is an infringement to the Free Competition Law. If we breach the Free Competition Law, the antitrust authorities may order the payment of fines provided for in the law and/or the implement preventive, corrective or restrictive measures with regard to the acts, agreements or contracts.

### **Consumer Regulations**

The relationship between us and our clients is regulated by Law N° 19.496 that establishes the rules for the protection of the consumers’ rights (the “Consumers Law”). The Consumers Law establishes consumers’ rights and duties and the obligations and responsibilities applicable to suppliers of goods or services. The National Consumer’s Service (*Servicio Nacional del Consumidor* or “SERNAC”) is an independent governmental entity in charge of the protection and the promotion of consumers’ rights. Consumers that consider that their rights were affected or hindered by a supplier of goods or services may file a report with the SERNAC, who will mediate between the consumer and the supplier to reach a binding solution. The consumers may also sue the supplier before a court of law (*Juzgado de Policía Local*) to seek reparation or compensation of damages.

### **Characteristics of vehicles**

The vehicles sold in Chile must comply with emission regulations as provided in Decree N°211 of 1991 and the security regulations provided in Decree N°26 of 2000, both of the Ministry of Transportation. Vehicles that do not meet the requirements set forth in the above decrees cannot be registered with the National Registry of Motor Vehicles and, consequently, cannot circulate in Chile. In order to be registered, vehicles must have a label attached that indicates compliance with the standards listed in Decree N°211 and indicating the place and method of testing. This label needs to be affixed by the manufacturer of the vehicles or its legal representative.

### **Customs duties / Free Trade Agreements**

According to Chilean trade regulations, the general rule is that the importation of vehicles is subject to an ad-valorem customs duty of 6%. However, Gildemeister benefits from free trade agreements or commercial agreements between Chile and the following countries: United States of America, Japan, Colombia, Mexico, China, Korea, European Union and Mercosur. The main benefit of these agreements is that the customs duty for imports of new vehicles, spare parts, batteries and other accessories, is equal to zero or to the following reduced percentage (i) 3.5% for machinery spare parts imported from Brazil; (ii) 3% for machinery spare parts imported from China; (iii) 1% for vehicles spare parts imported from China; (iii) 1.5% for vehicle spare parts imported from Korea; and (iv) 1.64% for Diesel vehicles (motors up to 1.5cc) imported from Korea.

## MANAGEMENT

### Board of Directors

Our Board of Directors oversees our policies and operations. Our current Board of Directors is composed of three members.

The members of our Board of Directors are:

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Director Since</u>
Ricardo Lessmann	60	President	1989
Bruno Puntous	42	Director	2005
Hans Dieter Baumann	76	Director	1989

**Ricardo Lessmann.** Mr. Lessmann was appointed as our director in 1989. Mr. Lessmann was one of the founding members of Automotores Gildemeister S.A., and since 1991, he has also served as President and CEO of the Company. Prior to founding Automotores Gildemeister S.A., Mr. Lessmann served as commercial and general manager with different automotive and machinery distribution and retail companies. Mr. Lessmann also currently serves as a member of the board of directors of other subsidiaries of our parent company, Minvest, and a number of foundations. Mr. Lessmann has a degree in Business Administration from the Universidad Católica de Chile.

**Hans Dieter Baumann.** Mr. Baumann was appointed director in 1989. From 1979 to 1993 he was president and CEO of Gildemeister SAC, and previously he served for more than 22 years in commercial and general management roles with Coutinho, Caro & Co and Dolberg & Cia S.A. in Germany, Africa and South America. Mr. Baumann also currently serves as a member of the board of directors of other subsidiaries of our parent company, Minvest. Mr. Baumann has a degree from the Hamburg School of Business.

**Bruno Puntous.** Mr. Puntous was appointed director in 2005. He has a degree in Industrial Design from the School of Art in Toulouse, France and postgraduate degrees in Mathematics & Science and Business. Mr. Puntous founded his own design company in 1998 and is currently President and CEO of a mineral water bottling company (Patagonia Mineral S.A), executive director of a furniture design company (Mondo) and executive director of an agriculture company.

### Executive Officers and Key Management

The Company's executive officers and key management are:

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Year Appointed</u>
Ricardo Lessmann	60	President and Chief Executive Officer	1991
Eduardo Moyano	46	Chief Financial Officer	2004
Fernando Giner	42	Vice President of Commercial Operations	2002

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Year Appointed</u>
Valentin Schwartz	40	Vice President Controller	2008
Maximo Morel	43	Vice President of Marketing	2008
Pedro Arteaga	44	Vice President of Human Resources	2005
Abel Garcia Huidobro	47	Vice President of Retail Operations	2008
Luis Millas	44	Vice President of Internal Audit	2011
Gonzalo Zuñiga	48	Country Manager for Peru	2007
Juan Pablo Troncoso	49	Manager of the Heavy Machinery Division	2010
Gonzalo de la Barra	46	Manager of the Premium Brands Division	2010
Jan Rusch	35	Planning Manager	2005

**Ricardo Lessmann.** Mr. Lessmann was appointed as our director in 1989. Mr. Lessmann was one of the founding members of Automotores Gildemeister S.A., and since 1991, he has also served as President and CEO of the Company. Prior to founding Automotores Gildemeister S.A., Mr. Lessmann served as commercial and general manager with different automotive and machinery distribution and retail companies. Mr. Lessmann also currently serves as a member of the board of directors of other subsidiaries of our parent company, Minvest, and a number of foundations. Mr. Lessmann has a degree in Business Administration from the Universidad Católica de Chile.

**Eduardo Moyano.** Mr. Moyano was named our Chief Financial Officer in 2004. Mr. Moyano has a degree in economics from the Pontificia Universidad Católica de Chile. Previously, Mr. Moyano worked in banking for 15 years with Chase Manhattan and American Express in Chile and the United States. Since 2007, Mr. Moyano has served as a member of the board of directors of several other subsidiaries of our parent company, Minvest.

**Fernando Giner.** Mr. Giner was named Vice President of Commercial Operations in 2002. Mr. Giner has a degree in business administration from the Universidad Gabriela Mistral and a MBA from the ESADE School of Business. Prior to joining Gildemeister, Mr. Giner served in several capacities including Commercial Director of a fashion group and a hotel group.

**Valentin Schwartz.** Mr. Schwartz was named Vice President Controller of Gildemeister in 2008. Mr. Schwartz has a degree in business administration from the Universidad Adolfo Ibanez. Prior to joining Gildemeister, Mr. Schwartz served in several capacities including Chief Financial Officer for many different companies.

**Maximo Morel.** Mr. Morel has been our Vice President of Marketing since 2008. Mr. Morel has a degree in civil engineering from the Universidad de Chile and has almost 20 years of experience in marketing. Previously, Mr. Morel worked in marketing for finance and retail companies such as MasterCard, Mattel and Almancenés Paris.

**Pedro Arteaga.** Mr. Arteaga has been Vice President of Human Resources for Gildemeister since 2005. Mr. Arteaga has a degree in psychology from the Universidad Diego Portales and a postgraduate diploma in Human Resources Administration from the Universidad Católica de Chile. Mr. Arteaga has over 20 years of experience in Human Resources Management at multinational companies.

**Abel Garcia Huidobro.** Mr. Garcia has been our Vice President of Retail Operations since 2008. Mr. Garcia is a naval engineer and has a MBA from the Universidad Adolfo Ibañez. Prior to joining Gildemeister, Mr. Garcia held several commercial, operational and customer service positions for Telecomunicaciones VTR, Telefonica and LAN.

**Luis Millas.** Mr. Millas was appointed Vice President of Internal Audit in August 2011. He has a degree in Business Administration from the Universidad Gabriela Mistral. Previously, Mr. Millas held several internal audit, treasury risk and credit risk analyst positions at Banco de Chile, including since 2006, head of the internal audit and operational risk department of the bank.

**Gonzalo Zuñiga.** Mr. Zuñiga has been Gildemeister's Country Manager for Peru since 2007. Mr. Zuñiga has a degree in economics from the Universidad Católica del Perú and a MBA from ESAN Perú. Mr. Zuñiga has over 25 years of experience, including 15 years serving in commercial manager positions in the automotive industry.

**Juan Pablo Troncoso.** Mr. Troncoso has been Manager of the Heavy Machinery Division since 2010. Mr. Troncoso has a degree in civil mining engineering from the Universidad de Chile, a MBA from Tulane University and a Magister in Administration from the Universidad de Chile. Mr. Troncoso has 15 years of experience as a manager of commercial operations. Prior to joining Gildemeister, Mr. Troncoso worked at MINEPRO Chile.

**Gonzalo De la Barra.** Mr. De la Barra has been Manager of the Premium Brands Division since 2010. He has a degree in marketing and business development from the Escuela de Comunicaciones Monica Herrera and a postgraduate degree in business from the Universidad de Chile. He has over 20 years of work experience, including 18 years serving in marketing, commercial and general manager positions in the automotive industry.

**Jan Rusch.** Mr. Rusch has been Planning Manager for Gildemeister since 2005. Mr. Rusch has a degree in civil and industrial engineering from the Universidad de Chile and an MBA from the Universidad Católica de Chile. Prior to joining Gildemeister, Mr. Rusch worked in Business Development at BASF Chemical Company for ten years.

## **Compensation**

We do not provide compensation to our Board of Directors for their service on our Board. For the year ended December 31, 2010 the aggregate amount of compensation paid by us to all of our executive officers and key management was Ch\$1,939.2 million.

## **Employees**

As of September 30, 2011, on a consolidated basis, we and our subsidiaries had 2,207 employees. As of December 31, 2010, on a consolidated basis, we and our subsidiaries had 1,950 employees, compared to 1,632 employees as of December 31, 2009. At December 31, 2008, we had 1,795 employees.

The aggregate amount of compensation paid by us to our employees in 2010 was Ch\$30,073.4 million.

We currently enjoy good relations with our employees. The following table summarizes the number of employees employed by us as of December 31, 2008, 2009 and 2010 and September 30, 2011:



	As of December 31,			As of September 30,
	2008	2009	2010	2011
Management .....	57	53	57	69
Sales.....	515	576	692	788
After-Sales .....	476	553	640	751
Administrative .....	430	450	561	599
<b>Total employees .....</b>	<b>1,478</b>	<b>1,632</b>	<b>1,950</b>	<b>2,207</b>

## PRINCIPAL SHAREHOLDERS

Our capital stock is represented by 138,000 shares. All shares are issued and outstanding and have no par value. 99.99% of our capital stock is owned by Minvest S.A., a *sociedad anónima* organized under the laws of Chile, and 0.01% of our capital stock is owned by Inmobiliaria Automotores Gildemeister S.A.

The shareholders of Minvest S.A. have entered into a shareholders agreement that governs, among other matters, our Board of Directors and CEO. According to the shareholders agreement, the shareholders of Minvest will cause Ricardo Lessmann to be our CEO, and have agreed that any vote by the board of Automotores Gildemeister to approve certain matters, including related party transactions, investment plans, business plans, and granting of liens will require the affirmative vote of three directors. The shareholders agreement provides that approval of our annual budget, debt levels or the acquisition of new brands will require the vote of two directors.

The following table sets forth certain information regarding the current ownership of the capital stock of Minvest S.A. as of the date of this Luxembourg listing prospectus:

<u>Name of Shareholder</u>	<u>Number of Shares Owned</u>	<u>Percentage Share Ownership</u>
Ricardo Lessmann <sup>(1)</sup> .....	1,209,816	30.43%
Puntous family <sup>(2)</sup> .....	1,785,918	44.93%
Hans D. Baumann <sup>(3)</sup> .....	979,375	24.64%
<b>Total</b> .....	<b><u>3,975,109</u></b>	<b><u>100.00%</u></b>

(1) Directly and indirectly through Inversiones Millacan S.A. and Inversiones Millacan Tres S.A.

(2) Indirectly through Sociedad de Inversiones Estonia S.A. and Sociedad de Inversiones Estonia Tres S.A.

(3) Indirectly through Orania Tres S.A.

## RELATED PARTY TRANSACTIONS

We have engaged, and in the future may engage, in transactions with our shareholders and companies affiliated with our shareholders. We do not have any requirement that transactions with our shareholders and companies affiliated with our shareholders be approved by our board of directors or that we receive a fairness opinion in respect of such transactions. Many of these transactions are not documented, and in most cases, may be terminated by our affiliates or by us at will.

The following table sets forth our related party transactions that resulted in a charge or credit to our income in our financial statements for the years ended December 31, 2008, 2009 and 2010 and the nine months ended September 30, 2011:

Entity	Relationship	(Charge) credit to income, net			Nine months ended September 30, 2011 <sup>(1)</sup>
		Year ended December 31,			
		2010	2009	2008	
			(in millions of Ch\$)		
Carmeister S.A.....	Shareholders in common	(792.9)	(639.8)	(137.8)	(306.4)
Inmobiliaria Automotores Gildemeister S.A.....	Shareholders in common	(1,311.8)	(1,029.4)	(1,323.4)	(1,012.5)
RTC S.A. ....	Shareholders in common	3,571.6	2,397.1	658.7	2,444.0
Fortaleza S.A. ....	Shareholders in common	-	204.1	371.2	-
Maquinaria Nacional S.A.....	Shareholders in common	(4.7)	14.6	146.1	-
Open Road S.A.....	Shareholders in common	-	72.3	126.4	-
Finmeister S.A. ....	Shareholders in common	0.2	(33.3)	(23.6)	0.1
Minvest S.A. ....	Parent company	-	(1,674.8)	-	-
Sociedad de Créditos Automotrices S.A.....	Shareholders in common	2,245.7	68.5	62.1	2,806.7
Automotores Motor Haus S.A.(ex Camur S.A.).....	Shareholders in common	0.7	-	-	1.8
Comercial Gildemeister S.A. ....	Shareholders in common	-	-	-	(3.3)
Marc Leasing S.A. ....	Shareholders in common	-	-	-	(2.1)
Grupo Los Tres Guatemala S.A.....	Shareholders in common	-	-	-	4.1

(1) Unaudited.

### New Vehicle and OEM Parts Sales in Chile and Sales of Heavy machinery

Our affiliates are the counterparties to the following vehicle and OEM parts importation and distribution agreements in Chile:

Affiliate	Brands
Fortaleza	Mahindra Haima Zotye Jinbei (Brilliance) Yuejin Sinotruk Keeway Motorcycles

In addition our affiliates are the counterparties to the following heavy machinery and OEM parts importation and distribution agreements:

<b>Affiliate</b>	<b>Brands</b>
Fortaleza	Mahindra Jiangsu (Jinma) Shantui
RTC	Heli

Since April 2009, we have conducted the activities of these affiliates and in connection with these activities, each of these affiliates has effectively empowered us, on a royalty-free basis, to import and distribute the above-mentioned brands which such affiliate is entitled to distribute in accordance with their importation and distribution agreements. In implementing this arrangement, we request that our affiliate place a purchase order with the relevant OEM. The OEM typically issues the invoice naming our affiliate as the purchaser. However, we provide a letter of credit to support the purchases, and the bill of lading names us as the recipient/buyer of the vehicles and/or parts. Prior to receipt of the vehicles, heavy machinery and/or parts in Chile (or Peru, in the case of Heli), our affiliate endorses the purchase order and any other relevant documentation to us. These transactions do not generate a financial transaction and therefore are not recorded as related party transactions in our financial statements. Revenue from the subsequent sale of the vehicles and/or parts is recorded as sales, and the cost of importing these products is recorded under cost of sales in our income statement. See *“Risk Factors—Risk Factors Related to Our Business—Certain of our products and services are dependent upon contracts that are held by our affiliates.”*

In 2009, we purchased most of the inventory of new vehicles and OEM parts then held by Fortaleza. These transactions were recorded as related party transactions in our financial statements and did not impact our income statement as they only correspond to purchase or sale of inventory; however, the cost at which this inventory was acquired was recorded as cost of sales when revenue from the sale of the inventory was recognized. In 2009, Comercial GSA was granted the rights to import and distribute the MINI brand (part of the BMW Group), and all acquisition of MINI inventory has been through procedures similar to those for Fortaleza.

We sell under the trade name “Fortaleza” the above-mentioned brands for which Fortaleza S.A. has importation and distribution agreements, and we sell under the trade name “Comercial Gildemeister” MINI vehicles and OEM parts, for which Comercial GSA has an importation and distribution agreement. Each of Fortaleza and Comercial GSA has effectively granted us a royalty-free license to use their trade names. These arrangements do not generate any financial transactions and therefore are not recorded as related party transactions in our financial statements.

In addition, from time to time we enter into the following transactions with Fortaleza:

- We occasionally choose to register Fortaleza as the owner of certain vehicles and for this purpose, we sell inventory to Fortaleza at cost and Fortaleza then sells the inventory back to us at cost at the time the inventory is sold to the consumer. These sales and repurchases are recorded as related party transactions in our financial statements; and Fortaleza S.A. does not retain any profit as a result of these transactions; however, we record revenue from the sale of this inventory and cost of sales when we repurchase and subsequently recognize revenue from the sale of this inventory.

- As of the date of this Luxembourg listing prospectus, we have not registered with *Chile Compra* (a Chilean government procurement agency). As a result, when we bid for contracts and participate in sales that are managed by *Chile Compra*, Fortaleza conducts the transactions on our behalf by purchasing inventory from us at the price paid by *Chile Compra*. These transactions are recorded as related party transactions in our financial statements and Fortaleza does not retain any profit as a result of these transactions; however, we record revenue from the sale of this inventory and cost of sales when we repurchase and subsequently recognize revenue from the sale of this inventory.

We have also, from time to time, provided loans to Fortaleza, and we have significant accounts receivable balances from Fortaleza. These transactions are recorded as related party transactions in our financial statements.

### **Third-Party After-Market Accessories Sales in Chile**

Our affiliate RTC S.A. is party to agreements for the importation and distribution of the third-party after-market accessories sold in our after-market accessories business. Since April 2009, RTC S.A. has effectively empowered us, on a royalty-free basis, to import and distribute these after-market accessories in Santiago. RTC S.A. records all revenue and income from the sale of third-party after-market accessories sold in Iquique. In order to implement this arrangement, we request that our affiliate place a purchase order with the relevant OEM. In certain cases, RTC S.A. is named as the purchaser on the invoice; in other cases, we are named as the purchaser. However, we provide a letter of credit to support the purchases, and the bill of lading for the after-market products names us as the recipient of the products. Prior to receipt of the products in Chile, RTC S.A. endorses the purchase order (in the case of purchase orders made out to RTC S.A.) and any other relevant documentation to us. The cost of these after-market products is recorded as cost of sales in our income statement. Because the right to import and distribute these products is being provided on a royalty-free basis, these transactions are not recorded as related party transactions in our financial statements.

Once the after-market products are received, we consign them to RTC S.A., who sells them on our behalf. We then bill RTC S.A. separately for the cost of the after-market products sold, as well as the entire profit margin on the after-market product. When RTC S.A. pays us for the cost of and profit margin on the after-market products sold, we record this income as sales in our income statement, and because these transactions also involve the sale of inventory to, and accounts receivable from, RTC S.A., they are recorded as related party transactions in our financial statements.

In addition, from time to time, we have repurchased, at cost, inventory consigned to RTC S.A. in order to reduce accounts receivable balances from RTC S.A. This inventory is later re-consigned to RTC S.A. for sale. These transactions are recorded as related party transactions in our financial statements and RTC S.A. does not retain any profit as a result of these transactions.

### **Used Vehicle Sales in Chile**

Our affiliate Carmeister S.A. is involved in our used vehicle business.

In the case of used vehicles that we purchase (such as used vehicles that are “traded-in” in connection with the purchase of a new vehicle), we consign the vehicles to Carmeister S.A. Carmeister S.A. then sells these vehicles on our behalf, and pays us the full purchase price paid by the buyer less a small commission. We record the revenues from these sales, as well as the acquisition cost of the used vehicle, as sales and cost of sales in our income statement, and in addition, because these transactions also

involve the sale of inventory to, and accounts receivable from, Carmeister S.A., they are recorded as related party transactions in our financial statements.

From time to time, we have repurchased, at cost, inventory consigned to Carmeister S.A. in order to reduce accounts receivable balances from Carmeister S.A. This inventory is later re-consigned to Carmeister S.A. for sale. These transactions are recorded as related party transactions in our financial statements and Carmeister S.A. does not retain any profit as a result of these transactions.

In the case of used vehicles whose sale is intermediated through us (such as used vehicles that are sold by the seller to a purchaser, and in respect of which we receive a commission), we effectively assign to Carmeister S.A. the right to intermediate the sale. In exchange for the intermediation of the sales of used vehicles, we pay Carmeister S.A. a small commission, and we do not receive any income from these sales. These commissions are recorded as related party transactions in our financial statements.

Carmeister is also responsible for the sale of vehicles that were previously used by us in the course of our business, such as courtesy vehicles or vehicles used for shuttles to and from our dealerships. We consign these vehicles to Carmeister S.A. who sells them on our behalf. We pay Carmeister S.A. a commission in respect of these sales, and we receive the full purchase price in respect thereof. We record these sales as “Other Income” in our income statement (and the initial purchase of the vehicle is recorded as a capital expenditure), and in addition, because these transactions also involve the sale of fixed assets to, and accounts receivable from, Carmeister S.A., they are recorded as related party transactions in our financial statements.

### **Financing and Insurance Commissions**

We broker financing and insurance services to our customers in Chile through Sociedad de Créditos Automotrices S.A., also known as “Amicar”, which is a 50% joint venture between our affiliate Finmeister S.A. and Derco S.A.. Amicar pays us a commission in respect of financing and insurance services brokered by us through it, which is recorded as sales revenue in our income statement and which is recorded as a related party transaction in our financial statements.

In addition, we provide capital leasing of vehicles through our affiliate Finmeister S.A. Upon approval of the capital leasing arrangement, Finmeister issues a purchase order to us for the vehicles being leased. We receive the purchase order and deliver the vehicle to Finmeister, who delivers the vehicle to the customer. We then record an account receivable with Finmeister in respect of the purchaser. As Finmeister receives lease payments, it pays down the account receivable with us; however, in many cases, Finmeister assigns the leasing contract to a financial institution who then becomes responsible to us for the repayment of the purchase price. The sale of the vehicle is recorded in sales on our income statement, we record an account receivable in respect of the unpaid purchase price of the vehicle in our balance sheet, and a related party transaction in our financial statements.

### ***Maquinaria Nacional S.A.***

Our affiliate Maquinaria Nacional S.A. held, until 2007, the right to distribute Ford in Chile. In connection with the winding down of its operations in Chile, Maquinaria Nacional S.A. sold to us at cost all of its remaining vehicle and OEM parts inventory. We retain this inventory on our balance sheet, and transfer it back to Maquinaria Nacional S.A., at cost, as it is sold. In addition, we purchased fixed assets no longer used by Maquinaria Nacional S.A. in 2009 and in the past, we have granted loans to Maquinaria Nacional S.A. which are currently being repaid. We record minimal income and expenses from these transactions on our income statement, and they are recorded as a related party transaction in our financial statements.

### ***Property Rentals***

We rent property from our affiliate Inmobiliaria Automotores Gildemeister S.A. These expenses are recorded as a administrative and selling expense in our income statement and as a related party transaction in our financial statements.

### ***Open Road S.A.***

In the past, we have leased property to our affiliate Open Road S.A., which until 2009 operated a grocery store in Punta Arenas. In addition, we have provided loans to Open Road S.A., which Open Road S.A. paid back in full in 2008 and 2009. Open Road S.A. sold its operations in 2009. In connection with this sale, we sold the property leased to Open Road S.A. at a substantial loss. The loss we incurred in connection with this sale is recorded in “Other expenses” in our income statement but, because it was a sale to a third party, is not recorded as a related party transaction. The rental payments from Open Road S.A. were recorded as “Other Income” in our income statement these rental payments, together with the loans to Open Road S.A. were recorded as related party transactions in our financial statements.

### ***Minvest S.A.***

In 2009, we reimbursed Minvest S.A. in connection with legal expenses provided by Minvest S.A. to us at cost by assigning to Minvest the right to collect certain payments from our subsidiary Manasa Peru S.A. These expenses were recorded as a administrative and selling expense in our income statement and as a related party transaction. We also maintain accounts receivable from Minvest S.A. from time to time. In addition, in 2011 we granted loans to Minvest S.A. for an aggregate amount of US\$20 million.

### ***Other***

We also have engaged in other related party transactions, including loans to certain of our affiliates, which are immaterial in the aggregate and which do not reflect material ongoing arrangements.

## DESCRIPTION OF THE NOTES

In this Description of the Notes, “Gildemeister” refers only to Automotores Gildemeister, S.A., and any successor obligor on the Notes, and not to any of its subsidiaries. You can find the definitions of certain terms used in this description under “—*Certain Definitions.*”

The New Notes constitute a further issuance of, and form a single series with, our outstanding 8.250% Senior Notes due 2021 issued on May 24, 2011 in the principal amount of US\$300,000,000 (the “Existing Notes”). Provisions that apply equally to the Existing Notes and the New Notes may be described collectively as regarding the “Notes.” The New Notes sold pursuant to Rule 144A under the Securities Act trade under the same CUSIP, Common Code and ISIN numbers and have identical terms as the Existing Notes held in the Rule 144A global note from the closing date, other than their date of issue and their initial price to the public. The New Notes sold pursuant to Regulation S under the Securities Act have identical terms as the Existing Notes held in the Regulation S global note, other than their date of issue and their initial price to the public. Through the 40th day following delivery of the New Notes, New Notes sold pursuant to Regulation S under the Securities Act will have temporary CUSIP and ISIN numbers. Thereafter, such Notes will trade under the same CUSIP, Common Code and ISIN numbers as the Existing Notes held in the Regulation S global note.

The New Notes were issued under an indenture dated as of May 24, 2011 among Gildemeister, the Guarantor party thereto, as Guarantor, Deutsche Bank Trust Company Americas, as trustee, registrar, transfer agent and paying agent, and Deutsche Bank Luxembourg S.A., as Luxembourg listing agent, registrar, paying agent and transfer agent. This indenture is incorporated herein by reference thereto.

The following is a summary of the material provisions of the indenture. Because this is a summary, it may not contain all the information that is important to you. You should read the indenture in its entirety. Copies of the proposed form of the indenture are available as described under “*Available Information*” in this Luxembourg listing prospectus, and, for so long as the Notes are listed on the Luxembourg Stock Exchange for trading on the Euro MTF Market, at the office of the paying agent in Luxembourg and free of charge at the website of the Luxembourg Stock Exchange at [www.bourse.lu](http://www.bourse.lu).

### Basic Terms of the New Notes

The New Notes will:

- be unsecured unsubordinated obligations of Gildemeister;
- rank equally in right of payment with all existing and future unsubordinated obligations of Gildemeister (except those obligations preferred by operation of Chilean law, including without limitation labor and tax claims);
- rank senior in right of payment to all existing and future subordinated indebtedness of Gildemeister, if any;
- be effectively subordinated to all existing and future secured indebtedness of Gildemeister to the extent of the value of the assets securing such indebtedness;
- be guaranteed by each Guarantor with such guarantee ranking equal in right of payment with all other existing and future senior unsecured indebtedness of such Guarantor;
- be issued in an original aggregate principal amount of US\$100.0 million;



- mature on May 24, 2021, unless earlier redeemed in accordance with the terms of the Notes (see “—*Optional Redemption*” below) (assuming no optional redemption, the redemption amount of the New Notes at maturity will be US\$100.0 million);
- bear interest commencing the date of issue at the rate of 8.250%, payable semiannually in arrears on each May 24 and November 24, commencing May 24, 2012 (the next interest payment date for the Existing Notes), to holders of record on the May 9 or November 9 immediately preceding the interest payment date; and
- bear interest on overdue principal and overdue interest, at 2% per annum higher than the rate otherwise applicable to the Notes.

Interest on the New Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from and including November 24, 2011. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Gildemeister will maintain a paying agent and a registrar, each with an office in the Borough of Manhattan, City of New York. Initially, the trustee will act as registrar, transfer agent and principal paying agent for the Notes. Gildemeister may change the registrar, transfer agent and paying agent, without notice to holders. If a holder of Notes in an aggregate principal amount of at least US\$1,000,000 has given wire transfer instructions to Gildemeister, Gildemeister will make all principal, premium, if any, and interest payments (including Additional Amounts) in respect of those Notes in accordance with those instructions. All other payments on the Notes will be made at the office or agency of the paying agent in New York City unless Gildemeister elects to make interest payments by check mailed to the registered holders at their registered addresses.

As long as the Notes are listed on the Luxembourg Stock Exchange for trading on the Euro MTF Market and if the rules of the exchange so require, Gildemeister will also maintain a listing agent, a registrar, a transfer agent and a paying agent in Luxembourg.

### **Additional Notes**

Subject to the covenants described below, Gildemeister may issue Notes under the indenture having the same terms in all respects as the Notes, or in all respects except with respect to interest paid or payable on or prior to the first interest payment date after the issuance of such Notes, provided that if the additional notes are not fungible with the Notes for United States federal income tax purposes, the additional notes will have a separate CUSIP number. The Notes offered hereby and any additional Notes would be treated as a single class for all purposes under the indenture and will vote together as one class on all matters with respect to the Notes.

### **Guaranties**

The obligations of Gildemeister pursuant to the Notes, including any repurchase obligation resulting from a Change of Control, will be unconditionally guaranteed, jointly and severally, on an unsecured basis, by Marc Leasing, S.A. As of September 30, 2011, Marc Leasing, S.A. had no operations, generated de minimis revenues and had de minimis assets. If Gildemeister or any of its Restricted Subsidiaries acquires or creates a Restricted Subsidiary (other than a Peruvian Restricted Subsidiary or a Qualified Peruvian Holding Company) after the date of the indenture, the new Restricted Subsidiary must provide a guaranty of the Notes (a “Note Guaranty”).

Each Note Guaranty will be limited to the maximum amount that would not render the Guarantors’ obligations subject to avoidance under applicable fraudulent conveyance provisions

applicable law. By virtue of this limitation, a Guarantor's obligation under its Note Guaranty could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Note Guaranty. See "*Risk Factors—Fraudulent Transfer Statutes May Limit Your Rights as a Noteholder.*"

The Note Guaranty of a Guarantor will terminate upon:

- (1) a sale or other disposition (including by way of consolidation or merger) of the Guarantor or the sale or disposition of all or substantially all the assets of the Guarantor (other than to Gildemeister or a Restricted Subsidiary) otherwise permitted by the indenture,
- (2) if the Note Guaranty was required pursuant to the terms of the indenture, the cessation of the circumstances requiring the Note Guaranty,
- (3) the designation in accordance with the indenture of the Guarantor as an Unrestricted Subsidiary, or
- (4) defeasance or discharge of the Notes, as provided in "Defeasance and Discharge."

Gildemeister's Peruvian Restricted Subsidiaries, representing in the aggregate 30.9% and 26.6% of Gildemeister's total revenues and total assets, respectively, in 2010 and 37.4% and 29.2% of Gildemeister's total revenues and total assets, respectively, in the nine months ended September 30, 2011, will not guarantee the Notes (the "Non-Guarantor Restricted Subsidiaries"). In addition, Gildemeister is permitted under the terms of the indenture to form, create or acquire new Peruvian Restricted Subsidiaries and a Qualified Peruvian Holding Company that will also be Non-Guarantor Restricted Subsidiaries.

### **Ranking**

The Notes rank equally with or senior to all Debt of Gildemeister and the note guarantors, but are effectively junior to all secured Debt to the extent of the value of the assets securing such Debt. As of September 30, 2011, Gildemeister and the note guarantors had Ch\$7,473.3 million (US\$14.3 million) of secured Debt. Subject to the limits described under "Limitation on Liens", Gildemeister and its Restricted Subsidiaries may incur additional secured Debt.

Gildemeister's Peruvian Subsidiaries have not guaranteed and will not guarantee the Notes. Claims of creditors of non-guarantor subsidiaries, including trade creditors, and creditors holding debt and guarantees issued by those subsidiaries, and claims of preferred stockholders (if any) of those subsidiaries generally will have priority with respect to the assets and earnings of those subsidiaries over the claims of creditors of Gildemeister, including holders of the Notes. The Notes and each Note Guaranty therefore will be effectively subordinated to creditors (including trade creditors) and preferred stockholders (if any) of subsidiaries of Gildemeister (other than the Guarantors). As of September 30, 2011, after giving pro forma effect to the Notes offering, the total liabilities of Gildemeister's subsidiaries (other than the Guarantor) would have been approximately Ch\$64,116.5 million (US\$121.6 million), including trade payables. Although the indenture limits the incurrence of Debt and Disqualified or Preferred Stock of Restricted Subsidiaries, the limitation is subject to a number of significant exceptions. Moreover, the indenture does not impose any limitation on the incurrence by Restricted Subsidiaries of liabilities that are not considered Debt or Disqualified or Preferred Stock under the indenture. See "*Certain Covenants—Limitation on Debt and Disqualified or Preferred Stock.*"

### **Additional Amounts**

All payments in respect of the Notes will be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Chile or by or within any political subdivision thereof or any authority therein or thereof having power to tax or any other jurisdiction through which payments are made in respect of the Notes (“Taxes”), unless such withholding or deduction is required by law or by the interpretation or administration thereof. In the event of any such withholding or deduction of Taxes, Gildemeister and the Guarantors will pay to holders such additional amounts (“Additional Amounts”) as will result in the receipt by each holder of the net amount that would otherwise have been receivable by such holder in the absence of such withholding or deduction, except that no such Additional Amounts will be payable:

(a) in respect of any Taxes that would not have been so withheld or deducted but for the existence of any present or former connection (including, without limitation, a permanent establishment in Chile) between the holder, applicable recipient of payment or beneficial owner of the note or any payment in respect of such note (or, if the holder or beneficial owner is an estate, nominee, trust, partnership, corporation or other business entity, between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over, the holder, applicable recipient of a payment or beneficial owner) and an authority with the power to levy or otherwise impose or assess a Tax, other than the mere receipt of such payment or the mere holding or ownership of such note or beneficial interest or the enforcement of rights thereunder;

(b) in respect of any Taxes that would not have been so withheld or deducted if the note had been presented for payment within 30 days after the Relevant Date (as defined below) to the extent presentation is required (except to the extent that the holder would have been entitled to Additional Amounts had the note been presented for payment on the last day of such 30-day period);

(c) in respect of any Taxes that would not have been so withheld or deducted but for the failure by the holder or the beneficial owner of the note or any payment in respect of such note to (i) make a customary declaration of non-residence, or any other claim or filing for exemption, to which it is entitled or (ii) comply with any customary certification, identification, information, documentation or other reporting requirement concerning its nationality, residence, identity or connection with Chile or with any jurisdiction through which payments are made; provided that such declaration or compliance was required as a precondition to exemption from all or part of such Taxes and Gildemeister has given the holders at least 30 days prior notice that they will be required to comply with such requirements;

(d) in respect of any estate, inheritance, gift, value added, sales, use, excise, transfer, personal property or similar taxes, duties, assessments or other governmental charges;

(e) in respect of any Taxes that are payable otherwise than by deduction or withholding from payments on the Notes;

(f) in respect of any taxes that would not have been so imposed if the holder had presented the note for payment (where presentation is required) to another paying agent;

(g) in respect of any payment to a holder of a note that is a fiduciary or partnership (including an entity treated as a partnership for tax purposes) or any Person other than the sole beneficial owner of such payment or note, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such partnership or the beneficial owner of such payment or note would

not have been entitled to the Additional Amounts had such beneficiary, settlor, member or beneficial owner been the actual holder of such note;

(h) in respect of any withholding or deduction imposed on a payment required to be made pursuant to Council Directive 2003/48/EC or any other European Union directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such a directive; or

(i) in respect of any combination of clauses (a) through (h) above.

Gildemeister will at all times during the term of the Notes, while there is a Luxembourg paying agent, maintain a paying agent in a European Union jurisdiction which does not impose a withholding tax or deduction on payments in accordance with Council Directive 2003/48/EC or any other European Union directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income.

“*Relevant Date*” means whichever is the later of (i) the date on which such payment first becomes due and (ii) if the full amount payable has not been received in The City of New York, New York by the trustee on or prior to such due date, the date on which, the full amount having been so received, notice to that effect has been given to the holders in accordance with the indenture.

All references to principal, premium, if any, and interest in respect of the Notes will be deemed also to refer to any Additional Amounts which may be payable as set forth in the indenture or in the Notes.

Notwithstanding the foregoing, the limitations on Gildemeister’s and the Guarantors’ obligations to pay Additional Amounts set forth in clause (c) will not apply if the provision of any certification, identification, information, documentation or other reporting requirement described in such clause (c) would be materially more onerous, in form, in procedure or in the substance of information disclosed, to a holder or beneficial owner of a note than comparable information or other reporting requirements imposed under U.S. tax law, regulations and administrative practice (such as IRS Forms W-8BEN and W-9).

Gildemeister will furnish to the holders, within 60 days after the date the payment of any taxes so deducted or withheld is due pursuant to applicable law, either certified copies of tax receipts evidencing such payment by Gildemeister or the Guarantors, or, if such receipts are not obtainable, other evidence of such payments by Gildemeister or the Guarantors reasonably satisfactory to the holders.

Upon written request, Gildemeister will furnish to the trustee documentation reasonably satisfactory to the trustee evidencing payment of Taxes. Copies of such receipts will be made available to holders upon written request.

Gildemeister and the Guarantors will promptly pay when due any present or future stamp, court or similar documentary taxes or any other excise or property taxes, charges or similar levies that arise in any jurisdiction from the execution, delivery or registration of each note or any other document or instrument referred to herein or therein, excluding any such taxes, charges or similar levies imposed by any jurisdiction outside of Chile and except, in certain cases, for taxes, charges or similar levies resulting from certain registration of transfer or exchange of Notes.

## **Optional Redemption**

### ***Optional Redemption with a Make-Whole Premium***

At any time prior to May 24, 2016, Gildemeister will have the right, at its option, to redeem any of the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of such Notes plus, the greater of (1) 1.00% of the then outstanding principal amount of the Notes, and (2) the excess, if any, of: (a) the present value at such redemption date of (i) the redemption price of the Notes at May 24, 2016 (such redemption price being set forth in the table below under “—Optional Redemption Without a Make-Whole Premium”) plus (ii) all required interest payments thereon through May 24, 2016 (excluding accrued but unpaid interest to the redemption date), discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate as of such redemption date plus 50 basis points, over (b) the then outstanding principal amount of the Notes (the “Make-Whole Amount”), plus, in each case, any accrued and unpaid interest (including Additional Amounts, if any) on the principal amount of the Notes to the date of redemption.

“Treasury Rate” means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

“Comparable Treasury Issue” means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such Notes.

“Independent Investment Banker” means one of the Reference Treasury Dealers appointed by Gildemeister.

“Comparable Treasury Price” means, with respect to any redemption date (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotation or (2) if Gildemeister obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

“Reference Treasury Dealer” means JPMorgan Securities Inc. or its affiliates which are primary United States government securities dealers and not less than two other leading primary United States government securities dealers in New York City reasonably designated by Gildemeister; provided that if any of the foregoing cease to be a primary United States government securities dealer in New York City (a “Primary Treasury Dealer”), Gildemeister will substitute therefor another Primary Treasury Dealer.

“Reference Treasury Dealer Quotation” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by Gildemeister, of the bid and asked price for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to Gildemeister by such Reference Treasury Dealer at 3:30 pm New York City time on the third Business Day preceding such redemption date.

### ***Optional Redemption Without a Make-Whole Premium***

At any time and from time to time on or after May 24, 2016, Gildemeister may, at its option, redeem all or part of the Notes upon not less than 45 days prior written notice to the trustee and not less

than 30 nor more than 60 days' prior notice to the holders of the Notes, at the redemption prices, expressed as percentages of principal amount, set forth below, plus accrued and unpaid interest thereon (including Additional Amounts), if any, to the applicable redemption date, if redeemed during the 12 month period beginning on May 24 of the years indicated below:

Year	Percentage
2016 .....	104.125%
2017 .....	102.750%
2018 .....	101.375%
2019 and after .....	100.000%

***Optional Redemption with Proceeds of Equity Offerings***

At any time prior to May 24, 2014, Gildemeister may, at its option, on one or more occasions, redeem up to 35% of the aggregate principal amount of Notes (including any additional Notes) at a redemption price of 108.250% of the principal amount thereof, plus accrued and unpaid interest (including Additional Amounts, if any) to the redemption date, with the net cash proceeds of one or more Equity Offerings; *provided* that:

- (1) Notes in an aggregate principal amount equal to at least 65% of the aggregate principal amount of Notes issued on the first Issue Date remain outstanding immediately after the occurrence of such redemption; and
- (2) the redemption must occur within 90 days of the date of the closing of such Equity Offering.

***Optional Redemption Upon a Tax Event***

The Notes may be redeemed, in whole but not in part, at Gildemeister's option, subject to applicable Chilean laws, at a redemption price equal to 100% of the outstanding principal amount of the Notes, plus accrued and unpaid interest (including Additional Amounts, if any) to the redemption date, if, as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of Chile or any political subdivision or taxing authority thereof or therein, or any change in the official application, administration or interpretation of such laws, regulations or rulings (including a holding by a court of competent jurisdiction) in Chile, or any other jurisdiction with the power to impose, levy or assess Taxes in respect of payments on the Notes, Gildemeister has or will become obligated to pay Additional Amounts in respect of interest received on the Notes at a rate of withholding or deduction in excess of 4.0% ("Excess Additional Amounts"), if such change or amendment occurs on or after the date of the indenture and such obligation cannot be avoided by Gildemeister taking reasonable measures available to it; provided that no such notice of redemption will be given earlier than 60 days prior to the earliest date on which Gildemeister would be obligated to pay such Excess Additional Amounts, were a payment in respect of the Notes then due. Prior to the giving of notice of redemption of Notes pursuant to the indenture, Gildemeister will deliver to the trustee an officer's certificate to the effect that Gildemeister is or at the time of the redemption will be entitled to effect such a redemption pursuant to the indenture, and setting forth in reasonable detail the circumstances giving rise to such right of redemption. The officer's certificate will be accompanied by a written opinion of recognized Chilean counsel independent of Gildemeister to the effect, among other things, that:

- (i) Gildemeister is, or is expected to become, obligated to pay such Excess Additional Amounts as a result of a change or amendment, as described above;

(ii) Gildemeister cannot avoid payment of such Excess Additional Amounts by taking reasonable measures available to Gildemeister; and

(iii) all governmental approvals necessary for Gildemeister to effect the redemption have been obtained and are in full force and effect or specifying any such necessary approvals that as of the date of such opinion have not been obtained.

### **Selection and Notice**

Notice of any redemption will be mailed by first-class mail, postage prepaid, at least 45 days before the redemption date to the trustee and at least 30 but not more than 60 days before the redemption date to holders of Notes to be redeemed at their respective registered addresses. For so long as the Notes are listed on the Luxembourg Stock Exchange for trading on the Euro MTF Market and the rules of the exchange so require, Gildemeister will cause notices of redemption to also be published as described in “—Notices” below.

Notes called for redemption will become due on the date fixed for redemption. Gildemeister will pay the redemption price for the Notes together with accrued and unpaid interest thereon (including Additional Amounts, if any) through the date of redemption. On and after the redemption date, interest will cease to accrue on the Notes as long as Gildemeister has deposited with the paying agent funds in satisfaction of the applicable redemption price pursuant to the indenture. Upon redemption of the Notes by Gildemeister, the redeemed Notes will be cancelled.

If fewer than all of the Notes are being redeemed, the trustee will select the Notes to be redeemed pro rata, by lot or by any other method the trustee in its sole discretion deems fair and appropriate, in denominations of US\$100,000 principal amount and higher integral multiples of US\$1,000. In the case of certificated Notes, upon surrender of any note redeemed in part, the holder will receive a new note equal in principal amount to the unredeemed portion of the surrendered note. Once notice of redemption is sent to the holders, Notes called for redemption become due and payable at the redemption price on the redemption date, and, commencing on the redemption date, Notes redeemed will cease to accrue interest.

### **No Mandatory Redemption or Sinking Fund**

There will be no mandatory redemption or sinking fund payments for the Notes.

### **Suspension of Certain Covenants**

If at any time after the Issue Date that (i) the Notes are rated Investment Grade by at least two of the Rating Agencies and (ii) no Default has occurred and is continuing under the indenture, Gildemeister and its Restricted Subsidiaries will not be subject to the covenants in the indenture specifically listed under the following captions in this “Description of the Notes” section of this Luxembourg listing prospectus (the “Suspended Covenants”):

- (1) “—Certain Covenants—Limitation on Debt and Disqualified or Preferred Stock”;
- (2) “—Certain Covenants—Limitation on Restricted Payments”;
- (3) “—Certain Covenants—Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries”;
- (4) “—Certain Covenants—Limitation on Asset Sales”;

(5)“—Certain Covenants—Limitation on Transactions with Affiliates”; and

(6)clause (a)(3) of “—Consolidation, Merger or Sale of Assets— Gildemeister.”

Additionally, at such time as the above referenced covenants are suspended (a “Suspension Period”), Gildemeister will no longer be permitted to designate any Restricted Subsidiary as an Unrestricted Subsidiary unless Gildemeister would have been permitted to designate such Subsidiary as an Unrestricted Subsidiary if a Suspension Period had not been in effect for any period and such designation shall be deemed to have created a Restricted Payment as set forth above under the heading “—Limitation on Restricted Payments” following the Reversion Date (as defined below).

In the event that Gildemeister and its Restricted Subsidiaries are not subject to the Suspended Covenants for any period of time as a result of the foregoing, and on any subsequent date (the “Reversion Date”) the condition set forth in clause (i) of the first paragraph of this section is no longer satisfied, then Gildemeister and its Restricted Subsidiaries will thereafter again be subject to the Suspended Covenant with respect to future events. Notwithstanding that the Suspended Covenants may be reinstated, no Default will be deemed to have occurred as a result of a failure to comply with the Suspended Covenants during the Suspension Period.

On each Reversion Date, all Debt incurred during the Suspension Period prior to such Reversion Date will be deemed to be Debt incurred pursuant to clause (b)(8) under “—Limitation on Debt and Disqualified or Preferred Stock.” For purposes of calculating the amount available to be made as Restricted Payments under clause (3) of clause (a) of “—Limitation on Restricted Payments”, calculations under such covenant shall be made as though such covenant had been in effect during the entire period of time after the Issue Date (including the Suspension Period). Restricted Payments made during the Suspension Period not otherwise permitted pursuant under clause (b) of the “—Limitation on Restricted Payments” covenant will reduce the amount available to be made as Restricted Payments under clause (3) of clause (a) of such covenant. For purposes of the “—Limitation on Asset Sales” covenant, on the Reversion Date, the amount of Excess Proceeds will be reset to the amount of Excess Proceeds in effect as of the first day of the Suspension Period ending on such Reversion Date.

There can be no assurance that the Notes will ever achieve or maintain a rating of Investment Grade from the Rating Agencies.

### **Certain Covenants**

The indenture contains covenants including, among others, the following:

#### ***Limitation on Debt and Disqualified or Preferred Stock***

(a) Gildemeister

(1) will not, and will not permit any of its Restricted Subsidiaries to, Incur any Debt;  
and

(2) will not, and will not permit any Restricted Subsidiary to, Incur any Disqualified Stock, and will not permit any of its Restricted Subsidiaries that is not a Guarantor to Incur any Preferred Stock (other than Disqualified or Preferred Stock of Restricted Subsidiaries held by Gildemeister or a Restricted Subsidiary, so long as it is so held);

*provided* that Gildemeister or any Guarantor may Incur Debt or Disqualified Stock and any Guarantor may Incur Preferred Stock if, on the date of the Incurrence, after giving effect to the Incurrence



and the receipt and application of the proceeds therefrom, the Fixed Charge Coverage Ratio is not less than 2.00 to 1.00.

(b) Notwithstanding the foregoing, Gildemeister and, to the extent provided below, any Restricted Subsidiary may Incur the following (“Permitted Debt”):

(1) Debt (“Permitted Bank Debt”) of Gildemeister pursuant to Credit Facilities; *provided* that the aggregate principal amount at any time outstanding does not exceed the greater of (x) US\$50.0 million (or the equivalent in other currencies) or (y) 10% of Gildemeister’s Consolidated Tangible Assets, less the amount of mandatory reductions of such Debt made pursuant to the terms thereof and not concurrently refinanced by the Incurrence of Debt, and Guarantees of such Debt by any Restricted Subsidiary;

(2) Debt of Gildemeister or any Restricted Subsidiary to Gildemeister or any Restricted Subsidiary so long as such Debt continues to be owed to Gildemeister or a Restricted Subsidiary and which, if the obligor is Gildemeister or a Guarantor, is subordinated in right of payment to the Notes;

(3) Debt of Gildemeister pursuant to the Notes (other than additional Notes) and Debt of any Guarantor pursuant to a Note Guaranty of the Notes (including additional Notes);

(4) Debt (“Permitted Refinancing Debt”) constituting an extension or renewal of, replacement of, or substitution for, or issued in exchange for, or the net proceeds of which are used to repay, redeem, repurchase, refinance or refund, including by way of defeasance (all of the above, for purposes of this clause, “refinance”) then outstanding Debt in an amount not to exceed the principal amount of the Debt so refinanced, plus premiums, fees and expenses; *provided* that

(A) in case the Debt to be refinanced is Subordinated Debt, the new Debt, by its terms or by the terms of any agreement or instrument pursuant to which it is outstanding, is expressly made subordinate in right of payment to the Notes at least to the extent that the Debt to be refinanced is subordinated to the Notes,

(B) the new Debt does not have a Stated Maturity prior to the Stated Maturity of the Debt to be refinanced, and the Average Life of the new Debt is at least equal to the remaining Average Life of the Debt to be refinanced,

(C) in no event may Debt of Gildemeister or any Guarantor be refinanced pursuant to this clause by means of any Debt of any Restricted Subsidiary that is not a Guarantor, and

(D) Debt Incurred pursuant to clauses (b)(1), (2), (5), (6), (9), (10), (11), (12), (13) and (14) may not be refinanced pursuant to this clause;

(5) Hedging Agreements of Gildemeister or any Restricted Subsidiary entered into in the ordinary course of business for the purpose of limiting risks associated with the business of Gildemeister and its Restricted Subsidiaries and not for speculation;

(6) Debt consisting of letters of credit, banker’s acceptances, performance bonds, appeal bonds, surety bonds, customs bonds and other similar bonds and reimbursement obligations Incurred by Gildemeister or any Restricted Subsidiary in the ordinary course of business securing the performance of contractual, franchise or license obligations of Gildemeister or any Restricted Subsidiary (in each case, other than for an obligation for borrowed money);

(7) Acquired Debt, *provided* that after giving effect to the Incurrence thereof, Gildemeister could Incur at least US\$1.00 of Debt under paragraph (a) above;

(8) Debt of Gildemeister or any Restricted Subsidiary outstanding on the Issue Date (and, for purposes of clause (4)(D), not otherwise constituting Permitted Debt);

(9) Debt of Gildemeister or any Restricted Subsidiary, which may include Capital Leases, Incurred on or after the Issue Date no later than 180 days after the date of purchase or completion of construction or improvement of property for the purpose of financing all or any part of the purchase price or cost of construction or improvement, *provided* that the principal amount of any Debt Incurred pursuant to this clause may not exceed the greater of (x) US\$20 million (or the equivalent in other currencies) or (y) 4% of Consolidated Tangible Assets;

(10) Debt of Peruvian Restricted Subsidiaries Incurred on or after the Issue Date in an aggregate principal amount not to exceed US\$25.0 million (or the equivalent in other currencies) outstanding at any time;

(11) Debt of Gildemeister or any Guarantor consisting of Guarantees of Debt of Gildemeister or any Restricted Subsidiary Incurred under any other clause of this covenant;

(12) Debt arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds or Debt in respect of netting services, automatic clearinghouse arrangements, overdraft protections and similar arrangements in connection with deposit accounts, in each case in the ordinary course of business;

(13) Inventory Debt; and

(14) Debt of Gildemeister or any Restricted Subsidiary Incurred on or after the Issue Date not otherwise permitted in an aggregate principal amount at any time outstanding not to exceed US\$20.0 million (or the equivalent in other currencies).

(c) Notwithstanding any other provision of this covenant, for purposes of determining compliance with this covenant, increases in Debt solely due to fluctuations in the exchange rates of currencies will not be deemed to exceed the maximum amount that Gildemeister or a Restricted Subsidiary may Incur under this covenant. For purposes of determining compliance with any U.S. dollar-denominated restriction on the Incurrence of Debt, the U.S. dollar-equivalent principal amount of Debt denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Debt was Incurred; provided that if such Debt is Incurred to refinance other Debt denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Debt does not exceed the principal amount of such Debt being refinanced. The principal amount of any Debt Incurred to refinance other Debt, if Incurred in a different currency from the Debt being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Debt is denominated that is in effect on the date of such refinancing.

(d) In the event that an item of Debt meets the criteria of more than one of the types of Debt described in this covenant, Gildemeister, in its sole discretion, will classify items of Debt and will only be required to include the amount and type of such Debt in one of such clauses and Gildemeister will be entitled to divide and classify an item of Debt in more than one of the types of Debt described in this covenant, and may change the classification of an item of Debt (or any portion thereof) to any other type of Debt described in this covenant at any time.

(e) For purposes of determining compliance with, and the outstanding principal amount of, any particular Debt Incurred pursuant to and in compliance with this covenant:

- (1) the outstanding principal amount of any item of Debt will be counted only once;
- (2) the amount of Debt issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined in accordance with Chilean GAAP;
- (3) Guarantees of, or obligations in respect of letters of credit or similar instruments relating to, Debt which is otherwise included in the determination of a particular amount of Debt will not be included; and

(f) the accrual of interest, the accretion or amortization of original issue discount, the payment of regularly scheduled interest in the form of additional Debt of the same instrument or the payment of regularly scheduled dividends on Disqualified Stock in the form of additional Disqualified Stock with the same terms will not be deemed to be an Incurrence of Debt for purposes of this covenant; provided that any such outstanding additional Debt or Disqualified Stock paid in respect of Debt Incurred pursuant to any provision of clause (2) above will be counted as Debt outstanding thereunder for purposes of any future Incurrence under such provision.

#### ***Limitation on Restricted Payments***

(a) Gildemeister will not, and will not permit any Restricted Subsidiary to, directly or indirectly (the payments and other actions described in the following clauses being collectively “Restricted Payments”):

- declare or pay any dividend or make any distribution on its Equity Interests (other than dividends or distributions paid in Gildemeister’s Qualified Equity Interests) held by Persons other than Gildemeister or any of its Restricted Subsidiaries;
- purchase, redeem or otherwise acquire or retire for value any Equity Interests of Gildemeister or any direct or indirect parent of Gildemeister held by Persons other than Gildemeister or any of its Restricted Subsidiaries;
- repay, redeem, repurchase, defease or otherwise acquire or retire for value, or make any payment on or with respect to, any Subordinated Debt except a payment of interest or principal at Stated Maturity; or
- make any Investment other than a Permitted Investment;

unless, at the time of, and after giving effect to, the proposed Restricted Payment:

- (1) no Default has occurred and is continuing,
- (2) Gildemeister could Incur at least US\$1.00 of Debt under paragraph (a) under “Limitation on Debt and Disqualified or Preferred Stock”, and
- (3) the aggregate amount expended for all Restricted Payments made on or after the Issue Date would not, subject to paragraph (c), exceed the sum of:
  - (A) 50% of the aggregate amount of the Consolidated Net Income (or, if the Consolidated Net Income is a loss, minus 100% of the amount of the loss) accrued on a

cumulative basis during the period, taken as one accounting period, beginning on the first day of the fiscal quarter during which the Issue Date occurs and ending on the last day of Gildemeister's most recently completed fiscal quarter for which internal financial statements are available, plus

(B) subject to paragraph (c), the aggregate net cash proceeds and the fair market value of property other than cash received by Gildemeister (other than from a Subsidiary) after the Issue Date from:

(i) the issuance and sale of its Qualified Equity Interests, including by way of issuance of its Disqualified Equity Interests or Debt to the extent since converted into Qualified Equity Interests of Gildemeister, or

(ii) as a contribution to its common equity, plus

(C) an amount equal to the sum, for all Unrestricted Subsidiaries, of the following:

(x) the cash return, after the Issue Date, on Investments in an Unrestricted Subsidiary made after the Issue Date pursuant to this paragraph (a) as a result of any sale for cash, repayment, redemption, liquidating distribution or other cash realization (not included in Consolidated Net Income), plus

(y) the portion (proportionate to Gildemeister's equity interest in such Subsidiary) of the fair market value of the assets less liabilities of an Unrestricted Subsidiary at the time such Unrestricted Subsidiary is designated a Restricted Subsidiary,

not to exceed, in the case of any Unrestricted Subsidiary, the amount of Investments made after the Issue Date by Gildemeister and its Restricted Subsidiaries in such Unrestricted Subsidiary pursuant to this paragraph (a), plus

(D) the cash return, after the Issue Date, on any other Investment made after the Issue Date pursuant to this paragraph (a), as a result of any sale for cash, repayment, redemption, liquidating distribution or other cash realization (not included in Consolidated Net Income), not to exceed the amount of such Investment so made, plus

(E) US\$20 million

The amount expended in any Restricted Payment, if other than in cash, will be deemed to be the fair market value of the relevant non-cash assets, as determined in good faith by the Board of Directors, whose determination will be conclusive and evidenced by a Board Resolution.

(b) The foregoing will not prohibit:

(1) the payment of any dividend within 60 days after the date of declaration thereof if, at the date of declaration, such payment would comply with paragraph (a);

(2) dividends or distributions by a Restricted Subsidiary payable, on a pro rata basis or on a basis more favorable to Gildemeister, to all holders of any class of Capital Stock of such Restricted Subsidiary a majority of which is held, directly or indirectly through Restricted Subsidiaries, by Gildemeister;

(3) the repayment, redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Debt with the proceeds of, or in exchange for, Permitted Refinancing Debt;

(4) the purchase, redemption or other acquisition or retirement for value of Equity Interests of Gildemeister or any direct or indirect parent in exchange for, or out of the proceeds of a substantially concurrent offering of, Qualified Equity Interests of Gildemeister or of a cash contribution to the common equity of Gildemeister;

(5) the repayment, redemption, repurchase, defeasance or other acquisition or retirement of Subordinated Debt of Gildemeister in exchange for, or out of the proceeds of, a substantially concurrent offering of, Qualified Equity Interests of Gildemeister or of a cash contribution to the common equity of Gildemeister;

(6) any Investment made in exchange for, or out of the net cash proceeds of, a substantially concurrent offering of Qualified Equity Interests of Gildemeister or of a cash contribution to the common equity of Gildemeister;

(7) the purchase, redemption or other acquisition or retirement for value of Equity Interests of Gildemeister held by officers, directors or employees or former officers, directors or employees (or their estates or beneficiaries under their estates), upon death, disability, retirement, severance or termination of employment or pursuant to any agreement under which the Equity Interests were issued; *provided* that the aggregate cash consideration paid therefor in any twelve-month period after the Issue Date does not exceed an aggregate amount of US\$5.0 million (or the equivalent in other currencies);

(8) the repayment, redemption, repurchase, defeasance or other acquisition or retirement for value of any Subordinated Debt at a purchase price not greater than (x) 101% of the principal amount thereof in the event of a change of control pursuant to a provision no more favorable to the holders thereof than “Repurchase of Notes Upon a Change of Control” or (y) 100% of the principal amount thereof in the event of an Asset Sale pursuant to a provision no more favorable to the holders thereof than “Limitation on Asset Sales”, *provided* that, in each case, prior to the repurchase Gildemeister has made an Offer to Purchase and repurchased all Notes issued under the indenture that were validly tendered for payment in connection with the offer to purchase;

(9) payments to Holdings of (i) amounts necessary to pay taxes, in an amount not to exceed the amount of taxes Gildemeister and its Subsidiaries would pay on a stand-alone basis, plus (ii) up to US\$1.0 million (or the equivalent in other currencies) per fiscal year for corporate overhead expenses; or

(10) Restricted Payments not otherwise permitted hereby in an aggregate amount not to exceed US\$5.0 million (or the equivalent in other currencies);

*provided* that, in the case of clauses (6), (7), (8), (9) (ii) and (10), no Default has occurred and is continuing or would occur as a result thereof.

(c) Proceeds of the issuance of Qualified Equity Interests will be included under clause (3) of paragraph (a) only to the extent they are not applied as described in clause (4), (5) or (6) of paragraph (b). Restricted Payments permitted pursuant to clause (3), (4), (5), (6) or (8) will not be included in making the calculations under clause (3) of paragraph (a).

(d) Not later than the date of making any Restricted Payment, Gildemeister will deliver to the trustee an Officers’ Certificate stating that the Restricted Payment is permitted and setting forth the basis upon which the calculations required by the covenant were calculated.

(e) For purposes of determining compliance with this covenant, in the event that a Restricted Payment permitted pursuant to this covenant or a Permitted Investment meets the criteria of more than

one of the categories of Restricted Payment described in clauses (1) through (10) above or one or more clauses of the definition of Permitted Investments, as the case may be, Gildemeister shall be permitted to classify such Restricted Payment or Permitted Investment on the date it is made, or later reclassify all or a portion of such Restricted Payment or Permitted Investment, in any manner that complies with this covenant, and such Restricted Payment or Permitted Investment shall be treated as having been made pursuant to only one of such clauses of this covenant or of the definition of Permitted Investments., as the case may be. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment, less any amount paid, repaid, returned, distributed or otherwise received in cash in respect of such Investment.

### ***Limitation on Liens***

Gildemeister will not, and will not permit any Restricted Subsidiary to, directly or indirectly, incur or permit to exist any Lien of any nature whatsoever on any of its properties or assets, whether owned at the Issue Date or thereafter acquired, other than Permitted Liens, without effectively providing that the Notes are secured equally and ratably with (or, if the obligation to be secured by the Lien is subordinated in right of payment to the Notes or any Note Guaranty, prior to) the obligations so secured for so long as such obligations are so secured.

### ***Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries***

(a) Except as provided in paragraph (b) below, Gildemeister will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or restriction of any kind on the ability of any Restricted Subsidiary to:

- (1) pay dividends or make any other distributions on or in respect of any Equity Interests of the Restricted Subsidiary owned by Gildemeister or any other Restricted Subsidiary,
- (2) pay any Debt or other obligation owed to Gildemeister or any other Restricted Subsidiary,
- (3) make loans or advances to, or Guarantee any Debt or other obligations of, or make any Investment in, Gildemeister or any other Restricted Subsidiary, or
- (4) transfer any of its property or assets to Gildemeister or any other Restricted Subsidiary.

(b) The provisions of paragraph (a) do not apply to any encumbrances or restrictions

- (1) existing on the Issue Date in the indenture or any other agreements in effect on the Issue Date, and any amendments, modifications, restatements, extensions, renewals, replacements or refinancings of any of the foregoing; *provided* that the encumbrances and restrictions in the amendment, modification, restatement, extension, renewal, replacement or refinancing are, taken as a whole, in the good faith judgment of Gildemeister, no less favorable in any material respect to the noteholders than the encumbrances or restrictions being amended, modified, restated, extended, renewed, replaced or refinanced;
- (2) existing under or by reason of applicable law, rule, regulation or order;
- (3) existing

(A) with respect to any Person, or to the property or assets of any Person, at the time the Person is acquired by Gildemeister or any Restricted Subsidiary, or

(B) with respect to any Unrestricted Subsidiary at the time it is designated or is deemed to become a Restricted Subsidiary,

which encumbrances or restrictions (i) are not applicable to any other Person or the property or assets of any other Person and (ii) were not put in place in anticipation of such event and any amendments, modifications, restatements, extensions, renewals, replacements or refinancings of any of the foregoing, *provided* that the encumbrances and restrictions in the amendment, modification, restatement, extension, renewal, replacement or refinancing are, taken as a whole, in the good faith judgment of the Gildemeister, no less favorable in any material respect to the noteholders than the encumbrances or restrictions being amended, modified, restated, extended, renewed, replaced or refinanced;

(4) of the type described in clause (a)(4) arising or agreed to in the ordinary course of business (i) that restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license, conveyance or similar contract, including with respect to intellectual property, (ii) that restrict in a customary manner, pursuant to provisions in partnership agreements, limited liability company organizational governance documents, joint venture agreements and other similar agreements, the transfer of ownership interests in, or assets of, such partnership, limited liability company, joint venture or similar Person or (iii) by virtue of any Lien on, or agreement to transfer, option or similar right with respect to any property or assets of, Gildemeister or any Restricted Subsidiary;

(5) with respect to a Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, the Restricted Subsidiary that is permitted by “Limitation on Sale or Issuance of Equity Interests of Restricted Subsidiaries” and “Limitation on Asset Sales;”

(6) contained in the terms governing any Debt if (as determined in good faith by the Board of Directors) (i) the encumbrances or restrictions are ordinary and customary for a financing of that type and (ii) the encumbrances or restrictions either (x) would not, at the time agreed to, be expected to materially adversely affect the ability of Gildemeister to make payments on the Notes or (y) in the case of any Permitted Refinancing Debt, are, taken as a whole, no less favorable in any material respect to the noteholders than those contained in the agreements governing the Debt being refinanced,

(7) existing pursuant to purchase money obligations for property acquired in the ordinary course of business and Capital Leases or operating leases that impose encumbrances or restrictions discussed in clause (a)(4) above on the property so acquired or covered thereby;

(8) required pursuant to the indenture, the Notes or the Note Guaranties;

(9) covenants in a franchise or other agreement entered into in the ordinary course of business with a Manufacturer customary for franchise agreements in the vehicle retailing industry; or

(10) covenants in Inventory Debt customary for inventory financings in the automobile retailing industry.

### ***Guaranties by Restricted Subsidiaries***

If Gildemeister or any of its Restricted Subsidiaries acquires or creates a Restricted Subsidiary (other than any Peruvian Restricted Subsidiary or a Qualified Peruvian Holding Company) after the date of the indenture, the new Restricted Subsidiary must provide a Note Guaranty.

### ***Repurchase of Notes upon a Change of Control***

Not later than 30 days following the date on which a Change of Control occurs, Gildemeister will make an Offer to Purchase all outstanding Notes (in integral multiples of US\$1,000, provided that the principal amount of such holder's note will not be less than US\$100,000) at a purchase price equal to 101% of the principal amount plus any accrued and unpaid interest (including Additional Amounts, if any) thereon to the date of purchase.

An "Offer to Purchase" must be made by written offer, which will specify the principal amount of Notes subject to the offer and the purchase price. The offer must specify an expiration date (the "expiration date") not less than 30 days or more than 60 days after the date of the offer and a settlement date for purchase (the "purchase date") not more than five Business Days after the expiration date. The offer must include information concerning the business of Gildemeister and its Subsidiaries which Gildemeister in good faith believes will enable the holders to make an informed decision with respect to the Offer to Purchase. The offer will also contain instructions and materials necessary to enable holders to tender Notes pursuant to the offer.

A holder may tender all or any portion of its Notes pursuant to an Offer to Purchase, subject to the requirement that any portion of a note tendered must be in a multiple of US\$1,000 principal amount. Holders are entitled to withdraw Notes tendered up to the close of business on the expiration date. On the purchase date the purchase price will become due and payable on each note accepted for purchase pursuant to the Offer to Purchase, and interest on Notes purchased will cease to accrue on and after the purchase date.

Gildemeister will comply with Rule 14e-1 under the Exchange Act and all other applicable laws in making any Offer to Purchase, and the above procedures will be deemed modified as necessary to permit such compliance.

Gildemeister has agreed in the indenture that it will timely repay Debt or obtain consents as necessary under, or terminate, agreements or instruments that would otherwise prohibit an Offer to Purchase required to be made pursuant to the indenture. Notwithstanding this agreement of Gildemeister, it is important to note the following:

Future debt of Gildemeister may also prohibit Gildemeister from purchasing Notes in the event of a Change of Control, provide that a Change of Control is a default or require repurchase upon a Change of Control. Moreover, the exercise by the noteholders of their right to require Gildemeister to purchase the Notes could cause a default under other debt, even if the Change of Control itself does not, due to the financial effect of the purchase on Gildemeister.

Finally, Gildemeister's ability to pay cash to the noteholders following the occurrence of a Change of Control may be limited by Gildemeister's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See "*Risk Factors—We May Be Unable to Purchase Your Notes Upon A Change of Control.*"

The phrase "all or substantially all", as used with respect to the assets of Gildemeister in the definition of "Change of Control", is subject to interpretation under applicable state law, and its



applicability in a given instance would depend upon the facts and circumstances. As a result, there may be a degree of uncertainty in ascertaining whether a sale or transfer of “all or substantially all” the assets of Gildemeister has occurred in a particular instance, in which case a holder’s ability to obtain the benefit of these provisions could be unclear.

Except as described above with respect to a Change of Control, the indenture does not contain provisions that permit the holder of the Notes to require that Gildemeister purchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The provisions under the indenture relating to Gildemeister’s obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or amended as described in “— Amendments and Waivers.”

In addition, a Change of Control could result in a termination or nonrenewal of one or more of Gildemeister’s franchise agreements or its other agreements with the Manufacturers.

#### ***Limitation on Asset Sales***

Gildemeister will not, and will not permit any Restricted Subsidiary to, make any Asset Sale unless the following conditions are met:

- (1) The Asset Sale is for fair market value, as determined in good faith by the Board of Directors.
- (2) At least 75% of the consideration consists of cash received at closing or Additional Assets or any combination of the foregoing. For purposes of this clause (2), the assumption by the purchaser of Debt or other obligations (other than Subordinated Debt) of Gildemeister or a Restricted Subsidiary pursuant to a customary novation agreement, and instruments or securities received from the purchaser that are promptly, but in any event within 90 days of the closing, converted by Gildemeister to cash, to the extent of the cash actually so received, shall be considered cash received at closing.
- (3) Within 360 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Net Cash Proceeds may be used
  - (A) to permanently repay secured Debt of Gildemeister or a Guarantor or any Debt of a Restricted Subsidiary that is not a Guarantor (and in the case of a revolving credit, permanently reduce the commitment thereunder by such amount), in each case owing to a Person other than Gildemeister or any Restricted Subsidiary, or
  - (B) to acquire all or substantially all of the assets of a Permitted Business, or a majority of the Voting Stock of another Person that thereupon becomes a Restricted Subsidiary engaged in a Permitted Business, or to make capital expenditures or otherwise acquire long-term assets that are to be used in a Permitted Business.

A binding commitment to make an acquisition referred to in clause (B) shall be treated as a permitted application of the Net Cash Proceeds from the date of such commitment; *provided* that (x) such investment is consummated within 180 days of the end of the 360 day period referred to in the first sentence of this clause (3), and (y) if such acquisition is not consummated within the period set forth in subclause (x) or such binding commitment is terminated, the Net Cash Proceeds not so applied will be deemed to be Excess Proceeds (as defined below). For the avoidance of doubt, pending application thereof in accordance with this covenant, the Company or any

Restricted Subsidiary may use any Net Cash Proceeds from an Asset Sale for general corporate purposes prior to the end of the 360-day period referred to in the first sentence of this clause (3)

(4) The Net Cash Proceeds of an Asset Sale not applied pursuant to clause (3) within 360 days of the Asset Sale constitute “Excess Proceeds.” Excess Proceeds of less than US\$15.0 million (or the equivalent in other currencies) will be carried forward and accumulated. When accumulated Excess Proceeds equals or exceeds such amount, Gildemeister must, within 30 days, make an Offer to Purchase Notes having a principal amount equal to

(A) accumulated Excess Proceeds, multiplied by

(B) a fraction (x) the numerator of which is equal to the outstanding principal amount of the Notes and (y) the denominator of which is equal to the outstanding principal amount of the Notes and all *pari passu* Debt similarly required to be repaid, redeemed or tendered for in connection with the Asset Sale,

rounded down to the nearest US\$1,000. The purchase price for the Notes will be 100% of the principal amount plus accrued interest to the date of purchase. If the Offer to Purchase is for less than all of the outstanding Notes and Notes in an aggregate principal amount in excess of the purchase amount are tendered and not withdrawn pursuant to the offer, Gildemeister will purchase Notes having an aggregate principal amount equal to the purchase amount on a pro rata basis, with adjustments so that only Notes in multiples of US\$1,000 principal amount will be purchased provided that the principal amount of such tendering holder’s note will not be less than US\$100,000. Upon completion of the Offer to Purchase, Excess Proceeds will be reset at zero, and any Excess Proceeds remaining after consummation of the Offer to Purchase may be used for any purpose not otherwise prohibited by the indenture.

If at any time any non-cash consideration received by Gildemeister or any Restricted Subsidiary, as the case may be, in connection with any Asset Sale is converted into or sold or otherwise disposed of for cash (other than interest received with respect to any non-cash consideration), the conversion or disposition will be deemed to constitute an Asset Sale hereunder and the Net Cash Proceeds thereof will be applied in accordance with this covenant within 360 days of conversion or disposition.

Gildemeister will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations to the extent any such rule, laws and regulations are applicable in connection with the purchase of Notes pursuant to an Offer to Purchase. To the extent that the provisions of any applicable securities laws or regulations conflict with the “Asset Sale” provisions of the indenture, Gildemeister will comply with these laws and regulations and will not be deemed to have breached its obligations under the “Asset Sale” provisions of the indenture by doing so.

#### ***Limitation on Transactions with Affiliates***

(a) Gildemeister will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into, renew or extend any transaction or arrangement including the purchase, sale, lease or exchange of property or assets, or the rendering of any service with any Affiliate of Gildemeister or any Restricted Subsidiary (a “Related Party Transaction”), except upon fair and reasonable terms that are not materially less favorable to Gildemeister or the Restricted Subsidiary (as reasonably determined by the Board of Directors of Gildemeister) than could be obtained in a comparable arm’s-length transaction with a Person that is not an Affiliate of Gildemeister.

(b) Prior to entering into any Related Party Transaction or series of Related Party Transactions with an aggregate value in excess of US\$10.0 million (or the equivalent in other currencies), Gildemeister must obtain and deliver to the trustee a favorable written opinion from a nationally recognized (in the

relevant jurisdiction) Independent Financial Advisor as to the fairness of the transaction to Gildemeister and its Restricted Subsidiaries from a financial point of view.

(c) The foregoing paragraphs do not apply to

(1) any transaction between Gildemeister and any of its Restricted Subsidiaries or between Restricted Subsidiaries of Gildemeister;

(2) the payment of reasonable and customary regular fees to directors of Gildemeister who are not employees of Gildemeister;

(3) any Restricted Payments of a type described in one of the first two bullet points in paragraph (a) under “Limitation on Restricted Payments” if permitted by that covenant;

(4) transactions or payments pursuant to any employee, officer or director compensation or benefit plans or arrangements entered into in the ordinary course of business;

(5) transactions pursuant to any contract or agreement in effect on the date of the indenture, as amended, modified or replaced from time to time so long as the amended, modified or new agreements, taken as a whole, are not materially less favorable to Gildemeister and its Restricted Subsidiaries (as reasonably determined by the Board of Directors of Gildemeister) than those in effect on the date of the indenture;

(6) any purchase of vehicles or heavy machinery from third parties through importation and distribution contracts held by Fortaleza S.A. or Comercial Gildemeister S.A. (including any receivables in respect thereof); *provided* that Fortaleza S.A. or Comercial Gildemeister, S.A., as the case may be, does not receive any commission, premium or other form of compensation, remuneration or profit in respect of such transactions;

(7) (x) any sale of vehicle or heavy machinery inventory to Fortaleza S.A. or Comercial Gildemeister S.A. at the book value thereof; *provided* that Gildemeister or the applicable Restricted Subsidiary repurchases such inventory at the book value thereof from Fortaleza S.A. or Comercial Gildemeister S.A., as the case may be, within 180 days of such sale (an “Affiliated Vehicle Repo Transaction”) and (y) any repurchase of vehicle or heavy machinery inventory from Fortaleza S.A. or Comercial Gildemeister S.A., as the case may be, in connection with an Affiliated Vehicle Repo Transaction;

(8) any sale of vehicles by Gildemeister or any Restricted Subsidiary to Fortaleza at fair market value that are sold by Fortaleza to the government of Chile or any subdivision or agency thereof within 180 days;

(9) any purchases by Gildemeister or any Restricted Subsidiary of third-party after-market accessories from third parties through contracts held by RTC S.A. and the subsequent consignment thereof to RTC S.A.; *provided* that RTC S.A. does not receive any commission, premium or other form of compensation, remuneration or profit in respect of such transactions other than in respect of Special Outlet Sales;

(10) solely with respect to clause (b) above, the consignment of used vehicles by Gildemeister or any Restricted Subsidiary to Carmeister S.A.

### ***Line of Business***

Gildemeister will not, and will not permit any of its Restricted Subsidiaries, to engage in any business other than a Permitted Business, except to an extent that so doing would not be material to Gildemeister and its Restricted Subsidiaries, taken as a whole.

### ***Designation of Restricted and Unrestricted Subsidiaries***

(a) The Board of Directors may designate any Subsidiary, including a newly acquired or created Subsidiary, to be an Unrestricted Subsidiary if it meets the following qualifications and the designation would not cause a Default.

(1) Such Subsidiary does not own any Capital Stock of Gildemeister or any Restricted Subsidiary or hold any Debt of, or any Lien on any property of, Gildemeister or any Restricted Subsidiary.

(2) At the time of the designation, the designation would be permitted under “Limitation on Restricted Payments.”

(3) To the extent the Debt of the Subsidiary is not Non-Recourse Debt, any Guarantee or other credit support thereof by Gildemeister or any Restricted Subsidiary is permitted under “Limitation on Debt and Disqualified or Preferred Stock” and “Limitation on Restricted Payments.”

(4) The Subsidiary is not party to any transaction or arrangement with Gildemeister or any Restricted Subsidiary that would not be permitted under “Limitation on Transactions with Affiliates.”

(5) Neither Gildemeister nor any Restricted Subsidiary has any obligation to subscribe for additional Equity Interests of the Subsidiary or to maintain or preserve its financial condition or cause it to achieve specified levels of operating results, except to the extent permitted by “Limitation on Debt and Disqualified or Preferred Stock” and “Limitation on Restricted Payments.”

Once so designated the Subsidiary will remain an Unrestricted Subsidiary, subject to paragraph (b).

(b) (1) A Subsidiary previously designated an Unrestricted Subsidiary which fails to meet the qualifications set forth in paragraph (a) will be deemed to become at that time a Restricted Subsidiary, subject to the consequences set forth in paragraph (d).

(2) The Board of Directors may designate an Unrestricted Subsidiary to be a Restricted Subsidiary if the designation would not cause a Default.

(c) Upon a Restricted Subsidiary becoming an Unrestricted Subsidiary,

(1) all existing Investments of Gildemeister and the Restricted Subsidiaries therein (valued at Gildemeister’s proportional share of the fair market value of its assets less liabilities) will be deemed made at that time;

(2) all existing transactions between it and Gildemeister or any Restricted Subsidiary will be deemed entered into at that time;

(3) it is released at that time from its Note Guaranty, if any; and

(4) it will cease to be subject to the provisions of the indenture as a Restricted Subsidiary.

(d) Upon an Unrestricted Subsidiary becoming, or being deemed to become, a Restricted Subsidiary,

(1) all of its Debt and Disqualified or Preferred Stock will be deemed Incurred at that time for purposes of “Limitation on Debt and Disqualified or Preferred Stock”, but will not be considered the sale or issuance of Equity Interests for purposes of “Limitation on Sale or Issuance of Equity Interests of Restricted Subsidiaries” or “Limitation on Asset Sales”;

(2) Investments therein previously charged under “Limitation on Restricted Payments” will be credited thereunder;

(3) it may be required to issue a Note Guaranty pursuant to “Guaranties by Restricted Subsidiaries”; and

(4) it will thenceforward be subject to the provisions of the indenture as a Restricted Subsidiary.

(e) Any designation by the Board of Directors of a Subsidiary as a Restricted Subsidiary or Unrestricted Subsidiary will be evidenced to the trustee by promptly filing with the trustee a copy of the Board Resolution giving effect to the designation and an Officer’s Certificate certifying that the designation complied with the foregoing provisions.

(f) The designation of a Subsidiary of Gildemeister as an Unrestricted Subsidiary will be deemed to include the designation of all of the Subsidiaries of such Subsidiary.

### ***Anti-Layering***

Neither Gildemeister nor any Guarantor may Incur any Debt that is subordinated in right of payment to other Debt of Gildemeister or the Guarantor unless such Debt is also subordinated in right of payment to the Notes or the relevant Note Guaranty on substantially identical terms. This does not apply to distinctions between categories of Debt that exist by reason of any Liens or Guarantees securing or in favor of some but not all of such Debt.

For so long as any of the Notes remain outstanding and constitute “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, Gildemeister will furnish to the holders of the Notes and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

### ***Reports to Holders***

Gildemeister will furnish or cause to be furnished to the trustee in electronic form (for distribution only upon the request of any holder that desires to receive the applicable reports, information or documents):

(1) as soon as they are available, but in any event within 60 calendar days after the end of each of the first, second and third fiscal quarters of Gildemeister, copies of its unaudited financial statements (on a consolidated basis) in respect of the relevant period (including a profit and loss account, balance sheet and cash flow statement), in English, prepared on a basis consistent with the audited financial statements of Gildemeister and in accordance with Chilean GAAP, together with a certificate signed by the person then authorized to sign financial statements on behalf of Gildemeister

to the effect that such financial statements are true in all material respects and present fairly the financial position of Gildemeister as at the end of, and the results of its operations for, the relevant quarterly period; and

(2) as soon as they are available, but in any event within 120 calendar days after the end of each fiscal year of Gildemeister, copies of its audited financial statements (on a consolidated basis) in respect of such fiscal year (including a profit and loss account, balance sheet and cash flow statement), in English, prepared in accordance with Chilean GAAP and audited by a member firm of an internationally recognized firm of independent accountants.

Each annual report will include a “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and be accompanied by an Officer’s Certificate to the effect that (A) the financial statements contained in such report fairly present, in all material respects, the consolidated financial condition Gildemeister and its Subsidiaries as of the date of such financial statement and the results of their operations for the period covered thereby; and (B) such financial statements have been prepared in accordance with Chilean GAAP.

Delivery of such reports, information and documents to the trustee is for informational purposes only and the trustee’s receipt of such reports shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including Gildemeister’s or any other Person’s compliance with any of its covenants under the indenture or the Notes (as to which the trustee is entitled to rely exclusively on Officer’s Certificates).

#### ***Reports to Trustee***

Gildemeister will deliver to the trustee

(1) within 120 days after the end of each fiscal year a certificate stating that Gildemeister has fulfilled its obligations under the indenture or, if there has been a Default, specifying the Default and its nature and status;

(2) as soon as possible and in any event within 30 days after Gildemeister becomes aware of the occurrence of a Default, an Officers’ Certificate setting forth the details of the Default, and the action which Gildemeister proposes to take with respect thereto; and

(3) within 120 days after the end of each fiscal year of Gildemeister a written statement by Gildemeister’s independent public accountants stating whether, in connection with their audit examination, any Default has come to their attention and, if such a Default has come to their attention, specifying the nature and period of the existence thereof.

#### **Consolidation, Merger or Sale of Assets**

##### ***Company***

(a) Gildemeister will not, in a single transaction or series of related transactions, consolidate with or merge with or into any Person, or sell, convey, transfer, or otherwise dispose of (or cause or permit any Restricted Subsidiary to sell, assign, transfer, convey or otherwise dispose of) all or substantially all of its assets as an entirety or substantially an entirety (determined on a consolidated basis for Gildemeister and its Restricted Subsidiaries), to any Person or permit any Person to merge with or into Gildemeister unless:

(1) either (x) Gildemeister is the continuing Person or (y) the resulting, surviving or transferee Person is a corporation organized and validly existing under the laws of Chile or the United

States of America or any jurisdiction thereof and expressly assumes by supplemental indenture all of the obligations of Gildemeister under the indenture and the Notes;

(2) immediately after giving effect to the transaction, no Default has occurred and is continuing;

(3) immediately after giving effect to the transaction on a pro forma basis, either (x) Gildemeister or the resulting surviving or transferee Person could Incur at least US\$1.00 of Debt under paragraph (a) under “Limitation on Debt and Disqualified or Preferred Stock” or (y) the Fixed Charge Coverage Ratio of Gildemeister or the resulting surviving or transferee Person is not worse than the Fixed Charge Coverage Ratio of Gildemeister without giving effect to the transaction; and

(4) Gildemeister delivers to the trustee an Officers’ Certificate and an Opinion of Counsel, each stating that the consolidation, merger or transfer and the supplemental indenture (if any) comply with the indenture;

*provided*, that clauses (2) through (3) do not apply (i) to the consolidation or merger of Gildemeister with or into a Restricted Subsidiary or the consolidation or merger of a Restricted Subsidiary with or into Gildemeister or (ii) if, in the good faith determination of the Board of Directors of Gildemeister, whose determination is evidenced by a Board Resolution, the sole purpose of the transaction is to change the jurisdiction of incorporation of Gildemeister.

(b) Gildemeister shall not lease all or substantially all of its assets, whether in one transaction or a series of transactions, to one or more other Persons.

(c) Upon the consummation of any transaction effected in accordance with these provisions, if Gildemeister is not the continuing Person, the resulting, surviving or transferee Person will succeed to, and be substituted for, and may exercise every right and power of, Gildemeister under the indenture and the Notes with the same effect as if such successor Person had been named as Gildemeister in the indenture. Upon such substitution, except in the case of a sale, conveyance, transfer or disposition of less than all its assets, Gildemeister will be released from its obligations under the indenture and the Notes.

(d) if Gildemeister is organized under the laws of Chile and merges with a corporation that is (or the resulting surviving or transferee Person is) organized under the laws of the United States, any State thereof or the District of Columbia, or if Gildemeister is organized under the laws of the United States, any State thereof or the District of Columbia and merges with a corporation that is (or the resulting surviving or transferee Person is) organized under the laws of Chile, Gildemeister or the or the resulting surviving or transferee Person will have delivered to the trustee:

(1) an Opinion of Counsel from U.S. counsel to the effect that holders of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the transaction and will be subject to U.S. federal income tax in the same manner and on the same amounts (assuming solely for this purpose that no Additional Amounts are required to be paid on the Notes) and at the same times as would have been the case if the transaction had not occurred; and

(2) an Opinion of Counsel from Chilean counsel to the effect that holders of the Notes will not recognize income, gain or loss for Chilean income tax purposes as a result of the transaction and will be subject to Chilean income taxes in the same manner and on the same amounts (assuming solely for this purpose that no Additional Amounts are required to be paid on the Notes) and at the same times as would have been the case if the transaction had not occurred.

***Guarantors.***

No Guarantor may, in a single transaction or series of related transactions,

- consolidate with or merge with or into any Person, or
- sell, convey, transfer or dispose of, all or substantially all its assets as an entirety or substantially as an entirety, to any Person, or
- permit any Person to merge with or into the Guarantor

unless:

(A) the other Person is Gildemeister or any Restricted Subsidiary that is a Guarantor or becomes a Guarantor concurrently with the transaction); or

(B) (1) either (x) the Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes by supplemental indenture all of the obligations of the Guarantor under its Note Guaranty; and

(2) immediately after giving effect to the transaction, no Default has occurred and is continuing; or

(C) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of the Guarantor or the sale or disposition of all or substantially all the assets of the Guarantor (in each case other than to Gildemeister or a Restricted Subsidiary) otherwise permitted by the indenture.

**Notices**

Notices to holders of Notes will be mailed to them at their registered addresses.

In addition, from and after the date the Notes are listed on Luxembourg Stock Exchange for trading on the Euro MTF Market and if it is required by the rules of such exchange, all notices to holders of Notes will be published in English:

(1) in a leading newspaper having a general circulation in Luxembourg (which currently is expected to be *Luxemburger Wort*); or

(2) if such Luxembourg publication is not practicable, in one other leading English language newspaper being published on each day in morning editions, whether or not it will be published in Saturday, Sunday or holiday editions.

Notices will be deemed to have been given on the date of mailing or of publication as aforesaid or, if published on different dates, on the date of the first such publication.

In addition, we may also from time to time publish notices on the website of the Luxembourg Stock Exchange at [www.bourse.lu](http://www.bourse.lu).



## **Default and Remedies**

### ***Events of Default.***

An “Event of Default” occurs if:

(1) Gildemeister defaults in the payment of the principal of any note when the same becomes due and payable at maturity, upon acceleration or redemption, or otherwise (other than pursuant to an Offer to Purchase);

(2) Gildemeister defaults in the payment of interest (including any Additional Amounts) on any note when the same becomes due and payable, and the default continues for a period of 30 days;

(3) Gildemeister fails to make an Offer to Purchase and thereafter accept and pay for Notes tendered when and as required pursuant to “Repurchase of Notes Upon a Change of Control” or “Limitation on Asset Sales,” or Gildemeister or any Guarantor fails to comply with “Consolidation, Merger or Sale of Assets”;

(4) Gildemeister defaults in the performance of or breaches any other covenant or agreement of Gildemeister in the indenture or under the Notes and the default or breach continues for a period of 60 consecutive days after written notice to Gildemeister by the trustee or to Gildemeister and the trustee by the holders of 25% or more in aggregate principal amount of the Notes;

(5) there occurs with respect to any Debt of Gildemeister or any of its Restricted Subsidiaries having an outstanding principal amount of US\$40.0 million (or the equivalent in other currencies) or more in the aggregate for all such Debt of all such Persons (i) an event of default that results in such Debt being due and payable prior to its scheduled maturity or (ii) failure to make a principal payment when due and such defaulted payment is not made, waived or extended within the applicable grace period;

(6) one or more final judgments or orders for the payment of money are rendered against Gildemeister or any of its Restricted Subsidiaries and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed US\$40.0 million (or the equivalent in other currencies) (in excess of amounts which Gildemeister’s insurance carriers have agreed to pay under applicable policies) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;

(7) certain bankruptcy defaults occur with respect to Gildemeister or any Chilean Restricted Subsidiary; or

(8) any Note Guaranty ceases to be in full force and effect, other than in accordance the terms of the indenture, or a Guarantor denies or disaffirms its obligations under its Note Guaranty.

### ***Consequences of an Event of Default.***

If an Event of Default, other than a bankruptcy default with respect to Gildemeister, occurs and is continuing under the indenture, the trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding, by written notice to Gildemeister (and to the trustee if the notice is given by the holders), may, and the trustee at the request of such holders shall, declare the principal of and accrued interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal and interest will become immediately due and payable. If a bankruptcy default occurs with

respect to Gildemeister, the principal of and accrued interest on the Notes then outstanding will become immediately due and payable without any declaration or other act on the part of the trustee or any holder.

The holders of a majority in principal amount of the outstanding Notes by written notice to Gildemeister and to the trustee may waive all past defaults and rescind and annul a declaration of acceleration and its consequences if

- (1) all existing Events of Default, other than the nonpayment of the principal of, premium, if any, and interest (including Additional Amounts) on the Notes that have become due solely by the declaration of acceleration, have been cured or waived, and
- (2) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Except as otherwise provided in “—*Consequences of an Event of Default*” or “—*Amendments and Waivers—Amendments with Consent of Holders*,” the holders of a majority in principal amount of the outstanding Notes may, by written notice to the trustee, waive an existing Default and its consequences. Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

The holders of a majority in principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee. However, the trustee may refuse to follow any direction that conflicts with law or the indenture, that may involve the trustee in personal liability, or that the trustee determines in good faith may be unduly prejudicial to the rights of holders of Notes not joining in the giving of such direction, and may take any other action it deems proper that is not inconsistent with any such direction received from holders of Notes.

A holder may not institute any proceeding, judicial or otherwise, with respect to the indenture or the Notes, or for the appointment of a receiver or trustee, or for any other remedy under the indenture or the Notes, unless:

- (1) the holder has previously given to the trustee written notice of a continuing Event of Default;
- (2) holders of at least 25% in aggregate principal amount of outstanding Notes have made written request to the trustee to institute proceedings in respect of the Event of Default in its own name as trustee under the indenture;
- (3) holders have offered to the trustee indemnity and/or security reasonably satisfactory to the trustee against any costs, liabilities or expenses to be incurred in compliance with such request;
- (4) the trustee for 60 days after its receipt of such notice, request and offer of indemnity and/or security has failed to institute any such proceeding; and
- (5) during such 60-day period, the holders of a majority in aggregate principal amount of the outstanding Notes have not given the trustee a direction that is inconsistent with such written request.

Notwithstanding anything to the contrary, the right of a holder of a note to receive payment of principal of or interest on its note on or after the Stated Maturities thereof, or to bring suit for the enforcement of any such payment on or after such dates, may not be impaired or affected without the consent of that holder.

If any Default occurs and is continuing and is known to the trustee, the trustee will send notice of the Default to each holder within 90 days after it occurs, unless the Default has been cured; *provided* that, except in the case of a default in the payment of the principal of or interest on any note, the trustee may withhold the notice if and so long as the board of directors, the executive committee or a trust committee of directors of the trustee in good faith determine that withholding the notice is in the interest of the holders.

A Default under the Notes, unless cured or waived, could trigger certain Manufacturer's rights to acquire some of our dealerships.

### **No Liability of Directors, Officers, Employees, Incorporators, Members and Stockholders**

No director, officer, employee, incorporator, member or stockholder of Gildemeister or any Guarantor, as such, will have any liability for any obligations of Gildemeister or such Guarantor under the Notes, any Note Guaranty or the indenture or for any claim based on, in respect of, or by reason of, such obligations. Each holder of Notes by accepting a note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. This waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the SEC that such a waiver is against public policy.

### **Amendments and Waivers**

#### ***Amendments Without Consent of Holders.***

Gildemeister and the trustee upon the trustee's receipt of an Officer's Certificate and an Opinion of Counsel confirming compliance with the requirements of the indenture, may amend or supplement the indenture or the Notes without notice to or the consent of any noteholder

- (1) to cure any ambiguity, defect or inconsistency in the indenture or the Notes, provided that such actions pursuant to this clause (1) do not materially and adversely affect the interests of the holders;
- (2) to comply with "Consolidation, Merger or Sale of Assets;"
- (3) to evidence and provide for the acceptance of an appointment by a successor trustee;
- (4) to provide for uncertificated Notes in addition to or in place of certificated Notes, *provided* that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code, or in a manner such that the uncertificated Notes are described in Section 163(f)(2)(B) of the Code;
- (5) to provide for any Guarantee of the Notes, to secure the Notes or to confirm and evidence the release, termination or discharge of any Guarantee of or Lien securing the Notes when such release, termination or discharge is permitted by the indenture;
- (6) to provide for or confirm the issuance of additional Notes;

(7) to make any other change that does not materially and adversely affect the rights of any holder; or

(8) to conform any provision to this “Description of the Notes” to the extent such provision of this “Description of the Notes” was intended to be a verbatim recitation of a provision in the indenture or the Notes.

***Amendments With Consent of Holders.***

(a) Except as otherwise provided in “—Default and Remedies—Consequences of a Default” or paragraph (b), Gildemeister and the trustee upon the trustee’s receipt of an Officer’s Certificate and an Opinion of Counsel confirming compliance with the requirements of the indenture, may amend the indenture and the Notes with the written consent of the holders of a majority in principal amount of the outstanding Notes and the holders of a majority in principal amount of the outstanding Notes may waive future compliance by Gildemeister with any provision of the indenture or the Notes.

(b) Notwithstanding the provisions of paragraph (a), without the consent of each holder affected, an amendment or waiver may not

(1) reduce the principal amount of or change the Stated Maturity of any installment of principal of any note,

(2) reduce the rate of or change the Stated Maturity of any interest payment on any note,

(3) reduce the amount payable upon the redemption of any note or change the time of any mandatory redemption or, in respect of an optional redemption, the times at which any note may be redeemed or, once notice of redemption has been given, the time at which it must thereupon be redeemed,

(4) after the time an Offer to Purchase is required to have been made, reduce the purchase amount or purchase price, or extend the latest expiration date or purchase date thereunder,

(5) make any note payable in money other than that stated in the note,

(6) impair the right of any holder of Notes to receive any principal payment or interest payment on such holder’s Notes, on or after the Stated Maturity thereof, or to institute suit for the enforcement of any such payment,

(7) make any change in the percentage of the principal amount of the Notes required for amendments or waivers,

(8) modify or change any provision of the indenture affecting the ranking of the Notes or any Note Guaranty in a manner adverse to the holders of the Notes,

(9) make any change in any Note Guaranty that would adversely affect the noteholders, or

(10) make any change in the provisions of the indenture described under “—Additional Amounts” that adversely affects the rights of any holder or amend the terms of the Notes in a way that would result in a loss of exemption from any applicable taxes.

It is not necessary for noteholders to approve the particular form of any proposed amendment, supplement or waiver, but is sufficient if their consent approves the substance thereof.

Neither Gildemeister nor any of its Subsidiaries or Affiliates may, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the indenture or the Notes unless such consideration is offered to be paid or agreed to be paid to all holders of the Notes that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to the consent, waiver or amendment.

### **Defeasance and Discharge**

Gildemeister may discharge its obligations under the Notes and the indenture by irrevocably depositing in trust with the trustee money or U.S. Government Obligations sufficient to pay principal of and interest on the Notes to maturity or redemption within sixty days, subject to meeting certain other conditions.

Gildemeister may also elect to

(1) discharge most of its obligations in respect of the Notes and the indenture, not including obligations related to the defeasance trust or to the replacement of Notes or its obligations to the trustee (“legal defeasance”) or

(2) discharge its obligations under most of the covenants and under clauses (3) and (4) of “Consolidation, Merger or Sale of Assets” (and the events listed in clauses (3), (4), (5), (6) and (8) under “—Default and Remedies—Events of Default” will no longer constitute Events of Default) (“covenant defeasance”)

by irrevocably depositing in trust with the trustee money or U.S. Government Obligations sufficient to pay principal of and interest on the Notes to maturity or redemption and by meeting certain other conditions, including delivery to the trustee of either a ruling received from the Internal Revenue Service or an Opinion of Counsel to the effect that the holders will not recognize income, gain or loss for federal income tax purposes as a result of the defeasance and will be subject to federal income tax on the same amount and in the same manner and at the same times as would otherwise have been the case. The defeasance would in each case be effective when 123 days have passed since the date of the deposit in trust.

In the case of either discharge or defeasance, the Note Guaranties, if any, will terminate.

### **Trustee, Registrar, Paying Agent and Transfer Agent for the Notes**

Deutsche Bank Trust Company Americas is the trustee under the indenture. The principal office of the trustee is at 60 Wall Street, 27th Floor, NYC60-2710, New York, NY, 10005-2836. The trustee will initially act as registrar and New York paying agent and transfer agent. So long as the Notes are listed on the Luxembourg Stock Exchange for trading on the Euro MTF Market, Gildemeister will also maintain a listing agent, registrar, paying agent and transfer agent in Luxembourg. Gildemeister may change the registrar, paying agents or transfer agents without prior notice to the holders of the Notes, and Gildemeister or any of its Subsidiaries may act as registrar, paying agent or transfer agent. Any change in respect of such agents will be published in accordance with “—Notices.”

Except during the continuance of an Event of Default, the trustee need perform only those duties that are specifically set forth in the indenture and no others, and no implied covenants or obligations will be read into the indenture against the trustee. In case an Event of Default has occurred and is continuing, the trustee shall exercise those rights and powers vested in it by the indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the

conduct of his own affairs. No provision of the indenture will require the trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties thereunder, or in the exercise of its rights or powers, unless it receives indemnity and/or security satisfactory to it against any loss, liability or expense.

The indenture contains limitations on the rights of the trustee, should it become a creditor of any obligor on the Notes, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The trustee is permitted to engage in other transactions with Gildemeister and its Affiliates; provided that if it acquires any conflicting interest it must either eliminate the conflict within 90 days, apply to the Commission for permission to continue or resign.

### **Form, Denomination and Title**

The Notes were issued in registered form, without interest coupons, in minimum denominations of US\$100,000 and integral multiples of US\$1,000 in excess thereof. No service charge will be made for any registration of transfer or exchange of Notes, but Gildemeister or trustee or other agent may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Notes will be represented by a Restricted Global Note (as defined below) and a Regulation S Global Note (as defined below) (each sometimes referred to herein as a “Global Note” and together sometimes referred to herein as the “Global Notes”).

Notes sold in reliance on Rule 144A under the Securities Act initially will be represented by one or more Global Notes in fully registered form without interest coupons (the “Restricted Global Note”) and will be deposited with the trustee as custodian for DTC and registered in the name of DTC or its nominee.

Notes sold outside the United States in reliance on Regulation S of the Securities Act will be represented by one or more Global Notes in fully registered form without interest coupons (the “Regulation S Global Note”) and will be deposited with the trustee as custodian for DTC, and registered in the name of DTC or its nominee for the accounts of Euroclear and Clearstream (as indirect participants in DTC).

The Restricted Global Note and Regulation S Global Note will be subject to certain restrictions on transfer and will bear a legend to that effect as described under “Transfer Restrictions.”

Transfers of a note or beneficial interest therein to a person who takes delivery in the form of a Restricted Global Note or beneficial interest therein may be made only upon receipt by the trustee of a written certification from the transferor (in the form provided in the indenture) to the effect that such transfer is being made to a person that the transferor reasonably believes is a qualified institutional buyer (as defined in Rule 144A under the Securities Act) in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

Transfers of a note or beneficial interest therein to a person who takes delivery in the form of a Regulation S Global Note or beneficial interest therein may be made only upon receipt by the trustee of a written certification from the transferor (in the form provided in the indenture) to the effect that such transfer is being made in accordance with Rules 903 and 904 of Regulation S.

Any beneficial interest in one of the Global Notes that is transferred to a person who takes delivery in the form of an interest in another Global Note will, upon transfer, cease to be an interest in such Global Note and become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Note for as long as it remains such an interest.

Gildemeister will initially appoint the trustee at its office in New York City specified herein as registrar and New York paying agent and transfer agent for the Notes. In such capacities, the trustee will be responsible for, among other things, (i) maintaining a record of the aggregate holdings of Notes represented by the Global Notes and accepting Notes for exchange and registration of transfer, (ii) ensuring that payments of principal, premium, if any, and interest in respect of the Notes received by the trustee from Gildemeister are duly paid to DTC or its nominee and (iii) transmitting to Gildemeister any notices from noteholders.

### **Global Notes**

Upon the issuance of a Restricted Global Note and a Regulation S Global Note, DTC or its custodian will credit, on its internal system, the respective principal amount of the individual beneficial interests represented by such Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the Initial Purchasers. Ownership of beneficial interests in a Global Note will be limited to persons who have accounts with DTC (“DTC Participants”) or persons who hold interests through DTC Participants. Ownership of beneficial interests in the Global Notes will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of DTC Participants) and the records of DTC Participants (with respect to interests of persons other than DTC Participants).

Investors may hold their interests in a Regulation S Global Note directly through Euroclear or Clearstream, if they are participants in such systems, or indirectly through organizations that are participants in such systems. Euroclear and Clearstream will hold interests in the Regulation S Global Note on behalf of their participants through customers’ securities accounts in their respective names on the books of their respective depositaries, which in turn will hold such interests in the Regulation S Global Note in customers’ securities accounts in the depositaries’ names on the books of DTC. Investors that are qualified institutional buyers may hold their interests in Restricted Global Notes directly through DTC if they are DTC Participants, or indirectly through organizations that are DTC Participants.

Payments of the principal, premium, if any, and interest in respect of Notes represented by a Global Note registered in the name of DTC or its nominee will be made to DTC or its nominee, as the case may be, as the registered owner of the Global Note representing such Notes. None of Gildemeister, the trustee or any paying agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising, or reviewing any records relating to such beneficial ownership interests. Gildemeister expects that DTC or its nominee, upon receipt of any payment of principal, premium, if any, and interest in respect of a Global Note representing any Notes held by it or its nominee, will immediately credit DTC Participants’ accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Note as shown on the records of DTC or its nominee. Gildemeister also expects that payments by DTC Participants to owners of beneficial interests in such Global Note held through such DTC Participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC Participants.

Transfers between DTC Participants will be effected in accordance with DTC rules and procedures and will be settled in same-day funds. Transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and procedures.

The laws of some jurisdictions require that certain persons take physical delivery of securities in certificated form. Consequently, the ability to transfer beneficial interests in a Global Note to such persons may be limited because DTC can only act on behalf of DTC Participants, who in turn act on behalf of indirect participants and certain banks. Accordingly, the ability of a person having a beneficial interest in a Global Note to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of each interest, may be affected by the lack of a physical certificate for such interest.

Subject to compliance with the transfer restrictions applicable to the Notes described above and under “Transfer Restrictions,” cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream participants, on the other, will be effected in DTC in accordance with DTC rules and procedures on behalf of Euroclear or Clearstream, as the case may be, by its respective depository; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depository to take action to effect final settlement on its behalf by delivering or receiving interests in Regulation S Global Notes in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a DTC Participant will be credited during the securities settlement processing day (which must be a business day for Euroclear or Clearstream, as the case may be) immediately following the DTC settlement date, and the credit of any transactions in interests in a Global Note settled during such processing will be reported to the relevant Euroclear or Clearstream participant on such day. Cash received in Euroclear or Clearstream as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream participant to a DTC Participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream cash account only as of the business day following settlement in DTC.

DTC has advised Gildemeister that it will take any action permitted to be taken by a Holder of Notes (including, without limitation, the presentation of Notes for transfer, exchange or conversion as described below) only at the direction of one or more DTC Participants to whose account with DTC interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of the Notes as to which such Participant or Participants has or have given such direction. However, in the limited circumstances described herein, DTC will exchange the Global Notes for Notes in certificated form, which it will distribute to DTC Participants. See “—*Certificated Notes.*”

DTC has advised Gildemeister as follows: DTC will act as the depository for the Notes. The Notes were issued as fully registered senior Notes registered in the name of Cede & Co., which is DTC’s partnership nominee. Fully registered Global Notes were issued for the Notes, in the aggregate principal amount of the issue, and were deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial



Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants deposit with DTC. DTC also facilitates the settlement among participants of securities transactions, including transfers and pledges, in deposited securities through electronic computerized book-entry changes to participants’ accounts, thereby eliminating the need for physical movement of Notes certificates. Direct participants of DTC include securities brokers and dealers, including the initial purchasers of the Notes, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its direct participants and by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to DTC’s system is also available to indirect participants, which includes securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the SEC.

To facilitate subsequent transfers, all Global Notes representing the Notes which are deposited with, or on behalf of, DTC are registered in the name of DTC’s nominee, Cede & Co. The deposit of Global Notes with, or on behalf of, DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the Global Notes representing the Notes; DTC’s records reflect only the identity of the direct participants to whose accounts the Notes are credited, which may or may not be the beneficial owners. The participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to the Global Notes representing the Notes. Under its usual procedure, DTC mails an omnibus proxy to Gildemeister as soon as possible after the applicable record date. The omnibus proxy assigns Cede & Co.’s consenting or voting rights to those direct participants to whose accounts the Notes are credited on the applicable record date (identified in a listing attached to the omnibus proxy).

DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving reasonable notice to Gildemeister or the trustee. Under such circumstances, in the event that a successor securities depository is not obtained, certificated Notes are required to be printed and delivered. See “—*Certificated Notes.*”

Gildemeister may decide to discontinue use of the system of book-entry transfers through DTC or a successor securities depository. In that event, certificated Notes will be printed and delivered. See “—*Certificated Notes.*”

Although DTC, Euroclear and Clearstream have agreed to the procedures described above in order to facilitate transfers of interests in the Global Notes among participants of DTC, Euroclear and Clearstream, they are under no obligation to perform or continue to perform these procedures, and these procedures may be discontinued at any time. Neither the trustee nor Gildemeister will have any liability or responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

## **Certificated Notes**

If DTC is at any time unwilling or unable to continue as a depository for the reasons set forth under “— Global Notes” above and a successor depository is not appointed by Gildemeister within 90 days, Gildemeister elects to discontinue use of the system of book-entry transfers through DTC or a successor securities depository, or an Event of Default has occurred and is continuing with respect to the Notes, then, upon surrender by DTC of the global notes, Gildemeister will issue individual definitive notes in certificated form, having the same terms and conditions and which will have the same aggregate principal amount, in registered form in exchange for Regulation S Global Notes and Restricted Global Notes, as the case may be. Upon any exchange for certificated notes, the certificated notes will be registered in the names of the beneficial owners of the Global Notes representing the Notes, which names will be provided by DTC’s relevant participants (as identified by DTC) to the trustee.

The Holder of a certificated note may transfer such note by surrendering it at the office or agency maintained by Gildemeister for such purpose in the Borough of Manhattan, The City of New York, which initially will be the office of the trustee. Upon the transfer, exchange or replacement of certificated Notes bearing the legend, or upon specific request for removal of the legend on a certificated note, Gildemeister will deliver only certificated Notes that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to Gildemeister such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by Gildemeister, that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Neither the trustee nor the registrar or any transfer agent will be required to register the transfer of or exchange certificated notes for a period from the Record Date to the due date for any payment of principal of, or interest on, the Notes or register the transfer of or exchange any Notes for 15 days prior to selection for redemption through the date of redemption.

Prior to presentment of a note for registration of transfer (including a Global Note), Gildemeister, the trustee and any agent of Gildemeister or the trustee may treat the person in whose name such note is registered as the owner or Holder of such note for the purpose of receiving payment of principal or interest on such note and for all other purposes whatsoever, whether or not such note is overdue, and none of Gildemeister, the trustee or any agent of Gildemeister or the trustee will be affected by notice to the contrary.

## **Replacement of Notes**

In the event that any note becomes mutilated, defaced, destroyed, lost or stolen, Gildemeister will execute and, upon Gildemeister’s request, the trustee will authenticate and deliver a new note, of like tenor (including the same date of issuance) and equal principal amount, registered in the same manner, and bearing interest from the date to which interest has been paid on such note, in exchange and substitution for such note (upon surrender and cancellation thereof) or in lieu of and substitution for such note. In the event that such note is destroyed, lost or stolen, the applicant for a substitute note will furnish to Gildemeister and the trustee such security or indemnity as may be required by them to hold each of them harmless, and, in every case of destruction, loss or theft of such note, the applicant will also furnish to Gildemeister and the trustee satisfactory evidence of the destruction, loss or theft of such note and of the ownership thereof. Upon the issuance of any substituted note, Gildemeister may require the payment by the registered holder thereof of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other fees and expenses (including the fees and expenses of the trustee) connected therewith.

## **Same Day Settlement and Payment**

The indenture will require that payments in respect of the Notes represented by the global notes be made by wire transfer of immediately available funds to the accounts specified by holders of the Global Notes. With respect to Notes in certificated form, Gildemeister will make all payments by wire transfer of immediately available funds to the accounts specified by the holders thereof or, if no such account is specified, by mailing a check to each holder's registered address.

The Notes represented by the global notes are expected to be eligible to trade in DTC's Same-Day Funds Settlement System, and any permitted secondary market trading activity in such Notes will, therefore, be required by DTC to be settled in immediately available funds. Gildemeister expects that secondary trading in any certificated Notes will also be settled in immediately available funds.

## **Governing Law, Consent to Jurisdiction, Currency Conversion and Service of Process**

The indenture, including any Note Guaranties, and the Notes will be governed by, and construed in accordance with, the laws of the State of New York.

Gildemeister will submit to the non-exclusive jurisdiction of the New York State and U.S. federal courts located in the Borough of Manhattan, The City of New York with respect to any action that may be brought in connection with the indenture or the Notes and has irrevocably appointed CT Corporation, 111 Eighth Avenue, 13th Floor, New York, NY 10011, as agent for service of process.

If for the purpose of obtaining judgment in any court it is necessary to convert a sum due hereunder to the holder of a note from U.S. dollars into another currency, Gildemeister has agreed, and each holder by holding such note will be deemed to have agreed, to the fullest extent that Gildemeister and they may effectively do so, that the rate of exchange used will be that at which in accordance with normal banking procedures such holder could purchase U.S. dollars with such other currency in New York City, New York on the day two Business Days preceding the day on which final judgment is given.

Gildemeister's obligation in respect of any sum payable by it to a holder will, notwithstanding any judgment in a currency (the "judgment currency") other than U.S. dollars, be discharged only to the extent that on the Business Day following receipt by the holder of a note of any sum adjudged to be so due in the judgment currency, the holder of such note may in accordance with normal banking procedures purchase U.S. dollars with the judgment currency; if the amount of the U.S. dollars so purchased is less than the sum originally due to the holder in the judgment currency (determined in the manner set forth in the preceding paragraph), Gildemeister agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the holder of such note against such loss, and if the amount of the U.S. dollars so purchased exceeds the sum originally due to such holder, such holder agrees to remit to Gildemeister such excess, provided that such holder will have no obligation to remit any such excess as long as Gildemeister has failed to pay such holder any obligations due and payable under such note, in which case such excess may be applied to Gildemeister's obligations under such note in accordance with the terms thereof.

Claims against Gildemeister for the payment of principal, premium, if any, or interest on the Notes must be made within six years from the due date for payment thereof. However, under Chilean law, such claims may be required to be made within four years from the due date for payment thereof.

## **Enforceability of Judgments**

Gildemeister is incorporated in Chile and all of its operating assets are outside the United States. Accordingly, any judgment obtained in the United States against Gildemeister, including judgments with

respect to the payment of principal, premium, if any, and interest, Additional Amounts and any purchase price with respect to the Notes, may not be collectable within the United States. See “*Service of Process and Enforcement of Civil Liabilities.*”

### **Waiver of Immunity**

To the extent that Gildemeister or any of its properties, assets or revenues may have or may hereafter become entitled to, or have attributed to Gildemeister, any right of immunity, on the grounds of sovereignty or otherwise, from any legal action, suit or proceeding, from the giving of any relief in any such legal action, suit or proceeding, from setoff or from counterclaim from the jurisdiction of any Chilean, New York State or U.S. federal court, from service of process, from attachment upon or prior to judgment, from attachment in aid of execution of judgment, or from execution of judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of any judgment, in any such court in which proceedings may at any time be commenced, with respect to the obligations and liabilities of Gildemeister, or any other matter under or arising out of or in connection with, the Notes or the indenture, Gildemeister irrevocably and unconditionally waives or will waive such right, and agrees not to plead or claim any such immunity and consents to such relief and enforcement.

### **Listing**

In the event that the Notes are listed on the Luxembourg Stock Exchange for trading on the Euro MTF Market, Gildemeister will use its best efforts to maintain such listing; provided that if, as a result of the European Union regulated market amended Directive 2001/34/EC (the “Transparency Directive”) or any legislation implementing the Transparency Directive or other directives or legislation, Gildemeister could be required to publish financial information either more regularly than it otherwise would be required to or according to accounting principles which are materially different from the accounting principles which Gildemeister would otherwise use to prepare its published financial information, Gildemeister may delist the Notes from the Luxembourg Stock Exchange in accordance with the rules of the exchange and seek an alternative admission to listing, trading and/or quotation for the Notes on a different section of the Luxembourg Stock Exchange or by such other listing authority, stock exchange and/or quotation system inside or outside the European Union as Gildemeister’s Board of Directors may decide.

### **Certain Definitions**

“Acquired Debt” means Debt of a Person existing at the time the Person merges with or into or becomes a Restricted Subsidiary and not Incurred in connection with, or in contemplation of, the Person merging with or into or becoming a Restricted Subsidiary. Acquired Debt will be deemed to have been Incurred at the time such Person becomes a Restricted Subsidiary or at the time it merges or consolidates with Gildemeister or a Restricted Subsidiary or at the time such Debt is assumed in connection with the acquisition of assets from such Person.

“Additional Amounts” has the meaning set forth under “— Additional Amounts” above.

“Additional Assets” means:

(1) any property or assets (other than Indebtedness and Capital Stock) to be used by Gildemeister or a Restricted Subsidiary engaged in a Permitted Business; or

(2) the Capital Stock of a Person engaged in a Permitted Business that becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by Gildemeister or another Restricted Subsidiary.

“Affiliate” means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person. For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling,” “controlled by” and “under common control with”) with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

“Asset Sale” means any sale, lease, transfer or other disposition (including a Sale and Leaseback Transaction) of any assets by Gildemeister or any Restricted Subsidiary, including by means of a merger, consolidation or similar transaction and including any sale or issuance of the Equity Interests of any Restricted Subsidiary (each of the above referred to as a “disposition”), provided that the following are not included in the definition of “Asset Sale”:

(1) a disposition to Gildemeister or a Restricted Subsidiary, including the sale or issuance by Gildemeister or any Restricted Subsidiary of any Equity Interests of any Restricted Subsidiary to Gildemeister or any Restricted Subsidiary;

(2) the disposition by Gildemeister or any Restricted Subsidiary in the ordinary course of business of (i) cash and cash management investments, (ii) inventory and other assets acquired and held for resale in the ordinary course of business, (iii) damaged, worn out or obsolete assets, or (iv) rights granted to others pursuant to leases or licenses;

(3) the sale or discount of accounts receivable arising in the ordinary course of business in connection with the compromise or collection thereof;

(4) a transaction covered by “Consolidation, Merger or Sale of Assets—Gildemeister”;

(5) a Restricted Payment permitted under “Limitation on Restricted Payments” or a Permitted Investment;

(6) the issuance of Disqualified or Preferred Stock pursuant to “Limitation on Debt and Disqualified or Preferred Stock”;

(7) leases or subleases of real property at Gildemeister’s headquarters located at Av. Los Condes, No. 11,000, Las Condes, Santiago, Chile for fair market value, the proceeds of which are used for working capital of Gildemeister; or

(8) any disposition in a transaction or series of related transactions of assets with a fair market value of less than US\$10.0 million (or the equivalent in other currencies).

“Automobile Retailing Activities” means new and used Vehicle and Vehicle parts retailing, wholesaling, leasing and related activities.

“Average Life” means, with respect to any Debt, the quotient obtained by dividing (i) the sum of the products of (x) the number of years from the date of determination to the dates of each successive scheduled principal payment of such Debt and (y) the amount of such principal payment by (ii) the sum of all such principal payments.

“Board of Directors” means, with respect to any Person, the board of directors or similar governing body of such Person or any duly authorized committee thereof.

“Board Resolution” means, with respect to any Person, a copy of a resolution certified by the Secretary or an Assistant Secretary of such Person to have been duly adopted by the Board of Directors of such Person and to be in full force and effect on the date of such certification, and delivered to the trustee.

“Business Day” means a day other than a Saturday, Sunday or any day on which banking institutions are authorized or required by law to close in The City of New York, New York or Santiago, Chile.

“Capital Lease” means, with respect to any Person, any lease of any property which, in conformity with Chilean GAAP, is required to be capitalized on the balance sheet of such Person.

“Capital Stock” means, with respect to any Person, any and all shares of stock of a corporation, partnership interests or other equivalent interests (however designated, whether voting or non-voting) in such Person’s equity, entitling the holder to receive a share of the profits and losses, and a distribution of assets, after liabilities, of such Person.

“Cash Equivalents” means

(1) United States dollars, Chilean pesos, Peruvian nuevo soles or money in other currencies received in the ordinary course of business,

(2) U.S. Government Obligations or certificates representing an ownership interest in U.S. Government Obligations with maturities not exceeding one year from the date of acquisition,

(3) (i) demand deposits, (ii) time deposits and certificates of deposit with maturities of one year or less from the date of acquisition, (iii) bankers’ acceptances with maturities not exceeding one year from the date of acquisition, and (iv) overnight bank deposits, in each case with any bank or trust company organized or licensed under the laws of the United States or any state thereof having capital, surplus and undivided profits in excess of US\$500 million whose short-term debt is rated “A-2” or higher by S&P or “P-2” or higher by Moody’s,

(4) repurchase obligations with a term of not more than seven days for underlying securities of the type described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (3) above,

(5) commercial paper rated at least P-1 by Moody’s or A-1 by S&P and maturing within six months after the date of acquisition,

(6) (a) marketable direct obligations issued or unconditionally guaranteed by Chile, (b) time deposits or certificates of deposit in Chilean pesos, Peruvian nuevo soles or US dollars of a Chilean or Peruvian bank (other than any affiliate of Gildemeister), as the case may be, the commercial paper or other short-term unsecured debt obligations of which (or in the case of a bank that is the principal subsidiary of a holding company, the holding company) are rated the highest rating of any Chilean or Peruvian bank, (c) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (a) above entered into with a bank (other than any affiliate of Gildemeister) meeting the qualifications described in clause (b) above, or (d) commercial paper of a Chilean or Peruvian issuer (other than any affiliate of Gildemeister) the long-term unsecured debt obligations of which are rated the highest rating of a Chilean or Peruvian issuer, as the case may be, but in no event less than the equivalent short-term rating of A-2 by S&P or

P-2 by Moody's, and maturing within 90 days (unless the short-term rating is not less than A-1 by S&P or P-1 by Moody's, in which case maturing within one year from the date of acquisition thereof by Gildemeister or a Restricted Subsidiary); or

(7) money market funds at least 95% of the assets of which consist of investments of the type described in clauses (1) through (6) above.

“Change of Control” means:

(1) the merger or consolidation of Gildemeister with or into another Person or the merger of another Person with or into Gildemeister or the merger of any Person with or into a Subsidiary of Gildemeister if Capital Stock of Gildemeister is issued in connection therewith, or the sale of all or substantially all the assets of Gildemeister to another Person, (in each case, unless such other Person is a Permitted Holder) unless holders of a majority of the aggregate voting power of the Voting Stock of Gildemeister, immediately prior to such transaction, hold securities of the surviving or transferee Person that represent, immediately after such transaction, at least a majority of the aggregate voting power of the Voting Stock of the surviving Person;

(2) Permitted Holders cease to “beneficially own” (as such term is used in Rules 13d-3 under the Exchange Act), directly or indirectly, at least 50% of the total voting power of the Voting Stock of Gildemeister;

(3) Permitted Holders cease to have the power to directly or indirectly elect a majority of the Board of Directors of Gildemeister; or

(4) the adoption of a plan relating to the liquidation or dissolution of Gildemeister.

“Consolidated Net Income” means, for any period, the aggregate net income (or loss) of Gildemeister and its Restricted Subsidiaries for such period determined on a consolidated basis in conformity with Chilean GAAP, *provided* that the following (without duplication) will be excluded in computing Consolidated Net Income:

(1) the net income (but not loss) of any Person that is not a Restricted Subsidiary, except to the extent of the lesser of

(x) the dividends or other distributions actually paid in cash to Gildemeister or any of its Restricted Subsidiaries (subject to clause (3) below) by such Person during such period, and

(y) Gildemeister's pro rata share of such Person's net income earned during such period;

(2) any net income (or loss) of any Person acquired in a pooling of interests transaction for any period prior to the date of such acquisition;

(3) the net income (but not loss) of any Restricted Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of such net income would not have been permitted for the relevant period by charter or by any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary;

(4) any net after-tax gains or losses attributable to Asset Sales or the extinguishment of Debt;

(5) any net after-tax extraordinary gains or losses; and

- (6) the cumulative effect of a change in accounting principles.

In calculating the aggregate net income (or loss) of Gildemeister and its Restricted Subsidiaries on a consolidated basis, income attributable to Unrestricted Subsidiaries will be excluded altogether.

“Consolidated Tangible Assets” means, for Gildemeister and its Restricted Subsidiaries, at any time, the total consolidated assets of Gildemeister and its Restricted Subsidiaries as set forth on the balance sheet as of the most recent fiscal quarter, less any assets that would be treated as intangible assets on such balance sheet in accordance with Chilean GAAP.

“Credit Facilities” means one or more credit facilities with banks or other lenders providing for revolving credit loans or term loans or the issuance of letters of credit or bankers’ acceptances or the like.

“Debt” means, with respect to any Person, without duplication,

- (1) all indebtedness of such Person for borrowed money;
- (2) all obligations of such Person evidenced by bonds, debentures, Notes or other similar instruments;
- (3) all obligations of such Person in respect of letters of credit, bankers’ acceptances or other similar instruments, excluding obligations in respect of trade letters of credit or bankers’ acceptances issued in respect of trade payables to the extent not drawn upon or presented, or, if drawn upon or presented, the resulting obligation of the Person is paid in 10 Business Days;
- (4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services which are recorded as liabilities under Chilean GAAP, excluding trade payables arising in the ordinary course of business;
- (5) all obligations of such Person as lessee under Capital Leases;
- (6) all Debt of other Persons Guaranteed by such Person to the extent so Guaranteed;
- (7) all Debt of other Persons secured by a Lien on any asset of such Person, whether or not such Debt is assumed by such Person; and
- (8) all obligations of such Person under Hedging Agreements.

The amount of Debt of any Person will be deemed to be:

- (A) with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation;
- (B) with respect to Debt secured by a Lien on an asset of such Person but not otherwise the obligation, contingent or otherwise, of such Person, the lesser of (x) the fair market value of such asset on the date the Lien attached and (y) the amount of such Debt;
- (C) with respect to any Debt issued with original issue discount, the face amount of such Debt less the remaining unamortized portion of the original issue discount of such Debt;
- (D) with respect to any Hedging Agreement, the net amount payable if such Hedging Agreement terminated at that time due to default by such Person; and
- (E) otherwise, the outstanding principal amount thereof.



“Default” means any event that is, or after notice or passage of time or both would be, an Event of Default.

“Disqualified Equity Interests” means Equity Interests that by their terms or upon the happening of any event are

(1) required to be redeemed or redeemable at the option of the holder prior to the Stated Maturity of the Notes for consideration other than Qualified Equity Interests, or

(2) convertible at the option of the holder into Disqualified Equity Interests or exchangeable for Debt;

*provided* that Equity Interests will not constitute Disqualified Equity Interests solely because of provisions giving holders thereof the right to require repurchase or redemption upon an “asset sale” or “change of control” occurring prior to the Stated Maturity of the Notes if those provisions

(A) are no more favorable to the holders than “Limitation on Asset Sales” and “Repurchase of Notes Upon a Change of Control”, and

(B) specifically state that repurchase or redemption pursuant thereto will not be required prior to Gildemeister’s repurchase of the Notes as required by the indenture.

“Disqualified Stock” means Capital Stock constituting Disqualified Equity Interests.

“EBITDA” means, for any period, the sum of

(1) Consolidated Net Income, plus

(2) Fixed Charges, to the extent deducted in calculating Consolidated Net Income,  
plus

(3) to the extent deducted in calculating Consolidated Net Income and as determined on a consolidated basis for Gildemeister and its Restricted Subsidiaries in conformity with Chilean GAAP:

(A) income taxes, other than income taxes or income tax adjustments (whether positive or negative) attributable to Asset Sales or extraordinary gains or losses;

(B) depreciation, amortization and all other non-cash items reducing Consolidated Net Income (not including non-cash charges in a period which reflect cash expenses paid or to be paid in another period), less all non-cash items increasing Consolidated Net Income;

(C) any amounts representing price restatements or monetary translation or correction;

(D) minority interest; and

(E) all non-recurring losses (and minus all non-recurring gains);

*provided* that, with respect to any Restricted Subsidiary, such items will be added only to the extent and in the same proportion that the relevant Restricted Subsidiary’s net income was included in calculating Consolidated Net Income, plus

(4) net after-tax losses attributable to Asset Sales, and net after-tax extraordinary losses, to the extent reducing Consolidated Net Income.

“Equity Interests” means all Capital Stock and all warrants or options with respect to, or other rights to purchase, Capital Stock, but excluding Debt convertible into equity.

“Equity Offering” means an offering for cash, after the Issue Date, of Qualified Stock of Gildemeister or of any direct or indirect parent of Gildemeister (to the extent the proceeds thereof are contributed to the common equity of Gildemeister).

“Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto.

“Fitch” means Fitch Inc., a subsidiary of Fimalac, S.A., and its successors.

“Fixed Charge Coverage Ratio” means, on any date (the “transaction date”), the ratio of

(x) the aggregate amount of EBITDA for the four fiscal quarters immediately prior to the transaction date for which internal financial statements are available (the “reference period”) to

(y) the aggregate Fixed Charges during such reference period.

In making the foregoing calculation,

(1) pro forma effect will be given to any Debt, Disqualified Stock or Preferred Stock Incurred during or after the reference period to the extent the Debt is outstanding or is to be Incurred on the transaction date as if the Debt, Disqualified Stock or Preferred Stock had been Incurred on the first day of the reference period;

(2) pro forma calculations of interest on Debt bearing a floating interest rate will be made as if the rate in effect on the transaction date (taking into account any Hedging Agreement applicable to the Debt if the Hedging Agreement has a remaining term of at least 12 months) had been the applicable rate for the entire reference period;

(3) Fixed Charges related to any Debt, Disqualified Stock or Preferred Stock no longer outstanding or to be repaid or redeemed on the transaction date, except for Consolidated Interest Expense accrued during the reference period under a revolving credit to the extent of the commitment thereunder (or under any successor revolving credit) in effect on the transaction date, will be excluded;

(4) pro forma effect will be given to

(A) the creation, designation or redesignation of Restricted and Unrestricted Subsidiaries,

(B) the acquisition or disposition of companies, divisions or lines of businesses by Gildemeister and its Restricted Subsidiaries, including any acquisition or disposition of a company, division or line of business since the beginning of the reference period by a Person that became a Restricted Subsidiary after the beginning of the reference period, and

(C) the discontinuation of any discontinued operations but, in the case of Fixed Charges, only to the extent that the obligations giving rise to the Fixed Charges will not be obligations of Gildemeister or any Restricted Subsidiary following the transaction date

that have occurred since the beginning of the reference period as if such events had occurred, and, in the case of any disposition, the proceeds thereof applied, on the first day of the reference period. To the extent that pro forma effect is to be given to an acquisition or disposition of a company, division or line of business, the pro forma calculation will be based upon the most recent four full fiscal quarters for which the relevant financial information is available.

“Fixed Charges” means, for any period, the sum of

(1) Interest Expense for such period; and

(2) the product of

(x) cash and non-cash dividends paid, declared, accrued or accumulated on any Disqualified or Preferred Stock of Gildemeister or a Restricted Subsidiary, except for dividends payable in Gildemeister’s Qualified Stock or paid to Gildemeister or to a Restricted Subsidiary, and

(y) a fraction, the numerator of which is one and the denominator of which is one minus the sum of the currently effective combined Federal, state, local and foreign tax rate applicable to Gildemeister and its Restricted Subsidiaries.

“Chilean GAAP” means generally accepted accounting standards in Chile, as required by the SVS for Chilean public companies, in each case an in effect from time to time.

“Chilean Restricted Subsidiary” means any Restricted Subsidiary formed under the laws of, or 50% or more of the assets of which are located in, Chile or any jurisdiction thereof.

“Guarantee” means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Debt or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (ii) entered into for purposes of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof, in whole or in part; provided that the term “Guarantee” does not include endorsements for collection or deposit in the ordinary course of business. The term “Guarantee” used as a verb has a corresponding meaning.

“Guarantor” means (i) Marc Leasing, S.A. and (ii) each Restricted Subsidiary (other than Peruvian Restricted Subsidiaries) that executes a supplemental indenture in the form of Exhibit B to the indenture providing for the guaranty of the payment of the Notes, or any successor obligor under its Note Guaranty pursuant to “Consolidation, Merger or Sale of Assets”, in each case unless and until such Guarantor is released from its Note Guaranty pursuant to the indenture.

“Hedging Agreement” means (i) any interest rate swap agreement, interest rate cap agreement or other agreement designed to protect against fluctuations in interest rates or (ii) any foreign exchange forward contract, currency swap agreement or other agreement designed to protect against fluctuations in foreign exchange rates.

“Holdings” means Minvest, S.A.

“Incur” means, with respect to any Debt or Capital Stock, to incur, create, issue, assume or Guarantee such Debt or Capital Stock. If any Person becomes a Restricted Subsidiary on any date after the date of the indenture (including by redesignation of an Unrestricted Subsidiary or failure of an Unrestricted Subsidiary to meet the qualifications necessary to remain an Unrestricted Subsidiary), the Debt and Capital Stock of such Person outstanding on such date will be deemed to have been Incurred by such Person on such date for purposes of “Limitation on Debt and Disqualified or Preferred Stock”, but will not be considered the sale or issuance of Equity Interests for purposes of “Limitation on Sale or Issuance of Equity Interests of Restricted Subsidiaries” or “Limitation on Asset Sales.” The accretion of original issue discount or payment of interest in kind will not be considered an Incurrence of Debt.

“Independent Financial Advisor” means an accounting firm, appraisal firm, investment banking firm or consultant that is, in the judgment of Gildemeister’s Board of Directors, qualified to perform the task for which it has been engaged and which is independent in connection with the relevant transaction.

“Interest Expense” means, for any period, the consolidated interest expense (excluding interest under any Inventory Debt) of Gildemeister and its Restricted Subsidiaries, plus, to the extent not included in such consolidated interest expense, and to the extent incurred, accrued or payable by Gildemeister or its Restricted Subsidiaries, without duplication, (i) interest expense attributable to Sale and Leaseback Transactions, (ii) amortization of debt discount and debt issuance costs, (iii) capitalized interest, (iv) non-cash interest expense, (v) commissions, discounts and other fees and charges owed with respect to letters of credit and bankers’ acceptance financing, (vi) net costs associated with Hedging Agreements (including the amortization of fees), and (vii) any of the above expenses with respect to Debt of another Person Guaranteed by Gildemeister or any of its Restricted Subsidiaries, as determined on a consolidated basis and in accordance with Chilean GAAP.

“Inventory Debt” means Debt (including pursuant to a commercial paper program) incurred by Gildemeister or any Restricted Subsidiary to purchase, lease, finance or refinance or guaranty the purchasing, leasing, financing or refinancing of Vehicles or Machinery in the ordinary course of business of Gildemeister and its Restricted Subsidiaries or related receivables, which Debt (x) is secured by the Vehicles or Machinery or related receivables so financed, to the extent, at any date of determination thereof, the amount of such Debt does not exceed the depreciated book value of such Vehicles or Machinery as determined in accordance with Chilean GAAP applied on a consistent basis (provided that Gildemeister and its Restricted Subsidiaries shall have the right to substitute the collateral securing such Debt with Vehicles or Machinery with a depreciated book value that is equal to or less than the depreciated value of such collateral) or (y) is unsecured and provides for a borrowing base which may not exceed 85% of the value of such Vehicles.

“Investment” means

- (1) any direct or indirect advance, loan or other extension of credit to another Person,
- (2) any capital contribution to another Person, by means of any transfer of cash or other property or in any other form,
- (3) any purchase or acquisition of Equity Interests, bonds, Notes or other Debt, or other instruments or securities issued by another Person, including the receipt of any of the above as consideration for the disposition of assets or rendering of services, or
- (4) any Guarantee of any obligation of another Person.

If Gildemeister or any Restricted Subsidiary (x) sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary so that, after giving effect to that sale or disposition, such Person is no longer a Subsidiary of Gildemeister, or (y) designates any Restricted Subsidiary as an Unrestricted Subsidiary in accordance with the provisions of the indenture, all remaining Investments of Gildemeister and the Restricted Subsidiaries in such Person shall be deemed to have been made at such time.

“Investment Grade” means BBB- or higher by S&P, Baa3 or higher by Moody’s and BBB- or higher by Fitch, or the equivalent of such ratings by another Rating Agency.

“Issue Date” means the date on which the Notes are originally issued under the indenture. The Issue Date of the Notes as defined in the indenture is May 24, 2011. For the avoidance of doubt, the New Notes were issued on January 17, 2012.

“Lien” means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or Capital Lease).

“Machinery Retailing Activities” means new and used Machinery and Machinery parts retailing, wholesaling, leasing and related activities.

“Machinery” means all now existing or hereafter acquired new and used light and heavy machinery of all types and descriptions, whether held for sale, lease, rental or operational purposes, which relate to Gildemeister’s or any Restricted Subsidiary’s Machinery Retailing Activities.

“Manufacturer” means a vehicle manufacturer which is a party to an importation and distribution agreement with Gildemeister or any Restricted Subsidiary.

“Moody’s” means Moody’s Investors Service, Inc. and its successors.

“Net Cash Proceeds” means, with respect to any Asset Sale, the proceeds of such Asset Sale in the form of cash (including (i) payments in respect of deferred payment obligations to the extent corresponding to, principal, but not interest, when received in the form of cash, and (ii) proceeds from the conversion of other consideration received when converted to cash), net of

(1) brokerage commissions and other fees and expenses related to such Asset Sale, including fees and expenses of counsel, accountants and investment bankers;

(2) provisions for taxes as a result of such Asset Sale without regard to the consolidated results of operations of Gildemeister and its Restricted Subsidiaries;

(3) payments required to be made to holders of minority interests in Restricted Subsidiaries as a result of such Asset Sale or to repay Debt outstanding at the time of such Asset Sale that is secured by a Lien on the property or assets sold; and

(4) appropriate amounts to be provided as a reserve against liabilities associated with such Asset Sale, including pension and other post-employment benefit liabilities, liabilities related to environmental matters and indemnification obligations associated with such Asset Sale, with any subsequent reduction of the reserve other than by payments made and charged against the reserved amount to be deemed a receipt of cash.

“Non-Recourse Debt” means Debt as to which neither Gildemeister nor any Restricted Subsidiary provides any Guarantee and as to which the lenders have been notified in writing that they will not have any recourse to the stock or assets of Gildemeister or any Restricted Subsidiary.

“Note Guaranty” means the guaranty of the Notes by a Guarantor pursuant to the indenture.

“Obligations” means, with respect to any Debt, all obligations (whether in existence on the Issue Date or arising afterwards, absolute or contingent, direct or indirect) for or in respect of principal (when due, upon acceleration, upon redemption, upon mandatory repayment or repurchase pursuant to a mandatory offer to purchase, or otherwise), premium, interest, Additional Amounts, penalties, fees, indemnification, reimbursement and other amounts payable and liabilities with respect to such Debt, including all interest accrued or accruing after the commencement of any bankruptcy, insolvency or reorganization or similar case or proceeding at the contract rate (including, without limitation, any contract rate applicable upon default) specified in the relevant documentation, whether or not the claim for such interest is allowed as a claim in such case or proceeding.

“Opinion of Counsel” means a written opinion of counsel, who may be an employee of or counsel for Gildemeister (except as otherwise provided in the indenture), obtained at the expense of Gildemeister, or the surviving or transferee Person or a Restricted Subsidiary, and who is reasonably acceptable to the trustee.

“Permitted Business” means any of the businesses in which Gildemeister and its Restricted Subsidiaries are engaged on the Issue Date, and any business reasonably related, incidental, complementary or ancillary thereto (including, for the avoidance of doubt, any ordinary course of business lease or sublease of real property not being used by Gildemeister at any given time).

“Permitted Holders” means any or all of Ricardo Lessmann, Elna Puntous and Haus Baumann; including their respective heirs and assigns.

“Permitted Investments” means:

- (1) any Investment in Gildemeister or in a Restricted Subsidiary of Gildemeister that is engaged in a Permitted Business;
- (2) any Investment in Cash Equivalents;
- (3) any Investment by Gildemeister or any Subsidiary of Gildemeister in a Person, if as a result of such Investment,
  - (A) such Person becomes a Restricted Subsidiary of Gildemeister engaged in a Permitted Business, or
  - (B) such Person is merged or consolidated with or into, or transfers or conveys substantially all its assets to, or is liquidated into, Gildemeister or a Restricted Subsidiary engaged in a Permitted Business;
- (4) Investments received as non-cash consideration in an Asset Sale made pursuant to and in compliance with “Limitation on Asset Sales;”
- (5) Hedging Agreements otherwise permitted under the indenture;
- (6) (i) receivables owing to Gildemeister or any Restricted Subsidiary if created or acquired in the ordinary course of business, (ii) endorsements for collection or deposit in the ordinary

course of business, and (iii) securities, instruments or other obligations received in compromise or settlement of debts created in the ordinary course of business, or by reason of a composition or readjustment of debts or reorganization of another Person, or in satisfaction of claims or judgments;

(7) Investments in Unrestricted Subsidiaries and joint ventures in an aggregate amount, taken together with all other Investments made in reliance on this clause, not to exceed the greater of (x) US\$10.0 million (or the equivalent in other currencies) or (y) 2% of Consolidated Tangible Assets (net of, with respect to the Investment in any particular Person, the cash return thereon received after the Issue Date as a result of any sale for cash, repayment, redemption, liquidating distribution or other cash realization (not included in Consolidated Net Income), not to exceed the amount of Investments in such Person made after the Issue Date in reliance on this clause);

(8) payroll, travel and other loans or advances to, or Guarantees issued to support the obligations of, officers and employees, in each case in the ordinary course of business, not in excess of US\$2.0 million (or the equivalent in other currencies) outstanding at any time;

(9) extensions of credit to customers and suppliers in the ordinary course of business, not in excess of the greater of (x) US\$20.0 million (or the equivalent in other currencies) or (y) 4% of Consolidated Tangible Assets (in either case, net of any amounts insured against any credit losses by a reputable insurance carrier);

(10) the provision of a letter of credit by Gildemeister or a Restricted Subsidiary in respect of inventory purchases by Affiliates of Gildemeister or a Restricted Subsidiary which inventory purchases are for the benefit of Gildemeister or any such Restricted Subsidiary; *provided further* that Gildemeister or a Restricted Subsidiary is then subsequently named as the purchaser of such inventory; and

(11) in addition to Investments listed above, Investments in Persons engaged in Permitted Businesses in an aggregate amount, taken together with all other Investments made in reliance on this clause, not to exceed the greater of (x) US\$10.0 million (or the equivalent in other currencies) or (y) 2% of Consolidated Tangible Assets (net of, with respect to the Investment in any particular Person made pursuant to this clause, the cash return thereon received after the Issue Date as a result of any sale for cash, repayment, redemption, liquidating distribution or other cash realization (not included in Consolidated Net Income) not to exceed the amount of such Investments in such Person made after the Issue Date in reliance on this clause).

“Permitted Liens” means

(1) Liens existing on the Issue Date;

(2) Liens securing the Notes or any Note Guaranties;

(3) pledges or deposits under worker’s compensation laws, unemployment insurance laws or similar legislation, or good faith deposits in connection with bids, tenders, contracts or leases, or to secure public or statutory obligations, surety bonds, customs duties and the like, or for the payment of rent, in each case incurred in the ordinary course of business and not securing Debt;

(4) Liens imposed by law, such as carriers’, vendors’, warehousemen’s and mechanics’ liens, in each case for sums not yet due or being contested in good faith and by appropriate proceedings;

(5) Liens in respect of taxes and other governmental assessments and charges which are not yet due or which are being contested in good faith and by appropriate proceedings;

- (6) Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the proceeds thereof;
- (7) minor survey exceptions, minor encumbrances, easements or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property, not interfering in any material respect with the conduct of the business of Gildemeister and its Restricted Subsidiaries;
- (8) licenses or leases or subleases as licensor, lessor or sublessor of any of its property, including intellectual property, in the ordinary course of business;
- (9) customary Liens in favor of trustees and escrow agents, and netting and setoff rights, banker's liens and the like in favor of financial institutions and counterparties to financial obligations and instruments, including Hedging Agreements;
- (10) Liens on assets pursuant to merger agreements, stock or asset purchase agreements and similar agreements in respect of the disposition of such assets;
- (11) options, put and call arrangements, rights of first refusal and similar rights relating to Investments in joint ventures, partnerships and the like;
- (12) judgment liens, and Liens securing appeal bonds or letters of credit issued in support of or in lieu of appeal bonds, so long as no Event of Default then exists as a result thereof;
- (13) Liens (including the interest of a lessor under a Capital Lease) on property that secure Debt Incurred under clause (a) of “—Limitation on the Incurrence of Debt and Disqualified or Preferred Stock” or clause (9) of Permitted Debt for the purpose of financing all or any part of the purchase price or cost of construction or improvement of such property (including, for the avoidance of doubt, improvements on property consisting of undeveloped land) and which attach within 180 days after the date of such purchase or the completion of construction or improvement;
- (14) Liens on property of a Person at the time such Person becomes a Restricted Subsidiary of Gildemeister, *provided* such Liens were not created in contemplation thereof and do not extend to any other property of Gildemeister or any Restricted Subsidiary;
- (15) Liens on property at the time Gildemeister or any of the Restricted Subsidiaries acquires such property, including any acquisition by means of a merger or consolidation with or into Gildemeister or a Restricted Subsidiary of such Person, *provided* such Liens were not created in contemplation thereof and do not extend to any other property of Gildemeister or any Restricted Subsidiary;
- (16) Liens securing Debt or other obligations of Gildemeister or a Restricted Subsidiary to Gildemeister or a Guarantor Restricted Subsidiary;
- (17) Liens securing Hedging Agreements so long as such Hedging Agreements relate to Debt for borrowed money that is, and is permitted to be under the indenture, secured by a Lien on the same property securing such Hedging Agreements;
- (18) any pledge of the Capital Stock of an Unrestricted Subsidiary to secure Debt of such Unrestricted Subsidiary, to the extent such pledge constitutes an Investment permitted under “Limitation on Restricted Payments”;
- (19) Liens described in clause (x) of the definition of “Inventory Debt”;



(20) extensions, renewals or replacements of any Liens referred to in clauses (1), (2), (13), (14) or (15) in connection with the refinancing of the obligations secured thereby, *provided* that such Lien does not extend to any other property and, except as contemplated by the definition of “Permitted Refinancing Debt”, the amount secured by such Lien is not increased; and

(21) other Liens securing obligations in an aggregate amount not exceeding the greater of (x) US\$25 million (or the equivalent in other currencies) or (y) 5% of Consolidated Tangible Assets.

“Person” means an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity, including a government or political subdivision or an agency or instrumentality thereof.

“Peruvian Restricted Subsidiary” means (x) any Restricted Subsidiary formed under the laws of, or 50% or more of the assets of which are located in, Peru or any jurisdiction thereof and (y) any Restricted Subsidiary that is directly or indirectly owned by a Qualified Peruvian Holding Company.

“Preferred Stock” means, with respect to any Person, any and all Capital Stock which is preferred as to the payment of dividends or distributions, upon liquidation or otherwise, over another class of Capital Stock of such Person.

“Qualified Equity Interests” means all Equity Interests of a Person other than Disqualified Equity Interests.

“Qualified Peruvian Holding Company” means a direct subsidiary of Gildemeister that does not directly or indirectly own any assets other than 100% of the capital stock of all of the Peruvian Restricted Subsidiaries.

“Qualified Stock” means all Capital Stock of a Person other than Disqualified Stock.

“Rating Agencies” means each of S&P, Moody’s and Fitch; provided, that if either S&P, Moody’s or Fitch shall cease issuing a rating on the Notes for reasons outside the control of Gildemeister, Gildemeister may select a “nationally recognized statistical rating organization” within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act, selected by us as a replacement agency for S&P, Moody’s or Fitch, as the case may be.

“Restricted Payment” has the meaning set forth under “— Covenants — Limitation on Restricted Payments.”

“Restricted Subsidiary” means any Subsidiary of Gildemeister other than an Unrestricted Subsidiary.

“Reversion Date” has the meaning set forth under “— Covenant Suspension.”

“S&P” means Standard & Poor’s Ratings Group, a division of McGraw Hill, Inc. and its successors.

“Sale and Leaseback Transaction” means, with respect to any Person, an arrangement whereby such Person enters into a lease of property previously transferred by such Person to the lessor.

“SEC” means the U.S. Securities and Exchange Commission.

“Special Outlet Sales” means sales of inventory from Gildemeister to RTC S.A. at cost, which inventory is sold by RTC S.A. through the Iquique free trade zone or through the store located at Calle 10 de Julio, Santiago, Chile.

“Stated Maturity” means (i) with respect to any Debt, the date specified as the fixed date on which the final installment of principal of such Debt is due and payable or (ii) with respect to any scheduled installment of principal of or interest on any Debt, the date specified as the fixed date on which such installment is due and payable as set forth in the documentation governing such Debt, not including any contingent obligation to repay, redeem or repurchase prior to the regularly scheduled date for payment.

“Subordinated Debt” means any Debt of Gildemeister or any Guarantor which is subordinated in right of payment to the Notes or the Note Guaranty, as applicable, pursuant to a written agreement to that effect.

“Subsidiary” means with respect to any Person, any corporation, association or other business entity of which more than 50% of the outstanding Voting Stock is owned, directly or indirectly, by , or, in the case of a partnership, the sole general partner or the managing partner or the only general partners of which are, such Person and one or more Subsidiaries of such Person (or a combination thereof). Unless otherwise specified, “Subsidiary” means a Subsidiary of Gildemeister.

“Suspended Covenants” has the meaning set forth under “— Covenant Suspension.”

“Suspension Period” has the meaning set forth under “— Covenant Suspension.”

“SVS” means the Chilean Securities Commission (Superintendencia de Valores y Seguros).

“U.S. Government Obligations” means obligations issued or directly and fully guaranteed or insured by the United States of America or by any agent or instrumentality thereof, provided that the full faith and credit of the United States of America is pledged in support thereof.

“Unrestricted Subsidiary” means any Subsidiary of Gildemeister that at the time of determination has previously been designated, and continues to be, an Unrestricted Subsidiary in accordance with “Designation of Restricted and Unrestricted Subsidiaries.”

“Vehicles” means all now existing or hereafter acquired new and used motorcycles, automobiles, sport utility vehicles, trucks and vans of all types and descriptions, whether held for sale, lease, rental or operational purposes, which relate to Gildemeister’s or any Restricted Subsidiary’s Automobile Retailing Activities.

“Voting Stock” means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

## TAXATION

*The following discussion summarizes certain Chilean and U.S. federal tax considerations that may be relevant to the ownership and disposition of the New Notes acquired in this offering for the original price. This summary does not describe all of the tax considerations that may be relevant to you or your situation, particularly if you are subject to special tax rules. You should consult your tax advisors about the tax consequences of holding the New Notes, including the relevance to your particular situation of the considerations discussed below, as well as of state, local and other tax laws.*

### **Chilean Taxation**

For purposes of this summary, the term “Foreign Holder” means (i) an individual not resident or domiciled in Chile or (ii) a legal entity that is not organized under the laws of Chile, unless the New Notes are assigned to a branch or an agent, representative or, permanent establishment of such entity in Chile. For purposes of Chilean taxation (a) an individual is a resident of Chile if such individual has remained in Chile for more than six months in one calendar year, or a total of more than six months in two consecutive fiscal years; and (b) an individual is domiciled in Chile if he or she resides in Chile with the intention of remaining in Chile (such intention to be evidenced by circumstances such as the acceptance of employment in Chile or the relocation of one’s family to Chile). This defined term is not intended as tax advice to any particular investor, which can be rendered only in light of that investor’s particular tax situation. Prospective purchasers should consult their own tax advisors about the Chilean tax consequences of the purchase, ownership and disposition of the New Notes.

This summary is based upon the tax laws of Chile as in effect on the date of this Luxembourg listing prospectus and is not intended as Chilean tax advice to any particular Foreign Holder, which can be rendered only in light of such Foreign Holder’s particular circumstances, and does not purport to be a complete analysis of the potential Chilean tax consequences that may be important to a Foreign Holder based on that Foreign Holder’s particular tax situation or circumstances. No assurance can be given that the Chilean tax administration would not assert, or that a court would not sustain a position contrary to, any of the tax characterizations and tax consequences set forth below. Foreign Holders are urged to consult with their own tax advisors concerning the Chilean tax consequences of purchasing, holding and disposing of the New Notes.

Under Chilean Law, tax rates applicable to foreign investors, the computation of taxable income for Chilean purposes and the manner in which Chilean taxes are imposed and collected may only be established or amended by another law. In addition, the Chilean tax authorities enact rulings and regulations of both general and specific application and interpret the provisions of Chilean Tax Law. Chilean tax may not be assessed retroactively against taxpayers who rely in good faith on such rulings, regulations and interpretations, but Chilean tax authorities may change such rulings, regulations and interpretations. There is no tax treaty on the subject of double taxation currently in force between Chile and the United States. However on February 4th, 2010, Chile and the United States signed a “Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and Capital”, which is still not in force.

Under Chilean Tax Law, payments of interest, if any, made by us in respect of the New Notes to a Foreign Holder will generally be subject to a Chilean withholding tax currently assessed at a rate of 4%. However, the same interest that qualifies for the referred 4% withholding tax rate is subject to a special additional 31% tax rate to the extent paid to entities related to us, on the portion of our indebtedness considered to be excessive. Our indebtedness will be considered to be excessive (“Excessive Indebtedness”) when in the commercial year in which the New Notes are issued we have an indebtedness with entities related to us qualifying for the 4% withholding tax rate that exceeds three times our “net

worth”, as calculated for Chilean tax purposes. Consequently, such interest paid to entities related to us with respect to debt that exceeds the Excessive Indebtedness will be subject to an additional 31% tax.

Under the Excessive Indebtedness rules, a lender or creditor, such as a holder of the New Notes, will be deemed to be related to the payor or debtor, if: (i) the lender or creditor is incorporated, domiciled or resident in a tax haven (qualified as such by the Chilean Ministry of Finance, based on a list of harmful preferential tax regimes and tax havens published by the Organization for Economic Co-Operation and Development) at the time of granting the loan; (ii) the lender or debtor, directly or indirectly, owns or participates in 10% or more of the capital or the profits of the other or if lender and debtor have a common partner or shareholder which, directly or indirectly, owns or participates in 10% or more of the capital or the profits of both; or (iii) the debt is guaranteed directly or indirectly by a third party with cash or with cash equivalent securities (excluding securities evidencing obligations of the borrower with any of its related entities), for the amount effectively guaranteed. The debtor will be required to issue an affidavit in this regard in the form set forth by the Chilean tax authorities.

As described above, we have agreed, subject to specific exceptions and limitations, to pay Additional Amounts to the Foreign Holders of the New Notes in respect of the Chilean interest withholding tax in order that any interest or premium the Foreign Holder receives, net of the Chilean interest withholding tax, equals the amount which would have been received by such Foreign Holder in the absence of such Chilean interest withholding tax. See “*Description of the Notes—Additional Amounts.*”

Under Chilean Tax Law and regulations thereunder, payments of principal made by us with respect to the New Notes to a Foreign Holder will not be subject to any Chilean taxes.

Pursuant to Chilean Tax Law, income that is generated from goods located in Chile or activities developed in Chile is considered income originated in Chile and therefore subject to Chilean taxes. As of this date, there are no rulings from the Chilean tax authorities under which the capital gain obtained by Foreign Holders upon the sale or other disposition of securities issued abroad by a Chilean company may be considered as Chilean source of income. Thus, any capital gains realized on the sale or other disposition by a Foreign Holder of the New Notes issued abroad generally should not be subject to any Chilean income taxes provided that the sale or other disposition of such Notes will be effected outside of Chile by a Foreign Holder. Any premium payable on redemption of the New Notes is treated as anticipated interest for Chilean Tax Law purposes, it will be subject to the Chilean interest withholding tax as described above. Any other payment to be made by us (other than interest or principal on the New Notes and except for certain special exceptions granted by Chilean law) will be subject to a 35% withholding tax.

A Foreign Holder will not be liable for estate, gift, inheritance or similar taxes with respect to the New Notes unless such Notes (i) are located in Chile at the time of such Foreign Holder’s death or (ii) were purchased or acquired with money obtained from Chilean sources. A Foreign Holder will not be liable for Chilean stamp, registration or similar taxes.

The issuance of the New Notes is subject to a 0.6% stamp tax to be paid by us upon their issuance. Until such tax (and any penalty) is paid, Chilean courts would not enforce any action brought with respect to the New Notes.

We have agreed to pay any present or future stamp, court or documentary taxes, charges or levies that arise in Chile from the execution, delivery, enforcement or registration of the New Notes or any other document or instrument in relation thereto and have agreed to indemnify holders of the New Notes for any taxes, charges or similar levies paid by holders with respect to the above mentioned liabilities.

## **United States Tax Considerations**

*The following summary sets forth certain U.S. federal income tax consequences of the ownership and disposition of the New Notes. This summary is based upon existing U.S. federal income tax law as at the date of this Luxembourg listing prospectus, which is subject to change, possibly with retroactive effect, and different interpretations. This summary does not purport to discuss all aspects of U.S. federal income taxation which may be relevant to the particular circumstances of investors, and does not apply to investors subject to special tax rules, such as financial institutions, insurance companies, dealers in securities or currencies, traders in securities or currencies electing to mark their positions to market, regulated investment companies, U.S. expatriates, tax-exempt organizations, persons holding New Notes as part of a position in a “straddle” or as part of a hedging transaction, constructive sale or conversion transaction for U.S. tax purposes, investors whose functional currency is not the dollar or persons who own, directly or indirectly, 10 percent or more of our voting power. In addition, this summary does not discuss any foreign, state or local tax considerations, or any aspect of U.S. federal tax law other than income taxation. This summary only applies to holders that purchase New Notes in this offering and hold the New Notes as “capital assets” (generally, property held for investment) within the meaning of the U.S. Internal Revenue Code of 1986, as amended (the “Code”). Prospective investors should consult their own tax advisors regarding the U.S. federal, state and local, as well as foreign income and other, tax considerations of investing in the New Notes.*

For purposes of this summary, a U.S. Holder means a beneficial owner of New Notes that is (i) an individual that is a citizen or resident of the United States, (ii) a corporation created or organized in or under the laws of the United States, or any State thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or certain electing trusts that were in existence on August 20, 1996, and were treated as domestic trusts on August 19, 1996, or (v) otherwise subject to U.S. federal income tax on a net income basis.

If an entity treated as a partnership for U.S. federal income tax purposes holds New Notes, the tax treatment of a partner will generally depend on the status of the partner and upon the activities of the partnership. Accordingly, partnerships that hold New Notes and partners in such partnerships should consult their tax advisors about the U.S. federal income tax consequences of holding and disposing of New Notes.

### **Payments of Stated Interest**

Payments of stated interest on the New Notes (including any Additional Amounts and withheld taxes) generally will be taxable to a U.S. Holder as ordinary income at the time that such payments are received or accrued in accordance with the U.S. Holder’s usual method of accounting for U.S. federal income tax purposes. Interest income in respect of the New Notes generally will constitute foreign-source income for purposes of computing the foreign tax credit allowable under the U.S. federal income tax laws. The limitation on foreign income taxes eligible for credit is calculated separately with respect to specific classes of income. In this regard, interest income in respect of the New Notes will constitute “passive category income” for most U.S. Holders for foreign tax credit purposes.

Subject to generally applicable restrictions and conditions, if any foreign income taxes are withheld on interest payments on the New Notes, a U.S. Holder generally will be entitled to a foreign tax credit in respect of any such foreign income taxes. Alternatively, the U.S. Holder may deduct such taxes in computing taxable income provided that the U.S. Holder does not elect to claim a foreign tax credit for any foreign income taxes paid or accrued for the relevant taxable year. The rules regarding foreign tax

credits and deduction of foreign income taxes are complex, so U.S. Holders should consult their own tax advisors regarding the availability of foreign tax credits or deductions in respect of foreign income taxes based on their particular circumstances.

### **Disposition of Notes**

A U.S. Holder will generally recognize taxable gain or loss upon the sale, exchange, redemption, retirement or other taxable disposition of a New Note in an amount equal to the difference between the amount realized upon such sale, exchange, retirement or other disposition (reduced by an amount attributable to accrued but unpaid stated interest, which is taxable in the manner described above under “—Payments of Stated Interest”) and such U.S. Holder’s adjusted tax basis in the note. A U.S. Holder’s adjusted tax basis in a New Note will generally equal such U.S. Holder’s initial investment in the note, reduced by any amortizable bond premium (as described below) previously amortized by the U.S. Holder with respect to the note. Such gain or loss will generally be long-term capital gain or loss if the note is held for more than one year. Certain U.S. Holders (including individuals) may be eligible for preferential tax rates in respect of long-term capital gain. The deductibility of capital losses by U.S. Holders is subject to limitations.

If any foreign income tax is withheld on the sale or other taxable disposition of a New Note, the amount realized by a U.S. Holder will include the gross amount of the proceeds of that sale or other taxable disposition before deduction of such tax. Capital gain or loss, if any, realized by a U.S. Holder on the sale or other taxable disposition of the New Notes generally will be treated as U.S.-source gain or loss for U.S. foreign tax credit purposes. Consequently, in the case of a gain from the disposition of a New Note that is subject to foreign income tax, the U.S. Holder may not be able to benefit from a foreign tax credit for the tax unless the U.S. Holder can apply the credit against U.S. federal income tax payable on other income from foreign sources. Alternatively, the U.S. Holder may take a deduction for the foreign income tax if the U.S. Holder does not elect to claim a foreign tax credit for any foreign income taxes paid during the taxable year.

### **Notes Purchased at a Premium**

A U.S. Holder that purchases a New Note at a price (excluding pre-issuance accrued interest) greater than its principal amount will be considered to have purchased the note at a premium, and may elect to amortize such premium (as an offset to interest income), using a constant-yield method, over the remaining term of the note. Such election, once made, generally applies to all bonds held or subsequently acquired by the U.S. Holder on or after the first taxable year to which the election applies and may not be revoked without the consent of the IRS. A U.S. Holder that elects to amortize such premium must reduce its tax basis in a note by the amount of the premium amortized during its holding period.

### **Backup Withholding and Information Reporting**

Payment on the New Notes and sales or redemption proceeds that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting and to backup withholding unless (i) the holder is a corporation or other exempt recipient or (ii) in the case of backup withholding, the holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding.

Any amounts withheld under the backup withholding rules from a payment to a holder will be refunded (or credited against such holder’s U.S. federal income tax liability, if any), provided the required information is timely furnished to the U.S. Internal Revenue Service.

The U.S. federal income tax discussion set forth above is included for general information only and may not be applicable depending on a holder's particular situation. Holders should consult their tax advisors with respect to the tax consequences to them of the beneficial ownership and disposition of the New Notes, including the tax consequences under state, local, foreign and other tax laws and the possible effects of changes in U.S. federal and other tax laws.

### **European Union Savings Directive**

Under Council Directive 2003/48/EC (the "Directive") on the taxation of savings income, each Member State of the European Union is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or secured by such a person for, an individual beneficial owner resident in, or certain limited types of entity established in, that other Member State. However, for a transitional period, Austria and Luxembourg will (unless during such period they elect otherwise) instead operate a withholding system in relation to such payments. Under such a withholding system, the beneficial owner of the interest payment must be allowed to elect that certain provision of information procedures should be applied instead of withholding. The current rate of withholding is 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to exchange of information procedures relating to interest and other similar income.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted or agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within their respective jurisdictions to, or secured by such a person for, an individual beneficial owner resident in, or certain limited types of entity established in, a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those countries and territories in relation to payments made by a person in a Member State to, or secured by such a person for, an individual beneficial owner resident in, or certain limited types of entity established in, one of those countries or territories.

A proposal for amendments to the Directive has been published, including a number of suggested changes which, if implemented, would broaden the scope of the rules described above. Investors who are in any doubt as to their position should consult their professional advisors.

**IF A PAYMENT UNDER A NEW NOTE WERE TO BE MADE BY A PERSON IN A MEMBER STATE OR ANOTHER COUNTRY OR TERRITORY WHICH HAS OPTED FOR A WITHHOLDING SYSTEM AND AN AMOUNT OF, OR IN RESPECT OF, TAX WERE TO BE WITHHELD FROM THAT PAYMENT PURSUANT TO THE DIRECTIVE OR ANY LAW IMPLEMENTING OR COMPLYING WITH, OR INTRODUCED IN ORDER TO CONFORM TO THE DIRECTIVE, NEITHER THE ISSUER NOR ANY PAYING AGENT NOR ANY OTHER PERSON WOULD BE OBLIGED TO PAY ADDITIONAL AMOUNTS UNDER THE TERMS OF SUCH NOTE AS A RESULT OF THE IMPOSITION OF SUCH WITHHOLDING TAX. THE ISSUER IS, HOWEVER, REQUIRED TO MAINTAIN A PAYING AGENT IN A MEMBER STATE THAT WILL NOT BE OBLIGED TO WITHHOLD OR DEDUCT TAX PURSUANT TO THE DIRECTIVE OR ANY SUCH LAW.**

## PLAN OF DISTRIBUTION

Subject to the terms and conditions in the purchase agreement among us, the guarantor and the initial purchaser, we have agreed to sell to the initial purchaser, and the initial purchaser has agreed to purchase from us, the entire principal amount of the New Notes.

The initial purchaser initially proposes to offer the New Notes for resale at the issue price that appears on the cover of this Luxembourg listing prospectus. After the initial offering, the initial purchaser may change the offering price and any other selling terms. The initial purchaser may offer and sell New Notes through certain of their affiliates.

In the purchase agreement, we have agreed that:

- we will not offer or sell, contract to sell or otherwise dispose of any debt securities (other than the New Notes) for a period of 60 days after the date of this Luxembourg listing prospectus without the prior consent of J.P. Morgan Securities LLC; and
- we will indemnify the initial purchaser against certain liabilities, including liabilities under the Securities Act, or contribute to payments that the initial purchaser may be required to make in respect of those liabilities.

The New Notes have not been registered under the Securities Act or the securities laws of any other place. In the purchase agreement, the initial purchaser has agreed that:

- the New Notes may not be offered or sold within the United States or to U.S. persons except pursuant to an exemption from the registration requirements of the Securities Act or in transactions not subject to those registration requirements.
- during the initial distribution of the New Notes, it will offer or sell New Notes only to qualified institutional buyers in compliance with Rule 144A and outside the United States in compliance with Regulation S.

In addition, until 40 days following the commencement of this offering, an offer or sale of New Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the Securities Act.

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), including each Relevant Member State that has implemented the 2010 PD Amending Directive with regard to persons to whom an offer of securities is addressed and the denomination per unit of the offer of securities (each, an “Early Implementing Member State”), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”), no offer of securities will be made to the public in that Relevant Member State (other than offers (the “Permitted Public Offers”) where a prospectus will be published in relation to the securities that has been approved by the competent authority in a Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive), except that with effect from and including that Relevant Implementation Date, offers of securities may be made to the public in that Relevant Member State at any time:

- to “qualified investors” as defined in the Prospectus Directive, including:



- (a) (in the case of Relevant Member States other than Early Implementing Member States), legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities, or any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43.0 million and (iii) an annual turnover of more than €50.0 million as shown in its last annual or consolidated accounts; or
- (b) (in the case of Early Implementing Member States), persons or entities that are described in points (1) to (4) of Section I of Annex II to Directive 2004/39/EC, and those who are treated on request as professional clients in accordance with Annex II to Directive 2004/39/EC, or recognized as eligible counterparties in accordance with Article 24 of Directive 2004/39/EC unless they have requested that they be treated as non-professional clients; or
- to fewer than 100 (or, in the case of Early Implementing Member States, 150) natural or legal persons (other than “qualified investors” as defined in the Prospectus Directive), as permitted in the Prospectus Directive, subject to obtaining the prior consent of the representatives for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of securities shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or of a supplement to a prospectus pursuant to Article 16 of the Prospectus Directive.

Each person in a Relevant Member State (other than a Relevant Member State where there is a Permitted Public Offer) who initially acquires any securities or to whom any offer is made will be deemed to have represented, acknowledged and agreed that (A) it is a “qualified investor”, and (B) in the case of any securities acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (x) the securities acquired by it in the offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than “qualified investors” as defined in the Prospectus Directive, or in circumstances in which the prior consent of the Subscribers has been given to the offer or resale, or (y) where securities have been acquired by it on behalf of persons in any Relevant Member State other than “qualified investors” as defined in the Prospectus Directive, the offer of those securities to it is not treated under the Prospectus Directive as having been made to such persons.

For the purpose of the above provisions, the expression “an offer to the public” in relation to any securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer of any securities to be offered so as to enable an investor to decide to purchase any securities, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in the Relevant Member State and the expression “Prospectus Directive” means Directive 2003/71 EC (including the 2010 PD Amending Directive, in the case of Early Implementing Member States) and includes any relevant implementing measure in each Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

In the purchase agreement, the initial purchaser has also represented that:

- It has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the

meaning of Section 21 of the Financial Services and Markets Act 2000 (“FSMA”) received by it in connection with the issue or sale of the New Notes in circumstances in which Section 21(1) of FSMA does not apply to us or the guarantor.

- It has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 with respect to anything done by it in relation to the New Notes in, from or otherwise involving the United Kingdom.

The New Notes are an issue of securities for which there may not be an established trading market for the New Notes. In addition, the New Notes are subject to certain restrictions on resale and transfer as described under “Notice to Investors.” We will apply to increase the principal amount of Notes listed on the Luxembourg Stock Exchange and to trade on the Euro MTF market so as to include the principal amount of the New Notes. The initial purchaser has advised us that they intend to make a market in the New Notes, but they are not obligated to do so. The initial purchaser may discontinue any market making in the New Notes at any time in their sole discretion. Accordingly, we cannot assure you that a liquid trading market will develop for the New Notes, that you will be able to sell your New Notes at a particular time or that the prices that you receive when you sell will be favorable.

You should be aware that the laws and practices of certain countries require investors to pay stamp taxes and other charges in connection with purchases of securities.

In connection with the offering of the New Notes, the initial purchaser may but is not required to engage in overallotment, stabilizing transactions and syndicate covering transactions. Overallotment involves sales in excess of the offering size, which creates a short position for the initial purchaser. Stabilizing transactions involve bids to purchase the New Notes in the open market for the purpose of pegging, fixing or maintaining the price of the New Notes. Syndicate covering transactions involve purchases of the New Notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions and syndicate covering transactions may cause the price of the New Notes to be higher than it would otherwise be in the absence of those transactions. If the initial purchaser engages in stabilizing or syndicate covering transactions, they may discontinue them at any time.

The initial purchaser and certain of its affiliates have performed various financial advisory, investment banking and commercial banking services from time to time for us and our affiliates for which they have received customary fees. The initial purchaser and/or its affiliates may enter into derivative transactions in connection with the New Notes, acting at the order and for the account of its clients, pursuant to the terms agreed to between the initial purchaser and its respective client. Such initial purchaser and/or its affiliates may also purchase some of the New Notes as a hedge for such transactions. Such transactions may have an effect on demand, price or other terms of the offering.

ANY OFFER OR SALE OF THE NEW NOTES IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA WHICH HAS IMPLEMENTED DIRECTIVE 2003/71/EC (THE “PROSPECTUS DIRECTIVE”) MUST BE ADDRESSED TO QUALIFIED INVESTORS (AS DEFINED IN THE PROSPECTUS DIRECTIVE).

## NOTICE TO INVESTORS

The New Notes are subject to restrictions on transfer as summarized below. By purchasing New Notes, you will be deemed to have made the following acknowledgements, representations to and agreements with us and the initial purchaser:

(1) You acknowledge that:

- the New Notes and the Guarantee have not been registered under the Securities Act or any other securities laws and are being offered for resale in transactions that do not require registration under the Securities Act or any other securities laws; and
- unless so registered, the New Notes and the Guarantee may not be offered, sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth in paragraph (4) below.

(2) You represent that you are not an affiliate (as defined in Rule 144 under the Securities Act) of ours, that you are not acting on our behalf and that either:

- you are a qualified institutional buyer (as defined in Rule 144A under the Securities Act) and are purchasing New Notes for your own account or for the account of another qualified institutional buyer, and you are aware that the initial purchaser is selling the New Notes to you in reliance on Rule 144A; or
- you are not a U.S. person (as defined in Regulation S under the Securities Act) or purchasing for the account or benefit of a U.S. person, other than a distributor, and you are purchasing New Notes in an offshore transaction in accordance with Regulation S.

(3) You acknowledge that neither we nor the initial purchaser nor any person representing us or the initial purchaser has made any representation to you with respect to us or the offering of the New Notes, other than the information contained in this Luxembourg listing prospectus. You represent that you are relying only on this Luxembourg listing prospectus in making your investment decision with respect to the New Notes. You agree that you have had access to such financial and other information concerning us and the New Notes as you have deemed necessary in connection with your decision to purchase New Notes, including an opportunity to ask questions of and request information from us.

(4) You represent that you are purchasing New Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the New Notes in violation of the Securities Act, subject to any requirement of law that the disposition of your property or the property of that investor account or accounts be at all times within your or their control and subject to your or their ability to resell the New Notes pursuant to Rule 144A or any other available exemption from registration under the Securities Act. You agree on your own behalf and on behalf of any investor account for which you are purchasing New Notes, and each subsequent holder of the New Notes by its acceptance of the New Notes will agree, that until the end of the Resale Restriction Period (as defined below), the New Notes may be offered, sold or otherwise transferred only:

(a) to us;

- (b) under a registration statement that has been declared effective under the Securities Act;
- (c) for so long as the New Notes are eligible for resale under Rule 144A, to a person the seller reasonably believes is a qualified institutional buyer that is purchasing for its own account or for the account of another qualified institutional buyer and to whom notice is given that the transfer is being made in reliance on Rule 144A;
- (d) through offers and sales that occur outside the United States within the meaning of Regulation S under the Securities Act; or
- (e) under any other available exemption from the registration requirements of the Securities Act;

subject in each of the above cases to any requirement of law that the disposition of the seller's property or the property of an investor account or accounts be at all times within the seller or account's control.

You also acknowledge that:

- we and the Trustee reserve the right to require in connection with any offer, sale or other transfer of New Notes under clauses (d) and (e) above the delivery of an opinion of counsel, certifications and/or other information satisfactory to us and the Trustee; and
- The following is the form of restrictive legend which will appear on the face of the Rule 144A Global Note, and which will be used to notify transferees of the foregoing restrictions on transfer:

“THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF AUTOMOTORES GILDEMEISTER S.A. (THE “COMPANY”) THAT THIS NOTE OR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”), TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A) IN ACCORDANCE WITH RULE 144A, (3) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT AFFORDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, AND IN EACH OF SUCH CASES IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER APPLICABLE JURISDICTION. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES THAT IT SHALL NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

THE FOREGOING LEGEND MAY BE REMOVED FROM THIS NOTE ON SATISFACTION OF THE CONDITIONS SPECIFIED IN THE INDENTURE REFERRED TO HEREIN.”

- The following is the form of restrictive legend which will appear on the face of the Regulation S Global Note and which will be used to notify transferees of the foregoing restrictions on transfer:

“THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES THAT NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY OTHER APPLICABLE JURISDICTION.

THE FOREGOING LEGEND MAY BE REMOVED FROM THIS NOTE AFTER 40 DAYS BEGINNING ON AND INCLUDING THE LATER OF (A) THE DATE ON WHICH THE NEW NOTES ARE OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) AND (B) THE ORIGINAL ISSUE DATE OF THE NEW NOTES.”

(5) You acknowledge that we, the initial purchaser and others will rely upon the truth and accuracy of the above acknowledgments, representations and agreements. You agree that if any of the acknowledgments, representations or agreements you are deemed to have made by your purchase of New Notes is no longer accurate, you will promptly notify us and the initial purchaser. If you are purchasing any New Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.

## GENERAL INFORMATION

### Clearing Systems

The New Notes were accepted for clearance through Euroclear and Clearstream. In addition, the New Notes were accepted for trading in book-entry form by DTC.

The Rule 144A New Notes have ISIN number US05330JAA60, Common Code number 056296654 and CUSIP number 05330J AA6.

Through the 40th day following the delivery of the New Notes, Regulation S New Notes offered hereby have the following temporary ISIN and CUSIP numbers:

<b>Temporary</b>	<b>Regulation S Global Note</b>
ISIN.....	USP06006AB92
CUSIP.....	P06006 AB9

Thereafter, for the Regulation S New Notes, the ISIN number will be USP06006AA10, Common Code 056296298 and the CUSIP number will be P06006 AA1.

### Authorization

We have obtained all necessary consents, approvals and authorizations in connection with the issuance and performance of the New Notes. The New Notes were authorized by resolutions of the Board of Directors of Gildemeister on January 6, 2012.

### No Material Adverse Change

Except as disclosed in this Luxembourg listing prospectus, there has been no material adverse change in the financial position or prospects of Gildemeister and its subsidiaries taken as a whole since September 30, 2011, which is the date of our Unaudited Interim Consolidated Financial Statements.

### Litigation

We are not involved in any legal or arbitration proceedings (including any such proceedings which are pending or threatened) relating to claims or amounts which may have or have had during the 12 months prior to the date of this Luxembourg listing prospectus a material adverse effect on our financial position and our subsidiaries taken as a whole.

### Documents Available on Display

For so long as any Notes are outstanding and listed on the Luxembourg Stock Exchange for trading on the Euro MTF market, copies of the following items in English will be available free of charge from Deutsche Bank Luxembourg S.A., currently located at 2, Boulevard Konrad Adenauer, L-1115 Luxembourg, Luxembourg on any day except Saturdays, Sundays and public holidays:

- our Audited Consolidated Annual Financial Statements;
- our Unaudited Interim Consolidated Financial Statements;
- our audited year-end financial statements and unaudited interim financial statements for subsequent periods; and
- any related notes to these items.

During the same period, the indenture (which includes the provisions for the guaranty of the Notes), a copy of our articles of incorporation and a copy of the articles of incorporation of any guarantor will be available at the offices of Deutsche Bank Luxembourg S.A.

Financial statements of Marc Leasing S.A. will not be presented individually but are presented on a consolidated basis with the financial statements of Gildemeister and its other subsidiaries because of the fact that Marc Leasing S.A. is a non-operating subsidiary.

#### **Marc Leasing S.A.**

The obligations of Gildemeister pursuant to the Notes, including any repurchase obligation resulting from a Change of Control, will be unconditionally guaranteed, jointly and severally, on an unsecured basis, by Marc Leasing, S.A.

Marc Leasing S.A. is a privately held company founded on December 9, 1992 as a *sociedad anónima*. Marc Leasing S.A. is a non-operating direct subsidiary of Gildemeister, which holds 99.75% of the outstanding shares of Marc Leasing S.A. The capital stock of Marc Leasing S.A. is represented by 1,000,000 shares. All shares are issued and outstanding and have no par value. Marc Leasing S.A. was established with the corporate purpose of, either directly or indirectly, acquiring, selling or leasing private and real property. Marc Leasing S.A. may also perform any class of financing related with these operations and any other activity which is directly or indirectly related to performing these operations so that all necessary actions may be taken and all necessary contracts may be signed. As of September 30, 2011, Marc Leasing, S.A. had no operations, no sales and no costs of sales, and it had Ch\$0.1 million in administrative and selling expenses. Its main value stems from an existing tax credit for Ch\$276.9 million. This tax credit is the vast majority of its assets which as of September 30, 2011 amounted to Ch\$278.3 million. As of September 30, 2011, the capitalization of Marc Leasing S.A. was limited to shareholders' equity of Ch\$278.3 million. As of September 30, 2011, Marc Leasing S.A. had no outstanding indebtedness.

The current Board of Directors is composed of three members. The members of the Board of Directors of Marc Leasing S.A. are Ricardo Lessmann, Bruno Puntous and Eduardo Moyano. For biographical information for each member of the Board of Directors, see "*Management*."

The principal executive offices of Marc Leasing S.A. are located at 570 Avenida Américo Vespucio, Pudahuel, Santiago, Chile. The main telephone number is +56-2-640-4000.

The financial statements of Marc Leasing S.A. have been audited by PricewaterhouseCoopers, Consultores, Auditores y Cia, Ltda. The financial statements of Marc Leasing S.A. are not presented individually but are presented on a consolidated basis with the financial statements of Gildemeister and its other subsidiaries because of the fact that Marc Leasing S.A. is a non-operating subsidiary.

## LEGAL MATTERS

The validity of the New Notes was passed upon for Gildemeister by Cleary, Gottlieb, Steen & Hamilton LLP, New York, New York, United States counsel to Gildemeister, and by Cariola Diez Perez-Cotapos y Cia. Ltda., Santiago, Chile, local counsel to Gildemeister. Cleary, Gottlieb, Steen & Hamilton LLP may rely without independent investigation as to all matters of Chilean law on Cariola Diez Perez-Cotapos y Cia. Ltda., local counsel to Gildemeister, and Cariola Diez Perez-Cotapos y Cia. Ltda. may rely without independent investigation as to all matters of United States law on Cleary, Gottlieb, Steen & Hamilton LLP.

Certain legal matters were passed upon for the initial purchaser by Davis Polk & Wardwell LLP, New York, New York, as to U.S. law, and by Philippi, Yrarrazaval, Pulido & Brunner, Abogados Ltda., as to Chilean law. Davis Polk & Wardwell LLP may rely without independent investigation as to all matters of Chilean law on Philippi, Yrarrazaval, Pulido & Brunner, Abogados Ltda., local counsel to initial purchaser, and Philippi, Yrarrazaval, Pulido & Brunner, Abogados Ltda. may rely without independent investigation as to all matters of United States law on Davis Polk & Wardwell LLP.

## INDEPENDENT ACCOUNTANTS

Our Audited Consolidated Annual Financial Statements for the years ending and as of December 31, 2008, 2009 and 2010 have been audited by PricewaterhouseCoopers, Consultores, Auditores y Cia, Ltda., our independent auditors, as stated in their report contained in our Audited Consolidated Annual Financial Statements, included herein. Our Peruvian Audited Consolidated Annual Financial Statements for the years ending and as of December 31, 2008, 2009 and 2010 from which, in part, our Audited Consolidated Annual Financial Statements are derived, have been audited by Ernst & Young.



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### AUTOMOTORES GILDEMEISTER S.A.

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AUTOMOTORES GILDEMEISTER S.A. AND SUBSIDIARIES

Unaudited consolidated interim financial statements

September 30, 2011

(A free translation from the original prepared in Spanish)

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Unaudited interim consolidated balance sheets

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Notes to the unaudited interim consolidated financial statements

- Ch\$ - Chilean pesos
- ThCh\$ - Thousands of Chilean pesos
- US\$ - United States dollars
- ThUS\$ - Thousands of United States dollars
- UF - The Unidad de Fomento is a Chilean government inflation - indexed, peso denominated monetary unit set daily in advance on the basis of the previous month's inflation rate.
- € - Euros
- Th€ - Thousands of euros

AUTOMOTORES GILDEMEISTER S.A. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED INTERIM BALANCE SHEET

(A free translation from the original prepared in Spanish)

<u>ASSETS</u>	At September 30, <u>2011</u>	At December 31, <u>2010</u>	<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>
	ThCh\$	ThCh\$	
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>
Cash and cash equivalents	18,807,554	14,841,437	Short-term obligations with banks and financial institutions
Marketable securities	51,276,047	13,851,000	Obligations with the public (Bond) long term - short term portion
Trade accounts receivable (net)	31,649,414	33,317,953	Accounts payable
Notes receivable (net)	11,558,285	12,430,213	Sundry creditors
Sundry debtors (net)	2,100,868	3,606,248	Provisions
Accounts receivable from related affiliates	17,566,725	10,534,411	Tax withholdings
Inventories (net)	144,542,143	124,387,205	Deferred income
Recoverable taxes	1,723,158	2,094,637	
Deferred income taxes	4,420,213	4,656,055	
Prepaid expenses	459,252	553,436	
Other current assets	<u>1,406,127</u>	<u>11,229,431</u>	
Total current assets	<u>285,509,786</u>	<u>231,502,026</u>	Total current liabilities
<b>PROPERTY, PLANT AND EQUIPMENT</b>			<b>LONG - TERM LIABILITIES</b>
Land	29,633,663	21,627,690	Obligations with banks and financial institutions
Buildings and infrastructure	28,133,188	25,295,766	Obligations with the public (Bond)
Machinery and equipment	10,881,582	3,903,998	Sundry creditors
Other fixed assets	7,932,192	6,952,350	Total long-term liabilities
Accumulated depreciation	<u>(13,576,021)</u>	<u>(9,024,352)</u>	
Total net property, plant and equipment	<u>63,004,604</u>	<u>48,755,452</u>	<b>MINORITY INTEREST</b>
<b>OTHER ASSETS</b>			<b>SHAREHOLDERS' EQUITY</b>
Goodwill	586,478	619,579	Paid-in capital
Other accounts receivable	131,420	110,445	Retained earnings
Deferred taxes	259,046	232,319	Other reserves
Other	<u>2,499,201</u>	<u>2,042,094</u>	Interim dividend
Total other assets	3,476,145	3,004,437	Net income for the period
			Total shareholders' equity
Total assets	<u>351,990,535</u>	<u>283,261,915</u>	Total liabilities and shareholders' equity
	=====	=====	

The accompanying Notes 1 to 28 are an integral part of these consolidated interim financial statements.

AUTOMOTORES GILDEMEISTER S.A. AND SUBSIDIARIES  
UNAUDITED CONSOLIDATED INTERIM STATEMENTS OF INCOME

(A free translation from the original prepared in Spanish)

	For the nine months ended	
	September 30,	
	<u>2011</u>	<u>2010</u>
	ThCh\$	ThCh\$
<b>OPERATING INCOME</b>		
Sales	492,092,382	384,659,302
Cost of sales	<u>(362,813,989)</u>	<u>(291,272,465)</u>
Gross profit	129,278,393	93,386,837
Administrative and selling expenses	<u>(66,790,272)</u>	<u>(54,836,139)</u>
Operating income	<u>62,488,121</u>	<u>38,550,698</u>
<b>NON - OPERATING RESULTS</b>		
Financial income	1,064,962	518,744
Other non-operating income	1,074,791	840,716
Amortization of goodwill	(33,100)	(33,133)
Financial expenses	(15,230,070)	(8,341,573)
Other non-operating expenses	(784,247)	(432,380)
Price-level restatement and exchange rate difference	<u>(12,540,834)</u>	<u>(986,063)</u>
Non-operating results	<u>(26,448,498)</u>	<u>(8,433,689)</u>
Income before income tax	36,039,623	30,117,009
Income tax	<u>(8,784,884)</u>	<u>(6,307,758)</u>
Consolidated income of controlling interest	27,254,739	23,809,251
Minority interest	<u>(1)</u>	<u>(1)</u>
<b>NET INCOME FOR THE PERIOD</b>	<u>27,254,738</u> =====	<u>23,809,250</u> =====

The accompanying Notes 1 to 28 are an integral part of these consolidated interim financial statements.

AUTOMOTORES GILDEMEISTER S.A. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

(A free translation from the original prepared in Spanish)

	For the nine months ended September 30,	
	<u>2011</u>	<u>2010</u>
	ThCh\$	ThCh\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period	27,254,738	23,809,250
Income on sale of property, plant and equipment	52,684	343,211
Charges (credits) to income not representing cash flows:		
Depreciation of fixed assets	2,939,715	3,116,900
Amortization of key money	184,697	195,453
Provisions and write-offs	386,624	2,842,771
Amortization of goodwill	33,100	33,133
Price-level restatement and exchange rate difference	12,540,834	986,063
Current and deferred income taxes	8,784,884	6,307,758
Changes in assets affecting cash flows:		
Trade accounts receivable, notes receivable and sundry debtors	(201,788)	(158,770)
Inventories	(28,928,477)	(19,523,149)
Recoverable taxes	(5,022,414)	1,024
Accounts receivable from affiliates	4,006	-
Other assets	4,748,708	2,273,410
Changes in liabilities affecting cash flows:		
Accounts payable	(5,801,528)	2,224,575
Notes payable	-	(8,539,862)
Sundry creditors	(139,624)	(177,997)
Provisions and tax withholdings	4,984,342	13,149,230
Net cash flow provided by operating activities	<u>21,820,501</u>	<u>26,883,000</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bank loans	373,989,049	134,507,521
Obligations with the public (Bond)	156,528,000	-
Payments of bank loans	(477,309,934)	(147,644,566)
Loans from affiliates	48,742,547	24,747,110
Dividends paid	(13,945,751)	-
Loans paid to affiliates	<u>(55,917,944)</u>	<u>(27,544,893)</u>
Net cash flow provided by (used in) financing activities	<u>32,085,967</u>	<u>(15,934,828)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Disposals of property, plant and equipment	534,282	449,129
Acquisition of property, plant and equipment	(15,222,299)	(4,545,792)
Investment in financial instruments	2,343,224	(1,277,002)
Other investment income	-	(890,443)
Net cash flow used in investment activities	<u>(12,344,793)</u>	<u>(6,264,108)</u>
Net cash flow for the year	41,561,675	4,684,064
Effect of inflation on cash and cash equivalents	<u>(386,616)</u>	<u>166,782</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	41,175,059	4,850,846
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<u>28,908,542</u>	<u>9,972,609</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>70,083,601</u>	<u>14,823,455</u>
	=====	=====

The accompanying Notes 1 to 28 are an integral part of these consolidated interim financial statements.

AUTOMOTORES GILDEMEISTER S.A. AND SUBSIDIARIES

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

At September 30, 2011 and December 31, 2010

(A free translation from the original prepared in Spanish)

NOTE 1 - COMPANY'S INCORPORATION AND OBJECTIVE

Automotores Gildemeister S.A. ("Automotores Gildemeister") was incorporated by a public deed dated March 14, 1986 as a limited liability company. Automotores Gildemeister's purpose is to purchase, sell, import, export, distribution, assemble, manufacture, repair and trade of motorized vehicles, their components, accessories, elements, spare parts, and any other business the shareholders may agree to.

Automotores Gildemeister was converted into a closely-held corporation, under public deed dated April 22, 1989, in accordance with the provisions of Law 18,046, without changing the scope of its authorized business.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Accounting period

The accompanying consolidated financial statements present information as of September 30, 2011 and December 31, 2010 and for each of the nine months ended September 30, 2011 and 2010.

b) Basis of preparation

These financial statements have been prepared in accordance with accounting principles generally accepted in Chile ("Chilean GAAP"), issued by the Chilean Institute of Accountants.

The preparation of financial statements in conformity with Chilean GAAP requires management to make estimates and assumptions that affect the assets and liabilities, the disclosure of contingent assets and liabilities at the dates of the financial statements and the revenues and expenses during the reporting periods. Actual results could differ from those estimates.

c) Basis of presentation

The consolidated interim balance sheet as of December 31, 2010, and the consolidated interim income statement and statements of cash flows for the nine months period ended September 30, 2010 and the amounts disclosed in the related notes have been restated in terms of Chilean pesos as of September 30, 2011 for purchasing power.

d) Basis of consolidation

The consolidated interim financial statements include all assets, liabilities, income and cash flows of Automotores Gildemeister S.A. and its subsidiaries (the "Company"). Intercompany transactions or balances have been eliminated. The equity interests held by minority investors in the balance sheet and statement of income are presented as minority interest.

The consolidated interim financial statements include the following subsidiaries:

	Ownership percentage at September 30,	
	<u>2011</u>	<u>2010</u>
	%	%
Marc Leasing S.A.	99.75	99.75
Automotores Gildemeister Perú S.A. (*)	99.99	99.99

(\*) On December 29, 2010, the following was approved:

- i) The transfer of the shares held by Automotores Gildemeister S.A. in Maquinaria Nacional Perú S.A. and Motor Mundo Perú S.A. to Automotores Gildemeister Perú S.A.
- ii) The capitalization of the accounts payable held by Maquinaria Nacional Perú S.A. and Motor Mundo Perú S.A. amounting to ThUS\$ 3,500 and ThUS\$ 8,100, respectively, with Automotores Gildemeister Perú S.A.

Since the corporate reorganization was carried out between companies under common control and did not imply a change in control, in accordance with Chilean generally accepted accounting principles, this reorganization was recorded following the “pooling of interest” accounting method and the consolidated financial statements of Automotores Gildemeister Perú S.A. were prepared assuming that Maquinaria Nacional Perú S.A. and Motor Mundo Perú S.A. had been under its control during each of the years presented.

e) Estimates

The preparation of financial statements requires that management uses estimates and assumptions affecting the amounts included in these financial statements and their related notes.

The estimate made and assumptions used by the company are based on historic experience, changes in the industry and information provided by qualified external sources.

The significant estimates and accounting policies are those that are important to show properly the Company’s financial position and results of operations and/or those that require a high degree of judgment by management.

f) Price-level restatement and exchange rate difference

The consolidated financial statements have been restated to recognize the effect of the changes of the purchasing power of local currency during the respective periods. For this purpose, the Company has restated non-monetary assets and liabilities and shareholders’ equity, plus its income statement accounts, in accordance with Chilean GAAP. These restatements have been calculated based on variations in the official Consumer Price Index (IPC) published by the National Institute of Statistics, which showed an increase of 2.6 % from January 1 to September 30, 2011 (2.0% for same period in 2010).

Foreign currency transactions are translated into Chilean peso using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

g) Translation of the subsidiaries financial statements

The financial statements of the foreign subsidiaries (Perú) have been translated to Chilean pesos as set forth in Technical Bulletin N° 64 of the Chilean Institute of Accountants, applicable to a “non-extension of operations in an unstable country.”

h) Basis of translation

At each period-end, assets and liabilities in foreign currency and in UF have been expressed in Chilean pesos at the following exchange rates:

	Ch\$ per unit at September 30, <u>2011</u>	Ch\$ per unit at December 31, <u>2010</u>
United States dollar	521.76	468.01
Unidad de Fomento (UF)	22,012.69	21,455.55
Euros	700.63	621.53

i) Marketable securities

Marketable securities correspond to investments in mutual funds registered at their respective period-end fair market value.

j) Allowance for doubtful accounts

The Company recognized a provision for doubtful recoverable accounts based on the age of its accounts receivable and other relevant information at each period end. This provision is presented net of trade accounts receivable, notes receivable and sundry debtors.

k) Inventories

Inventories are presented at their restated acquisition cost. These values do not exceed their respective market value. The Company has registered a provision for obsolescence based on a stock turnover analysis; this provision is deducted from the inventories financial statement line.

Inventories in transit are valued at their cost (including insurance and fleet expenses) translated at the exchange rate at the period end.

l) Other current assets

As of September 30, 2011 and December 31, 2010, this caption includes mainly letters of credit to guarantee the importation of vehicles and performance guarantees issued for proposal.

m) Property, plant and equipment

Property, plant and equipment are valued at the restated acquisition cost. Depreciation has been calculated on restated values by using the straight-line method based on the estimated useful lives of the assets.

n) Financial leases

The Company has lease obligations related to its property, plant and equipment. These assets do not legally belong to the Company so it can not freely dispose of the leased properties until the purchase options are exercised. These assets are valued at the present value of the lease contract which is calculated by discounting the value of the periodic rental and the purchase option considering the implicit or explicit interest rate at the time of the contract. The relevant liability is presented under sundry creditors (short and long term liabilities) net of the respective deferred interest.



o) Goodwill

Goodwill represents the difference between the price paid for shares of subsidiaries and their book value. Goodwill is amortized over the expected period of return on the investment with a limit of 20 years.

p) Other assets

Other assets include commercial brands valued at their acquisition cost and amortized over a period of 20 years. Additionally, other assets include rights of use, which are amortized according to the contracts and lease guarantees duration.

q) Income tax

The Company recorded a provision for current income tax in accordance with current tax legislation.

The effects of deferred income taxes arise from temporary differences between book and tax values of assets and liabilities, taking into account the taxation rate prevailing at the time of reversal, in accordance with Technical Bulletin No. 60 of the Chilean Institute of Accountants.

r) Revenue recognition

The Company recognizes revenue generated by the sale of vehicles, machinery, spare parts and automobile supplies upon billing, which in most cases is on the date of physical delivery. For those invoices issued for which the physical delivery of the product sold has not been made, the corresponding revenue is recognized and reported as deferred income on the balance sheet.

s) Provisions

The Company determines provisions corresponding to liabilities that, as of the date of the financial statements, are accrued or outstanding and which will be settled in the following twelve months, including:

- Staff vacation: Annual cost is recognized on an accrual basis.
- Personnel expenses: The Company does not recognize a provision for severance obligations for years of service, as the Company does not provide this benefit. As of September 30, 2011 and December 31, 2010, a severance provision related to the termination of certain notified employees was recognized and recorded under other provisions.
- Supplier: Corresponds to the accrued obligation of the following expenses: storage, pre-delivery, body adaptation, work transformation and spare parts (including body parts and accessories).
- Dealers annual bonus: Accrued obligation corresponding to the accomplishment of sales targets of concessionaires.
- Loss of leased fleet: Corresponds to the estimated loss that will be realized at the moment of the sale of the vehicles.

t) Deferred income

Represents the revenue from the sales of undelivered vehicles (without refund rights) at the period end.

u) Cash and cash equivalents

The Company has defined cash and cash equivalents to be cash, current bank account balances and financial investments maturing in 90 days or less, which are part of the general administration of cash surpluses.

Cash flows from operating activities include all business-related cash flows, as well as interest paid, financial income, and in general, all cash flows not defined as relating to financing or investment activities. The operating activities used in this statement are more comprehensive than those used in the statement of income.

NOTE 3 - ACCOUNTING CHANGES

At September 30, 2011, no accounting changes have been made in relation to the prior year which could significantly affect the interpretation of these financial statements.

**NOTE 4 - PRICE-LEVEL RESTATEMENT AND EXCHANGE RATE DIFFERENCE**

The application of the price-level restatement mechanism described in Note 2 f) and h) generated a charge to income (ThCh\$ 2,755,565 in 2010), as follows:

	(Debit) credit to income Price Level Restatement at September 30,				Exchange rate difference at September 30,	
	UF		CPI		2011	2010
	2011	2010	2011	2010		
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Restatement of equity	-	-	(1,635,066)	(1,044,320)	-	-
Restatement of:						
Inventories	-	-	2,844,976	(1,286,157)	(953,003)	(1,617,680)
Property, plant and equipment	-	-	1,075,211	788,408	-	-
Other assets	21,426	17,416	798,913	504,481	4,266,161	11,000,000
Liabilities	(1,639,106)	(202,303)	-	-	(17,554,011)	(2,755,565)
Net (debit) credit to income	(1,617,680)	(184,887)	3,084,034	(1,037,588)	(14,240,853)	(1,533,645)
Restatement of income statement	-	-	(362,709)	-	-	-
Accumulated adjustment of translation differences (*)	-	-	-	-	-	-
Total price-level restatement and exchange rate difference	(1,617,680)	(184,887)	2,721,325	(1,037,588)	(14,240,853)	(1,533,645)

(\*) Corresponds to the application of the Technical Bulletin No. 64 of the Chilean Institute of Accountants. Under the statements of foreign subsidiaries that operate in countries that are exposed to significant risks, restrictions or inflation, the results must first be expressed in US dollars and then translated into Chilean pesos at the year-end exchange rate. The results are recorded in the foreign subsidiary as a non-operating result.

**NOTE 5 – MARKETABLE SECURITIES**

At September 30, 2011 and December 31, 2010, the marketable securities line consisted of the following:

<u>Institution</u>	<u>Type</u>	<u>Currency</u>	<u>Number of quotas</u>	<u>Value per quota</u>	<u>At September 30, 2011</u>
Scotiabank Administradora	Investment	\$	675,539.5534	1,332.2684	
Banchile Corredores de Bolsa S.A	Investment	\$	337,685.6594	16,287.3366	5,500,000
Scotiabank Administradora de Fondos	Investment	\$	4,523,026.6479	1,238.1090	5,600,000
JP Morgan	Investment	US\$	-	-	
Mutual Fund Banco de Chile	Investment	US\$	23,221.0133	629,140.5037	14,600,000
Mutual Fund Banco Itau	Investment	US\$	11,041.9967	614,280.2050	6,780,000
Mutual Fund Scotiabank	Investment	US\$	247,318.8575	63,289.9576	15,650,000
Mutual Fund Banco Santander	Investment	US\$	9,822.3754	318,717.2004	3,130,000
					51,270,000

**NOTE 6 – TRADE ACCOUNTS RECEIVABLE**

At September 30, 2011 and December 31, 2010, the components of this line item are as follows:

	<u>Up to 90 days</u>		<u>Over 90 days up to 1 year</u>		<u>Subtotal</u>	
	<u>At September 30, 2011</u>	<u>At December 31, 2010</u>	<u>At September 30, 2011</u>	<u>At December 31, 2010</u>	<u>At September 30, 2011</u>	<u>At December 31, 2010</u>
	<u>ThCh\$</u>	<u>ThCh\$</u>	<u>ThCh\$</u>	<u>ThCh\$</u>	<u>ThCh\$</u>	<u>ThCh\$</u>
Trade receivable	32,297,021	34,904,225	628,147	740,236	32,925,168	35,644,461
Allowance for doubtful accounts	(1,275,754)	(2,326,508)	-	-	(1,275,754)	(2,326,508)
Notes receivable	9,671,432	11,412,598	4,699,972	3,582,146	14,371,404	14,994,744
Allowance for doubtful accounts	(2,813,119)	(2,564,531)	-	-	(2,813,119)	(2,564,531)

NOTE 7 - INVENTORIES

Inventories at each period end, valued as described in Note 2 k), consisted of the following:

	At September 30, <u>2011</u>	At December 31, <u>2010</u>
	ThCh\$	ThCh\$
Machinery	10,535,335	8,883,600
New vehicles	67,694,582	60,457,944
Used vehicles	5,982,989	3,671,437
Spare parts	22,951,202	20,722,895
Inventories in transit	25,150,798	13,925,503
Undelivered vehicles (1)	16,209,381	19,492,281
Obsolescence provision	<u>(3,982,144)</u>	<u>(2,766,455)</u>
Total	144,542,143 =====	124,387,205 =====

(1) The line item "undelivered vehicles" represents sold vehicles at the period end, for which the delivery to the client is made at the beginning of the following period.

NOTE 8 – OTHER CURRENT ASSETS

The detail of other current assets is the following:

	At September 30, <u>2011</u>	At December 31, <u>2010</u>
	ThCh\$	ThCh\$
Letters of credit	243,347	6,288,169
Performance guarantees	1,161,766	4,241,522
Escrow deposits	-	698,700
Others	<u>1,014</u>	<u>1,040</u>
Total	1,406,127 =====	11,229,431 =====

NOTE 9 – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is summarized as follows:

	At September 30, 2011	At December 31, 2010
	ThCh\$	ThCh\$
Land (1)	<u>29,633,663</u>	<u>21,627,690</u>
Buildings and improvements (2)	<u>28,133,188</u>	<u>25,295,766</u>
Machinery and equipment	8,998,619	1,941,964
Vehicles	<u>1,882,963</u>	<u>1,962,034</u>
Total machinery and equipment	<u>10,881,582</u>	<u>3,903,998</u>
Furniture and fittings	6,777,203	6,390,251
Leased assets	<u>1,154,989</u>	<u>562,099</u>
Total other fixed assets	<u>7,932,192</u>	<u>6,952,350</u>
Total gross fixed assets	76,580,625	57,779,804
Accumulated depreciation (3)	<u>(13,576,021)</u>	<u>(9,024,352)</u>
Total Property, plant and equipment	<u>63,004,604</u> =====	<u>48,755,452</u> =====

The depreciation charge for the nine-month period ended September 30, 2011, amounted to ThCh\$ 2,939,715 (ThCh\$3,116,900 for nine-month ended September 30, 2010).

- (1) The land pledged as guarantee amounts to ThCh\$ 8,250,050 as of September 30, 2011 (ThCh\$ 15,631,322 in December 31, 2010).
- (2) The construction and infrastructure pledged as guarantee amount to ThCh\$ 12,325,718 as of September 30, 2011 (ThCh\$ 13,447,475 in December 31, 2010).
- (3) During 2011 assets such as construction, licenses, machinery and equipment, furniture and fixtures and other fixed assets fully depreciated were written off. The foregoing is due to the assets' obsolescence and/or end of their useful life, which at the year-end maintained a net value of Ch\$ 1.
- (4) The main additions that occurred during 2011 correspond to the acquisition of land, construction of corporate building and cranes for rental.

NOTE 10 - GOODWILL

Goodwill is comprised of the following:

	At September 30, <u>2011</u>	At December 31, <u>2010</u>
	ThCh\$	ThCh\$
Automotores Gildemeister Perú S.A.	434,859	459,403
Maquinaria Nacional Perú S.A.	<u>151,619</u>	<u>160,176</u>
Total	586,478 =====	619,579 =====

Amortization of goodwill amounted ThCh\$ 33,100 and ThCh\$ 33,133 for the period ended September 30, 2011 and 2010.

NOTE 11 – OTHER ASSETS

At September 30, 2011 and December 31, 2010 the components of this line item are as follows:

	At September 30, <u>2011</u>	At December 31, <u>2010</u>
	ThCh\$	ThCh\$
Rental premiums (net) (1)	524,250	579,759
Lease guarantees	1,130,709	702,547
Trademarks (net)	313,612	336,559
Others	<u>530,630</u>	<u>423,229</u>
Total	2,499,201 =====	2,042,094 =====

- (1) This line corresponds to the cost paid for the lease agreements entered by the Company with third parties, which are amortized over the contract term (10 years average). The amortization charged to the statement of income for the period ended September 30 amounts to ThCh\$ 184,697 in 2011 (ThCh\$ 195,453 in 2010).

**NOTE 12- SHORT AND LONG-TERM OBLIGATIONS WITH BANKS**

a) Short-term bank loans used mainly for financing imports are as follows:

<u>Bank</u>	<u>Currency</u>	At September 30,	At December 31,
		<u>2011</u>	<u>2010</u>
		ThCh\$	ThCh\$
Banco Crédito e Inversiones	US\$	1,027,218	-
Banco Santander	US\$	3,116,054	13,740
Banco Santander	Ch\$	321,855	330,223
Banco Santander	UF	51,336	50,015
Corpbanca	US\$	6,503,108	-
Corpbanca	UF	-	13,488,868
Banco de Chile	US\$	6,552,226	54,212
Banco de Chile	UF	924,533	6,190,200
Banco de Chile	Ch\$	43,154	3,032,360
Banco Scotiabank	US\$	7,689,013	-
Banco Scotiabank	Ch\$	-	2,518,537
Banco Itau	US\$	7,030,436	79,803
HSBC Bank	US\$	2,901,287	-
Security	US\$	880,341	-
Security	UF	-	4,122,178
Banco Crédito del Perú	US\$	-	137,915
Banco Do Brasil	US\$	-	1,332,857
Rabo Bank	Ch\$	-	66,232
Banco Internacional	US\$	862,053	-
Scotiabank Peru S.A.	US\$	-	4,500,231
Banco de Credito del Peru	US\$	33,390	6,223,591
Banco Internacional del Peru-Interbank	US\$	-	3,960,510
Banco Financiero del Peru	US\$	2,276,439	5,734,769
Banco Continental	US\$	2,884,811	4,203,001
Banco Interamericano de Finanzas	US\$	10,435	4,430,605
Banco de Comercio	US\$	522	1,006,934
Banco Santander Peru S.A.	US\$	2,609	4,050,303
Banco Citibank Del Peru	US\$	5,602,137	4,350,415
Banco Hsbc Peru	US\$	9,392	3,124,040
Interest accrued		<u>93,059</u>	<u>132,421</u>
Total		<u>48,815,408</u>	<u>73,133,960</u>
		=====	=====

Additionally, the Company has opened, but not drawn, lines of credit amounting to ThCh\$ 111,894,087 (ThCh\$ 25,346,780 in 2010 at December 31, 2010) in order to guarantee the future purchase of inventory.



b) Long term bank loans:

At September 30, 2011 and December 31, 2010 the Company has the following long-term bank loans:

<u>Institution</u>	<u>Rate</u>	<u>Currency</u>	<u>Maturity</u>	At September 30, <u>2011</u>	At December 31, <u>2010</u>
	%			ThCh\$	ThCh\$
Banco Santander	3.50	UF	November, 2016	234,716	273,384
Banco de Chile	TAB 90 + 0.85	UF	December, 2016	3,929,265	-
Banco de Chile	6.47	UF	December 2014	-	15,189,243
Banco de Chile	5.34	UF	December 2016	-	4,622,813
Banco de Chile	2.75	Ch\$	November, 2013	1,975	-
Banco de Chile	1.00	Ch\$	March, 2014	1,975	-
Banco de Chile	1.50	Ch\$	January, 2013	2,150	-
Banco Santander	6.48	Ch\$	October, 2018	2,011,591	2,311,559
Banco Crédito del Perú	9	US\$	June, 2013	-	230,492
Corpbanca	6.47	UF	December, 2014	-	39,871,760
Banco Scotiabank	6.47	UF	December 2014	-	7,264,421
Corpbanca	4.76	UF	August, 2020	-	1,718,442
Banco Security	6.47	UF	December, 2014	-	11,804,683
				6,181,672	83,286,797
				=====	=====

NOTE 13 – OBLIGATIONS WITH THE PUBLIC

On May 24, 2011, the Company placed a bond amounting to US\$300,000,000 with international investors.

The bond matures on May 24, 2021 and pays interest semi-annually in May and November of each year.

At short term this obligation amounted to ThCh\$ 4,627,359 at September 30, 2011.

<u>Instrument identification</u>	<u>Currency</u>	<u>Interest rate</u>	<u>Maturity</u>	Total at <u>September 30, 2011</u>
				ThCh\$
Senior Notes due 2021	Dollar	8.25%	24-05-2021	156,528,000
Total long term				156,528,000
				=====

The Senior Notes are governed by New York law, and were offered to investors in the United States pursuant to Rule 144A under the U.S. Securities Act of 1933 (the "Securities Act") and to non-U.S. investors pursuant to Regulation S under the Securities Act. The Senior Notes include a number of covenants, including a limitation on the incurrence of debt, a limitation on restricted payments, a negative pledge, a limitation on the incurrence of burdensome agreements, a limitation on asset sales, a limitation on transactions with affiliates, reporting covenants, and an obligation of the Company to offer to repurchase the Senior Notes upon a change of control as defined under the indenture governing the Senior Notes. The limitation on the incurrence of debt, limitation on restricted payments, limitation on the incurrence of burdensome agreements, limitation on asset sales and limitation on transactions with affiliates will be suspended if the Company obtains an investment grade rating from two rating agencies and there is no default outstanding under the Senior Notes. The Senior Notes do not contain any financial maintenance covenants (i.e. covenants requiring maintenance of a certain financial ratio, other than to enter into a new transaction) and cannot be redeemed (subject to certain exceptions) prior to 2016; after 2016 and prior to 2019, the Senior Notes can be redeemed at a premium; following 2019, the Senior Notes can be redeemed at par.

NOTE 14 – PROVISIONS AND ACCRUALS

- a) At September 30, 2011 and December 31, 2010, the provisions accounted for as described in Note 2 s) are as follows:

	At September 30, <u>2011</u>	At December 31 <u>2010</u>
	M\$	M\$
Staff vacation	1,104,672	1,186,388
Personnel expenses	2,049,793	1,615,784
Advertising provision	992,962	404,364
Supplier	790,696	829,612
Loss of leased float	443,853	502,079
Annual dealer bonus	266,982	185,909
importation costs and expenses	1,454,667	1,313,767
Third party services	219,661	-
Other provisions	<u>767,082</u>	<u>914,950</u>
Total	<u>8,090,368</u> =====	<u>6,952,853</u> =====

NOTE 15 - INCOME TAXES

- a) For the nine months ended September 30, 2011 and 2010, current income tax amounted to ThCh\$ 8,733,895 (ThCh\$ 6,952,942 in 2010) which is presented net of the monthly provisional payments and other credits under Taxes receivable.

In Chile, tax losses do not expire and can be used whenever profits are generated, either in the current fiscal period or in future periods.

As of September 30, 2011 and December 31, 2010, the Company has recorded in Receivable taxes (income tax), respectively, the following items:

	At September 30, <u>2011</u>	At December 31 <u>2010</u>
	ThCh\$	ThCh\$
Income tax provision	(8,733,895)	(7,476,559)
Monthly provisional tax payments	9,904,644	8,078,807
Donation tax credit	132,726	61,138
Other receivable tax credits	<u>419,683</u>	<u>1,431,251</u>
Total receivable taxes	1,723,158	2,094,637
	=====	=====

Effect on income:

	For the nine month period ended September 30, <u>2011</u>	For the nine month period ended September 30, <u>2010</u>
	ThCh\$	ThCh\$
Current tax expense	(8,733,895)	(6,952,942)
Effect of deferred income tax for the year	<u>(50,989)</u>	<u>645,184</u>
Total	(8,784,884)	(6,307,758)
	=====	=====

- b) Effective tax rate reconciliation:

	For the nine month period ended September 30, <u>2011</u>	For the nine month period ended September 30, <u>2010</u>
	ThCh\$	ThCh\$
Tax expense using statutory tax rate	<u>7,207,925</u>	<u>5,119,892</u>
Tax effect of rates in other jurisdictions	1,898,425	1,206,621
Tax effect of non- taxable revenue – Additions	(3,498,646)	(2,404,804)
Tax effect of non- deductible taxable expenses – Deductions	3,125,707	2,549,654
Other increases (decreases) in statutory tax charges	<u>51,473</u>	<u>(163,605)</u>
Total adjustment to tax expenses using statutory rate	1,576,959	1,187,866
	=====	=====
Tax expenses using the effective tax rate	8,784,884	6,307,758
	=====	=====

NOTE 16 - SHAREHOLDERS' EQUITY

- a) During the Board of Directors meeting held on March 17, 2011, the board agreed to pay dividends amounting to ThCh\$ 19,287,500 (historic), the board agreed in 2010 to pay an advance of this dividends for an amount of ThCh\$11,045,00 that was paid on November, 2010.
- b) During the Board of Directors meeting held on August 18, 2011, the board agreed to pay dividends amounting to ThCh\$ 5,703,249 (historic).
- c) During nine-month period ended September 30, 2011 and 2010, the Company applied the standards for the valuation of investments established by the Chilean Institute of Accountants. As a result, and particularly in connection with the valuation of the investments in the subsidiaries Maquinaria Nacional Perú S.A., Automotores Gildemeister Perú S.A. and Motor Mundo Perú S.A., and because these investments are controlled in United States dollars, an Accumulated Translation Adjustment account has been generated, which is a debit to Shareholders' equity of ThCh\$ 1,667,113 as of September 30, 2011 (debit to shareholders' equity of ThCh\$ 1,294,331 historic, in 2010). This account will accumulate the exchange differences in the United States dollar for the equivalent of the amounts invested in each subsidiary during the period in which Automotores Gildemeister S.A. maintains these investments. This accumulated translation adjustment account cannot be used for capitalization nor may the funds held in these accounts be distributed as profits, as it will only represent a loss or gain when the investment is transferred.
- d) As of September 30, 2011 and 2010, the share capital is fully subscribed and paid-in. At each period end, equity ownership is as follows:

<u>2011</u>	<u>Shares</u>	<u>%</u>
Minvest S.A.	137,999	99.999
Inmobiliaria Automotores Gildemeister S.A.	<u>1</u>	<u>0.001</u>
Total	138,000	100.000
	=====	=====
<u>2010</u>	<u>Shares</u>	<u>%</u>
Minvest S.A.	137,999	99.999
Inmobiliaria Automotores Gildemeister S.A.	<u>1</u>	<u>0.001</u>
Total	138,000	100.000
	=====	=====

NOTE 17 - BALANCES AND SIGNIFICANT TRANSACTIONS WITH AFFILIATES

At September 30, 2011 and 2010, the consolidated financial statements include the following balances with affiliates:

a) Accounts receivable (short term):

<u>Entity</u>	<u>Relationship</u>	<u>Transaction</u>	At September 30,	At December 31,
			<u>2011</u>	<u>2010</u>
			ThCh\$	ThCh\$
Maquinaria Nacional S.A.	Shareholders in common	Loans granted	3,941,694	3,648,949
Carmeister S.A.	Shareholders in common	Current accounts	(4,268)	577
Finmeister S.A.	Shareholders in common	Current accounts	760,893	838,336
RTC S.A.	Shareholders in common	Current accounts	3,986,779	3,074,288
Minvest S.A.	Parent Company	Loans granted	3,652,320	-
Fortaleza S.A.	Shareholders in common	Current accounts	1,888,200	2,022,242
Sociedad de Créditos Automotrices S.A.	Shareholders in common	Current accounts	823,251	911,024
Automotores Motor Haus S.A. (Ex-Camur S.A.)	Shareholders in common	Current accounts	2,092,444	7,979
Comercial Gildemeister S.A.	Shareholders in common	Current accounts	34,366	31,016
Grupo Los Tres Guatemala S.A.	Shareholders in common	Loans granted	275,907	-
Grupo Los Tres Panama S.A.	Shareholders in common	Loans granted	<u>115,139</u>	<u>-</u>
Total			<u>17,566,725</u>	<u>10,534,411</u>

b) Transactions of Automotores Gildemeister S.A. with affiliates:

- Automotores Gildemeister S.A. with Carmeister S.A.

Carmeister S.A. is a company which trades and sells used cars on behalf of Automotores Gildemeister S.A.

Automotores Gildemeister S.A. recognizes income and expenses related to the sales of used cars and pays Carmeister a commission on the services rendered.

- Automotores Gildemeister S.A., with Finmeister S.A

Finmeister is a specialized financial services and lessor that purchases vehicles from Automotores Gildemeister to lease them to clients that opted for this method of financing.

- Automotores Gildemeister S.A., with RTC S.A.

RTC S.A. is a spare parts retailer on behalf of Automotores Gildemeister S.A. The supplier invoices Automotores Gildemeister S.A. who in turn invoices RTC S.A. Subsequently Automotores Gildemeister S.A. issues an invoice to RTC S.A. in order to recognize the margin in sales to third parties.

- Automotores Gildemeister S.A., with Fortaleza S.A.

Fortaleza S.A. has the representation of the main Chinese and Indian brands, which imports the vehicles and later transfers such vehicles to Automotores Gildemeister S.A.

- Automotores Gildemeister S.A., with Comercial Gildemeister S.A.

Comercial Gildemeister holds the licence to represent Mini brand in Chile, for whom it imports and sells the vehicles to Automotores Gildemeister S.A. at cost (CIF value and internal freight)

In April 2009 Fortaleza S.A. and Comercial Gildemeister S.A. (affiliates) empowered Automotores Gildemeister S.A. to import and distribute certain brands of new vehicles and original equipment manufacturer (“OEM”) parts used vehicles and third party after-market accessories in Chile and the sales of certain brands of heavy machinery in Chile and Peru, that were previously sold directly by these affiliates.

Automotores Gildemeister S.A. sells these vehicles directly through its network of stores and dealerships.

- Automotores Gildemeister S.A., with Manasa S.A.

Manasa S.A. is the former retailer of the Ford brand. Automotores Gildemeister S.A. holds stocks of spares parts and vehicles of the former Ford retailer, which are being marketed through Manasa S.A.

- Automotores Gildemeister S.A., with Minvest S.A.

The loans to Minvest S.A., bear interest of 5% per annum.

- c) Significant transactions with affiliates and their effects on results were as follows:

Entity	Relationship	Transaction	For the nine month period ended September 30,				
			Amount		(Charge) credit to income		
			2011	2010	2011	2010	
			ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Automotores Motor Haus S.A. (Ex-Camur S.A.)	Shareholders in common	Current accounts	26,089	1,521	(6,705)	-	
		Sales of inventories	23,716	-	-	-	
		Loans granted	2,087,040	-	8,549	-	
		Purchases to inventories	-	1,308	-	-	
Inmobiliaria Automotores Gildemeister S.A.	Shareholders in common	Property rental	1,012,492	1,328,878	(1,012,492)	(1,328,878)	
Soc. Cred Automotrices S.A.	Shareholders in common	Current accounts	8,626,832	2,711,610	2,806,680	1,670,240	
		Payment received	8,705,808	2,460,064	-	-	
		Payment rendered	14,289	40,738	-	-	
Carmeister S.A.	Shareholders in common	Current account for consignment vehicles	9,281,074	7,034,299	-	-	
		Purchases inventories	2,711,779	1,012,497	-	-	
		Loans granted	6,209,543	7,082,386	-	-	
		Services granted	1,124	761	944	747	
		Services received	365,706	796,729	(307,316)	(700,216)	
Comercial Gildemeister S.A.	Shareholders in common	Sales of inventories	6,108,063	2,877,630	-	-	
		Current accounts	1,109,902	476,090	(3,314)	(15,596)	
		Sales of inventories	5,002,298	2,413,200	-	-	

<u>Entity</u>	<u>Relationship</u>	<u>Transaction</u>	<u>For the nine month period ended September 30,</u>			
			<u>Amount</u>		<u>(Charge) credit to income</u>	
			<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Finmeister S.A.	Shareholders in common	Sales of inventories	559,377	-	105	-
		Loans granted	615,576	1,700,830	-	-
		Services granted	-	305	-	256
Maquinaria Nacional S.A.	Shareholders in common	Current accounts	34,650	-	-	-
		Payment received	343,467	1,962,069	-	-
		Buy to inventories	2,828	256,180	-	-
		Sales of inventories	696,859	1,695,623	-	-
Minvest S.A.	Parent company	Loans granted	3,652,320	320,314	-	-
RTC S.A.	Shareholders in common	Buy to inventories	1,243,660	4,988,432	-	-
		Payment received	11,755,707	8,759,291	-	-
		Services granted	11,449	4,579	9,621	3,692
		Services received	28,664	11,726	(24,087)	(9,854)
		Sales of inventories	14,083,074	4,220,205	2,458,550	3,007,996
		Buy to inventories	17,687	-	-	-
Grupo Los Tres Guatemala S.A.	Shareholders in common	Loans granted	275,907	-	4,123	-
Grupo Los Tres Panamá S.A.	Shareholders in common	Loans granted	115,139	-	-	-
Fortaleza S.A.	Shareholders in common	Sales of inventories	10,252,130	253,387	-	-
		Current accounts	104,193	132,266	-	-
		Buy to inventories	10,230,734	231,136	-	-
Fonedar S.A.	Shareholders in common	Current accounts	-	4,629,014	-	-

## NOTE 18 - SALES

The detail of this item is summarized as follows:

	<u>Chile</u>		<u>Peru</u>		<u>Total</u>	
	For the nine month period ended September 30,		For the nine month period ended September 30,		For the nine month period ended September 30,	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
New vehicles	246,073,796	213,723,826	173,685,556	110,824,118	419,759,352	324,547,944
Used vehicles	9,278,275	7,100,702	-	-	9,278,275	7,100,702
Vehicles OEM parts	22,491,152	18,181,345	9,946,311	7,525,834	32,437,463	25,707,179
Financing and insurance services	<u>3,466,911</u>	<u>2,265,942</u>	<u>283,315</u>	<u>321,437</u>	<u>3,750,226</u>	<u>2,587,379</u>
Total automobile business	<u>281,310,134</u>	<u>241,271,815</u>	<u>183,915,182</u>	<u>118,671,389</u>	<u>465,225,316</u>	<u>359,943,204</u>
Equipment sales	13,512,692	10,025,709	141,919	-	13,654,611	10,025,709
Rental	896,142	706,110	-	-	896,142	706,110
Parts and services	<u>3,760,655</u>	<u>3,435,378</u>	<u>-</u>	<u>-</u>	<u>3,760,655</u>	<u>3,435,378</u>
Total heavy machinery	<u>18,169,489</u>	<u>14,167,197</u>	<u>141,919</u>	<u>-</u>	<u>18,311,408</u>	<u>14,167,197</u>
Third party after market services	<u>8,555,658</u>	<u>10,548,901</u>	<u>-</u>	<u>-</u>	<u>8,555,658</u>	<u>10,548,901</u>
Total sales	<u>308,035,281</u>	<u>265,987,913</u>	<u>184,057,101</u>	<u>118,671,389</u>	<u>492,092,382</u>	<u>384,659,302</u>

## NOTE 19 - COST OF SALES

The detail of this item is summarized as follows:

	<u>Chile</u>		<u>Peru</u>		<u>Total</u>	
	For the nine month period ended September 30,		For the nine month period ended September 30,		For the nine month period ended September 30,	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
New vehicles	180,220,883	162,037,967	141,827,412	92,802,015	322,048,295	254,839,982
Used vehicles	8,446,711	6,525,557	-	-	8,446,711	6,525,557
Vehicles OEM parts	8,664,767	7,605,577	4,853,933	3,234,841	13,518,700	10,840,418
Financing and insurance services	<u>-</u>	<u>-</u>	<u>-</u>	<u>252,058</u>	<u>-</u>	<u>252,058</u>
Total automobile business	<u>197,332,361</u>	<u>176,169,101</u>	<u>146,681,345</u>	<u>96,288,914</u>	<u>344,013,706</u>	<u>272,458,015</u>
Equipment sales	10,773,800	8,473,156	118,962	-	10,892,762	8,473,156
Rental	41,720	482,239	-	-	41,720	482,239
Parts and services	<u>2,168,702</u>	<u>1,916,068</u>	<u>-</u>	<u>-</u>	<u>2,168,702</u>	<u>1,916,068</u>
Total heavy machinery	<u>12,984,222</u>	<u>10,871,463</u>	<u>118,962</u>	<u>-</u>	<u>13,103,184</u>	<u>10,871,463</u>
Third party after market services	<u>5,697,099</u>	<u>7,942,987</u>	<u>-</u>	<u>-</u>	<u>5,697,099</u>	<u>7,942,987</u>
Total cost	<u>216,013,682</u>	<u>194,983,551</u>	<u>146,800,307</u>	<u>96,288,914</u>	<u>362,813,989</u>	<u>291,272,465</u>



**NOTE 20 – GROSS PROFIT**

The detail of this item is summarized as follows:

	<u>Chile</u>		<u>Peru</u>		<u>Total</u>	
	For the nine month period ended September 30,		For the nine month period ended September 30,		For the nine month period ended September 30,	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
New vehicles	65,852,913	51,685,859	31,858,144	18,022,103	97,711,057	69,707,962
Used vehicles	831,564	575,145	-	-	831,564	575,145
Vehicles OEM parts	13,826,385	10,575,768	5,092,377	4,290,993	18,918,762	14,866,761
Financing and insurance Services	<u>3,466,911</u>	<u>2,265,942</u>	<u>283,316</u>	<u>69,379</u>	<u>3,750,227</u>	<u>2,335,321</u>
Total automobile business	<u>83,977,773</u>	<u>65,102,714</u>	<u>37,233,837</u>	<u>22,382,475</u>	<u>121,211,610</u>	<u>87,485,189</u>
Equipment sales	2,738,892	1,552,553	22,957	-	2,761,849	1,552,553
Rental	854,422	223,871	-	-	854,422	223,871
Parts and services	<u>1,591,953</u>	<u>1,519,310</u>	-	-	<u>1,591,953</u>	<u>1,519,310</u>
Total heavy machinery	<u>5,185,267</u>	<u>3,295,734</u>	<u>22,957</u>	<u>-</u>	<u>5,208,224</u>	<u>3,295,734</u>
Third party after market services	<u>2,858,559</u>	<u>2,605,914</u>	-	-	<u>2,858,559</u>	<u>2,605,914</u>
Total margin	<u>92,021,599</u>	<u>71,004,362</u>	<u>37,256,794</u>	<u>22,382,475</u>	<u>129,278,393</u>	<u>93,386,837</u>

**NOTA 21 – ADMINISTRATIVE AND SELLING EXPENSES**

The detail of this item is summarized as follows:

	<u>Chile</u>		<u>Peru</u>		<u>Total</u>	
	For the nine month period ended September 30,		For the nine month period ended September 30,		For the nine month period ended September 30,	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Marketing cost	4,165,522	4,177,516	2,780,981	2,923,885	6,946,503	7,101,401
Employee salary	22,265,029	17,713,597	8,963,837	5,528,828	31,228,866	23,242,425
Lease of properties	4,271,785	4,128,645	914,645	744,198	5186,430	4,872,843
Depreciation	2,447,167	2,345,070	677,244	540,055	3,124,411	2,885,125
Others	<u>15,799,186</u>	<u>13,951,754</u>	<u>4,504,876</u>	<u>2,782,591</u>	<u>20,304,062</u>	<u>16,734,345</u>
Total	<u>48,948,689</u>	<u>42,316,582</u>	<u>17,841,583</u>	<u>12,519,557</u>	<u>66,790,272</u>	<u>54,836,139</u>

**NOTE 22 - OTHER NON-OPERATING INCOME**

The components of this line item are summarized as follows:

<u>Concept</u>	For the nine month period ended September 30,	
	<u>2011</u>	<u>2010</u>
	ThCh\$	ThCh\$
Gain from sales of property, plant and equipment	592,719	-
Rental income	378,484	626,348
Others	<u>103,588</u>	<u>214,368</u>
Total	<u>1,074,791</u>	<u>840,716</u>

### NOTE 23 - OTHER NON-OPERATING EXPENSES

The components of this line item are summarized as follows:

	For the nine month period ended September 30,	
	<u>2011</u>	<u>2010</u>
	ThCh\$	ThCh\$
Loss on sale of property, plant and equipment	540,036	302,372
Other	<u>244,211</u>	<u>130,008</u>
Total	784,247	432,380
	=====	=====

### NOTE 24 – FINANCIAL EXPENSES

The components of these line items are summarized as follows:

<u>Description</u>	For the nine month period ended September 30,	
	<u>2011</u>	<u>2010</u>
	ThCh\$	ThCh\$
Commissions and expenses	2,912,510	2,887,894
Long-term senior notes related expenses (paid with proceeds of bond)	1,231,009	11,329
Financial expenses – 8.25% senior notes due 2021	2,331,382	-
Interest expenses - bank and financial institutions	4,527,607	5,442,350
Interest expenses – 8.25% senior notes due 2021	<u>4,227,562</u>	<u>-</u>
Total	15,230,070	8,341,573
	=====	=====

### NOTE 25 - DIRECTORS' REMUNERATION

During the period ended September 30, 2011 and 2010, the Board of the Company received no fees as compensation for their work as directors.

### NOTE 26 – CONTINGENCIES AND COMMITMENTS

- a) As of September 30, 2011 the Company, for specific long-term obligations, has granted the following mortgages for properties located at:
- Ave. Francisco Bilbao N° 4,976, Las Condes, amounting to UF 14,691.02 in favour of the Santander Santiago Bank.
  - Ave. Las Condes N° 11,000, Las Condes, amounting to UF 252,000 in favour of Banco de Chile.
  - Ave. Americo Vespucio N° 195, Lot 2, Pudahuel sector (releases in process). All mortgages amounting to ThCh\$ 2,574,836. in favour of the Santander Bank.
- b) As of September 30 2011, the Company, for specific long-term obligations derived from bank loan contract, has granted (releases in process) the following mortgages for properties located at:
- Ave. Fuchlocher s/n lot A and plot 8b, Chuyaca sector, Osorno, in favour of the Banco de Chile and others (releases in process).
  - Chucaya Lot A, Osorno (releases in process). All mortgages amounting to UF 87,070.81 in favor of CorpBanca.

At the period end, the Company has constituted “Warrants” over vehicles inventories amounting to ThCh\$ 1,281,442 to guarantee future operations with financial institutions.

NOTE 27 – SUBSEQUENT EVENT

Between September 30, 2011 and up to the issuance of these financial statements, there have been no subsequent events that could significantly affect the amounts presented in the financial statements of the Company.

NOTE 28 - TRANSLATION TO ENGLISH FROM THE ORIGINALLY ISSUED FINANCIAL STATEMENTS IN SPANISH

The Company has issued its consolidated financial statements in Spanish and in conformity with accounting principles generally accepted in Chile. The financial statements presented herein represent a free translation from the original consolidated financial statements issued in Spanish, and may include some minor changes which were made in order to provide a better understanding to users of these financial statements. Those changes do not modify the Company’s net equity, its net income or its cash flows at each period-end or for any reported period herein presented.

Cristián Leighton F.  
Chief Accountant

Eduardo Moyano L.  
Chief Administration and  
Financial Officer

Valentin Schwartz  
Controller Vice-President

Ricardo Lessmann C.  
Executive Chairman

AUTOMOTORES GILDEMEISTER S.A. AND SUBSIDIARIES

Consolidated financial statements

December 31, 2010

(A free translation from the original prepared in Spanish)

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Report of independent accountants  
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Ch\$ - Chilean pesos  
ThCh\$ - Thousands of Chilean pesos  
US\$ - United States dollars  
ThUS\$ - Thousands of United States dollars  
UF - The Unidad de Fomento is a Chilean government inflation - indexed, peso denominated monetary unit set daily in advance on the basis of the previous month's inflation rate.  
€ - Euros  
Th€ - Thousands of euros



REPORT OF INDEPENDENT ACCOUNTANTS  
(A free translation from the original prepared in Spanish)

Santiago, March 16, 2011

To the Shareholders and Directors  
Automotores Gildemeister S.A.

We have audited the accompanying consolidated balance sheets of Automotores Gildemeister S.A. and subsidiaries as of December 31, 2010 and 2009 and the related consolidated statements of income and cash flows for each of the three years in the period ended December 31, 2010. These financial statements (including the notes thereto) are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the subsidiaries Automotores Gildemeister Perú S.A., Maquinaria Nacional Perú S.A. and Motor Mundo Perú S.A. (no wholly owned subsidiary), which statements reflect total assets of ThCh\$ 97,855,275 and ThCh\$ 73,272,517 as of December 31, 2010 and 2009, respectively, and total sales of ThCh\$ 158,927,304, ThCh\$ 114,983,619 and ThCh\$ 142,304,896 for the each of the three years in the period ended December 31, 2010. Those financial statements were examined by other auditors whose reports have been made available to us, and our opinion expressed herein, as it refers to the figures included for those companies, is based only on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits and on the reports of other auditors, these consolidated financial statements referred to above present fairly, in all material respects, the financial position of Automotores Gildemeister S.A. and its subsidiaries at December 31, 2010 and 2009 and the results of its operations and cash flows for each of the three years in the period ended December 31, 2010, in accordance with accounting principles generally accepted in Chile.

/s/ PricewaterhouseCoopers

AUTOMOTORES GILDEMEISTER S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(A free translation from the original prepared in Spanish)

<u>ASSETS</u>	At December 31,		<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>
	<u>2010</u>	<u>2009</u>	
	ThCh\$	ThCh\$	
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>
Cash and cash equivalents	14,465,338	10,216,331	Short-term obligations with banks and financial institutions
Marketable securities	13,500,000	-	Factoring payable
Trade accounts receivable (net)	32,473,638	29,991,913	Accounts payable
Notes receivable (net)	12,115,217	10,455,673	Notes payable
Sundry debtors (net)	3,514,862	4,202,778	Sundry creditors
Accounts receivable from affiliates	10,267,457	10,981,367	Provisions
Inventories (net)	121,235,093	92,579,296	Tax withholdings
Receivable taxes	2,041,557	4,647,199	Deferred income
Deferred taxes	4,538,065	3,678,674	
Prepaid expenses	539,411	416,497	
Other current assets	<u>10,944,865</u>	<u>17,967,266</u>	
Total current assets	<u>225,635,503</u>	<u>185,136,994</u>	Total current liabilities
<b>PROPERTY, PLANT AND EQUIPMENT</b>			<b>LONG - TERM LIABILITIES</b>
Land	21,079,620	19,092,570	Obligations with banks and financial institutions
Buildings and infrastructure	24,654,743	25,220,223	Sundry creditors
Machinery and equipment	3,805,066	4,021,630	Total long-term liabilities
Other fixed assets	6,776,170	8,462,209	
Accumulated depreciation	<u>(8,795,665)</u>	<u>(11,472,430)</u>	<b>MINORITY INTEREST</b>
Total net property, plant and equipment	<u>47,519,934</u>	<u>45,324,202</u>	<b>SHAREHOLDERS' EQUITY</b>
<b>OTHER ASSETS</b>			Paid-in capital
Goodwill (net)	603,878	647,012	Retained earnings
Other accounts receivable	107,646	679,548	Other reserves
Deferred income tax	226,432	269,961	Interim dividend
Other	<u>1,990,345</u>	<u>2,131,606</u>	Net income for the year
Total other assets	<u>2,928,301</u>	<u>3,728,127</u>	Total shareholders' equity
Total assets	<u>276,083,738</u>	<u>234,189,323</u>	Total liabilities and shareholders' equity
	=====	=====	

The accompanying Notes 1 to 27 are an integral part of these consolidated financial statements.

AUTOMOTORES GILDEMEISTER S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(A free translation from the original prepared in Spanish)

	For the years ended		
	December 31,		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
	ThCh\$	ThCh\$	ThCh\$
<b>OPERATING INCOME</b>			
Sales	514,493,201	367,333,951	399,784,661
Cost of sales	<u>(389,336,293)</u>	<u>(285,421,441)</u>	<u>(305,878,959)</u>
Gross profit	125,156,908	81,912,510	93,905,702
Administrative and selling expenses	<u>(73,144,603)</u>	<u>(59,713,604)</u>	<u>(53,705,527)</u>
Operating income	<u>52,012,305</u>	<u>22,198,906</u>	<u>40,200,175</u>
<b>NON - OPERATING RESULTS</b>			
Financial income	1,153,207	1,021,757	1,313,820
Other non-operating income	1,048,662	953,989	970,321
Amortization of goodwill	(43,640)	(43,044)	(47,977)
Financial expenses	(11,620,853)	(13,157,698)	(12,562,508)
Other non-operating expenses	(1,181,361)	(1,795,918)	(64,914)
Price-level restatement	<u>(1,880,070)</u>	<u>4,004,814</u>	<u>(21,805,941)</u>
Non-operating results	<u>(12,524,055)</u>	<u>(9,016,100)</u>	<u>(32,197,199)</u>
Income before income tax	39,488,250	13,182,806	8,002,976
Income tax	<u>(7,180,875)</u>	<u>(2,334,699)</u>	<u>(3,668,167)</u>
Consolidated income	32,307,375	10,848,107	4,334,809
Minority interest	<u>(1)</u>	<u>34</u>	<u>238</u>
<b>NET INCOME FOR THE YEAR</b>	<u>32,307,374</u> =====	<u>10,848,141</u> =====	<u>4,335,047</u> =====

The accompanying Notes 1 to 27 are an integral part of these consolidated financial statements.

AUTOMOTORES GILDEMEISTER S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(A free translation from the original prepared in Spanish)

	For the years ended		
	December 31,		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
	ThCh\$	ThCh\$	ThCh\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income for the year	32,307,374	10,848,141	4,335,047
Loss on sale of property, plant and equipment	271,123	1,128,906	14,535
Charges (credits) to income not representing cash flows:			
Depreciation of fixed assets	2,750,014	2,890,572	2,577,227
Amortization of key money	293,074	183,888	57,007
Amortization of brands	29,821	29,821	29,821
Provisions and write-offs	1,939,536	1,900,902	768,609
Provision for current and deferred income tax	7,180,875	2,334,699	3,668,167
Amortization of goodwill	43,640	43,044	47,977
Net price-level restatements	1,880,070	(4,004,814)	21,805,941
Changes in assets affecting cash flows:			
Trade accounts receivable, notes receivable and sundry debtors	(3,874,490)	810,716	(13,704,531)
Inventories	(22,191,811)	45,789,455	(59,924,272)
Receivable taxes	2,605,642	5,216,143	(6,973,832)
Other assets	5,199,159	(8,961,739)	(4,788,231)
Changes in liabilities affecting cash flows:			
Accounts payable	(1,680,742)	(6,608,421)	7,532,180
Notes payable	(14,816,126)	5,773,311	5,494,034
Provisions and tax withholdings	2,753,633	(1,546,103)	265,316
Other liabilities	-	-	3,340,387
Minority interest	343	(34)	(238)
Net cash flow provided by (used in) operating activities	<u>14,691,135</u>	<u>55,828,487</u>	<u>(35,454,856)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of bank loans	(268,494,384)	(197,497,476)	(152,131,588)
Bank loans	290,555,815	130,901,003	222,952,592
Dividends paid	(11,045,000)	-	(4,551,129)
Loans from affiliates	2,126,491	21,737,377	6,479,371
Other financing payments	-	(3,524,610)	(14,532,584)
Loans paid to affiliates	<u>(1,269,105)</u>	<u>(4,581,018)</u>	<u>(2,707,031)</u>
Net cash flow provided by (used in) financing activities	<u>11,873,817</u>	<u>(52,964,724)</u>	<u>55,509,631</u>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>			
Acquisition of property, plant and equipment	(7,138,714)	(9,604,912)	(11,515,069)
Disposals of property, plant and equipment	526,054	5,052,854	1,300,208
Acquisition of investment in associates	-	-	(3,241,554)
Other investment disbursements	<u>(2,052,320)</u>	<u>(415,822)</u>	<u>405,362</u>
Net cash flow used in investment activities	<u>(8,664,980)</u>	<u>(4,967,880)</u>	<u>(13,051,053)</u>
Net cash flow for the year	17,899,972	(2,104,117)	7,003,722
Effect of inflation on cash and cash equivalents	<u>(150,965)</u>	<u>235,470</u>	<u>(57,393)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	17,749,007	(1,868,647)	6,946,329
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>10,216,331</u>	<u>12,084,978</u>	<u>5,138,649</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>27,965,338</u>	<u>10,216,331</u>	<u>12,084,978</u>

The accompanying Notes 1 to 27 are an integral part of these financial statements.



AUTOMOTORES GILDEMEISTER S.A. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2010 AND 2009  
(A free translation from the original prepared in Spanish)

NOTE 1 - COMPANY'S INCORPORATION AND OBJECTIVE

Automotores Gildemeister S.A. ("Automotores Gildemeister") was incorporated by a public deed dated March 14, 1986 as a limited liability company. Automotores Gildemeister's purpose is to purchase, sell, import, export, distribution, assemble, manufacture, repair and trade of motorized vehicles, their components, accessories, elements, spare parts, and any other business the shareholders may agree to.

Automotores Gildemeister was converted into a closely-held corporation, under public deed dated April 22, 1989, in accordance with the provisions of Law 18,046, without changing the scope of its authorized business.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Accounting period

The accompanying consolidated financial statements present information as of December 31, 2010, 2009 and 2008 and for each of the years ended December 31, 2010, 2009 and 2008.

b) Basis of preparation

These financial statements have been prepared in accordance with accounting principles generally accepted in Chile ("Chilean GAAP"), issued by the Chilean Institute of Accountants.

The preparation of financial statements in conformity with Chilean GAAP requires management to make estimates and assumptions that affect the assets and liabilities, the disclosure of contingent assets and liabilities at the dates of the financial statements and the revenues and expenses during the reporting periods. Actual results could differ from those estimates.

c) Basis of presentation

The consolidated financial statements for 2009 and 2008 and the amounts disclosed in the related notes have been restated in terms of Chilean pesos as of December 31, 2010 and certain minor reclassifications have been made.

d) Basis of consolidation

The consolidated financial statements include all assets, liabilities, income and cash flows of Automotores Gildemeister S.A. and its subsidiaries (the "Company"). Intercompany transactions or balances have been eliminated. The equity interest held by minority investors in the balance sheet and statement of income are presented as non-controlling interest.

The consolidated financial statements include the following subsidiaries:

	Ownership percentage	
	<u>2010</u>	<u>2009</u>
	%	%
Marc Leasing S.A.	99.75	99.75
Automotores Gildemeister Perú S.A. (*)	99.99	99.99
Maquinaria Nacional Perú S.A.	-	99.99
Motor Mundo Perú S.A. (*)	-	99.99

(\*) On December 29, 2010, the following was approved:

- i) The transfer of the shares held by Automotores Gildemeister S.A. in Maquinaria Nacional Perú S.A. and Motor Mundo Perú S.A. to Automotores Gildemeister Perú S.A.
- ii) The capitalization of the accounts payable held by Maquinaria Nacional Perú S.A. and Motor Mundo Perú S.A. amounting to ThUS\$ 3,500 and ThUS\$ 8,100, respectively, with Automotores Gildemeister Perú S.A.

Since the corporate reorganization was carried out between companies under common control and did not imply a change in control, in accordance with Chilean generally accepted accounting principles, this reorganization was recorded following the “interest unification” accounting method and the consolidated financial statements of Automotores Gildemeister Perú S.A. were prepared assuming that Maquinaria Nacional Perú S.A. and Motor Mundo Perú S.A. had been under its control during each of the years presented.

e) Estimates

The preparation of financial statements requires that management use estimates and assumptions affecting the amounts included in these financial statements and their related notes.

The estimates made and assumptions used by the company are based on historic experience, changes in the industry and information provided by qualified external sources.

The significant estimates and accounting policies are those that are important to show properly the Company’s financial position and results of operations and/or those that require a high degree of judgment by management.

f) Price-level restatement

The consolidated financial statements have been restated to recognize the effect of the changes of the purchasing power of local currency during the respective years. For this purpose, the Company has restated non-monetary assets and liabilities and shareholders’ equity, plus its income statement accounts, in accordance with Chilean GAAP. These restatements have been calculated based on variations in the official Consumer Price Index (IPC) published by the National Institute of Statistics, which showed an increase of 2.5% from January 1 to December 31 in 2010 (decrease of 2.3% in 2009, increase of 8.9% in 2008).

g) Translation of the subsidiaries financial statements

The financial statements of the foreign subsidiaries (Peru) have been translated to Chilean pesos as set forth in Technical Bulletin N° 64 of the Chilean Institute of Accountants, applicable to a “non-extension of operations in an unstable country.”

h) Basis of translation

At each year-end, assets and liabilities in foreign currency and in UF have been expressed in Chilean pesos at the following exchange rates:

	Ch\$ per unit <u>2010</u>	Ch\$ per unit <u>2009</u>	Ch\$ per unit <u>2008</u>
United States dollar	468.01	507.10	636.45
Unidad de Fomento (UF)	21,455.55	20,942.88	21,452.57
Euros	621.53	726.82	898.81

i) Marketable securities

Marketable securities correspond to investments in mutual funds registered at their respective year-end fair market value.

j) Allowance for doubtful accounts

The Company recognized a provision for doubtful recoverable accounts based on the age of its accounts receivable and other relevant information at each year end. This provision is deducted from trade accounts receivable, notes receivable and sundry debtors.

k) Inventories

At December 31, 2010 and 2009 inventories are presented at their restated acquisition cost. These values do not exceed their respective market value. The Company has registered a provision for obsolescence based on a stock turnover analysis, this provision is deducted from the inventories line item in the balance sheet.

Inventories in transit are valued at their cost (including insurance and fleet expenses) translated at the exchange rate in effect at year end.

l) Other current assets

As of December 31, 2010 and 2009, this line item includes mainly letters of credit to guarantee the importation of vehicles and performance guarantees issued.

m) Property, plant and equipment

Property, plant and equipment are valued at the restated acquisition cost. Depreciation for the year has been calculated on restated values by using the straight-line method based on the estimated useful life of the assets.

n) Financial leases

The Company has lease obligations related to its property, plant and equipment. These assets do not legally belong to the Company so it can not freely dispose of the leased properties until the purchase options are exercised. These assets are valued at the present value of the lease contract which is calculated by discounting the value of the periodic rental payments and the purchase option considering the implicit or explicit interest rate at the time of the contract. The respective liability is presented under sundry creditors (short and long term liabilities) net of the respective deferred interest.

o) Goodwill

Goodwill represents the difference between the price paid for shares of subsidiaries and their book value. Goodwill is amortized over the expected period of return on the investment with a limit of 20 years.

p) Other assets

Other assets include commercial brands valued at their acquisition cost and amortized over a period of 20 years. Additionally, other assets include rights of use, which are amortized according to the contracts and lease guarantees duration.

q) Factoring payable

Factoring payable corresponds to obligations for factoring that the Company carries out with factoring companies but the final responsibility of the documents is maintained. Therefore, related receivables balances are included in the line "Trade accounts receivable" and the related obligation of the current liability is accounted for in "Factoring payable".

r) Income tax

The Company recorded a provision for current income tax in accordance with current tax legislation.

The effects of deferred income taxes arise from temporary differences between book and tax values of assets and liabilities, taking into account the taxation rate prevailing at the time of reversal, in accordance with Technical Bulletin No. 60 of the Chilean Institute of Accountants.

s) Revenue recognition

The Company recognizes revenue generated by the sale of vehicles, machinery, spare parts and automobile supplies upon billing, which in most cases is consistent on the date of physical delivery. For those invoices issued for which the physical delivery of the product sold, at the closing date, has not been made, the corresponding revenue is recognized and reported as a deferred income on the balance sheet.

t) Provisions

The Company determines provisions corresponding to liabilities that as of the date of the financial statements are accrued or outstanding, which will be settled in the following year, among them:

- Staff vacation: the annual cost is presented on an accrual basis.
- Provision for other benefits to personnel: The Company does not recognize a provision for severance obligations for years of service, as the Company does not provide this benefit. As of December 31, 2010 and 2009, a severance provision related to the termination of certain notified employees was recognized and recorded under Other provisions.
- Supplier accruals: Corresponds to the accrued obligation of the following expenses: storage, pre-delivery, body adaptation, work transformation and spare parts (include body parts and accessories).
- Provision for dealers annual bonus: Accrued obligation corresponding to the accomplishment of sales targets of concessionaires.
- Provision for loss of leased fleet: Corresponds to the estimated loss that will be realized at the moment of the sale of the vehicles.

u) Deferred income

Represents the revenue associated with sales of undelivered vehicles (without refund rights) at year end.

v) Cash and cash equivalents

The Company has defined cash and cash equivalents to be cash, current bank account balances and financial investments maturing in 90 days or less, which are part of the general administration of cash surpluses.

Cash flows from operating activities include all business-related cash flows, as well as interest paid, financial income, and in general, all cash flows not defined as relating to financing or investment activities. The operating activities used in this statement are more comprehensive than those used in the statement of income.

NOTE 3 - ACCOUNTING CHANGES

At December 31, 2010, no accounting changes have been made in relation to the prior year which could significantly affect the interpretation of these financial statements.

**NOTE 4 - PRICE-LEVEL RESTATEMENT AND EXCHANGE DIFFERENCES**

The application of the price-level restatement mechanism described in Note 2 f) and h) generated a charge to income of ThCh\$ 2,800 in 2009 and net charge of ThCh\$ 20,941,762 in 2008), as follows:

	(Charge) credit to income								
	UF			Foreign currency			CPI		
	2010	2009	2008	2010	2009	2008	2010	2009	2008
ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Restatement of equity	-	-	-	-	-	-	(1,264,922)	1,049,718	(3,290,000)
Restatement of:									
Inventories	-	-	-	(2,160,857)	(4,073,843)	(172,874)	(1,442,058)	(3,690,160)	(2,000,000)
Fixed assets	-	-	-	-	-	-	964,471	(934,133)	3,200,000
Other assets	20,858	(93,361)	109,161	176,111	(7,796,827)	3,951,736	618,757	(553,546)	1,300,000
Current liabilities	(248,429)	313,891	(1,123,495)	535,273	16,857,200	(27,025,863)	-	-	-
Net (charge) credit to income	(227,571)	220,530	(1,014,334)	(1,449,473)	4,986,530	(23,247,001)	(1,123,752)	(4,128,121)	3,300,000
Restatement of income statement accounts	-	-	-	-	-	-	(405,146)	(13,466)	(1,100,000)
Accumulated adjustment for translation differences (*)	-	-	-	1,325,872	2,939,341	314,217	-	-	-
Balance of price-level restatement	(227,571)	220,530	(1,014,334)	(123,601)	7,925,871	(22,932,784)	(1,528,898)	(4,141,587)	2,100,000

(\*) Corresponds to the application of the Technical Bulletin No. 64 of the Chilean Institute of Accountants. Under this pronouncement, the assets and liabilities of foreign subsidiaries, that operate in countries that are exposed to significant risks, restrictions or inflation/currency fluctuations, are translated into US dollars and then translated into Chilean pesos at the year-end exchange rate. The resulting translation adjustment is recorded in the operating result.

#### NOTE 5 - FOREIGN CURRENCY

Assets and liabilities expressed in foreign currencies have been translated to Chilean pesos as described in the Note 2 h) and refer to:

	<u>2010</u>		<u>2009</u>	
	ThUS\$	Th€	ThUS\$	Th€
Assets	82,922	24	38,479	-
Liabilities	(71,810)	(756)	(104,278)	(277)
Net asset (liability) in foreign currency	11,112	(732)	(65,799)	(277)
	=====	===	=====	===

#### NOTA 6 – MARKETABLE SECURITIES

At December 31 2010 and 2009 the Marketable Securities line is as follows:

<u>Institution</u>	<u>Type</u>	<u>Number of quotas</u>	<u>Value per quota</u>	<u>2010</u>	<u>2009</u>
				ThCh\$	ThCh\$
Santander Asset Management	Investment	9,214,609.4835	1,465.0648	<u>13,500,000</u>	_____ -
Total				<u>13,500,000</u>	=====
				=====	=====

NOTA 7 – TRADE ACCOUNTS RECEIVABLE

At December 31, 2010 and 2009 the components of this line item are as follows:

	<u>Up to 90 days</u>		<u>Over 90 up to 1 year</u>		Subtotal	
	December 31,		December 31,		<u>2010</u>	<u>2009</u>
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>		
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Trade receivable	34,019,712	28,908,540	721,478	2,181,567	34,741,190	31,090,107
Allowance for doubtful accounts	(2,267,552)	(1,098,194)	-	-	(2,267,552)	(1,098,194)
Notes receivable	11,123,390	9,935,879	3,491,370	2,741,166	14,614,760	12,677,045
Allowance for doubtful accounts	(2,499,543)	(2,221,372)	-	-	(2,499,543)	(2,221,372)



NOTE 8 - INVENTORIES

Inventories at each year end, valued as described in Note 2 k), consisted of the following:

	<u>2010</u>	<u>2009</u>
	ThCh\$	ThCh\$
Machinery	8,658,480	9,856,656
New vehicles	59,346,584	43,457,517
Used vehicles	3,157,686	2,841,009
Spare parts	20,197,753	16,399,050
Inventories in transit	13,572,615	11,080,895
Undelivered vehicles (1)	18,998,325	11,174,144
Obsolete inventories provision	<u>(2,696,350)</u>	<u>(2,229,975)</u>
Total	121,235,093 =====	92,579,296 =====

(1) The line item "undelivered vehicles" represents sold vehicles at year end, for which the delivery to the client is made during the first days of the following year.

NOTE 9 – OTHER CURRENT ASSETS

The detail of other current assets is the following:

	<u>2010</u>	<u>2009</u>
	ThCh\$	ThCh\$
Letters of credit	6,128,820	16,694,433
Performance guarantees	4,134,037	1,044,753
Escrow deposits	680,994	227,041
Others	<u>1,014</u>	<u>1,039</u>
Total	10,944,865 =====	17,967,266 =====

NOTE 10 - PROPERTY, PLANT AND EQUIPMENET

Property, plant and equipment is summarized as follows:

	<u>2010</u>	<u>2009</u>
	ThCh\$	ThCh\$
Land (1)	<u>21,079,620</u>	<u>19,092,570</u>
Buildings and improvements (2)	<u>24,654,743</u>	<u>25,220,223</u>
Machinery and equipment	1,892,752	2,050,705
Vehicles	<u>1,912,314</u>	<u>1,970,925</u>
Total machinery and equipment	<u>3,805,066</u>	<u>4,021,630</u>
Furniture and fittings	6,228,315	7,626,574
Leased assets	547,855	568,470
Work in process	<u>-</u>	<u>267,165</u>
Total other fixed assets	<u>6,776,170</u>	<u>8,462,209</u>
Total gross fixed assets	56,315,599	56,796,632
Accumulated depreciation (3)	<u>(8,795,665)</u>	<u>(11,472,430)</u>
Total net fixed assets	<u>47,519,934</u>	<u>45,324,202</u>
	=====	=====

(1) The land pledged as guarantee is valued at ThCh\$ 15,235,207 in 2010 (ThCh\$ 15,123,841 in 2009)

(2) The construction and infrastructure pledged as guarantee is valued at ThCh\$ 13,106,701 in 2010 and ThCh\$ 12,387,538 in 2009.

(3) During 2010 assets such as construction, licenses, machinery and equipment, furniture and fixtures and other fixed assets fully depreciated were written off. The foregoing is due to the assets' obsolescence and/or end of their useful life, which at the year-end maintained a net value of Ch\$1.

NOTE 11 - DEPRECIATION

The depreciation charge for the year amounted to ThCh\$ 2,750,014 (ThCh\$ 2,890,572 in 2009 and ThCh\$ 2,577,227 in 2008).

NOTA 12 - GOODWILL

Goodwill is comprised of the following:

	<u>2010</u>		<u>2009</u>		<u>2008</u>	
	Total amortized in the Period	Total Goodwill	Total amortized in the Period	Total Goodwill	Total amortized in the period	Total goodwill
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Automotores Gildemeister Perú S.A.	(43,640)	603,878	(31,893)	479,743	(35,574)	511,727
Maquinaria Nacional Perú S.A.	-	-	(11,151)	167,269	(12,403)	178,420
Total	(43,640)	603,878	(43,044)	647,012	(47,977)	690,147
	=====	=====	=====	=====	=====	=====

NOTE 13 - OTHER ASSETS

Other assets is comprised of the following:

	<u>2010</u>	<u>2009</u>
	ThCh\$	ThCh\$
Lease premiums (net) (1)	565,067	1,008,027
Lease guarantees	684,744	649,818
Trade marks (net) (2)	328,030	357,851
Other	<u>412,504</u>	<u>115,910</u>
Total	1,990,345	2,131,606
	=====	=====

- (1) This line corresponds to the cost paid for the lease agreements kept by the Company with third parties, which are amortized over the contract term (10 years average). The amortization charged to the net income of the year amounts to ThCh\$ 293,074 in 2010 (ThCh\$ 183,888 in 2009 and ThCh\$ 57,007 in 2008).
- (2) The commercial trade marks have been amortized over 20 years, and the charge to net income for this line item amounts to ThCh\$ 29,821 in 2010 (ThCh\$ 29,821 in 2009 and ThCh\$ 29,821 in 2008).

NOTE 14- SHORT AND LONG-TERM BANK LOANS

a) Short-term bank loans used mainly for financing importations are as follows:

<u>Bank</u>	<u>Currency</u>	<u>2010</u>	<u>2009</u>
		ThCh\$	ThCh\$
Banco de Crédito e Inversiones	US\$	-	5,429,090
Banco de Crédito e Inversiones	Ch\$	-	3,278,117
Banco Santander	US\$	13,392	2,531,571
Banco Santander	Ch\$	321,855	3,633,293
Banco Santander	UF	48,748	2,920,389
Corpbanca	US\$	-	2,047,715
Corpbanca	Ch\$	-	2,388,551
Corpbanca	UF	13,147,045	193,355
Banco de Chile	US\$	52,838	2,633,144
Banco de Chile	UF	6,033,333	901,591
Banco de Chile	Ch\$	2,955,517	3,273,197
BBVA	US\$	-	1,443,595
BBVA	Ch\$	-	1,617,043
Banco Scotiabank	US\$	-	4,611,692
Banco Scotiabank	Ch\$	-	3,200,551
Banco Scotiabank	UF	2,454,714	-
Banco Itau	US\$	77,781	2,218,697
Banco Itau	Ch\$	-	2,960,356
Banco La Nación Argentina	Ch\$	-	77,280
HSBC Bank	Ch\$	-	683,907
The Royal Bank of Scotland	Ch\$	-	790,311
Security	UF	4,017,717	-
Security	US\$	-	1,684,055
Security	Ch\$	-	2,255,134
Banco Crédito del Perú	US\$	134,420	-
Banco del Estado	US\$	-	538,795
Banco del Estado	Ch\$	-	1,660,132
Banco Do Brasil	US\$	1,299,081	-
BPN Paribas	US\$	-	159,067
Rabo Bank	Ch\$	-	103,207
Rabo Bank	US\$	64,554	-
Banco Scotiabank Perú	US\$	4,386,190	-
Banco Crédito del Perú	US\$	6,065,878	5,592,943
Banco Interbank Perú	US\$	3,860,146	1,798,165
Banco Financiero del Perú	US\$	5,589,443	4,675,695
Banco Continental (Perú)	US\$	4,096,492	-
Banco Interamericano del Perú	US\$	4,318,328	1,496,045
Banco de Comercio del Perú	US\$	981,417	1,524,845
Banco Santander del Perú	US\$	3,947,664	1,215,510
Banco Citibank del Perú	US\$	4,240,171	2,349,794
HSBC Bank del Perú	US\$	3,044,873	3,095,714
Intereses devengados		<u>129,066</u>	<u>174,424</u>
Total		71,280,663	75,156,970
		=====	=====

b) Long term bank loans:

At December 31, 2010 and 2009 the Company has the following long-term bank loans or lines of credit:

<u>Institution</u>	<u>Rate</u>	<u>Currency</u>	<u>Maturity</u>	<u>2010</u>	<u>2009</u>
	%			ThCh\$	ThCh\$
Banco Corpbanca	6.47	UF	December 2014	38,861,365	-
Banco de Chile	6.47	UF	December 2014	14,804,330	-
Security	6.47	UF	December 2014	11,505,539	-
Banco Scotiabank	6.47	UF	December 2014	7,080,332	-
Banco Crédito del Perú	9	US\$	June 2013	224,651	398,790
Banco Santander	3.5	UF	November 2016	266,456	315,365
Banco de Chile	5.76	Ch\$	December 2016	-	8,351,296
Banco Corpbanca	4.76	UF	August 2020	1,674,895	1,869,102
Banco de Chile	5.34	UF	December 2016	4,505,666	-
Banco de Credito e inversiones	2.75+tab 30	Ch\$	December 2011	-	4,034,606
Banco Santander	6.42	Ch\$	October 2018	2,252,981	4,471,745
Banco Scotiabank	2.75+tab 30	Ch\$	December 2011	-	3,939,140
Banco Corpbanca	2.75+tab 30	Ch\$	December 2011	-	2,939,756
Banco Estado	2.75+tab 30	Ch\$	December 2011	-	2,043,239
Security	2.75+tab 30	Ch\$	December 2011	-	2,775,550
Banco de Chile	2.75+tab 30	Ch\$	December 2011	-	3,934,479
BBVA	2.75+tab 30	Ch\$	December 2011	-	1,990,207
Banco Itaú	2.75+tab 30	Ch\$	December 2011	-	3,643,514
HSBC Bank	2.75+tab 30	Ch\$	December 2011	-	841,732
The Royal Bank of Scotland	2.75+tab 30	Ch\$	December 2011	-	6,681,345
Rabo Bank	2.75+tab 30	Ch\$	December 2011	-	100,532
Banco La Nación Argentina	2.75+tab 30	Ch\$	December 2011	-	653,326
BNP Paribas	2.75+tab 30	Ch\$	December 2011	-	1,344,760
Total				81,176,215	50,328,484
				=====	=====

On December 28, 2010, the Company's management refinanced part of its debt with banks in an aggregate principal amount of UF 4,490 million. This debt will be paid in 16 quarterly installments, equal and consecutive, finishing on December 28, 2014. The principal outstanding will accrue interest at an annual interest rate equal to the TAB UF rate + applicable margin of 2.5%.

The costs associated with the refinancing amount to ThCh\$1,233,000 and will be amortized during the life of the credit.

On October 7, 2009, the Company refinanced ThCh\$105,039,000 of its debt with its main lender. The main objective of this agreement was to extend the maturity profile of its debt and as a result approximately 40% of the then outstanding short-term debt as of that date was extended to long term debt. Additionally, as a part of this agreement the main lender granted the company a new committed line of credit to fund new working capital requirements. The costs associated with said restructuring amounted to ThCh\$ 294,234 and were recorded as an expense once the new refinancing of liabilities was signed in 2010.

Additionally, the Company has opened, but not drawn lines of credit amounting to ThCh\$ 24,704,464 (ThCh\$ 12,836,568 in 2009 and ThCh\$ 9,386,468 in 2008), in order to guarantee the future purchase of inventory.

**NOTE 15 – SUNDRY CREDITORS**

At December 31, 2010 and 2009 the Company has the following Sundry Creditors:

	<u>2010</u>	<u>2009</u>
	ThCh	ThCh\$
Leasing Obligations (1)	757,535	921,283
Advances Received	1,389,990	1,353,501
Others	<u>91,263</u>	<u>1,170,539</u>
Total	2,238,788	3,445,323
	=====	=====

(1) Corresponds to leasing obligations with monthly payments, which are described as follows:

<u>Contract</u>	<u>Description</u>	Number of remaining payments	<u>Amount</u>	<u>Deferred Interest</u>	<u>Short Term</u>		<u>Long Term</u>	
					<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
			ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
1	Galón	14	39,971	2,785	31,565	27,835	5,621	37,205
4	Notebook	11	27,354	1,400	25,954	25,171	-	25,967
5	Communication system	9	81,681	1,867	79,814	100,468	-	79,855
6	Grupo electrógeno	23	9,337	1,223	3,962	3,411	4,152	8,118
7	Grupo electrógeno	20	35,951	3,627	18,591	16,438	13,733	32,340
8	Property- Peru	-	229,875	-	51,637	32,225	178,238	-
9	Property- Peru	-	247,320	-	49,654	148,654	197,666	-
10	Property- Peru	51	357,061	61,728	52,703	47,728	242,630	253,743
11	Property- Peru	52	43,221	3,969	21,286	51,225	17,966	272,598
12	Property- Peru	96	146,691	12,993	45,328	54,555	88,370	325,921
13	Equipment	20	365,534	99,575	34,915	20,885	231,044	42,010
14	Vehicle sales dealership	31	636,963	37,737	133,009	45,447	466,217	146,870
15	Vehicle sales dealership	57	554,814	40,662	105,877	34,288	408,275	293,694
16	Vehicle sales dealership	51	124,546	11,032	21,536	138,588	91,978	663,429
17	Vehicle sales dealership	52	291,822	-	42,651	111,444	249,171	569,464
18	Vehicle sales dealership	44	172,789	31,230	39,053	27,272	102,506	92,794
19	Vehicle sales dealership	78	-	-	-	-	-	-
20	Property-Peru	39	-	-	-	35,649	-	156,152
Total					757,535	921,283	2,297,567	3,000,160
					=====	=====	=====	=====

**NOTE 16 – FACTORING**

At December 31, 2010 and 2009 the Company has the following obligations:

	<u>2010</u>	<u>2009</u>
	ThCh\$	ThCh\$
Factotal Factoring	-	591,444
Factoring Security	-	69,245
Factoring Factorline	<u>-</u>	<u>27,792</u>
Total	-	688,481
	=====	=====

As of December 31, 2010 the Company has no outstanding factoring liabilities with or without recourse.

NOTE 17 – NOTES PAYABLE

Notes Payable is comprised of the following:

	<u>2010</u>	<u>2009</u>
	ThCh\$	ThCh\$
Import documents	-	14,127,646
	=====	=====

NOTE 18- PROVISIONS

a) As of December 31, 2010 and 2009, the provisions accounted for as described in Note 2 t) are as follows:

	<u>2010</u>	<u>2009</u>
	ThCh\$	ThCh\$
Suppliers accruals (1)	808,589	167,253
Provision for dealers annual bonus (2)	181,198	-
Provision for import costs and expenses (3)	1,280,475	763,032
Staff leave holidays	1,156,324	1,063,598
Provision for other benefits to personnel	1,574,838	1,595,898
Advertising provision	394,117	156,278
Provision for loss in leased fleet	489,356	188,167
Other provisions	<u>891,763</u>	<u>201,212</u>
Total	6,776,660	4,135,438
	=====	=====

- (1) This provision increased because of important operations with institutions related to painting and shell transformation.
- (2) During 2010, management developed an incentives strategy for dealerships, where the company grants them an annual bonus if certain target sales are met.
- (3) As of December 31, 2010, this provision includes costs and expenses of vehicles in transit in Peru.

b) Other provisions, which have been deducted from the accounts to which they relate, include:

	<u>2010</u>	<u>2009</u>
	ThCh\$	ThCh\$
Trade accounts receivable	2,267,552	1,098,194
Notes receivable	2,499,543	2,221,372
Sundry debtors	-	856,594
Inventories	2,696,350	2,229,975

NOTE 19- INCOME TAX

- a) At December 31, 2010, current income tax amounted to ThCh\$ 7,287,095 (ThCh\$ 3,227,833 in 2009 and ThCh\$ 3,227,833 in 2008) presented deducted from the monthly provisional payments and other credits under Taxes Recoverable in 2010 (Income Tax Recoverable). In Chile, tax losses do not expire and can be used whenever profits are generated, either in the current fiscal period or in the following period. As of December 31, 2010 and 2009, the Company has recorded in Recoverable taxes, respectively, the following items:

	<u>2010</u>
	ThCh\$
Income tax provision	(7,287,095)
Monthly advance payments	7,874,081
Donation tax credit	59,589
Deductible training expenses	145,097
Other receivable tax credits	<u>1,249,885</u>
Total receivable taxes	<u>2,041,557</u> =====

- b) The deferred income tax was registered according to the criteria described under Note 2 r), and consisted of the following items:

	<u>2010</u>					
	<u>Assets</u>		<u>Liabilities</u>		<u>Assets</u>	
	<u>Short term</u>	<u>Long term</u>	<u>Short term</u>	<u>Long term</u>	<u>Short term</u>	<u>Long term</u>
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Allowance for doubtful accounts	901,501	-	-	-	688,579	-
Allowance for obsolescence	705,320	-	-	-	549,464	-
Provision for staff vacations	469,014	-	-	-	348,180	-
Provision for deferred income	784,497	-	-	-	521,083	-
Sundry provisions	(13,652)	-	-	-	137,100	-
Provision, human resources	314,968	-	-	-	271,303	-
Other	-	-	-	-	-	-
Tax loss carry forwards	1,376,417	269,941	-	-	1,335,205	55,685
Leasing assets	-	-	-	43,509	43,987	-
Complementary accounts (net of amortization)	-	-	-	-	-	(28,987)
Total	<u>4,538,065</u>	<u>269,941</u>	<u>-</u>	<u>43,509</u>	<u>3,894,901</u>	<u>26,798</u>
	=====	=====	=====	=====	=====	=====



c) Effect on income:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
	ThCh\$	ThCh\$	ThCh\$
Current tax expense	(7,287,095)	(3,227,833)	(2,942,677)
Effect of deferred income tax for the year	815,862	1,152,738	346,081
Other taxes in Peru	<u>(709,642)</u>	<u>(259,604)</u>	<u>(1,071,571)</u>
Total	<u>(7,180,875)</u> =====	<u>(2,334,699)</u> =====	<u>(3,668,167)</u> =====

d) Effective tax rate conciliation:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
	ThCh\$	ThCh\$	ThCh\$
Tax expenses using statutory rate	<u>6,713,003</u>	<u>2,241,077</u>	<u>1,360,506</u>
Tax effect of rates in other jurisdictions	1,790,857	1,036,215	1,624,921
Tax effect of non-taxable revenue - Aggregates	(3,244,518)	(2,561,670)	(2,140,425)
Tax effect of non-deductible taxable expenses - Deductions	2,600,650	2,016,864	2,315,866
Other increases (decreases) in statutory taxes charge	<u>(679,117)</u>	<u>(397,787)</u>	<u>507,299</u>
Total adjustments to tax expenses using statutory rate	<u>467,872</u>	<u>93,622</u>	<u>2,307,661</u>
Tax expenses using the effective tax rate	<u>7,180,875</u> =====	<u>2,334,699</u> =====	<u>3,668,167</u> =====

**NOTE 20 - SHAREHOLDERS' EQUITY**

a) Variations in the equity accounts during 2008, 2009 and 2010 is as follows:

	<u>Paid-in capital</u>	<u>Retained earnings</u>	<u>Other reserves</u>	<u>Interim dividends</u>	<u>Income for the year</u>	<u>Total</u>
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Balances at January 1, 2008	17,882,138	15,715,397	(889,246)	(7,799,403)	14,947,194	39,856,080
Transfer of 2007 results	-	14,947,194	-	-	(14,947,194)	-
Dividends provision	-	(7,799,403)	-	7,799,403	-	-
Definitive dividends	-	(4,311,815)	-	-	-	(4,311,815)
Accumulated adjustment for translation differences	-	-	1,364,536	-	-	1,364,536
Price-level restatement	1,591,510	1,776,686	(79,143)	-	-	3,289,053
Net income for the year	-	-	-	-	<u>4,328,877</u>	<u>4,328,877</u>
Balances at December 31, 2008	<u>19,473,648</u>	<u>20,328,059</u>	<u>396,147</u>	<u>-</u>	<u>4,328,877</u>	<u>44,526,731</u>
Balances at December 31, 2008 restated for comparative purposes	<u>19,501,397</u>	<u>20,357,027</u>	<u>396,711</u>	<u>-</u>	<u>4,335,047</u>	<u>44,590,182</u>
Balances at January 1, 2009	19,473,648	20,328,059	396,147	-	4,328,877	44,526,731
Transfer of 2008 results	-	4,328,877	-	-	(4,328,877)	-
Accumulated adjustment for translation differences	-	-	(3,489,264)	-	-	(3,489,264)
Price-level restatement	(447,894)	(567,110)	(9,111)	-	-	(1,024,115)
Net income for the year	-	-	-	-	<u>10,583,552</u>	<u>10,583,552</u>
Balances at December 31, 2009	<u>19,025,754</u>	<u>24,089,826</u>	<u>(3,102,228)</u>	<u>-</u>	<u>10,583,552</u>	<u>50,596,904</u>
Balances at December 31, 2009 restated for comparative purposes	<u>19,501,398</u>	<u>24,692,072</u>	<u>(3,179,784)</u>	<u>-</u>	<u>10,848,141</u>	<u>51,861,827</u>
Balances at January 1, 2010	19,025,754	24,089,826	(3,102,228)	-	10,583,552	50,596,904
Transfer of 2009 results	-	10,583,552	-	-	(10,583,552)	-
Interim dividends	-	-	-	(11,045,000)	-	(11,045,000)
Accumulated adjustment for translation differences	-	-	(1,994,542)	-	-	(1,994,542)
Price-level restatement	475,644	866,834	(77,556)	-	-	1,264,922
Net income for the year	-	-	-	-	<u>32,307,374</u>	<u>32,307,374</u>
Balances at December 31, 2010	<u>19,501,398</u>	<u>35,540,212</u>	<u>(5,174,326)</u>	<u>(11,045,000)</u>	<u>32,307,374</u>	<u>71,129,658</u>

b) On November 30, 2010 the shareholders meeting ratified the payment of dividends provisioned amounting to ThCh\$ 11,045,000 (historic).

c) On April 1, 2008, the shareholders meeting ratified the payment of dividends declared in 2007, which amounted ThCh\$ 7,799,403 (historic).

- d) During the Board of Directors meeting held on April 2, 2008, the board agreed to pay dividends amounting to ThCh\$ 2,811,804 (historic).
- e) On July 3, 2008 the Board of Directors ratified the payment of dividends declared in April 2009, which amount to ThCh\$ 2,811,804 (historic). Furthermore, the payment of dividends amounting to ThCh\$ 1,500,011 (historic) was also approved.
- f) On August 20, 2008 the extraordinary shareholders meeting ratified the payment of dividends declared in July 2008, amounts to ThCh\$ 1,500,011 (historic).
- g) During 2010, 2009 and 2008, the Company applied the standards for the valuation of investments established by the Chilean Institute of Accountants. As a result, and particularly in connection with the valuation of the investments in the subsidiaries Maquinaria Nacional Perú S.A., Automotores Gildemeister Perú S.A. and Motor Mundo Perú S.A., and because these investments are controlled in United States dollars, an Accumulated Translation Adjustment account has been generated, which causes charge to Shareholders' equity of ThCh\$1,994,542 as of December 31, 2010 (credit to shareholders' equity of ThCh\$ 3,489,322 historic, in 2009). This account will accumulate the exchange differences in the United States dollar for the equivalent of the amounts invested in each subsidiary during the period in which Automotores Gildemeister S.A. maintains these investments. This accumulated translation adjustment account cannot be used for capitalization nor may the funds held in these accounts be distributed as profits, as it will only represent a loss or gain when the investment is transferred.
- h) As set forth in Article N°10 of Law 18,046, price-level restatement of equity has been incorporated into paid-in capital at each year-end, as of December 31, 2010, therefore, the capital amount to ThCh\$ 19,501,398 and is divided into 138,000 no-par-value shares.
- i) As of December 31, 2010 and 2009, the share capital is fully subscribed and paid-in. At each year end, equity ownership is as follows:

<u>2010</u>	<u>Shares</u>	<u>%</u>
Minvest S.A.	137,999	99.999
Inmobiliaria Automotores Gildemeister S.A.	<u>1</u>	<u>0.001</u>
Total	138,000	100.00
	=====	=====
<u>2009</u>	<u>Shares</u>	<u>%</u>
Minvest S.A.	137,999	99.999
Inmobiliaria Automotores Gildemeister S.A.	<u>1</u>	<u>0.001</u>
Total	138,000	100.000
	=====	=====

## NOTE 21 - BALANCES AND SIGNIFICANT TRANSACTIONS WITH AFFILIATES

At December 31, 2010, the consolidated financial statements include the following balances with affiliates:

a) Accounts receivable (short term):

<u>Entity</u>	<u>Relationship</u>	<u>Transaction</u>	<u>2010</u>	<u>2009</u>
			ThCh\$	ThCh\$
Short term				
Maquinaria Nacional S.A.	Shareholders in common	Loans granted	3,556,480	4,244,633
Carmeister S.A.	Shareholders in common	Current account	562	453,773
Finmeister S.A.	Shareholders in common	Current account	817,092	1,742,424
RTC S.A.	Shareholders in common	Current account	2,996,382	2,222,835
Fortaleza S.A.	Shareholders in common	Current account	1,970,996	1,952,691
Sociedad de Créditos Automotrices S.A.	Shareholders in common	Current account	887,938	365,011
Automotores Motor Haus S.A. (Ex Camur)	Shareholders in common	Current account	7,777	-
Comercial Gildemeister S.A.	Shareholders in common	Current account	<u>30,230</u>	<u>-</u>
Total			<u>10,267,457</u>	<u>10,981,367</u>
			=====	=====

b) Transactions of Automotores Gildemeister S.A. with affiliates

- Automotores Gildemeister S.A. with Carmeister S.A.

Carmeister S.A. is a company which trades and sells used cars on behalf of Automotores Gildemeister S.A. Automotores Gildemeister S.A. recognizes income and expenses related to the sales of used cars and pays Carmeister a commission on the services rendered.

- Automotores Gildemeister S.A., with Finmeister S.A.

Finmeister is a specialized financial services and lessor that purchases vehicles from Automotores Gildemeister to lease them to clients that opted for this method of financing.

- Automotores Gildemeister S.A., with RTC S.A.

RTC S.A. is a spare parts retailer on behalf of Automotores Gildemeister S.A. The supplier invoices Automotores Gildemeister S.A. who in turn invoices RTC S.A. Subsequently Automotores Gildemeister S.A. issues an invoice to RTC S.A. in order to recognize the margin in sales to third parties.

- Automotores Gildemeister S.A., with Fortaleza S.A.

Fortaleza S.A. has the representation of the main Chinese and Indian brands, which imports the vehicles and later transfers such vehicles to Automotores Gildemeister S.A.

- Automotores Gildemeister S.A., with Comercial Gildemeister S.A.

Comercial Gildemeister holds the licence to represent Mini brand in Chile, for whom it imports and sells the vehicles to Automotores Gildemeister S.A. at cost (CIF value and internal freight)

In April 2009 Fortaleza S.A. and Comercial Gildemeister S.A. (affiliates) empowered Automotores Gildemeister S.A. to import and distribute certain brands of new vehicles and original equipment manufacturer (“OEM”) parts used vehicles and third party after-market accessories in Chile and the sales of certain brands of heavy machinery in Chile and Peru, that were previously sold directly by these affiliates.

Automotores Gildemeister S.A. sells these vehicles directly through its network of stores and dealerships.

- Automotores Gildemeister S.A., with Manasa S.A.

Manasa S.A. is the former retailer of the Ford brand. Automotores Gildemeister S.A. holds stocks of spares parts and vehicles of the former Ford retailer, which are being marketed through Manasa S.A.

c) Significant transactions with affiliates and their effects on results were as follows:

<u>Entity</u>	<u>Relationship</u>	<u>Transaction</u>	<u>Amount</u>			<u>2010</u>
			<u>2010</u>	<u>2009</u>	<u>2008</u>	
			ThCh\$	ThCh\$	ThCh\$	ThCh\$
Carmeister S.A.	Shareholders in common	Services received	899,361	848,471	611,211	(794,353)
		Services rendered	1,437	94,303	445,069	1,427
		Current account for consignment vehicles	1,442,077	2,388,210	4,814,174	-
		Purchase of inventories	986,296	1,527,397	-	-
Inmobiliaria Automotores Gildemeister S.A.	Shareholders in common	Property rental	1,311,817	1,029,399	1,323,364	(1,311,817)
RTC S.A.	Shareholders in common	Sale of inventories	16,216,462	9,973,874	863,211	3,584,469
		Loans granted	-	-	4,823,160	-
		Services paid	32,279	13,990	27,009	(27,125)
		Purchase of inventories	4,782,458	2,339,954	5,080,612	-
		Services rendered	17,777	212,746	833,655	14,284
		Transfer of fixed assets	-	-	52,842	-
		Purchase of fixed assets	53,802	97,528	-	-
		Current account	10,514,874	7,012,269	-	-
Fortaleza S.A.	Shareholders in common	Current account	871,490	5,087,216	9,254,701	-
		Sale of inventories	446,443	2,198,316	536,327	-
		Purchase of inventories	532,320	4,364,152	21,981,738	-
		Loans granted	891,442	655,287	1,850,233	-
Maquinaria Nacional S.A.	Shareholders in common	Loans granted	-	-	94,465	-
		Loan payments received	2,153,795	3,537,587	-	-
		Purchase of fixed assets	-	342,375	52,039	-
		Current account	5,607	396,609	2,500,277	(4,711)
		Purchase of inventories	110,143	7,573,816	2,844,674	-
		Sale of inventories	1,684,290	12,896,161	570,902	-
		Premises rental	-	8,200	48,068	-

<u>Entity</u>	<u>Relationship</u>	<u>Transaction</u>	<u>Amount</u>			<u>2010</u>
			<u>2010</u>	<u>2009</u>	<u>2008</u>	
			ThCh\$	ThCh\$	ThCh\$	ThCh\$
Open Road S.A.	Shareholders in common	Loans granted	-	1,063,827	748,121	-
		Loans payments	-	1,641,192	764,249	-
		Current account	-	7,183	12,664	-
		Rent	-	85,673	148,501	-
		Sale of inventories	-	-	92,696	-
Finmeister S.A.	Shareholders in common	Administrative services	-	39,795	59,435	-
		Services and commissions	296	192	30,020	248
		Sale of inventories	-	38,993	1,619,627	-
		Current account	883,129	394,820	1,528,885	-
Minvest S.A.	Parent company	Current account	310,382	29,709	159,233	-
		Repayment of legal expenses	-	1,674,764	-	-
		Assignment of rights	-	1,482,074	-	-
		Payments received	310,382	-	-	-
Sociedad de Créditos Automotrices S.A.	Shareholders in common	Current account	5,078,870	1,666,649	1,519,133	2,245,690
		Payments received	4,545,376	1,380,116	1,456,417	-
Automotores Haus S.A. (ex Camur S.A.)	Shareholders in common	Current account	9,044	-	-	748
		Purchase of inventories	1,267	-	-	-
Motor Mundo S.A.	Shareholders in common	Current account	605	-	-	-
		Purchase of inventories	10,182	-	-	-
		Payments received	9,577	-	-	-

**NOTE 22 – SALES**

The components of this line item are summarized as follows:

	Chile			Perú			2007
	2010	2009	2008	2010	2009	2008	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Automobile Business:							
New vehicles	287,578,007	206,302,282	213,890,752	149,061,653	106,129,729	134,269,141	436,611,141
Used vehicles	9,626,029	875,464	-	-	-	-	9,626,029
Vehicle OEM parts	24,074,012	20,993,004	20,839,959	9,486,095	8,392,328	7,602,498	33,511,915
Financing and insurance services	<u>3,062,079</u>	<u>2,040,179</u>	<u>1,937,604</u>	<u>379,556</u>	<u>461,562</u>	<u>433,257</u>	<u>3,474,372</u>
Total automobile business	<u>324,340,127</u>	<u>230,210,929</u>	<u>236,668,315</u>	<u>158,927,304</u>	<u>114,983,619</u>	<u>142,304,896</u>	<u>483,227,457</u>
Machinery Business:							
Equipment sales	13,560,941	10,145,258	14,608,485	-	-	-	13,560,941
Rental	901,644	1,049,606	2,029,254	-	-	-	901,644
Parts and services	<u>4,716,444</u>	<u>4,072,475</u>	<u>4,173,711</u>	-	-	-	<u>4,716,444</u>
Total heavy machinery	<u>19,179,029</u>	<u>15,267,339</u>	<u>20,811,450</u>	-	-	-	<u>19,179,029</u>
Third party after-market accessories	<u>12,046,741</u>	<u>6,872,064</u>	-	-	-	-	<u>12,046,741</u>
Total sales	<u>355,565,897</u>	<u>252,350,332</u>	<u>257,479,765</u>	<u>158,927,304</u>	<u>114,983,619</u>	<u>142,304,896</u>	<u>514,401,627</u>



#### NOTE 23 - OTHER NON-OPERATING INCOME

The components of this line item are summarized as follows:

	<u>2010</u>	<u>2009</u>	2008
	ThCh\$	ThCh\$	ThCh\$
Premises rental	93,443	149,856	196,047
Tax refund	460,054	-	754,942
Brands rights	-	779,138	-
Adjustment to depreciation of prior periods	138,063	-	-
Reversal of annual leave accrual	101,090	-	-
Office lease	80,498	-	-
Sales and services interests	50,545	-	-
Sale of furniture	37,441	-	-
Recovery of advertisement expenses	29,485	-	-
Other	<u>58,043</u>	<u>24,995</u>	<u>19,332</u>
Total	<u>1,048,662</u>	<u>953,989</u>	<u>970,321</u>

#### NOTE 24 - OTHER NON-OPERATING EXPENSES

The components of this line item are summarized as follows:

	<u>2010</u>	<u>2009</u>	2008
	ThCh\$	ThCh\$	ThCh\$
Loss on sale of property – real estate in Punta Arenas (1)	-	(1,053,271)	-
Loss on sale of other fixed assets	(660,040)	(75,636)	(14,535)
Contract penalty (2)	-	(590,301)	-
Other	(78,242)	(76,710)	(50,379)
Legal proceedings	(307,951)	-	-
Transportation and travel expenses of employees	(37,909)	-	-
Sales tax	(28,549)	-	-
Factory interests	(21,060)	-	-
Claims	(17,784)	-	-
Campaigns, representation expenses and contributions	<u>(29,826)</u>	<u>-</u>	<u>-</u>
Total	<u>(1,181,361)</u>	<u>(1,795,918)</u>	<u>(64,914)</u>

(1) This line item was generated mainly with the sale to third parties of real estate assets owned by the Company, located in Punta Arenas. These assets were used by the related company Open Road S.A. (Ex - Compañía Frigoríficos de Magallanes S.A.) whose business was sold during 2009, leaving the assets with no commercial use. The loss resulting from the sale of these goods is approximately 20% of their book value, which is explained by the deficient situation of real estate market during the year, plus the fact that the amounts invested in improving these facilities were not considered in the transaction.

(2) This line item corresponds to the indemnification paid to a third party, generated when Automotores Gildemeister S.A. decided not to acquire a land lot, which it had agreed to acquire in an agreement, signed on September 29, 2008, which included a penalty of UF 27,000 if any of the partners did not comply.

#### NOTE 25 - DIRECTORS' REMUNERATION

During the years ended December 31, 2010, 2009 and 2008, the Board of the Company received no fees as compensation for their work as directors.

NOTE 26 - CONTINGENCIES AND COMMITMENTS

- a) At December 31, 2010 and 2009, the Company does not have short-term mortgages.
- b) At December 31, 2010, in connection with certain long-term obligations, the company has granted the following mortgages for properties located in:
- i) Cristóbal de Peralta Norte 968, city of Lima, Perú, for a total of US\$ 855,916.80 for the benefit of Banco Crédito del Perú.
  - ii) Property located at Avda. Francisco Bilbao 4,976, Las Condes for a total of UF 14,691.02, and Avda. Americo Vespucio No 195 lote 2 and Avda. Américo Vespucio Lote 1B 2B, Lotes 12 y 13, Pudahuel, for a total of ThCh\$ 2,574,836 for the benefit of Santander Santiago Bank.
  - iii) Property located at Avda. Las Condes N° 11.000, Las Condes and property located in Av. Américo Vespucio lots 1B y 2B, Lotes 12 y 13, Pudahuel, totaling UF 252,000 for the benefit of Banco de Chile.
  - iv) Property located in lots 8-A, 8-B, 9-A manzana 3 sector 1 Barrio Industrial, Avda. Industrial N° 7269 and 7289 correspondents to sites N°s 6 and 7 city of Antofagasta, Chuyacaya lot A, Osorno City, Avda. Américo Vespucio 548 lot 8B, Pudahuel, for a total of UF 87,070.81 issued to Corpbanca.
  - v) Property located in Av. Claudio Arrau N° 9490 y 9404, Santiago, for the benefit of Banco de Chile and other banks.
- c) At December 31, 2010, in connection with certain long-term obligations the company , has granted the following mortgages for properties located in:
- i) Property located in Av. Claudio Arrau N° 9490 y 9404 Santiago for the benefit of Banco de Chile and others.
  - ii) Property located in Av. Américo Vespucio N°580 y N°576, Santiago, for the benefit of Banco de Chile and others. (Third grade mortgages)
  - iii) Property located in Autopista Talcahuano N°3280-A, for the benefit of Banco de Chile y and others.
  - iv) Property located in Avenida Fuchslocher s/n lote y parcela 8 B, sector Chuyaco, Osorno, for the benefit of Banco de Chile and others.
  - v) Property located in sector bajo Molle sitios 5 y 6 de la manzana L, Iquique, for the benefit of Banco de Chile and other banks.
  - vi) Property located in Av. Rendic N°7250 y N°7260, Antofagasta, for the benefit of Banco de Chile and others. (Second grade mortgages).
  - vii) Property located in Av. Irarrázaval 305, Antofagasta, for the benefit of Banco de Chile and others (Second grade mortgages).
  - viii) Property located in Av. Industrial 7269 y 7289, Antofagasta, for the benefit of Banco de Chile and others (Second grade mortgages).

- ix) Property located in Av. Ramón Picarte s/n lotes A, B and C, for the benefit of Banco de Chile and others (Second grade mortgages).
  - x) Property located in Av. José González s/n lotes 1 and 2, for the benefit of Banco de Chile and others (Second grade mortgages).
- b) As of December 31, 2009 for the commitments related with the refinancing contract, the Company has the following first and second grade mortgages amounting to ThCh\$ 62,314,431 (historic) and US\$ 2,893,214.75 in favor of Banco de Chile (guarantees agent) for the properties located on:

First grade mortgages:

- i) Lot B 1 Paicavi N°3280 A, Concepción city,
- ii) Plot 8 B, Chuyaca, Osorno city,
- iii) Lands lot A, B and C, Ramon Picarte street with Circunvalación sur, Valdiva city,
- iv) Sites 5 and 6, block L, Avenida La Tirana bajo Molle km 7, Iquique city,
- v) Lautaro Navarro N°1228, Punta Arenas city, and
- vi) Avenida José González S/N lots 1 and 2, Punta Arenas city.

Second grade mortgages:

- i) Avenida Americo Vespucio lot 1B and 2 B, Lots 12 and 13, sector B, Pudahuel,
- ii) Avenida Las Condes N°11,000, Las Condes,
- iii) Vespucio 548, lot 8B, Pudahuel,
- iv) Site 8-A, 8-B, 9-B blocks 3 sector 1, Barrio industrial, Avenida Industrial N°7269 and 7289, corresponding to the sites N° 6 and N°7, Antofagasta city,
- v) Chuyaca lot A, Ososrno city,
- vi) Avenida Francisco Bilbao N°4,976, Las Condes, and
- vii) Avenida Americo Vespucio N° 195, lot 2 and Avenida Americo Vespucio lot 1B 2N, lots 12 and 13, Pudahuel.

As of December 31, 2010, the Company has constituted "Warrants" over vehicles inventory amounting to ThCh\$ 26,826,673 (ThCh\$ 14,158,553 in 2009) to guarantee long-term credits with financial institutions.

NOTE 27 - TRANSLATION TO ENGLISH FROM THE ORIGINALLY ISSUED FINANCIAL STATEMENTS IN SPANISH

The Company has issued its consolidated financial statements in Spanish and in conformity with accounting principles generally accepted in Chile. The financial statements presented herein represent a free translation from the original consolidated financial statements issued in Spanish, and may include some minor changes which were made in order to provide a better understanding to users of these financial statements. Those changes do not modify the Company's net equity, its net income or its cash flows at each year-end or for any reported period herein presented.

Cristián Leighton F.  
Chief Accountant

Eduardo Moyano L.  
Chief Administration and  
Financial Officer

Valentin Schwartz  
Controller Vice-president

Ricardo Lessmann C.  
Executive Chairma

## ANNEX A:

### SIGNIFICANT DIFFERENCES BETWEEN CHILEAN GAAP AND IFRS

Our Audited Consolidated Annual Financial Statements and our Unaudited Consolidated Interim Financial Statements contained elsewhere in this Offering Memorandum have been prepared in Chilean pesos (Ch\$) in accordance with Chilean GAAP. Significant measurement and disclosure differences exist between IFRS and Chilean GAAP, and those differences may be material to the financial information that we have provided in this Offering Memorandum.

Chilean GAAP differs in certain significant respects from IFRS. Such differences might be material to the financial information contained in this offering memorandum. A summary of the significant differences is presented below. We have made no attempt to identify or quantify the impact of those differences. In making an investment decision investors must rely upon their own examination of Gildemeister, the terms of this offering memorandum and the financial information contained herein. Potential investors should consult their own professional advisors for an understanding of the differences between Chilean GAAP and IFRS, and how those differences might affect the financial information contained herein.

This summary should not be taken as exhaustive of all differences between Chilean GAAP and IFRS. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented in the Financial Statements, including the New Notes thereto.

Set forth below is a description of the significant differences between Chilean GAAP and IFRS:

#### **Price-Level Restatement**

##### *IFRS*

In accordance with IAS 29 “Financial reporting in hyperinflationary economies”, the Chilean economy is not considered hyper-inflationary and accordingly, price-level restatement should not be applied.

##### *Chilean GAAP*

Under Chilean GAAP, figures included in the financial statements are restated to reflect the full effects of the gain (loss) in the purchasing power of the Chilean peso on the financial position and results of operations of reporting entities. The method is based on a model that enables calculation of net inflation gains or losses caused by monetary assets and liabilities exposed to changes in the purchasing power of local currency, by restating all non-monetary accounts in the financial statements. The model prescribes that the historical cost of such accounts be restated for general price-level changes between the date of origin of each item and the year-end.

#### **Property, Plant and Equipment**

##### *IFRS*

Property, plant and equipment is initially recorded at its acquisition cost. Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that

future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Guidance allows two options for subsequent measurement of assets, either the cost model or revaluation model. Under the revaluation model, an asset, whose fair value can be measured reliably, shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation is calculated for each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item on a straight-line basis over the estimated useful life of the assets. The cost of an asset is depreciated to reduce the asset's carrying value to its residual value on a systematic basis over its useful life.

The residual value and the useful life of an asset shall be reviewed on an annual basis, at each financial year-end and, if expectations differ from the previous estimate, the change is accounted for as a change in an accounting estimate. In accordance with IFRS 1 a first-time adopter may elect the measurement base to determine the deemed cost of property, plant and equipment at the transition date.

#### *Chilean GAAP*

Property, plant and equipment are carried at cost plus price-level restatements less accumulated depreciation. Expenditures for significant improvements, or replacement parts, which extend the useful life of an asset for more than one year, are capitalized, while maintenance and repair costs are charged to operations as incurred. Gains and losses arising from normal retirement and disposal of property, plant and equipment are reflected in other non-operating income or expense in the consolidated statements of income.

### **Intangible Assets**

#### *IFRS*

An intangible asset will be recognized if, and only if:

- it is identifiable;
- the entity has control over the asset;
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably

All separately acquired intangible assets that meet the recognition criteria should be measured at cost. Two options can be used for subsequent measurement, cost or revaluation. An intangible asset may be carried at a revalued amount, being its fair value at the revaluation date, less any accumulated amortization and accumulated impairment losses.

An entity is required to assess whether the useful life of an intangible asset is finite or indefinite and, if finite, the length of, or number of production or similar units constituting, that useful life. An intangible asset will be regarded by Gildemeister as having indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

Consumption of the economic benefits of a finite lived intangible asset is reflected by an amortization charge. The cost of the asset is amortized to reduce its carrying value to its residual value (usually zero) over its useful life. Amortization shall begin when the asset is available for use. The amortization period and method must be reviewed at least at each year end and appropriate adjustments made if either is no longer relevant

#### *Chilean GAAP*

According to Technical Bulletin N°55, Chilean GAAP allows similar treatment of intangible assets with the following exceptions:

- According to Chilean GAAP, Gildemeister is not permitted to use the revaluation method. The intangible assets are recorded at cost.
- Chilean GAAP does not require performing impairment tests at the end of each reporting period.

#### **Embedded derivatives**

##### *IFRS*

Certain implicit or explicit terms included in host contracts that affect some or all of the cash flows or the value of other exchanges required by the contract in a manner similar to a derivative instrument must be separated from the host contract and accounted for at fair value only if all the criteria required are met. An entity separately would measure embedded derivatives as freestanding derivative instruments at their estimated fair values recognizing changes in such fair values when they occur. The gain or loss on a derivative instrument not designated as a hedging instrument is recognized in income.

##### *Chilean GAAP*

Chilean GAAP does not consider the existence of derivative instruments embedded in other contracts and therefore they are not reflected in the financial statements.

#### **Financial instruments disclosure**

##### *IFRS*

IFRS requires disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The qualitative disclosure describes management's objectives, policies and processes for managing those risks. The quantitative disclosure provides information about the extent to which the entity is exposed to risk, based on information provided internally to the entity's key management personnel. Together, these disclosures provide an overview of the entity's use of financial instruments and the exposures to risks they create.

##### *Chilean GAAP*

There is no similar requirement.

#### **Impairment of Assets**

##### *IFRS*

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment.

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

#### *Chilean GAAP*

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of any such asset may not be recoverable. The estimate of future cash flow is based upon, among other things, certain assumptions about expected future operating performance. Gildemeister's estimates of undiscounted cash flows may differ from actual cash flows due to, among other things, technological changes, economic conditions and changes to our business model or changes in operating performance. If the sum of the projected undiscounted cash flows (excluding interest) is less than the carrying value of the asset, the asset will be written down to its estimated fair value.

### **Financial Assets**

#### *IFRS*

IFRS prescribes four categories for financial assets:

- 1) A financial asset is 'at fair value through profit or loss' (FVTPL) if it is either:
  - a) Held-for-trading, that is:
  - b) Designated on initial recognition as 'at fair value through profit or loss'.
- 2) Loans and receivables are non-derivative financial assets with fixed non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, except for specific cases
- 3) Held-to-maturity (HTM) assets are non-derivative financial assets with fixed or determinable payments and fixed maturity (for example, debt securities, loans and mandatory redeemable preferred shares) that an entity has the positive intention and ability to hold to maturity with certain exceptions.
- 4) Available-for-sale financial assets (AFS) are non-derivative financial assets (including both debt and equity instruments) that are designated as such on initial recognition or that are not classified in any other category.

#### *Chilean GAAP*

Financial instruments issued by corporations, bonds issued by Chilean Government agencies and Notes issued by financial institutions with readily determinable market values are recorded at the lower of cost or market. Unrealized losses on such investments are reflected in the statements of income.



**ISSUER**

**Automotores Gildemeister S.A.**  
570 Avenida Américo Vespucio  
Padahuel, Santiago  
Chile

**INITIAL PURCHASER**

**J.P. Morgan Securities LLC**  
383 Madison Avenue  
New York, New York 10179  
U.S.A.

**LEGAL ADVISORS**

*To the Company*

*As to U.S. Federal and New York Law:*

**Cleary Gottlieb Steen & Hamilton LLP**  
One Liberty Plaza  
New York, New York 10006

*As to Chilean Law:*

**Cariola Diez Perez-Cotapos & Cia. Ltda.**  
Av. Andres Bello 2711, Piso 19  
Las Condes, Santiago, Chile

**LEGAL ADVISORS**

*To the Initial Purchaser*

*As to U.S. Federal and New York Law:*

**Davis Polk & Wardwell LLP**  
450 Lexington Avenue  
New York, New York 10017

*As to Chilean Law:*

**Philippi, Yrarrazaval, Pulido & Brunner,  
Abogados Ltda.**  
Av. El Golf 40, Piso 20  
Las Condes, Santiago, Chile

**INDEPENDENT ACCOUNTANTS OF THE ISSUER**

**PricewaterhouseCoopers, Consultores, Auditores y Cia, Ltda.**  
Avenida Andres Bello 2711, Piso 3  
Las Condes, Santiago, Chile

**TRUSTEE, REGISTRAR, PAYING AGENT  
AND TRANSFER AGENT**

**Deutsche Bank Trust Company Americas**  
Trust and Securities Services  
60 Wall Street, 27th Floor  
MS: NYC60-2710  
New York, NY 10005

**LUXEMBOURG LISTING AGENT,  
REGISTRAR, PAYING AGENT AND  
TRANSFER AGENT**

**Deutsche Bank Luxembourg S.A.**  
2, boulevard Konrad Adenauer  
L-1115 Luxembourg  
Luxembourg

