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LISTING PROSPECTUS

CORPORACIÓN LINDLEY S.A.

U.S.$260,000,000 4.625% Notes Due 2023

The U.S.$260,000,000 4.625% notes due 2023 (the "Notes") are being offered by Corporación Lindley S.A. (the "Issuer," the "Company" or "Lindley"). The Notes will mature on April 12, 2023. The Notes will bear interest at a rate of 4.625% per year and will be payable on April 12 and October 12 of each year, or if such date is not a Business Day (as defined herein) on the next succeeding Business Day (without any additional interest being payable as a result of such delay) (each, a "Payment Date"). The first Payment Date will be October 12, 2013.

The principal on the Notes outstanding on October 12, 2021, will be repaid by semi-annual payments made during the two years prior to the final maturity of the Notes. The principal payments will be made in four equal installments on October 12, 2021, April 12, 2022, October 12, 2022 and April 12, 2023. The final maturity date of the Notes will be April 12, 2023.

The Notes will rank at all times equally with all of our existing and future senior unsecured indebtedness (other than obligations preferred by statute or by operation of law).

Lindley may redeem the Notes, in whole or in part, at any time by paying the greater of (1) 100% of the principal amount of the Notes to be redeemed and (2) a "make-whole" amount, plus in each case accrued and unpaid interest to the redemption date, as described under "Description of the Notes—Optional Redemption." Unless previously redeemed or purchased and cancelled as provided below, we will redeem the Notes at their principal amount on April 12, 2023.

The Notes will not be guaranteed by The Coca-Cola Company.

For a more detailed description of the Notes, see "Description of the Notes" beginning on page 90.

Investment in the Notes involves risks. See "Risk Factors" beginning on page 12 of this offering memorandum (the "Offering Memorandum").

Issue Price: 100.00% of face amount plus accrued interest, if any, from April 12, 2013.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY ONLY BE OFFERED OR SOLD WITHIN THE UNITED STATES TO QUALIFIED INSTITUTIONAL BUYERS IN RELIANCE ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY RULE 144A OR OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY REGULATION S. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT SELLERS OF THE NOTES MAY BE RELYING ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY RULE 144A OR REGULATION S. FOR CERTAIN RESTRICTIONS ON RESALES, SEE "TRANSFER RESTRICTIONS."

ANY OFFER OR SALE OF NOTES IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (THE "EEA") THAT HAS IMPLEMENTED DIRECTIVE 2003/71/EC (THE "PROSPECTUS DIRECTIVE") MUST BE ADDRESSED TO QUALIFIED INVESTORS (AS DEFINED IN THE PROSPECTUS DIRECTIVE).

The Notes are registered with the Foreign Investment and Derivatives Instruments Registry (*Registro de Instrumentos de Inversión y de Operaciones de Cobertura de Riesgo Extranjeros*) of the Peruvian *Superintendencia de Banca, Seguros y Administradoras Privadas de Fondos de Pensiones* ("SBS") for Peruvian private pension fund investment eligibility, as required by Peruvian legislation. The Notes (or beneficial interests therein) may not be offered or sold in the Republic of Peru ("Peru") or any other jurisdiction except in compliance with the securities law thereof.

Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to the Official List and trading on the Euro MTF market. There can be no assurance that such application will be granted as of the settlement date for the Notes or at any time thereafter, and settlement of the Notes is not conditioned on obtaining this listing. This Offering Memorandum can only be used for the purposes for which it was published. This Offering Memorandum constitutes a prospectus for the purposes of the Luxembourg Law on prospectuses for securities, dated July 10, 2005, as amended, and is exclusively for the listing and admission to trading of the Notes.

The initial purchasers expect to deliver the Notes to purchasers in book-entry form only through the facilities of The Depository Trust Company ("DTC"), Euroclear Bank, S.A./N.V. ("Euroclear") and Clearstream Banking, société anonyme Luxembourg ("Clearstream") on or about April 12, 2013.

Joint Lead Managers

Citi **J.P. Morgan**

The date of this Offering Memorandum is April 12, 2013.

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In this Offering Memorandum, "Lindley," the "Company," the "Issuer," "we," "us," "our" and "our company" refer to Corporación Lindley S.A., and its wholly-owned consolidated subsidiary Embotelladora La Selva S.A. ("La Selva"), each, a *sociedad anonima* (corporation) incorporated in Peru, unless the context otherwise requires or unless specified otherwise. "The Coca-Cola Company" refers to The Coca-Cola Company and its subsidiaries unless the context otherwise requires or unless specified otherwise. As used in this Offering Memorandum, "Business Day" means any day other than a Saturday, a Sunday or a legal holiday or a day on which banking institutions are authorized or obligated by law to close in New York City or Lima.

You should only rely on the information contained in this Offering Memorandum. We have not and the initial purchasers have not, authorized anyone to provide you with different information. Neither we nor the initial purchasers are making an offer of the Notes in any jurisdiction where the offer is not permitted.

We, having made all reasonable inquiries, confirm that as of the date on the front cover of this Offering Memorandum the information contained in this Offering Memorandum with regards to our company is true and accurate in all material respects, that the opinions and intentions we express in this Offering Memorandum are honestly held, and that there are no other facts the omission of which would make this Offering Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. We accept responsibility accordingly.

As required under the Peruvian Securities Market Law, Lindley will notify the Peruvian Capital Markets Superintendency (*Superintendencia del Mercado de Valores*) ("SMV") of the offering of the Notes. Such notice will be delivered to the SMV to comply with a legal requirement and for information purposes only; therefore, the delivery to and the receipt by the SMV of such notice does not and will not imply any certification as to the investment quality of the Notes, the solvency of Lindley or the accuracy or completeness of the information included in this Offering Memorandum.

This Offering Memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, any Notes offered hereby by any person in any jurisdiction in which it is unlawful for such person to make an offer or solicitation. Neither the delivery of this Offering Memorandum nor any sale made hereunder shall under any circumstances imply that there has been no change in our affairs or the affairs of our subsidiary or that the information set forth in this Offering Memorandum is correct as of any date subsequent to the date of this Offering Memorandum.

This Offering Memorandum has been prepared by us solely for use in connection with the proposed offering of the Notes. We reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than all of the Notes offered by this Offering Memorandum. Citigroup Global Markets Inc. and J.P. Morgan Securities LLC will act as initial purchasers with respect to the offering of the Notes. This Offering Memorandum is personal to you and does not constitute an offer to any other person or to the public in general to subscribe for or otherwise acquire the Notes.

Distribution of this Offering Memorandum by you to any person other than those persons retained to advise you is unauthorized, and any disclosure of any of the contents of this Offering Memorandum without our prior written consent is prohibited. By accepting delivery of this Offering Memorandum you agree to the foregoing and to make no photocopies of this Offering Memorandum.

You must (1) comply with all applicable laws and regulations in force in any jurisdiction in connection with the possession or distribution of this Offering Memorandum and the purchase, offer or sale of the Notes, and (2) obtain any required consent, approval or permission for the purchase, offer or sale by you of the 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, and neither we nor the initial purchasers or their agents have any responsibility therefor. See "Transfer Restrictions" for information concerning some of the transfer restrictions applicable to the 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 Offering Memorandum;

- you have not relied on the initial purchasers or their agents or any person affiliated with the initial purchasers or their agents 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 Notes other than those as set forth in this Offering Memorandum. If given or made, any such other information or representation should not be relied upon as having been authorized by us, the initial purchasers or their agents.

In making an investment decision, you must rely on your own examination of our business and the terms of this offering, including the merits and risks involved. The Notes have not been recommended by the U.S. Securities and Exchange Commission ("SEC"), the SMV or any state or foreign securities commission or regulatory authority. Furthermore, these authorities have not confirmed the accuracy or determined the adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense.

The Notes may not be transferred or resold except as permitted under the Securities Act of 1933, as amended, which we refer to in this Offering Memorandum as the "Securities Act," and related regulations and applicable state securities laws. In making your purchase, you will be deemed to have made certain acknowledgements, representations and agreements set forth in this Offering Memorandum under the caption "Notice to Investors." You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

This Offering Memorandum may only be used for the purpose for which it has been published. Neither the initial purchasers nor any of their agents is making any representation or warranty as to the accuracy or completeness of the information contained in this Offering Memorandum, and nothing contained in this Offering Memorandum is, or shall be relied upon as, a promise or representation, whether as to the past or the future. Neither the initial purchasers nor any of their agents has independently verified any of such information and assumes no responsibility for the accuracy or completeness of the information contained in this Offering Memorandum.

See "Risk Factors," following the "Summary," for a description of certain factors relating to an investment in the Notes, including information about our business. None of us, the initial purchasers or any of our or its representatives is making any representation to you regarding the legality of an investment by you under applicable legal investment or similar laws. You should consult with your own advisors as to legal, tax, business, financial and related aspects of a purchase of the Notes.

Notwithstanding anything in this Offering Memorandum to the contrary, each prospective investor (and each employee, representative or other agent of the prospective investor) may disclose to any and all persons, without limitation of any kind, the U.S. tax treatment and U.S. tax structure of any offering and all materials of any kind (including opinions or other tax analyses) that are provided to the prospective investor relating to such U.S. tax

treatment and U.S. tax structure, other than any information for which nondisclosure is reasonably necessary in order to comply with applicable securities laws.

To ensure compliance with Treasury Department Circular 230, holders of the Notes are hereby notified that: (a) any discussion of federal tax issues in this document is not intended or written to be relied upon, and cannot be relied upon, by holders of the Notes for the purpose of avoiding penalties that may be imposed on holders of the Notes under the Internal Revenue Code; (b) such discussion is included herein by Lindley in connection with the promotion or marketing (within the meaning of Circular 230) by the company of the transactions addressed herein; and (c) holders of the Notes should seek advice based on their particular circumstances from an independent tax advisor.

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NOTICE TO INVESTORS

The distribution of this Offering Memorandum and the offering of the Notes (and beneficial interests therein) in certain jurisdictions may be restricted by law. Persons who come into possession of this Offering Memorandum are required by the Issuer, the Trustee and the initial purchasers to inform themselves about and to observe any such restrictions. This Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy the Notes (or beneficial interests therein) in any jurisdiction in which such offer or solicitation is unlawful. In particular, there are restrictions on the distribution of this Offering Memorandum and the offer and sale of the Notes (or beneficial interests therein) in Peru, the European Economic Area, the United Kingdom and the United States. See "Transfer Restrictions."

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 WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A NOTE IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER CHAPTER 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A NOTE OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, NOTE, 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.

NOTICE TO RESIDENTS OF PERU

The Notes are registered with the Foreign Investment and Derivatives Instruments Registry (*Registro de Instrumentos de Inversión y de Operaciones de Cobertura de Riesgo Extranjeros*) of the SBS for Peruvian private pension fund investment eligibility, as required by Peruvian legislation.

No offer of or invitation to subscribe for or buy or sell the Notes or beneficial interests therein may be made in Peru except in compliance with the laws of Peru.

AVAILABLE INFORMATION

To permit compliance with Rule 144A under the Securities Act in connection with resales of Notes, we will be required under the indenture under which the Notes are issued (the "Indenture"), upon the request of a holder, for so long as the Notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, to furnish to the holder or beneficial owner of such restricted securities and any prospective purchaser of such restricted securities designated by such holder or beneficial owner 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 United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act ("Rule 12g3-2(b)"). As long as we maintain this exemption, we will not be required under the Indenture to deliver information otherwise required to be delivered under Rule 144A(d)(4) under the Securities Act.

We are a *sociedad anonima* (corporation) organized under the laws of Peru. Our investment shares and our corporate bonds issued under our U.S.$150 million bond program are registered with the Public Registry of Securities (*Registro Publico del Mercado de Valores*) of the SMV and are listed on the Lima Stock Exchange (*Bolsa de Valores de Lima*). See "Shareholders." Accordingly, for as long as the foregoing securities are registered and listed therein, we are required to furnish certain information including quarterly and annual reports, and notices of material events (*hechos de importancia*) to the SMV and the Lima Stock Exchange. All such reports and notices are published in Spanish and are available at www.smv.gob.pe and www.bvl.com.pe. These reports and notices are not incorporated by reference in, and do not constitute part of, this Offering Memorandum.

The Indenture further requires that we furnish to the Trustee (as defined herein) all notices of meetings of the holders of Notes and other reports and communications that are generally made available to holders of the Notes. At our request, the Trustee will be required under the Indenture to mail these notices, reports and communications received by it from us to all record holders of the Notes promptly upon receipt. See "Description of Notes."

We will make available to the holders of the Notes, at the corporate trust office of the Trustee at no cost, copies of the Indenture as well as of our Offering Memorandum, our Consolidated Financial Statements (as defined herein) in English, prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the International Accounting Standards Board, or "IASB." For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and to trading on the Luxembourg Stock Exchange's Euro MTF market, you can also obtain a copy of the Indenture and our articles of association at the office of the paying agent at 388 Greenwich Street, 14th Floor, New York, New York 10013, USA. We will also make available at the office of the Trustee our unaudited quarterly consolidated financial statements in English prepared in accordance with IFRS.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

Lindley is a corporation (*sociedad anónima*) with limited liability organized under the laws of Peru. All of Lindley's directors and officers reside in Peru or elsewhere outside the United States, and substantially all or a significant portion of Lindley's assets and the assets of its directors and officers are located outside the United States. As a result, it may not be possible for investors in the Notes to: (a) effect service of process upon Lindley or any such persons outside Peru, (b) enforce against any of them, in courts of jurisdictions other than Peru, judgments obtained in such courts that are predicated upon the laws of such other jurisdictions, or (c) enforce against any of them, in Peruvian courts, judgments obtained in jurisdictions other than Peru, including judgments obtained in respect of the Notes or the Indenture in New York courts, unless such judgments fulfillment with the requirements described below.

The choice of New York law as the law governing the Indenture and the Notes is a valid choice under Peruvian law to govern such documents. Under the laws of Peru, the irrevocable submission of Lindley to the non-exclusive jurisdiction of the federal and state courts in New York City (each a "New York Court"), the waiver by Lindley of any right to jurisdiction to which it may be entitled on account of place of residence or domicile, the waiver by Lindley of any objection to the venue of a proceeding in a New York Court, and the agreement of Lindley that the agreements referred to above shall be governed by and construed in accordance with the laws of New York are legal, valid and binding upon and enforceable against Lindley. Service of process effected in the manner set forth in the Indenture will be effective, insofar as Peruvian law is concerned, to confer valid personal jurisdiction over Lindley. Any judgment obtained in a New York Court arising out of or in relation to the obligations of Lindley in connection with the agreements and obligations under the Indenture and the Notes or the transactions contemplated thereby would be enforceable against Lindley in the courts of Peru as described hereunder.

Lindley has been advised by Rodrigo, Elías & Medrano Abogados, its Peruvian counsel, that final and conclusive judgments for a fixed and definitive sum obtained against Lindley in any foreign court having jurisdiction in respect of any suit, action or proceeding against Lindley for the enforcement of any obligation of Lindley under the Indenture and the Notes that are governed by New York law will, upon request, be deemed valid and enforceable in Peru, through an exequatur judiciary proceeding, which does not involve the reopening or reexamining the case, reviewing the merits of the cause of action in respect to which such judgment was given or re-litigating the merits adjudicated upon; provided that:

- the judgment does not resolve matters under the exclusive jurisdiction of Peruvian courts (and matters contemplated in respect of this Offering Memorandum or the Notes are not matters under the exclusive jurisdiction on Peruvian courts);
- such court had jurisdiction under its own conflicts of law rules and under general principles of international procedural jurisdiction;
- Lindley was served in accordance with the laws of the place where the proceeding took place, was granted a reasonable opportunity to appear before such foreign court and was guaranteed due process rights;
- the judgment has the status of *res judicata* as defined in the jurisdiction of the court rendering such judgment;
- there is no pending litigation in Peru between the same parties for the same dispute, which shall have been initiated before the commencement of the proceeding that concluded with the foreign judgment;
- the judgment is not incompatible with another judgment that fulfills the requirements of recognition and enforceability established by Peruvian law unless such foreign judgment was rendered first;

- the judgment is not contrary to public policy (*órden público*) or good morals;

- it is not proven that such foreign court denies enforcement of Peruvian judgments or engages in a review of the merits thereof;

- such final judgment has been (a) duly apostilled by the competent authority of the jurisdiction of the issuing court, in case of jurisdictions that are parties of the Hague Apostille Convention, or (b) certified by Peruvian consular authorities, in case of jurisdictions that are not part of the Hague Apostille Convention, and is accompanied by a certified, sworn translation of such judgment in Spanish;

- the applicable court taxes and filing fees have been paid; and

- there is in effect a treaty between the country where said foreign courts sits and Peru regarding the recognition and enforcement of foreign judgments. In the absence of such a treaty, the reciprocity rule is applicable (such reciprocity rule being presumed), under which a judgment given by a foreign court of competent jurisdiction will be admissible in the Peruvian courts and will be enforced, unless according to such foreign law: (a) judgments issued by Peruvian courts are not admissible in such foreign country or (b) judgments issued by Peruvian courts are subject to re-examination by such court of competent jurisdiction of the issues considered therein.

We have no reason to believe that any such judgment would be under the exclusive jurisdiction of Peruvian courts or that any of Lindley's obligations under the Indenture and the Notes, which are governed by the laws of the State of New York, would be contrary to Peruvian public policy and international treaties binding upon Peru or generally accepted principles of international law. No treaty exists between the United States and Peru for the reciprocal enforcement of foreign judgments. Peruvian courts, however, have enforced judgments rendered in the United States based on legal principles of reciprocity and comity.

In connection with the Indenture (including the issuance of the Notes), Lindley will appoint CT Corporation System, at its registered office in 111 Eighth Avenue, New York, N.Y. 10011, USA, as its authorized agent for the service of process in New York.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act, as amended. Our estimates and forward-looking statements are based on our current expectations and projections of future events and trends, which affect or may affect our business and results of operations. Words such as "believe," "anticipate," "plan," "expect," "target," "estimate," "project," "predict," "forecast," "guideline," "should," "aim," "continue," "could," "guidance," "may," "potential," "will," as well as similar expressions and the negative of such expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying these statements. Examples of forward-looking statements include statements regarding the intent, belief or current expectations of Lindley, its officers or its management with respect to:

- projections of revenues, net income (loss), earnings per share, capital expenditures, dividends, capital structure, other financial items or ratios, taxes, and projections related to a business and results of operations;
- statements of our plans, objectives or goals, including those relating to anticipated trends, competition, regulation and financing plans;
- statements about expectations regarding our relationship and agreements with The Coca-Cola Company;
- statements about the availability and cost of materials required for the production of our products;
- statements about expected or anticipated supply and demand for our products;
- statements about anticipated changes to accounting policies;
- statements about exchange controls and fluctuations in interest rates;
- statements about the risks associated with the Notes, the Indenture, payments of any judgments against us, and any bankruptcy of our Company;
- explanations about the transferability of the Notes and any trading market for the Notes;
- statements about our future economic performance or that of Peru (including any depreciation or appreciation of the Nuevo Sol) or other countries;
- statements about anticipated political events in Peru;
- statements about changes in existing and about future regulations;
- statements about changes in Peruvian governmental policies, legislation or regulation; and
- statements of assumptions underlying these statements.

You should not place undue reliance on forward-looking statements, which are based on current expectations. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions. Future results may differ materially from those expressed in forward-looking statements. Many of the factors that will determine these results and values are beyond our ability to control or predict. Because of the risks and uncertainties involved, you should not make any investment decision based on the estimates and forward-looking statements. All forward-looking statements and risk factors included in this Offering Memorandum are made as of the date on the front cover of this Offering Memorandum, based on information available to us as of such date, and we assume no obligation to update any forward-looking statement or risk factor.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Information

This Offering Memorandum includes our audited consolidated financial statements and related auditors' reports and notes as of and for the years ended December 31, 2012, 2011 and 2010 and for the three years then ended (together, the "Consolidated Financial Statements").

Our Consolidated Financial Statements have been prepared in Nuevos Soles in accordance with IFRS, which differs in certain significant respects from accounting principles generally accepted in the United States of America ("U.S. GAAP"). No reconciliation to U.S. GAAP of the Consolidated Financial Statements or of any other financial information presented herein has been prepared. There can be no assurance that a reconciliation would not identify material quantitative differences between such financial statements or information prepared on the basis of IFRS and as prepared on the basis of U.S. GAAP.

Because the Notes have not been registered and will not be registered with the SEC, our Consolidated Financial Statements contained elsewhere in this Offering Memorandum do not and are not required to comply with the applicable registration requirements, rules and regulations adopted by the SEC, which would apply if the Notes had been registered with the SEC.

Adoption of IFRS

On August 31, 2010, the CNC issued Resolution No. 044-2010-EF-94 and on October 14, 2010, the former Peruvian securities exchange commission, *Comisión Nacional Supervisora de Empresas y Valores* (CONASEV) (now the SMV), issued Resolution No. 102-2010-EF/94.01.1, which requires that companies under the supervision of SMV, such as us, prepare their financial statements in accordance with IFRS for fiscal periods beginning on or after January 1, 2011 including comparative information for earlier periods. We released our first set of consolidated financial statements in compliance with IFRS as of and for the year ending December 31, 2011.

Currency Information

Unless otherwise indicated, financial information appearing in this Offering Memorandum is presented in Peruvian nuevos soles. In this Offering Memorandum, references to "Nuevos Soles" or "S/." are to Peruvian nuevos soles and references to "U.S. dollars," "dollars," "U.S.$" or "$" are to United States dollars.

This Offering Memorandum contains certain figures that have been converted from Nuevos Soles amounts into U.S. dollars at specified rates solely for the convenience of the reader. Unless otherwise indicated, U.S. dollar amounts have been converted from Nuevos Soles at an exchange rate of S/.2.549 per U.S. dollar, the interbank buying exchange rate published by the Peruvian Central Bank on December 28, 2012. The exchange rate conversions contained in this Offering Memorandum should not be construed as representations that the Nuevos Soles amounts actually represent the U.S. dollar amounts presented or that they could be converted into U.S. dollars at the rate indicated. See "Exchange Rates" for information regarding the rates of exchange between the Nuevo Sol and the U.S. dollar for the periods specified therein.

Effect of Rounding

Certain percentages and amounts in this Offering Memorandum have been rounded for ease of presentation. Certain percentages and amounts in this Offering Memorandum may not sum due to rounding.

Certain Non-IFRS Measures

As used in this Offering Memorandum, "Adjusted EBITDA" means our net income plus (i) income tax, (ii) changes in fair value of derivative financial instruments, (iii) net financial expense/income, (iv) other operating expenses, (v) employee participation and (vi) depreciation from cost of sales, administrative expenses and selling

expenses and amortization, minus (vi) other operating income (excluding contributions from The Coca-Cola Company and sales of returnable bottles). For a reconciliation of our Adjusted EBITDA, see "Summary—Summary Consolidated Financial Information and Operating Data."

Additionally, as it is used in this Offering Memorandum, "Net Debt" means our total debt less cash and cash equivalents. For a reconciliation of our Net Debt, see "Summary—Summary Consolidated Financial Information and Operating Data."

Adjusted EBITDA and Net Debt are not financial measures under IFRS. Adjusted EBITDA and Net Debt are included in this Offering Memorandum because we believe certain investors may consider these useful as additional measures of our financial performance and ability to service our debt and fund capital expenditures. Adjusted EBITDA and Net Debt are not and should not be considered as substitutes for net income, cash flow provided by operations or other measures of financial performance or liquidity under IFRS.

Because Adjusted EBITDA and Net Debt are not IFRS measures and not all companies calculate EBITDA and Net Debt in the same manner, our presentation of Adjusted EBITDA and Net Debt may not be comparable to other EBITDA, adjusted EBITDA, Net Debt or similarly titled measures reported by other companies.

Industry and Market Data

Market data and other statistical information used throughout this Offering Memorandum are based on independent industry publications, government publications, reports by market research firms or other published independent sources. Some data are also based on our estimates, which are derived from our review of internal surveys, as well as independent sources. Market share information for twelve month periods used throughout this Offering Memorandum was calculated by adding the average of the market share for each month within such twelve month period.

Although we believe these sources are reliable, we have not independently verified the information and cannot guarantee its accuracy or completeness.

In addition, in many cases, we have based certain statements contained in this Offering Memorandum regarding our industry and our position in the industry on certain assumptions concerning our customers and competitors. These assumptions are based on our experience in the industry, conversations with our principal distributors and consumers, and our own investigation of market conditions. We cannot assure you as to the accuracy of any such assumptions, and such assumptions may not be indicative of our position in our industry.

SUMMARY

This summary highlights selected information from this Offering Memorandum and is qualified in its entirety by, and is subject to, the more detailed information and Consolidated Financial Statements appearing elsewhere in this Offering Memorandum. You should read this entire Offering Memorandum carefully, including the risk factors and Consolidated Financial Statements contained herein, before making an investment decision.

Overview

We are the only authorized bottler and distributor of several trademarked beverages of The Coca-Cola Company throughout Peru, which include, among others, *Coca-Cola* and *Inca Kola*. We offer a wide range of non-alcoholic beverages consisting of sparkling soft drinks ("SSD") and still beverages ("Still Beverages"). Our SSD product portfolio is comprised of market-leading products such as *Coca-Cola*, one of the world's most recognized beverage brands, and *Inca Kola*, the leading SSD in Peru according to The Retail Audit Company ("TRAC") and a source of Peruvian national pride according to a study conducted by Millward Brown in July 2011. Our Still Beverage products can be divided into four product categories: fruit-juice based beverages, bottled water (sparkling and still), isotonics and energy drinks. In addition, we are a leading manufacturer of fruit pulp in Peru used for the production of our own fruit-juice based beverages and for export. In 2012 and 2011, we sold approximately 274,830,394 and 258,927,262 Unit Cases (as defined below), respectively, generating net sales of S/.2,051.1 million (approximately U.S.$ 804.7 million) and S/.1,767.8 million (approximately U.S.$693.5 million), respectively. Our operating margin for 2012 and 2011, was 7.6% and 6.6%, respectively. The average price per Unit Case (as defined below) for all of our products taken together in 2012 and 2011, was S/.7.47 (approximately U.S.$2.90) and S/.6.83 (approximately U.S.$2.68), respectively. We measure our sales volume in unit cases, which is the typical volume measurement in our industry and equals 5.678 liters ("Unit Cases").

We are the market leader in the non-alcoholic beverage industry in Peru, leading in sales value and volume in SSD, bottled water and fruit-juice based beverages categories, which together represent approximately 98% of our total non-alcoholic beverage sales. In 2012, we had 70.1% market share based on sales volume in the SSD category in Peru, according to TRAC. In 2012, our key products, *Inca Kola* and *Coca-Cola*, represented 27.8%, and 24.3%, respectively, of the Peruvian SSD category based on sales volume. In addition, for the same period, *Coca-Cola* and *Inca Kola* trademarked beverages, together with their brand extensions such as *Coca-Cola Zero* and *Inca Kola Zero*, accounted for 53.3% of the Peruvian SSD category based on sales volume. In 2012, our *Inca Kola*, *Coca-Cola*, *Coca-Cola Zero* and *Inca Kola Zero* sales accounted for approximately 47.7%, 33.2%, 1.0% and 0.8%, respectively, of our total sales volume of SSD products. In 2011, our *Inca Kola*, *Coca-Cola*, *Coca-Cola Zero* and *Inca Kola Zero* sales accounted for approximately 46.0%, 33.5%, 0.8% and 0.7%, respectively, of our total sales volume of SSD products. We also bottle and distribute smaller niche brands such as *Fanta*, *Sprite*, *Sprite Zero*, *Crush, Kola Inglesa* and *Schweppes*, which together accounted for 18.2% of our total sales volume of SSD products in 2012, and 19.0% in 2011. In addition, such brands represented approximately 14.9% of the Peruvian SSD category based on volume for 2012, according to TRAC.

According to TRAC, in 2012: (i) in the Still Beverages segment, our fruit-juice based beverages, including *Frugos*, accounted for approximately 51.8% of the Peruvian fruit-juice based beverage category based on volume; (ii) our bottled water products, including *Aquarius* (flavored water) and *San Luis* (still and sparkling water), accounted for approximately 38.5% of the Peruvian bottled water category based on volume; (iii) our isotonic products, including *Powerade*, accounted for approximately 25.8% of the Peruvian isotonic beverage category based on volume; and (iv) our energy drinks, including *Burn*, accounted for approximately 13.3% of the Peruvian energy drink category based on volume. In 2012 and in 2011, our bottled water sales accounted for approximately 19.3% and 17.1%, respectively, of our total sales volume; sales of fruit-juice based beverages accounted for 4.2% and 4.1%, respectively, of our total sales volume; sales of isotonic drinks for 1.6% and 1.3%, respectively, of our total sales volume; and the energy drinks for 0.01% and 0.02%, respectively, of our total sales volume for both periods.

As part of our strategic relationship with The Coca-Cola Company, we continue to improve our product portfolio to meet changing customer preferences and we are committed to exploring new growth opportunities by introducing new products and package options that satisfy the changing demands and preferences of consumers in the markets in which we operate. We monitor and analyze our product portfolio to (i) extract greater value from our

products, (ii) bottle and distribute market leading products, (iii) adapt to the consumer's changing preferences, and (iv) apply market-leading practices for production, distribution and execution at the point of sale.

Our Strengths

Lindley's main competitive strengths include the following:

Strong Ownership and Experienced Management Team

The Company is owned by two experienced and established groups in the non-alcoholic beverage industry in the world and in Peru: Johnny Lindley Taboada and the family of Johnny Lindley Taboada (Johnny Lindley Taboada and his family collectively, the "Lindley Group") own 59.66% of the shares of Lindley, and The Coca-Cola Company owns 38.52% of the shares of Lindley and has the right to appoint at least two members of the Board of Directors of the Company, and currently appoints three out of nine members, as well as its Chief Financial Officer. The Lindley Group has the right to appoint the Chief Executive Officer. Jose R. Lindley founded the Company in 1910 and the Lindley Group has managed the Company since then. The Lindley Group also established the *Inca Kola* brand as a leading brand in Peru before selling it to a subsidiary of The Coca-Cola Company.

In addition, our Senior Management team has extensive experience in the non-alcoholic beverages industry. The experienced management team provides the Company with a strong knowledge of the industry, familiarity with our customers, and understanding of the development, manufacture and sale of our products. The Company's senior managers have an average of 15 years of experience in the beverage industry in Peru and internationally. During 2010, the Company received several distinctions commemorating 100 years of existence and our role in Peru. The most important distinctions received in 2010 are the "Great Cross Grade Award for Distinguished Services" (*Orden al Mérito por Servicios Distinguidos en el Grado de Gran Cruz*) from the President of Peru, the "Great Cross Grade Award Medal of Honor" (*Medalla de Honor en Grado de Gran Cruz*) from the Peruvian Congress and the "Medal of Lima" (*Medalla de Lima*) from the Municipality of Lima. In addition, the Company was awarded an award in 2010 by Perú 2021 for Social Responsibility and Sustainable Business Development as well as two awards in 2011 by the Peruvian National Association of Advertisers (*Asociatión Nacional de Anunciantes del Perú*), and one for Excellence in Social Responsibility and the other for Excellence in Public Relations.

Relationship with The Coca-Cola Company

We benefit from our strategic relationship with The Coca-Cola Company in ways that improve various aspects of our business and operations. In particular, we work with The Coca-Cola Company to develop a business model that allows us to continue exploring and participating in new lines of beverages, improving our bottling operations, extending existing product lines, implementing selective packaging strategies designed to increase consumer demand and creating effective local advertising and marketing campaigns for our products. In addition, we benefit from the international marketing efforts of The Coca-Cola Company. We also have access to an extensive and evolving portfolio of The Coca-Cola Company products, which allows us to keep up with customers' changing preferences.

In addition, as a result of being part of The Coca-Cola Company network of bottlers, we benefit from the know-how of The Coca-Cola Company, as well as from some of the favorable pricing terms available to it for raw materials used in our production process. We work closely with The Coca-Cola Company to adopt best practices in order to streamline our production, bottling and distribution process. In addition, The Coca-Cola Company advises Lindley on commodity prices and assists with negotiations with suppliers to obtain better terms and conditions.

Distributor of Leading Brands with Significant Consumer Loyalty

We manufacture, bottle and distribute two of the most widely recognized SSD brands in Peru, *Coca-Cola* and *Inca Kola*. These brands enjoy high levels of consumer awareness and loyalty, according to a report from Arellano Investigación de Marketing S.A., which help secure their market position. Our largest product in terms of sales volume, *Inca Kola*, is a source of Peruvian national pride. Likewise, *Coca-Cola* is one of the world's most recognized beverage brands. In, 2012, *Coca-Cola* and *Inca Kola* trademarked beverages, together with their brand

extensions such as *Coca-Cola Zero* and *Inca Kola Zero*, accounted for 53.3% of the Peruvian SSD category based on sales volume. The other products in our product portfolio, such as *Sprite* and *Crush*, are also among the most recognized brands in their market niches. *Sprite* and *Crush* represented 4.3% and 3.6%, respectively, of the Peruvian SSD category based on sales volume in 2012.

High Growth Potential

Peru is an emerging market country with expected growth in terms of GDP of 6.3% for 2013 and 2014 according to the International Monetary Fund. We believe the SSD and Still Beverage categories in Peru are underdeveloped in terms of per capita consumption (we measure per capita consumption through servings per capita, and each serving equals 237 ml). In 2011, for example, Peru had an average annual consumption of Coca-Cola trademarked beverages of approximately 208 servings per capita, compared to 230 in Brazil, 345 in Argentina, 460 in Chile, and 728 in Mexico, according to The Coca-Cola Company. In particular, in 2012, while the region of Lima had a consumption per capita of 359, the consumption per capita in the southern part of Peru was 215, in the northern part of Peru the consumption per capita was 119 and in the central-eastern region of Peru the consumption per capita was 95. We expect these levels of consumption per capita to increase in the future as economic conditions in Peru continue to improve. As the choice of beverages for Peruvian consumers continues to evolve, especially outside of the region of Lima, from tap water and homemade drinks to branded SSD and Still Beverages, we believe we are well positioned to capture a substantial share of this market growth.

Strong Sales Growth and Strong Cash Flow

The strong brand recognition of our products and extensive product portfolio has enabled us to generate strong net sales growth. For 2012, 2011 and 2010, the annual compounded growth rate of our net sales was 15.5%. This sales growth has delivered strong cash flows. For 2012, 2011, and 2010, our operating cash flow was S/.192.0 million, S/.194.6 million and S/.147.9 million, respectively. These cash flows have been used exclusively to invest in our business.

Extensive Distribution Network and Skilled Sales Force

We have an extensive distribution network, which covers approximately 290,000 points of sale with three visits a week on average and operates in every province of Peru. This distribution network is well equipped to cater to the unique non-alcoholic beverage distribution market in Peru, consisting mainly of local "mom & pop" shops (which are small businesses and the traditional distribution channel in Peru for non-alcoholic beverages). In 2012 and 2011, "mom & pop" shops represented approximately 85% of the Company's revenues.

We also believe that we have the largest and best-trained sales force in the non-alcoholic beverages industry in Peru. This allows us to work closely and develop strong relationships with our customers. It also allows us to have and maintain real time information regarding the business of each of the approximately 290,000 points of sale.

Business Strategy

Lindley's business strategy is based on maximizing growth and profitability to create value for our shareholders. The key elements of our business strategy include the following:

Expanding markets by focusing on increasing regional coverage and consumption of our products

Despite the growth of our business in recent years, we believe that the Peruvian market still has enormous potential for growth in per-capita consumption. This potential is particularly high in the interior provinces, where the economy is growing at a relatively faster pace and where a relatively faster processes of urbanization and expansion is taking place, which fosters positive conditions for the expansion of our business as we cater primarily to urban areas.

We are focused on driving growth by implementing well-planned product, packaging and pricing strategies. Through the collection and analysis of real-time information from each one of our approximately 290,000 points of sale, we have developed multi-segmentation strategies to target customers based on consumption occasion, competitive intensity, location of particular points of sale, purchasing power of our customers and socioeconomic levels. According to the information we collect and following the example of our most successful points of sale, we are able to establish a profile of each point of sale and make recommendations to less successful points of sale regarding the product and package combinations that should be offered at that particular point of sale in order to better capture the existing sale opportunities. In addition, we intend to improve the availability and visibility of our products by, among other strategies, increasing the placement of coolers at various points of sale and providing promotional displays and other materials tailored to the local markets in which we operate. We call this ideal combination the "snapshot of success."

Broadening our product portfolio

Consumer preferences and demands are constantly evolving. In order to satisfy customers' demand, we continue to build on our strong portfolio of products, introducing new flavors and packages, and re-launching or strengthening existing brands as appropriate. Our objective is to have an attractive product mix, with the appropriate packaging options at the right time and in the right place. Also, the access to The Coca-Cola Company's broad product portfolio provides us with the possibility of being authorized to introduce new products with high growth potential that have been established elsewhere by The Coca-Cola Company in response to changing consumer preferences and demands. Such access is based on strong commercial relations through the bottler's agreements. The introduction of new products and new presentations will help us increase demand for our products, respond to changing consumer preferences, provide different options to consumers, and increase new consumption opportunities.

An important component of our portfolio strategy is appropriate pricing. For example, we achieve competitive pricing for those customers that are more sensitive to prices and less willing to pay for convenience through the use of returnable glass bottles, which eliminates polyethylene terephthalate ("PET") costs from such products.

Improving efficiency and optimizing use of capital

We continuously seek to increase productivity and efficiency in our facilities and in the route-to-market through infrastructure investments and process reengineering. In recent years, we have invested in returnable packages, cooling equipment, increases to plant capacity and the implementation of best practices, which have allowed us to improve our sales and distribution system. For example, in 2012, we invested S/.291.9 million (approximately U.S.$114.5 million) in these types of capital expenditures. We aim to keep the Company's structure and processes aligned with consumer growth and demands, optimizing the utilization of our capital. We also expect to continue to modernize our production and distribution infrastructure and invest in upgrading IT systems to enhance our productivity. We expect to continue to manage our capital expenditure carefully by focusing our investment on more profitable areas of our business such as the more than 290,000 "mom & pop" shops throughout Peru, which give us better returns than established retailers.

As a result of growth in demand, we intend to continue to invest in plant capacity to meet the full potential of the Peruvian market as well as to optimize our logistics network, consolidate our stores and invest in new technology to increase our efficiency. We intend to focus these investments in areas of higher return in order to expand per-capita growth of our products and increase our profitability.

SUMMARY OF THE OFFERING

The following is a brief summary of certain terms of this offering. For a more complete description of the terms of the Notes, see "Description of Notes" in this Offering Memorandum.

Issuer	Corporación Lindley S.A.
Notes Offered	U.S.$260,000,000 aggregate principal amount of 4.625% Notes due April 12, 2023.
Issue Price	100.00%, plus accrued interest, if any, from April 12, 2013.
Maturity	The principal on the Notes outstanding on October 12, 2021, will be repaid by semi-annual payments made during the two years prior to the final maturity of the Notes. The principal payments will be made in four equal installments on October 12, 2021, April 12, 2022, October 12, 2022, and April 12, 2023. The final maturity date of the Notes will be April 12, 2023.
Interest	The Notes will bear interest at a rate of 4.625% per year. Interest will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from and including the issue date of the Notes.
Interest Payment Dates	Interest on the Notes will be payable semi-annually on April 12 and October 12 of each year, beginning on October 12, 2013.
Ranking	The Notes will rank equally with all of our existing and future senior unsecured indebtedness (other than obligations preferred by statute or by operation of law), will be effectively subordinated to all of our existing and future secured indebtedness and will be structurally subordinated to all existing and future indebtedness of our subsidiaries. As of December 31, 2012, we had S/.1,089.9 million (U.S.$428 million) of financial debt, of which S/.186.2 million (U.S.$73.0 million) was secured indebtedness, including financial leases. As of December 31, 2012, our subsidiary had no financial debt. After giving pro forma effect to the issuance of the Notes and the use of the net proceeds of this offering, we will have S/.1,524.1 million (U.S.$597.9 million) of financial debt, of which S/.45.0 million (U.S.$17.7 million) will be secured indebtedness (all of which will be comprised of financial leases).
Optional Redemption	We may redeem the Notes, in whole or in part, at any time by paying the greater of (1) 100% of the principal amount of the Notes to be redeemed and (2) a "make-whole" amount, plus in each case accrued and unpaid interest to the redemption date, as described under "Description of the Notes-Optional Redemption."
Certain Covenants	The Indenture governing the Notes limits what we may do. The Indenture limits our ability to, among other things: • incur additional indebtedness; • permit our Subsidiaries to create or permit to exist any restriction on the ability of any Subsidiary to pay dividends or pay indebtedness owed to us or any Subsidiary Guarantor;

- permit our Subsidiaries that are not Subsidiary Guarantors to guarantee indebtedness of the Company or any Subsidiary Guarantor;
- transfer any property or assets to the Company or any Subsidiary Guarantor;
- create liens;
- consolidate, merge or sell or transfer assets;
- engage in transactions with affiliates; and
- change the types of business that we are engaged in.
- If (i) the Notes obtain investment grade ratings from at least two Rating Agencies (as defined in "Description of the Notes") and (ii) at the time the Notes have achieved investment grade ratings from at least two Rating Agencies no event of default has occurred and is continuing, the foregoing covenants will cease to be in effect (with the exception of covenants that contain limitations on liens, limitations on changes in conduct of business, and limitations on, among other things, certain consolidations, mergers and transfers of assets) for so long as each of the two Rating Agencies maintains its investment grade rating.

Change of Control

For a discussion of certain events that will permit each holder of Notes to require that we purchase all or a portion of the holder's Notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest thereon through the date of purchase, see "Description of Notes—Change of Control."

Events of Default

For a discussion of certain events of default that will permit acceleration of the principal of the Notes plus accrued interest, and any other amounts due with respect to the Notes, see "Description of Notes—Events of Default."

Additional Amounts

All payments by us in respect of the Notes, whether of principal or interest, will be made without withholding or deduction for or on account of any Peruvian taxes, unless required by law, in which case, subject to specified exceptions and limitations, we will pay such additional amounts as may be required so that the net amount received by the holders of the Notes in respect of principal, interest or other payments on the Notes, after any such withholding or deduction, will not be less than the amount that would have been received in the absence of any such withholding or deduction. See "Description of Notes—Additional Amounts."

Redemption for Changes in Peruvian Withholding Taxes

In the event that, as a result of certain changes in Peruvian tax laws applicable to payments under the Notes, we become obligated to pay additional amounts under the Notes, in excess of those attributable to a Peruvian withholding tax rate of 4.99%, the Notes will be redeemable, in whole but not in part, at our option, at any time upon notice, at 100% of their principal amount plus accrued and unpaid interest and any additional amounts due thereon. See "Description of Notes—Additional Amounts."

Book Entry; Form and Denominations	The Notes will be 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 participants including Euroclear, and Clearstream. The Notes will be issued in minimum denominations of U.S.$2,000 and integral multiples of U.S.$1,000 in excess thereof. See "Description of Notes."
Listing and Trading	We expect the Notes will be eligible for trading on the Euro MTF market of the Luxembourg Stock Exchange. Application has been made to the Luxembourg Stock Exchange for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and traded on the Euro MTF market of the Luxembourg Stock Exchange.
Transfer Restrictions	We have not registered the Notes under the Securities Act. The Notes are subject to restrictions on transfer and may only be offered in transactions exempt from or not subject to the registration requirements of the Securities Act. See "Transfer Restrictions."
Use of Proceeds	The estimated net proceeds from the sale of the Notes, after payment of applicable fees and expenses, are expected to be approximately U.S.$258 million. The Company intends to use the net proceeds from the sale of Notes (i) for capital expenditures related to various enhancements, including of our plants, logistical distribution channel, warehouses and other infrastructure, (ii) to prepay amounts due pursuant to certain financial leases, short-term debt and revolving debt in an aggregate amount up to U.S.$90 million and (iii) for general corporate purposes. See "Use of Proceeds."
Risk Factors	Investing in the Notes involves certain risks. See "Risk Factors."
Governing Law	State of New York.
Trustee, Registrar and Paying Agent	Citibank, N.A.
Luxembourg Listing Agent and Luxembourg Paying Agent and Transfer Agent	Banque Internationale à Luxembourg, Societe Anonyme.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION AND OPERATING DATA

The following table sets forth our summary consolidated financial data for each of the periods presented. The selected financial data set forth below as of December 31, 2012 and 2011 and for the years ended December 31, 2012, 2011 and 2010 have been derived from our Consolidated Financial Statements and notes thereto included elsewhere in this Offering Memorandum. This information should be read in conjunction with the sections entitled "Presentation of Financial Information and Other Information," "Capitalization" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The exchange rate used in converting Nuevos Soles into U.S. dollars solely for the convenience of the reader included in the following charts is determined by reference to the interbank buying exchange rate on December 31, 2012, which was 2.549 Nuevos Soles per U.S. dollar. The exchange rate conversions contained in this Offering Memorandum should not be construed as representations that the Nuevos Soles amounts actually represent the U.S. dollar amounts presented or that they could be converted into U.S. dollars at the rate indicated.

Our Consolidated Financial Statements have been prepared in accordance with IFRS, which differs in certain respects from U.S. GAAP.

	Year Ended December 31,			
	2010	2011	2012	2012
	(S/.)	(S/.)	(S/.)	(U.S.$)
	(in millions)			
Income Statement Data:				
Net sales	1,538.0	1,767.8	2,051.1	804.7
Costs of sales	(1,082.9)	(1,270.7)	(1,394.2)	(547.0)
Gross profit	455.2	497.2	656.8	257.7
Selling expenses	(254.0)	(302.2)	(370.5)	(145.3)
Administrative expenses	(65.0)	(65.5)	(89.1)	(35.0)
Other operating income	74.8	66.5	74.7	29.3
Other operating expenses	(110.4)	(79.8)	(116.0)	(45.5)
Operating income	100.6	116.2	155.9	61.2
Financial income	25.9	59.9	123.0	48.2
Financial expenses	(59.3)	(106.8)	(148.6)	(58.3)
Changes in fair value of derivative financial instruments	2.9	(2.4)	1.6	0.6
Income before income tax	70.1	66.9	131.8	51.7
Income taxes	(26.0)	(21.2)	(56.5)	(22.2)
Net income	44.1	45.7	75.3	29.6

	As of December 31,		
	2011	2012	2012
	(S/.)	(S/.)	(U.S.$)
		(in millions)	
Balance Sheet Data:			
Cash and cash equivalents	357.4	41.0	16.1
Trade accounts receivable, net	152.8	150.5	59.0
Accounts receivable from related parties	54.9	43.9	17.2
Other accounts receivable and financial assets, net	34.9	27.9	10.9
Inventories, net	213.4	258.1	101.3
Prepaid expenses	11.9	10.6	4.2
Available-for-sale investments	–	228.9	89.8
Total current assets	825.3	761.0	298.5
Total non-current assets	1,528.6	1,755.3	688.6
Total assets	2,353.9	2,516.3	987.2
Financial obligations	52.2	115.4	45.3
Trade accounts payable	256.2	334.6	131.3
Accounts payable to related parties	94.3	96.9	38.0
Income tax and workers profit sharing	13.9	16.3	6.4
Other accounts payable	134.5	152.4	59.8
Current portion of derivative financial instruments	6.1	9.2	3.6
Total current liabilities	557.3	724.7	284.3
Financial obligations	1,048.6	974.5	382.3
Long portion of derivative financial instruments	2.1	1.8	0.7
Deferred income tax	35.1	42.5	16.7
Total liabilities	1,643.2	1,743.5	684.0
Capital stock	581.0	581.0	227.9
Investment shares	72.0	72.0	28.2
Legal reserve	4.5	16.2	6.3
Other capital reserves	11.3	(2.0)	(0.8)
Retained earnings	41.5	105.1	41.2
	710.3	772.3	303.0
Non-controlling interest	0.5	0.5	0.2
Total shareholders' equity, net	710.7	772.8	303.2
Total liabilities and shareholders' equity	2,353.9	2,516.3	987.2

	Year Ended December 31,			
	2010	2011	2012	2012
	(S/.)	(S/.)	(S/.)	(U.S.$)
	(in millions except for ratios or percentages)			
Other Financial Information:				
Adjusted EBITDA[(1)]	256.1	282.8	376.2	147.6
Total debt[(2)]	516.4	1,100.9	1,089.9	427.6
Net debt[(3)]	484.8	743.4	1,049.0	411.6
CAPEX[(4)]	182.5	360.0	291.9	114.5
Working capital[(5)]	(82.0)	267.9	36.2	16.1
Cash flow from operations	147.9	194.6	192.0	75.3
Cash flow from investing activities	(125.9)	(328.7)	(495.4)	(194.4)
Cash flow from financing activities	(15.1)	449.1	(13.0)	(5.1)
Cash flow[(6)]	42.3	357.4	41.0	16.1
Adjusted EBITDA margin[(1)(7)]	16.7%	16.0%	18.3%	18.3%
Total debt/LTM Adjusted EBITDA[(1)(2)]	2.0	3.9	2.9	2.9
Net debt/Adjusted EBITDA[(1)(3)]	1.9	2.6	2.8	2.8
Interest coverage ratio[(8)]	5.9	4.0	4.0	4.0

	Year Ended December 31,		
	2010	2011	2012
	(in millions)		
Other Data			
Unit cases sold	236.5	258.9	274.8

(1) Adjusted EBITDA represents net income plus (i) income tax, (ii) changes in fair value of derivative financial instruments, (iii) net financial expense/income, (iv) other operating expenses, (v) employee participation and (vi) depreciation from cost of sales, administrative expenses and selling expenses and amortization, minus (vi) other operating income (excluding contributions from The Coca-Cola Company and sales of returnable bottles). Adjusted EBITDA is not a financial measure under IFRS. Adjusted EBITDA is included in this Offering Memorandum because we believe certain investors may consider this useful as an additional measure of our financial performance and ability to service our debt and fund capital expenditures. Adjusted EBITDA is not and should not be considered as substitute for net income, cash flow provided by operations or other measures of financial performance or liquidity under IFRS. Because Adjusted EBITDA is not an IFRS measure and not all companies calculate EBITDA in the same manner, our presentation of Adjusted EBITDA may not be comparable to other EBITDA, adjusted EBITDA or similarly titled measures reported by other companies. Reconciliation of Adjusted EBITDA is as follows:

	Year Ended December 31,			
	2010	2011	2012	2012
	(S/.)	(S/.)	(S/.)	(U.S.$)
	(in millions)			
Net income	44.1	45.7	75.3	29.6
Income tax	26.0	21.2	56.5	22.2
Changes in fair value of derivative financial instruments	(2.9)	2.4	(1.6)	(0.6)
Net financial expense/income	33.4	46.9	25.7	10.1
Plus: other operating expenses	110.4	79.8	116.0	45.5
Less: other operating income (excluding contributions from The Coca-Cola Company and sales of returnable bottles)	(43.6)	(24.3)	(24.4)	(9.6)
Plus: employee participation	10.8	13.7	16.1	6.3
Plus: depreciation from cost of sales, administrative expenses and selling expenses	76.0	96.5	112.0	43.9
Plus: amortization	1.9	0.9	0.6	0.2
Adjusted EBITDA	256.1	282.8	376.2	147.6

(2) Total debt represents the sum of short-term and long-term debt.

(3) Net debt represents total debt less cash and cash equivalents. Net debt is not a financial measure under IFRS. Net debt is included in this Offering Memorandum because we believe certain investors may consider this useful as an additional measure of our financial performance and ability to service our debt and fund capital expenditures. Net debt is not and should not be considered as substitute for net income, cash flow provided by operations or other measures of financial performance or liquidity under IFRS. Because net debt is not an IFRS measure and not all companies calculate net debt in the same manner, our presentation of net debt may not be comparable to other similarly titled measures reported by other companies. Reconciliation of net debt is as follows:

	Year Ended December 31,		
	2011	**2012**	**2012**
	(S/.)	**(S/.)**	**(U.S.$)**
		(in millions)	
Long-term debt	1,048.6	974.5	382.3
Plus: short-term debt	52.2	115.4	45.3
Total debt	1,100.9	1,089.9	427.6
Less: Cash and cash equivalents	357.4	41.0	16.1
Net debt	743.4	1048.9	411.6

(4) CAPEX means investments in fixed assets and capital expenditure on a cash flow basis.

(5) Working capital is current assets minus current liabilities.

(6) Cash flow is the sum of (i) cash flow from operations, (ii) cash flow from investing activities, (iii) cash flow from financing activities and (iv) cash and cash equivalent at the beginning of the period.

(7) Adjusted EBITDA margin is the ratio of Adjusted EBITDA to net sales.

(8) Interest coverage ratio is the ratio of Adjusted EBITDA to interest and expenses from long-term financial obligations, loans and others.

RISK FACTORS

The following section does not describe all the risks of an investment in the Notes, but describes the principal perceived risks from an investment in the Notes. Before making any investment decision, prospective investors should carefully read this Offering Memorandum in its entirety, including the risk factors set forth below. The order of presentation of the risk factors below does not indicate the likelihood or the scope of any potential impairment that these risks might cause to the Company's business. These risks could occur individually or cumulatively, if at all.

Risks Related to Our Company

Our business depends on our relationship with The Coca-Cola Company and adverse changes in this relationship may adversely affect our results of operations and financial condition.

Substantially all of our sales volume in 2012 and 2011, were derived from sales of trademarked products of The Coca-Cola Company. Through standard bottler's agreements, we are currently the only authorized bottler to produce, bottle, market, distribute and sell the trademarked products of The Coca-Cola Company in the specific containers that we are authorized to distribute in Peru. Pursuant to our bottler's agreements with The Coca-Cola Company and as the second largest shareholder of Lindley, The Coca-Cola Company has the ability to exercise substantial influence over the conduct of our business.

Pursuant to our bottler's agreements with The Coca-Cola Company, The Coca-Cola Company has the right to approve our suppliers of certain packaging and other raw materials and may unilaterally set the price paid by Lindley for the concentrate used in the production process of trademarked products of The Coca-Cola Company, including sparkling soft drinks and fruit juice based beverages ("Concentrate"). The Coca-Cola Company's right to set our Concentrate prices could give The Coca-Cola Company considerable influence over our profit margins and the result of our operations. We cannot assure you that The Coca-Cola Company's objective to maximize revenues from sale of Concentrates will in all cases be fully aligned with our objective to generate profitable volume growth.

We depend on The Coca-Cola Company to renew our bottler's agreements. As of the date of this Offering Memorandum, all of our bottler's agreements have a term of five years and are set to expire on April 30, 2015, renewable for another five-year term, at The Coca-Cola Company's sole discretion, subject to the fulfillment of certain conditions. No assurances can be made that The Coca-Cola Company will renew any of these agreements or that the conditions for renewal specified therein will be fulfilled by us. Moreover, these agreements generally may be terminated in the case of material breach or in the event of a change of control of Lindley (in each case, as defined in the specific bottler's agreement). Termination would prevent us from selling trademarked products of The Coca-Cola Company in Peru and would have an adverse effect on our business, results of operation, financial condition and ability to repay the Notes. The bottler's agreements also prevent us from distributing The Coca-Cola Company products outside Peru without prior authorization of The Coca-Cola Company. In addition, we are prohibited from bottling or distributing any other beverages without The Coca-Cola Company's authorization or consent, and we may not transfer the bottler rights without the prior consent of The Coca-Cola Company.

We prepare an annual general business plan, which is submitted to our Board of Directors for approval. The Coca-Cola Company, which currently appoints three out of nine members of our Board of Directors, may require that we demonstrate our financial ability to meet our business plan. In addition, the commercial and marketing teams of Lindley and The Coca-Cola Company, acting through its wholly owned subsidiary Coca-Cola Servicios del Perú S.A., work together to develop and implement the marketing strategies for the sale of trademarked products of The Coca-Cola Company. The Coca-Cola Company, acting through its wholly owned subsidiary Coca-Cola Servicios del Perú S.A., also makes significant contributions to our marketing expenses, although it is not required to contribute a particular amount and may discontinue or reduce such contributions at any time. No assurances can be made that The Coca-Cola Company will continue to assist us with the development and implementation of our marketing strategies or that they will continue to contribute to our marketing expenses in the future.

We cannot assure you that there will be no changes to our relationship with The Coca-Cola Company in the future. In the event there is an adverse change in our relationship with The Coca-Cola Company, such change may have a material adverse effect on our business, results of operation, financial condition and ability to repay the Notes.

The Coca-Cola Company may produce, bottle and distribute Coca-Cola trademarked products in Peru, directly or through third parties, provided that the combination of beverages and containers used are different from those authorized for our use under our bottler's agreements. This could result in direct competition with our products and could have a material adverse effect on our results of operations and financial condition.

Under our bottler's agreements, The Coca-Cola Company reserves the right to produce, bottle, distribute and sell directly or through third parties Coca-Cola trademarked products within Peru; provided that, it may not produce, bottle, distribute or sell, directly or through third parties, Coca-Cola trademarked products in Peru using the same combination of beverages and containers as those authorized for our use under our bottler's agreements. We can provide no assurance that The Coca-Cola Company will not enter into bottler's agreements with other parties to service the same markets in which the Company currently operates. In the event that The Coca-Cola Company produces, bottles, or distributes Coca-Cola trademarked products in Peru, directly or through third parties, this could result in direct competition with our products and could have a material adverse effect on our business, results of operation, financial condition and ability to repay the Notes.

The Lindley Group and The Coca-Cola Company have substantial influence on the conduct of our business, which may result in us taking actions contrary to the interests of holders of the Notes.

The Lindley Group and The Coca-Cola Company have substantial influence on the conduct of our business. The Lindley Group owns 59.66% of the Company, and has the right to appoint the Chief Executive Officer. The Coca-Cola Company, through its wholly-owned subsidiary Peru Beverage Limitada S.R.L., is the second largest shareholder of Lindley with 38.52% of the shares of the Company. The Coca-Cola Company has the right to appoint at least two members of our Board of Directors, and currently appoints three of nine members of our Board of Directors, and the Chief Financial Officer. The Lindley Group and The Coca-Cola Company together, or the Lindley Group acting alone in certain circumstances, have the power to determine the outcome of all actions requiring approval by our Board of Directors, and the Lindley Group and The Coca-Cola Company together, or the Lindley Group acting alone in certain circumstances, have the power to determine the outcome of all actions requiring approval of our shareholders. The interests of the Lindley Group and The Coca-Cola Company may be different from the interests of creditors, including holders of the Notes, which may result in us taking actions contrary to the interests of holders of the Notes.

We have significant transactions with affiliates, particularly The Coca-Cola Company, which may create the potential for conflicts of interest and could result in less favorable terms to us.

We engage in transactions with various affiliates, including The Coca-Cola Company and its subsidiaries. We are a party to a number of bottler's agreements with The Coca-Cola Company and its affiliates. We purchase all of our Concentrate requirements for trademarked products of The Coca-Cola Company from The Coca-Cola Company's affiliates. The total costs for Concentrate incurred by us were approximately S/.462.6 million, S/.398.4 million and S/.350.6 million for the years of 2012, 2011 and 2010, respectively. Our transactions with related parties may create the potential for conflicts of interest, which could result in terms less favorable to us than could be obtained from an unaffiliated third party. See "Related Party Transactions."

Our success depends in part on The Coca-Cola Company's success in marketing and product development activities.

We derive the majority of our revenues from the production, sale and distribution of the trademarked beverages of The Coca-Cola Company. Historically, we and The Coca-Cola Company, acting through its wholly-owned subsidiary Coca-Cola Servicios del Perú S.A., have jointly prepared marketing plans and have generally agreed to divide marketing expenses equally between us. In addition, The Coca-Cola Company, acting through its wholly owned subsidiary Coca-Cola Servicios del Perú S.A., has historically made contributions to certain product development activities, however, they are under no obligation to continue to do so or to continue to make the same

level of contributions made in the past. If The Coca-Cola Company were to reduce its marketing activities, reduce the amounts of marketing expenses it pays or reduce the level of its contributions to certain product developments activities, these reductions could lead to decreased consumption of trademarked beverages of The Coca-Cola Company in Peru. This may lead to a decline in our share of the non-alcoholic beverages market and sales volume and adversely affect our growth prospects.

We depend on The Coca-Cola Company to protect its trademarks.

Brand recognition is critical in attracting consumers to our products. The Coca-Cola Company owns the trademarks of all of its products that we produce, distribute and sell. We rely on The Coca-Cola Company to protect its trademarks in Peru. If The Coca-Cola Company fails to protect its proprietary rights against infringement or misappropriation, this could undermine the competitive position of the products of The Coca-Cola Company and could lead to a significant decrease in the volume of products of The Coca-Cola Company that we sell. Since trademarked beverages of The Coca-Cola Company represent substantially all of our total sales volume, this would materially and adversely affect our results of operations.

Competition could adversely affect our financial performance.

The non-alcoholic beverage industry in Peru is highly competitive. We face competition from other bottlers of sparkling soft drinks such as Pepsi products, as well as from producers and bottlers of low-cost sparkling soft drinks. We also compete in beverage categories other than the sparkling soft drinks category, such as bottled water, fruit-juice based beverages, isotonics and energy drinks.

In the SSD category, we compete with the bottler of Pepsico products as well as face intense price competition from local producers of non-premium brands or "B brands," which typically produce, market and sell sparkling soft drinks at prices below ours. In this category, our principal competitors are local bottler Ajegroup S.A., a Peruvian bottler with operations in the Americas, Southeast Asia and India, and Compañía Cervecera Ambev Peru S.A.C., the local subsidiary of Anheuser-Busch InBev N.V. ("AB InBev"), the authorized bottler of Pepsico products in Peru. In the bottled water category, our principal competitors are Ajegroup S.A. and Union de Cervecerias Peruanas Backus y Johnston S.A.A., the local subsidiary of SAB Miller. In the fruit-juice based beverage category, our principal competitors are Ajegroup S.A. and local group Gloria S.A. In the isotonic category, our main competitors are Ajegroup S.A. and Pepsico, and in the energy drink category, our main competitor is Perufarma S.A., which imports Red Bull. See "Description of the Company—Competition and Market Position."

Although competitive conditions are different in each of our products' categories, we compete principally on price, packaging, consumer sales promotions, customer service and product innovation. See "Description of the Company—Competition and Market Position." There can be no assurances that we will be able to avoid lower pricing as a result of competitive pressure. Lower pricing, changes made in response to competition and changes in consumer preferences may have an adverse effect on our financial performance.

Changes in consumer preference as a result of environmental and health concerns could reduce demand for some of our products.

The non-alcoholic beverage industry is rapidly evolving as a result of, among other things, changes in consumer preferences. Dietary guidelines, health advocates and researchers are encouraging consumers to reduce their consumption of certain types of beverages sweetened with sugar and high fructose corn syrup, which could reduce demand for certain of our products. A reduction in consumer demand would adversely affect our results of operations. In addition, consumers are becoming increasingly more aware of and concerned about environmental issues. Concerns over the environmental impact of plastic may reduce the consumption of our products sold in plastic bottles or result in additional taxes that would adversely affect consumer demand and therefore may have a material adverse effect on our business, results of operation, financial condition and ability to repay the Notes.

Water shortages or any failure to maintain existing licenses for water rights could adversely affect our business.

Water is an essential component of all of our products. We obtain the vast majority of the water used in our production pursuant to licenses granted to us by the Peruvian Water National Authority (*Autoridad Nacional de Agua*) ("ANA") to exploit wells owned by us, which are generally granted based on studies of the existing and projected groundwater supply. These licenses generally do not have an expiration date.

Water rights, including licenses, may be terminated by government authorities or courts under certain circumstances, including: (i) titleholder's resignation; (ii) nullification of the resolution approving the corresponding permit, authorization and/or license, declared by the ANA based on certain infringements to the Law of Water Resources ("LWR"), Law No. 29338 and its regulations enacted by Supreme Decree 001-2010-AG; or (iii) failure to pay applicable water rights fee. According to Peruvian law, authorities may grant temporary water rights, as well as rights for indefinite periods such as those licenses granted to Lindley as of the date hereof, subject to the compliance of certain legal conditions related to the permitted use of the water. Peruvian law establishes that water rights must be used efficiently without adversely affecting its quality or the environment, and taking into account primary use (such as water for food preparation, human direct consumption, agricultural activities and personal hygiene) and rights for the use of water previously granted.

The available water supply may be adversely affected by shortages or changes in governmental regulations. We cannot assure you that water will be available in sufficient quantities to meet our future production needs or will prove sufficient to meet our water supply needs. In addition, we cannot assure you that our existing licenses related to water rights will be maintained. If our water supply is reduced, this could adversely affect our business, results of operation, financial condition and ability to repay the Notes. See "Description of the Company—Regulation—Water Supply Law."

Increases in the prices and shortages in the availability of the most significant raw materials used by Lindley in the bottling process would increase our cost of goods sold and may adversely affect our results of operations.

The most significant raw materials used in our bottling process are (i) Concentrate, which we acquire from affiliates of The Coca-Cola Company, (ii) sugar, (iii) resin, which is used to produce plastic bottles and PET preforms, (iv) treated water, and (v) carbon dioxide. Prices for Concentrate are established by The Coca-Cola Company and are usually determined based on our revenue in local currency. Such prices are determined by The Coca-Cola Company pursuant to the bottler's agreements, and may vary from time to time at The Coca-Cola Company's discretion. The prices for our remaining raw materials are driven by market prices and local availability as well as fluctuations in exchange rates and the imposition of import duties in the case of sugar. In addition, we are required to meet all of our supply needs from suppliers approved by The Coca-Cola Company, which may limit the number of suppliers available to us. Our sales prices are denominated in Nuevos Soles, while the prices of certain raw materials, including those used in the bottling of our products and sugar, are paid in or determined with reference to the U.S. dollar, and therefore may increase if the U.S. dollar appreciates against the Nuevo Sol.

We purchase sugar domestically and internationally (from sugar mills approved by The Coca-Cola Company) under long-term supply contracts where the prices are set based on the London commodity market. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosure about Market Risk—Commodity Price Risk." Additionally increases in sugar prices may occur in the event that import duties or import restrictions on sugar are imposed. Because sugar prices are volatile, we use derivative products to partially hedge risks relating to an increase in sugar prices. The average price of sugar paid by Lindley in 2012, 2011 and 2010, net of any costs derived from the derivative agreements entered into during those years and including any premium paid to the sugar mills and cost of transportation, was approximately U.S.$730.0 per ton, U.S.$693.3 per ton and U.S.$597.6 per ton, respectively, while the average price of sugar based on the London commodity market has been approximately U.S.$587.8 per ton, U.S.$706.2 per ton and U.S.$618.0 per ton for 2012, 2011 and 2010, respectively.

In the case of resin, used for the production of plastic bottles and PET preforms, the prices are tied to crude oil prices and global resin supply. See "Description of the Company—Production—Raw Materials."

We cannot assure you that prices of our raw material will not further increase in the future. Increases in the prices of raw materials, or an adverse change in their availability or in the availability of suppliers that meet the standard of The Coca-Cola Company, would increase our cost of goods sold and could adversely affect our financial performance.

Changes in tax law and regulation could adversely affect our business.

Peru may adopt new tax laws or modify existing laws to increase taxes applicable to our business. For example, an increase in the value added tax ("VAT") or the Specific Consumption Tax (*Impuesto Selectivo al Consumo*) rate might affect demand for, and consumption of, our products and, consequently, our financial performance. As of the date of this Offering Memorandum, the rate for VAT is 18% and the rate for the Specific Consumption Tax ("ISC") is 17% for all of our products except for fruit-juice based beverages and bottled water, which are not taxed with ISC.

We cannot assure you that Peru will not impose new taxes or increase taxes on our products in the future. The imposition of new taxes or increases in taxes on our products may have a material adverse effect on our business, results of operation, financial condition and ability to repay the Notes.

Environmental regulation may adversely affect our business.

We are subject to a broad range of environmental laws and regulations which require us to incur costs and capital expenditures on an ongoing basis and expose us to substantial liabilities in the event of non-compliance. These laws and regulations also require us to obtain and maintain environmental permits, licenses and authorizations for the construction of new facilities or the installation and operation of new equipment required for our activities. Such permits, licenses and authorizations are subject to periodic renewal. In this regard government environmental agencies could take enforcement actions against us for any failure to comply with applicable laws and regulations. Such enforcement actions could include the imposition of fines, revocation of permits, licenses and authorizations, suspension of operations or imposition of criminal liability for non-compliance.

In addition, any change to environmental regulations will likely include environmental compliance costs. Compliance with new or modified environmental regulations could require us to make significant capital investments in additional pollution controls or process modifications. These expenditures may not be recoverable and may consequently divert funds away from planned investments in a manner that could adversely affect our business, results of operation, financial condition and ability to repay the Notes. See "Description of the Company—Regulation—Environmental Matters."

Changes in regulation or the interpretation of regulations may adversely affect our business, financial condition and result of operations.

We are subject to extensive regulation in Peru, including, among others, relating to environmental, labor, health, tax and antitrust, compliance with which may require us to incur costs and capital expenditures on an ongoing basis. Such regulations may require us to obtain and maintain authorizations, permits and licenses for, among other things, the construction of new facilities, the installation and operation of new equipment used in our operations. Such authorizations, permits and licenses may be subject to periodic renewal and challenge from third parties. In this regard regulatory agencies may take enforcement actions against us for any failure to comply with applicable laws and regulations. Such enforcement actions could include the imposition of fines, revocation of licenses, suspension of operations or imposition of criminal liability for non-compliance.

In addition, the adoption of new laws or regulations or a stricter interpretation or enforcement thereof may increase our operating costs or impose restrictions on our operations which, in turn, may adversely affect our business, results of operation, financial condition and ability to repay the Notes. Further changes in current regulations may result in an increase in compliance costs, and could require us to make significant capital investments. These expenditures may not be recoverable and may consequently divert funds away from planned investments in a manner that could adversely affect our business, results of operation, financial condition and ability to repay the Notes.

Our facilities are located near known earthquake fault zones and the occurrence of an earthquake or other natural disasters and accidents or other similar events could cause damage to our facilities and equipment which could require us to cease or curtail operations.

Peru has experienced severe earthquakes in the past, which have caused significant damages to buildings and to the country's infrastructure, interrupting commerce. Most recently, in 2007, an earthquake measuring 7.5 on the Richter scale affected a large zone on the coast of Peru near the region of Ica, approximately 250 km south of Lima. All of our plants are located in Peru and could be adversely affected or disrupted by an earthquake or other natural disasters.

We are also vulnerable to damage from other types of natural disasters, including fires, floods, severe weather and other events that could interrupt our business such as power losses and industrial accidents. There can be no assurance that such events or natural disasters may not occur in the future and, if they do occur, that our manufacturing ability and capacity would not be materially and adversely impacted. In addition, our existing insurance policies may not be adequate to cover all of our losses resulting from such disasters or other business interruptions.

Our facilities may also be subject to mechanical failure and equipment shutdowns. In such situations, undamaged manufacturing units may be dependent on or interact with damaged sections of our facilities and, accordingly, are also subject to being shut down. If such events occur, our manufacturing capacity may be materially and adversely impacted. In the event that we are forced to shut down any of our manufacturing facilities for a significant period of time, it would have a material adverse effect on our business, results of operation, financial condition and ability to repay the Notes.

We also require power for our manufacturing facilities. Industrial accidents, natural disasters or other factors may affect our ability to procure the necessary power to operate our manufacturing facilities. This could have a material adverse effect on our business, results of operation, financial condition and ability to repay the Notes.

Climatic events such as El Niño or La Niña could reduce demand for some of our products.

Our sales levels generally increase during the warmer months. Peru's three main geographic regions, the coast, the mountains and the Amazon region, have different seasons of warm temperatures. The periods for warm weather in the coast are usually January, February and March, while July and August are usually the warmer months in the mountain and Amazon regions. Unseasonably cool weather and climatic events that affect typical weather patterns such as *El Niño* or *La Niña*, may reduce the warmer periods and as a consequence adversely affect our sales volume in the SSD and bottled water categories.

A dispute with one or more of our labor unions could have an adverse effect on our results of operations.

As of December 31, 2012, approximately 29.9% of our employees were affiliated with at least one of the five unions represented within our Company. Work slowdowns, stoppages, strikes or other labor-related developments affecting us could have an adverse effect on our business, implementation of potential headcount reductions, results of operation, financial condition and ability to repay the Notes. See "Description of the Company—Employees."

Risks Related to Peru

Economic conditions in Peru could adversely affect our operations.

All of our operations and customers are located in Peru. As a result, our business, financial position and results of operations are dependent upon the condition of the Peruvian economy, including price instability, inflation, interest rates, regulation, taxation, social instability, political unrest and other developments in or affecting Peru, over which we have no control.

Our business is significantly dependent upon our customers' purchasing power. Declining economic activity in the Peruvian economy, the devaluation of the Nuevo Sol and increases in inflation or domestic interest rates may reduce our customers' ability to purchase our products. In the past, Peru has experienced periods of weak economic activity and deterioration in economic conditions. We cannot assure you that such conditions will not return or that such conditions will not have a material and adverse effect on our business, results of operation, financial condition and ability to repay the Notes.

Political developments in Peru could adversely affect our operations.

Our financial condition and results of operations may 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 and took office as President on July 28, 2011. The administration ratified Mr. Julio Velarde as president of the Peruvian Central Bank who served in the same position under the previous administration. In addition, President Humala has appointed Mr. Luis Castilla, former Vice-Minister of Treasury under the previous administration, as Minister of Economy and Finance. The administration has largely continued to pursue similar economic policies to those implemented by the predecessor governments of Alejandro Toledo and Alan García, which promoted business-friendly and open-market economic policies. However, we cannot assure you that President Humala's administration will continue to pursue such policies and not pursue significant changes in the country's economic policies and regulations, including tax increases, price controls, higher minimum wages and pension requirements, expropriations of private assets, and stricter environmental standards, among others, in the future. This could have a material adverse effect on our business, results of operation, financial condition and ability to repay the Notes.

In addition, President Humala's political party does not hold a majority of congressional seats, which could lead to gridlock in the Peruvian Congress and create further political uncertainty. 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 repay the Notes.

A slowdown in the global economy could adversely affect our operations.

The extent to which the Peruvian economy is affected by a slowdown in the global economy and the rate of recovery of the global economy for such slowdown could affect the economic situation in Peru and have an adverse effect on Lindley and its customers. The current global economic situation could lead to reduced economic activity among Peru's major trading partners, increased volatility as to the prices and demand of commodities and decrease demand for Peruvian exports which in turn may limit the growth of the Peruvian economy and adversely affect the disposable income of our customers. This could have a material adverse effect on our business, results of operations and financial condition.

Depreciation of the Nuevo Sol relative to the U.S. dollar could adversely affect our financial condition and results of operations.

Depreciation of the Nuevo Sol relative to the U.S. dollar increases the cost of some of the raw materials we acquire, the price of which is paid in or determined with reference to U.S. dollars, and of our debt obligations denominated in U.S. dollars and thereby may negatively affect our results of operations and financial position. In addition, the devaluation of Nuevo Sol against the U.S. dollar could increase our financial expenses and certain other operating costs, as well as adversely affect our ability to meet our foreign currency obligations. As a result, the devaluation of the Nuevo Sol against the U.S. dollar may reduce our ability to satisfy our debt service obligation, including those with respect to the Notes. As of December 31, 2012, the exchange rate was S/.2.549 to U.S.$1.00.

A devaluation of the Nuevo Sol against the U.S. dollar could have a material adverse effect on our business, results of operations and financial condition. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosure about Market Risk—Exchange Rate Risk."

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

Since 1991, the Peruvian economy has undergone a major transformation from a highly protected and regulated system to a free-market economy. During this period, protectionist and interventionist laws and policies have been gradually dismantled to create a liberal economy dominated by private sector and market forces. The Peruvian economy has, in general, responded well to this transformation, growing at an average annual rate of over 5.5% during the period from 1994 to 2012, according to the Peruvian Central Bank. Exchange controls and restrictions on remittances of profits, dividends and royalties have ceased. Prior to 1991, Peru exercised control over the foreign exchange markets by imposing multiple exchange rates and placing restrictions on the possession and use of foreign currencies. In 1991, the Fujimori administration eliminated all foreign exchange controls and unified exchange rates. Currently, foreign exchange rates are determined by market conditions, with regular operations by the Central Bank in the foreign exchange market in order to reduce volatility in the value of Peru's currency against the U.S. dollar.

The Peruvian government may institute restrictive exchange rate policies in the future. Any such restrictive exchange rate policy could affect our ability to engage in foreign exchange activities, and could also have a material adverse effect on our business, results of operation, financial condition and ability to repay the Notes.

Inflation could adversely affect our financial condition and results of operations.

As a result of reforms begun in the early 1990s, Peruvian inflation has decreased significantly in recent years from triple-digit inflation during the 1980s. Over the five-year period ended on December 31, 2012, the Peruvian economy experienced annual inflation averaging approximately 3.3% per year as measured by the Peruvian Consumer Price Index. This index is calculated by the Instituto Nacional de Estadística e Informática (the National Institute of Statistics and Information, or "INEI") and it measures variations in prices of a selected group of goods and services typically consumed by Peruvian families. We cannot assure you, however, that inflation will remain at these levels.

The Peruvian Central Bank establishes a target inflation rate for each fiscal year and announces this target rate in order to shape market expectations. The target annual inflation rate since 2007 has been 2.0%, plus or minus 1.0%. If Peru experiences substantial inflation in the future, our costs may increase, and, if not accompanied by a corresponding increase in the price of our products, our operating and net margins may decrease, which may adversely affect our business and results of operations.

Inflationary pressures may also curtail our ability to access foreign financial markets and may lead to further government intervention in the economy, including the introduction of government policies that may adversely affect the overall performance of the Peruvian economy. Our operating results and the value of our securities, including the Notes, may be adversely affected by higher inflation.

The imposition of price controls could adversely affect our financial condition and results of operations.

Statutory price controls have been imposed in Peru in the past, however, they have never affected any of the products we sell. Since 1990, no price controls have been imposed in Peru. We cannot assure you that Peru will not impose statutory price controls in the future. The imposition of price controls on our products may have an adverse effect on our results of operations and financial position.

The perception of higher risk in other countries, especially in emerging economies, may adversely affect the Peruvian economy, our business and the market price of Peruvian securities issued by Peruvian issuers, including the Notes.

Emerging markets like Peru are subject to greater risks than more developed markets, and financial turmoil in any emerging market could disrupt business in Peru and adversely affect the price of the Notes. Moreover, financial turmoil in any important emerging market country may adversely affect prices in stock markets and prices for debt securities of issuers in other emerging market countries as investors move their money to more stable, developed markets. An increase in the perceived risks associated with investing in emerging markets could dampen capital flows to Peru and adversely affect the Peruvian economy in general, and the interest of investors in our Notes, in particular. We cannot assure you that investors' interest in Peru, and in our Notes, will not be adversely affected by events in other emerging markets or the global economy in general.

Risk Factors Relating to an Investment in the Notes

Our obligations under the Notes will be subordinated to certain statutory liabilities.

Under Peruvian bankruptcy law, our obligations under the Notes are subordinated to certain statutory preferences. In the event of our liquidation, such statutory preferences, including claims for salaries, wages, secured obligations, social security, taxes and court fees and expenses related thereto, will have preference over any other claims, including claims by any investor in respect of the Notes.

The Notes will be effectively subordinated to our secured debt and certain claims preferred by statute.

The Notes will be unsecured unsubordinated obligations of the Company and will rank equal in right of payment with all of the other existing and future unsecured unsubordinated indebtedness of the Company. The payment of principal and interest on the Notes will be effectively subordinated in right of payment upon our bankruptcy to all of our secured indebtedness, which as of December 31, 2012, was S/.186.2 million (approximately U.S.$73.0 million). As of December 31, 2012, after giving pro forma effect to this offering and the application of a portion of the net proceeds to repay certain debt, including certain secured indebtedness, our secured indebtedness would be S/.45.0 million (U.S.$17.7 million) all of which will be comprised of financial leases. If we become insolvent or are liquidated, or if payment in respect of our secured indebtedness is accelerated, our secured lenders will be entitled to exercise the remedies available to a secured lender under applicable law, in addition to any remedies that may be available under the financing arrangements relating to that secured indebtedness, and we cannot assure you that there will be sufficient assets remaining to pay amounts due on the Notes. As a result, you may receive less, ratably, than the lenders of our secured indebtedness.

Structural Subordination of the Notes

Claims of creditors of our wholly-owned subsidiary, La Selva, or any future subsidiary we may incorporate, including their trade creditors, banks and other lenders, will have priority over our creditors, including holders of the Notes, with respect to the assets and cash flow of La Selva. Any right of the Company to receive assets of any of its subsidiaries upon their liquidation or reorganization (and the consequent right of the holders of Notes to participate in those assets) will be structurally subordinated to the claims of that subsidiary's creditors. As of December 31, 2012, La Selva had no financial debt. See "Description of the Notes" for a description of the limitations on the Company's ability to incur indebtedness.

There is no existing market for the trading of the Notes, and we cannot assure you that you will be able to sell your Notes in the future.

There is no existing market for trading of the Notes, and we cannot assure you that in the future a market for the Notes will develop, or that you will be able to sell any Notes you have purchased, or that any such Notes may be sold for any particular price. Although application has been made for the Notes to be listed on the Luxembourg Stock Exchange and traded on the Euro MTF Market, the Notes have not yet been listed nor accepted for trading and we cannot assure you that a trading market will develop. The initial purchasers have advised us that they currently intend to make a market in the Notes but they are not under any obligation to do so, and any market-making with respect to the Notes may be discontinued at any time without notice at the sole discretion of the initial purchasers.

In addition, trading or resale of the Notes (or beneficial interests therein) may be negatively affected by other factors described in this Offering Memorandum arising from this transaction or the market for securities of Peruvian issuers generally. As a result, we cannot assure you the level of liquidity of any trading market for the Notes and, as a result, you may be required to bear the financial risk of your investment in the Notes indefinitely.

We cannot assure you that the credit ratings for the Notes will not be lowered, suspended or withdrawn by the rating agencies.

The credit ratings of the Notes may change after issuance. Such ratings are limited in scope, and do not address all material risks relating to an investment in the Notes, but rather reflect only the views of the rating agencies at the time the ratings are issued. An explanation of the significance of such ratings may be obtained from the rating agencies. We cannot assure you that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in the judgment of such rating agencies, circumstances so warrant. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price and marketability of the Notes.

Enforcing your rights as a noteholder in Peru may prove difficult.

Your rights under the Notes will be subject to the insolvency and administrative laws of Peru, and we cannot assure that you will be able to effectively enforce your rights in such bankruptcy, insolvency or similar proceedings. In addition, the bankruptcy, insolvency, administrative and other laws of Peru may be materially different from, or in conflict with, each other, including in the areas of rights of creditors, priority of government entities and other third party and related party creditors, ability to obtain post-bankruptcy filing loans or to pay interest and the duration of proceedings. The laws of Peru may not be as favorable to your interests as the laws of those jurisdictions with which you are familiar. The application of these laws, or any conflict among them, could call into question what and how Peruvian laws should apply. Such issues may adversely affect your ability to enforce your rights under the Notes in Peru or limit any amounts that you may receive.

The Indenture and the terms of our other indebtedness could adversely affect our financial condition, results of operations and the guarantees.

As of December 31, 2012, we and our subsidiaries had outstanding consolidated indebtedness in the aggregate amount of S/.1,089.9 million (approximately U.S.$427.6 million). Our leverage may constrain our ability to raise incremental financing or increase the cost at which we could raise any such financing. We have entered into agreements with certain banks and financial institutions for short-term and long-term borrowings and financial lease agreements for the acquisition of equipment. The terms of the Indenture and certain of those financings and financial lease agreements contain financial and other restrictive covenants that, among other things, restrict our ability and require lender consent for the incurrence of additional indebtedness, the making of investments, the granting of guarantees, payment of dividends and the making of certain restricted payments, consummation of certain asset sales, incurrence of liens, mergers, consolidations and disposals of assets. There can be no assurance that we will be able to comply with these financial covenants or other covenants or that we will be able to obtain the consents required to take the actions we believe are necessary or appropriate to operate and grow our business. In addition, the occurrence of a default under one financing document may trigger cross-defaults under other financing documents. An event of default under any financing document, if not cured or waived, could result in the acceleration of all or part of our financial indebtedness and the enforcement by their creditors of any security

interests created in connection with such financing. In addition, an event of default under any financing agreement could also have a material adverse effect on our business, results of operation, financial condition and ability to repay the Notes.

In addition, we may be able to incur additional indebtedness in the future, including in connection with any future acquisition. The terms of the Indenture will limit, but not prohibit us from doing so. If we incur additional indebtedness, the related risks that we may face could become more significant.

We cannot provide any assurance that our business will generate cash in an amount sufficient to enable it to service its debt or to fund its other liquidity needs, including any payment related to the Notes. We may need to refinance all or a portion of our other debt, on or before maturity. We cannot provide any assurance that we will be able to refinance any of our debt on commercially reasonable terms, or at all.

Breaches under certain of our financial leases could adversely affect our financial results and result in a default under the indenture governing the Notes if such breaches are not waived or the relevant covenants are not amended.

In the past, we have obtained waivers from each of Banco Internacional del Perú S.A.A. – Interbank ("Interbank") and BBVA Continental for the breach of certain financial covenants contained in certain financial leases. In December 2012 and January 2013, we negotiated modifications to some financial covenants with Interbank and BBVA Continental. We expect to use a portion of the net proceeds from the offering of the Notes to prepay certain financial leases. However, in the event of a breach of a financial covenant contained in any financial lease based on our financial results as of and for any period, and in the event that we do not receive a waiver for such breach or execute an amendment to the relevant financial lease, the principal amounts due under such financial leases could be accelerated. In the event the principal amounts outstanding under any or all of our financial leases are accelerated, such an event could adversely affect our results of operations and result in a default under the indenture governing the Notes. See "Use of Proceeds," "Management's Discussion and Analysis of Financial Condition and Results of Operations—Summary of Significant Debt Instruments" and "Description of the Notes—Events of Default."

The Notes are subject to certain restrictions on transfer.

The Notes have not been and will not be registered under the Securities Act or any U.S. state securities laws. You may not offer the Notes in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws, or pursuant to an effective registration statement. Furthermore, we have not registered the Notes under any other country's securities laws. It is your obligation to ensure that your offers and sales of the Notes within the United States and other countries comply with applicable securities laws. See "Notice to Investors."

The ability of investors to enforce civil liabilities under U.S. securities laws may be limited.

None of our directors or executive officers are residents of the United States. Substantially all or a significant portion of our assets and those of our directors and executive officers are located outside the United States. As a result, it may not be possible for investors in our securities to effect service of process within the United States upon such persons or to enforce in U.S. courts or outside the United States judgments obtained against such persons outside the United States.

We are a company organized and existing under the laws of Peru and there is no existing treaty between the United States and Peru for the reciprocal enforcement of foreign judgments. It is not clear whether a foreign court would accept jurisdiction and impose civil liability if proceedings were commenced in a foreign jurisdiction predicated solely upon U.S. federal securities laws. See "Service of Process and Enforcement of Civil Liabilities."

USE OF PROCEEDS

The estimated net proceeds from the sale of the Notes, after payment of applicable fees and expenses, are expected to be approximately U.S.$258 million. The Company intends to use the net proceeds from the sale of Notes (i) for capital expenditures related to various enhancements, including of our plants, logistical distribution channel, warehouses and other infrastructure, (ii) to prepay amounts due pursuant to certain financial leases, short-term debt and revolving debt in an aggregate amount up to U.S.$90 million and (iii) for general corporate purposes.

CAPITALIZATION

The following table sets forth the capitalization and indebtedness of Lindley in accordance with IFRS, on a consolidated basis, as of December 31, 2012, on an actual basis, and as adjusted to give effect to receipt of approximately U.S.$258 million in estimated net proceeds, from the sale of the Notes as if such sale had occurred on December 31, 2012. This table should be read in conjunction with the information in "Management's Discussion and Analysis of Financial Condition and Results of Operation," "Use of Proceeds," and our Consolidated Financial Statements, included elsewhere in this Offering Memorandum:

	As of December 31, 2012			
	Actual (audited)		As Adjusted For This Offering [1] (unaudited)	
	(S/.)	(U.S.$)[2]	(S/.)	(U.S.$)[2]
	(in millions)			
Cash and cash equivalents	41.0	16.1	482.2	189.2
Short-term debt and current portion of long-term debt: [a]				
Short-term debt	63.2	24.8	–	–
Current portion of long-term debt:	52.2	20.5	13.3	5.2
Long-term debt, excluding current portion[b]				
Financial Leases	142.2	55.8	31.8	12.5
Corporate Bonds	816.3	320.2	816.3	320.2
Other Obligations	16.0	6.3		
Notes offered hereby	–	–	662.7	260.0
Total stockholders' equity[c]	652.9	256.1	652.9	256.1
Total capitalization[3]	1,724.8	676.7	2,177.0	854.1

(1) As adjusted to give effect to the application of the net proceeds of this offering as described under "Use of Proceeds."

(2) Nuevos Soles amounts have been converted into U.S. dollars, solely for the convenience of the reader, at the rate of 2.549 Nuevos Soles per U.S. dollar as of December 28, 2012.

(3) Total Capitalization is equal to (a) + (b) + (c).

EXCHANGE RATE

Exchange rates for the Nuevo Sol have been relatively stable in recent years. The following table sets forth the Central Bank's period average and period end buying rates for U.S. dollars for the indicated dates and periods.

	S/. per U.S.$			
Year Ended December 31,	**High**	**Low**	**Average[(1)]**	**Period End**
2009	3.258	2.852	3.010	2.888
2010	2.880	2.786	2.824	2.806
2011	2.831	2.693	2.754	2.696
2012	2.709	2.549	2.638	2.549
2013				
January	2.579	2.539	2.551	2.579
February	2.587	2.567	2.578	2.587
March	2.603	2.584	2.593	2.590
April (through April 5, 2013)	2.589	2.583	2.586	2.583

Source: Peruvian Central Bank: Interbank Buying Exchange Rate

(1) Calculated using daily averages.

Unless otherwise stated, any balance sheet or income statement data in U.S. dollars derived from the Consolidated Financial Statements have been converted from Nuevos Soles into dollars at the rate of S/.2.549 = U.S.$1.00 (being the interbank buying exchange rate published by the Peruvian Central Bank on December 28, 2012). The interbank buying exchange rate published by the Peruvian Central Bank on April 5, 2013, was 2.583 Nuevos Soles per U.S. dollar. No representation is made that the Nuevo Sol or U.S. dollar amounts in this Offering Memorandum could have been or could be converted into U.S. dollar or Nuevos Soles, as the case may be, at any particular rate or at all.

SELECTED CONSOLIDATED FINANCIAL INFORMATION AND OTHER INFORMATION AND OPERATING DATA

The following table sets forth our summary consolidated financial data for each of the periods presented. The selected financial data set forth below as of December 31, 2012 and 2011 and for the years ended December 31, 2012, 2011 and 2010 have been derived from our Consolidated Financial Statements and notes thereto included elsewhere in this Offering Memorandum. This information should be read in conjunction with the sections entitled "Presentation of Financial Information and Other Information," "Capitalization" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The exchange rate used in converting Nuevos Soles into U.S. dollars solely for the convenience of the reader included in the following charts is determined by reference to the interbank buying exchange rate on December 31, 2012, which was 2.549 Nuevos Soles per U.S. dollar. The exchange rate conversions contained in this Offering Memorandum should not be construed as representations that the Nuevos Soles amounts actually represent the U.S. dollar amounts presented or that they could be converted into U.S. dollars at the rate indicated.

Our Consolidated Financial Statements have been prepared in accordance with IFRS, which differs in certain respects from U.S. GAAP.

	Year Ended December 31,			
	2010	2011	2012	2012
	(S/.)	(S/.)	(S/.)	(U.S.$)
	(in millions)			
Income Statement Data:				
Net sales	1,538.0	1,767.8	2,051.1	804.7
Costs of sales	(1,082.9)	(1,270.7)	(1,394.2)	(547.0)
Gross profit	455.2	497.2	656.8	257.7
Selling expenses	(254.0)	(302.2)	(370.5)	(145.3)
Administrative expenses	(65.0)	(65.5)	(89.1)	(35.0)
Other operating income	74.8	66.5	74.7	29.3
Other operating expenses	(110.4)	(79.8)	(116.0)	(45.5)
Operating income	100.6	116.2	155.9	61.2
Financial income	25.9	59.9	123.0	48.2
Financial expenses	(59.3)	(106.8)	(148.6)	(58.3)
Changes in fair value of derivative financial instruments	2.9	(2.4)	1.6	0.6
Income before income tax	70.1	66.9	131.8	51.7
Income taxes	(26.0)	(21.2)	(56.5)	(22.2)
Net income	44.1	45.7	75.3	29.6

	As of December 31,		
	2011	2012	2012
	(S/.)	(S/.)	(U.S.$)
		(in millions)	
Balance Sheet Data:			
Cash and cash equivalents	357.4	41.0	16.1
Trade accounts receivable, net	152.8	150.5	59.0
Accounts receivable from related parties	54.9	43.9	17.2
Other accounts receivable and financial assets, net	34.9	27.9	10.9
Inventories, net	213.4	258.1	101.3
Prepaid expenses	11.9	10.6	4.2
Available-for-sale investments	–	228.9	89.8
Total current assets	825.3	761.0	298.5
Total non-current assets	1,528.6	1,755.3	688.6
Total assets	2,353.9	2,516.3	987.2
Financial obligations	52.2	115.4	45.3
Trade accounts payable	256.2	334.6	131.3
Accounts payable to related parties	94.3	96.9	38.0
Income tax and workers profit sharing	13.9	16.3	6.4
Other accounts payable	134.5	152.4	59.8
Current portion of derivative financial instruments	6.1	9.2	5.5
Total current liabilities	557.3	724.7	284.3
Financial obligations	1,048.6	974.5	382.3
Long portion of derivative financial instruments	2.1	1.8	0.7
Deferred income tax	35.1	42.5	16.7
Total liabilities	1,643.2	1,743.5	684.0
Capital stock	581.0	581.0	227.9
Investment shares	72.0	72.0	28.2
Legal reserve	4.5	16.2	6.3
Other capital reserves	11.3	(2.0)	(0.8)
Retained earnings	41.5	105.1	41.2
	710.3	772.3	303.0
Non-controlling interest	0.5	0.5	0.2
Total shareholders' equity, net	710.7	772.8	303.2
Total liabilities and shareholders' equity	2,353.9	2,516.3	987.2

	Year Ended December 31,			
	2010	2011	2012	2012
	(S/.)	(S/.)	(S/.)	(U.S.$)
	(in millions except for ratios or percentages)			
Other Financial Information:				
Adjusted EBITDA[(1)]	256.1	282.8	376.2	147.6
Total debt[(2)]	516.4	1,100.9	1,089.9	427.6
Net debt[(3)]	484.8	743.4	1,049.0	411.6
CAPEX[(4)]	182.5	360.0	291.9	114.5
Working capital[(5)]	(82.0)	267.9	36.2	16.1
Cash flow from operations	147.9	194.6	192.0	75.3
Cash flow from investing activities	(125.9)	(328.7)	(495.4)	(194.4)
Cash flow from financing activities	(15.1)	449.1	(13.0)	(5.1)
Cash flow[(6)]	42.3	357.4	41.0	16.1
Adjusted EBITDA margin[(1)(7)]	16.7%	16.0%	18.3%	18.3%
Total debt/LTM Adjusted EBITDA[(1)(2)]	2.0	3.9	2.9	2.9
Net debt/Adjusted EBITDA[(1)(3)]	1.9	2.6	2.8	2.8
Interest coverage ratio[(8)]	5.9	4.0	4.0	4.0

	Year Ended December 31,		
	2010	2011	2012
	(in millions)		
Other Data			
Unit cases sold	236.5	258.9	274.8

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(1) Adjusted EBITDA represents net income plus (i) income tax, (ii) changes in fair value of derivative financial instruments, (iii) net financial expense/income, (iv) other operating expenses, (v) employee participation and (vi) depreciation from cost of sales, administrative expenses and selling expenses and amortization, minus (vi) other operating income (excluding contributions from The Coca-Cola Company and sales of returnable bottles). Adjusted EBITDA is not a financial measure under IFRS. Adjusted EBITDA is included in this Offering Memorandum because we believe certain investors may consider this useful as an additional measure of our financial performance and ability to service our debt and fund capital expenditures. Adjusted EBITDA is not and should not be considered as substitute for net income, cash flow provided by operations or other measures of financial performance or liquidity under IFRS. Because Adjusted EBITDA is not an IFRS measure and not all companies calculate EBITDA in the same manner, our presentation of Adjusted EBITDA may not be comparable to other EBITDA, adjusted EBITDA or similarly titled measures reported by other companies. Reconciliation of Adjusted EBITDA is as follows:

	Year Ended December 31,			
	2010	2011	2012	2012
	(S/.)	(S/.)	(S/.)	(U.S.$)
	(in millions)			
Net income	44.1	45.7	75.3	29.6
Income tax	26.0	21.2	56.5	22.2
Changes in fair value of derivative financial instruments	(2.9)	2.4	(1.6)	(0.6)
Net financial expense/income	33.4	46.9	25.7	10.1
Plus: other operating expenses	110.4	79.8	116.0	45.5
Less: other operating income (excluding contributions from The Coca-Cola Company and sales of returnable bottles)	(43.6)	(24.3)	(24.4)	(9.6)
Plus: employee participation	10.8	13.7	16.1	6.3
Plus: depreciation from cost of sales, administrative expenses and selling expenses	76.0	96.5	112.0	43.9
Plus: amortization	1.9	0.9	0.6	0.2
Adjusted EBITDA	256.1	282.8	376.2	147.6

(2) Total debt represents the sum of short-term and long-term debt.

(3) Net debt represents total debt less cash and cash equivalents. Net debt is not a financial measure under IFRS. Net debt is included in this Offering Memorandum because we believe certain investors may consider this useful as an additional measure of our financial performance and ability to service our debt and fund capital expenditures. Net debt is not and should not be considered as substitute for net income, cash flow provided by operations or other measures of financial performance or liquidity under IFRS. Because net debt is not an IFRS measure and not all companies calculate net debt in the same manner, our presentation of net debt may not be comparable to other similarly titled measures reported by other companies. Reconciliation of net debt is as follows:

	Year Ended December 31,		
	2011	**2012**	**2012**
	(S/.)	**(S/.)**	**(U.S.$)**
		(in millions)	
Long-term debt	1,048.6	974.5	382.3
Plus: short-term debt	52.2	115.4	45.3
Total debt	1,100.9	1,089.9	427.6
Less: Cash and cash equivalents	357.4	41.0	16.1
Net debt	743.4	1048.9	411.6

(4) CAPEX means investments in fixed assets and capital expenditure on a cash flow basis.

(5) Working capital is current assets minus current liabilities.

(6) Cash flow is the sum of (i) cash flow from operations, (ii) cash flow from investing activities, (iii) cash flow from financing activities and (iv) cash and cash equivalent at the beginning of the period.

(7) Adjusted EBITDA margin is the ratio of Adjusted EBITDA to net sales.

(8) Interest coverage ratio is the ratio of Adjusted EBITDA to interest and expenses from long-term financial obligations, loans and others.

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

The following discussion should be read in conjunction with our Consolidated Financial Statements and notes thereto included elsewhere in this Offering Memorandum. The Consolidated Financial Statements have been prepared in accordance with IFRS. See "Risk Factors."

This Offering Memorandum contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this Offering Memorandum, particularly in "Forward-Looking Statements" and "Risk Factors."

Overview of our business

We are engaged in the production, bottling, distribution and sale of trademarked beverages of The Coca-Cola Company in Peru. We offer a wide range of non-alcoholic beverages consisting of SSD and Still Beverages, including fruit-juice based beverages, bottled water (sparkling and still), isotonics and energy drinks.

Our product portfolio consists of SSD category leading brands such as *Coca-Cola*, one of the world's most recognized sparkling non-alcoholic beverage brands, and Inca Kola, one of the most recognized brands in Peru for non-alcoholic beverages, as well as smaller niche brands such as *Fanta*, *Sprite*, *Sprite Zero*, *Crush* and *Kola Inglesa*. In the SSD category, *Coca-Cola* and *Inca Kola* with their brand extensions such as *Coca-Cola Zero* and *Inca Kola Zero*, accounted for 61.8% of our total sales volume for 2012, and 62.7% for 2011, and represented approximately 53.3% of the Peruvian SSD category based on sales volume during 2012, according to TRAC. In 2012, our *Inca Kola*, *Coca-Cola*, *Coca-Cola Zero* and *Inca Kola Zero* sales accounted for approximately 47.7%, 33.2%, 1.0% and 0.8%, respectively, of our total sales volume of SSD products. In 2011, our *Inca Kola*, *Coca-Cola*, *Coca-Cola Zero* and *Inca Kola Zero* sales accounted for approximately 46.0%, 33.5%, 0.8% and 0.7%, respectively, of our total sales volume of SSD products. *Fanta*, *Sprite*, *Sprite Zero*, *Crush* and *Kola Inglesa*, collectively, accounted for 18.2% of our total sales volume of SSD products for 2012, and 19.0% for 2011, and approximately 14.9% of the Peruvian SSD category based on sales volume during 2012, according to TRAC.

In the Still Beverages segment, our product portfolio includes brands such as *Frugos*, our fruit-juice based beverages; *Aquarius*, our flavored bottled water product; *San Luis*, our still and sparkling bottled water products; *Powerade*, our isotonic beverage; and *Burn*, our energy drink. In 2012 and 2011, the bottled water business accounted for approximately 19.2% and 17.1%, respectively, of our total sales volume; the fruit-juice based beverages for 4.2% and 4.4%, respectively, of our total sales volume, the isotonic drinks for 1.6% and 1.3%, respectively, of our total sales volume, and the energy drinks for 0.01% and 0.02%, respectively, of our total sales volume.

Our sales volume in 2012 increased by 6.1% over 2011. In 2011, our sales volume increased by 9.5% over 2010. The increase in sales volume in 2012 was primarily the result of an increase in the sales volume of our bottled water business. In addition, the introduction of new brands across our portfolio during 2012, including Schweppes and Powerade Ion, increased our market share in the categories of the new brands. These increases were also due to favorable economic conditions in Peru. The Peruvian economy grew 6.3% in 2012 and 6.9% in the 2011, according to the Ministerio de Economía y Finanzas of Peru and the Banco Central de Reserva del Peru, respectively.

As of December 31, 2012, we had assets valued at S/.2,516.3 million. For 2012, and 2011, we had consolidated net sales of S/.2,051.1 million and S/.1,767.8 million, respectively, net income of S/.75.3 million and S/.45.7 million, respectively, and Adjusted EBITDA of S/.376.2 million and S/.282.8 million, respectively.

Factors Affecting our Results of Operations

Our relationship with The Coca-Cola Company

We are a producer, bottler, distributor and seller of certain non-alcoholic beverages of The Coca-Cola Company in Peru. The Coca-Cola Company controls the global product development and marketing of its brands. The Coca-Cola Company's ability to perform these functions successfully has a direct effect on our sales volume and results of operations. Our business relationship with The Coca-Cola Company is mainly governed by bottler's agreements entered into between The Coca-Cola Company (or some of its subsidiaries) and us. You should read "Description of the Company–The Coca-Cola Company Bottler's Agreements'' for additional information on our relationship with The Coca-Cola Company and a detailed description of the terms of the bottler's agreements.

Under our bottler's agreements, we are required to purchase Concentrate for all trademarked beverages of The Coca-Cola Company that we produce from suppliers authorized by The Coca-Cola Company. Pursuant to the terms of our bottler's agreements with The Coca-Cola Company, the price we pay for Concentrate is determined by The Coca-Cola Company and, historically, it has been determined after discussions with Lindley and after taking in consideration trading conditions in the market and the marketing plan developed by Lindley and The Coca-Cola Company. Expenditures for Concentrates constitute our largest individual raw material cost. Our total cost of Concentrates for 2012 amounted to S/.462.6 million, S/.398.4 million in 2011, and S/.350.6 million in 2010. Concentrates represented approximately 40.5% of our total cost of goods sold in 2012, as compared to 38.4% in 2011 and 39.3% in 2010.

We expect amounts of Concentrate purchased from The Coca-Cola Company to track our sales volume growth. The price of Concentrate is determined based on our revenue by product and has not been modified for any of our products in the last five years except for certain products, such as *Kola Inglesa* and *Powerade*, for which the price of Concentrate was reduced in 2010. We expect that payments for Concentrate will increase in the future in line with the implementation of retail price increases.

Historically, we and The Coca-Cola Company, through its wholly owned subsidiary Coca-Cola Servicios del Perú S.A., have jointly prepared annual marketing plans and have generally agreed to divide expenses equally between us. In addition, The Coca-Cola Company, acting through its wholly owned subsidiary Coca-Cola Servicios del Perú S.A., has historically made contributions to certain product development activities such as the introduction of bottles and coolers; however, they are under no obligation to continue the same level of contributions made in the past. The total contributions for the introduction of new bottles and coolers made by The Coca-Cola Company in 2012, 2011, and 2010 were S/.26.0 million, S/.15.6 million and S/.25.5 million, respectively. This support for capital expenditure and marketing and promotional plans is not binding to The Coca-Cola Company, and they are under no obligation to continue past levels of funding in the future.

Seasonality

Sales of our products are seasonal, as our sales levels generally increase during the warmer months. Peru's three main geographic regions, the coast, the mountains and the Amazon region, have different seasons of warm temperatures. The warm weather months in the coast are usually January, February and March, while July and August are usually the warmer months in the mountain and Amazon regions. In each of 2012 and 2011, approximately 28% of our sales volume came in the first quarter, approximately 23% in the second quarter, approximately 23% in the third quarter and approximately 26% in the fourth quarter.

Because of population density, we have higher sales on the coast than in the mountain or Amazon region. For our own internal purposes, we divide Peru into four geographic regions. See "Our Business—Territories." In 2012, 2011 and 2010, the region of Lima represented 54.6%, 56.0% and 56.5%, respectively, of our total sales volume, the southern region represented 23.7%, 23.0% and 22.6%, respectively, the northern region represented 14.6%, 13.8% and 13.6%, respectively, and the central sierra and Amazon region represented 7.3%, 7.2% and 7.3%, respectively.

Weather conditions

Weather conditions directly affect the consumption of all our products. High temperatures and prolonged periods of warm weather increase consumption of SSDs and waters, while unseasonably cool weather adversely affects our sales volume of SSDs and waters but increases the sale of juice based beverages.

Net Sales

Net sales consists of sales of SSD and Still Beverage products less discounts. We have three different types of discounts: commercial discounts, distribution discounts and bottle discounts.

- Commercial discounts are those used to incentivize the sale of our products and are also used strategically to obtain specific results in the market for certain territories or products. As an internal policy our commercial discounts cannot be higher than 3% of our gross sales.

- Distribution discounts are those used to compensate our exclusive distributors for selling and distributing our products in the territories assigned to them. These discounts are equivalent to a distribution fee or expense. Before 2010, the distribution discount was a percentage of the sales price and, as a result, any increase in the sales price generated an increase in the nominal fee of the distribution discount. Our distributors cover all of Peru and service our principal distribution channels. They are only allowed to sell and distribute our products. They only follow our instructions and do not have any right to establish prices, packages, discounts or promotions. The commercial strategy and the collection of information, including sales records, placement of orders and the relationship with the customers, is managed by us directly. See "Description of the Company—Product Distribution."

- Bottle discounts are those given to distributors to introduce new returnable bottles into the market. Returnable bottles are key in our marketing strategy of offering our products at competitive prices.

Raw material and other significant cost of goods

The materials that represent the most significant part of our total cost of goods are (i) Concentrates, (ii) sugar and (iii) resin, which is used to produce plastic bottles and PET preforms. Concentrate represented 40.5% of our total cost of goods sold in 2012, as compared to 38.4% in 2011. Sugar represented 22.6% of our total cost of goods sold in 2012, as compared to 23.7% in 2011. Plastic bottles and PET preforms represented 21.74% of our total cost of goods sold in 2012, as compared to 22% in 2011.

The price of sugar is highly volatile, and during the last two years, it has suffered significant variations. "See —Hedge agreements". In 2012, the price of sugar on the London commodities market varied between U.S.$499.8 (S/.1,274.0) and U.S.$671.1 (S/.1,710.6) per metric ton, in 2011 the variation was between U.S.$582.0 (S/.1,483.5) and U.S.$876.3 (S/.2,233.7) and in the 2010 the variation was between U.S.$442.5 (S/.1,127.9) and U.S.$826.4 (S/.2,106.4). Lindley follows certain policies to hedge its exposure to the variation in the price of sugar. See "Hedge agreements". The current policy is to hedge a substantial portion of the sugar purchase price for the following year before the end of the current year. That allows us to design a sales plan in advance and to determine our price strategy for the following year. It also allows us to avoid significant changes in, and to expect, stable cash flows in line with our projections. As a result of our strategy, the average price of sugar paid by Lindley in 2012, 2011 and 2010, net of any derivative transactions entered into during those years and including any premium paid to the sugar mills and the cost of transportation, was approximately U.S.$730.0 per ton, U.S.$690.3 per ton and U.S.$597.6 per ton, respectively, while the average price of sugar based on the London commodity market was approximately U.S.$587.8 per ton, U.S.$706.2 per ton and U.S.$618.0 per ton for 2012, 2011 and 2010, respectively. See "Description of the Company—Production—Raw Materials" and "—Quantitative and Qualitative Disclosure about Market Risk."

We participate in a cross-enterprise procurement group ("CEPG") with certain bottlers of The Coca-Cola Company in order to acquire resin on more advantageous terms and conditions. Pursuant to an agreement entered

into with San Miguel Industrial S.A. ("SMI"), our main plastic bottle supplier, SMI acquires resin directly through CEPG and charges us the cost of the resin plus a fixed margin for processing the resin into plastic bottles. The total cost of plastic bottles and PET preforms for 2012 amounted to S/.130.7 million, compared to S/.173.8 million in 2011 and S/.144.8 million in 2010.

Foreign currency

Since all our revenues are in Nuevos Soles, except for sales from exporting pulp, which accounted for U.S.$6.0 million (S/.15.3 million) and U.S.$6.0 million (S/.15.4 million) in 2012 and 2011, respectively, of our net income, our results of operations are affected by exchange exposures, which arise from an adverse fluctuation in the exchange rate between Nuevos Soles and U.S. dollars. In particular:

- Raw materials purchased in U.S. dollars can lead to higher cost of goods as the U.S. dollar appreciates which, if not recovered through price increases, leads to reduced gross profit margins. Imported sugar, which represents approximately 52% of our annual purchases in 2012, is paid for in U.S. dollars. Sugar purchased from Peruvian producers may be paid for in Nuevos Soles or U.S. dollars depending on each arrangement. Purchases of plastic bottles and PET preforms, which are made from resin, are paid for in U.S. dollars.

- Currency fluctuations between Nuevos Soles and U.S. dollars impact our foreign currency denominated liabilities and expenses, such as our capital expenditures, raw material costs and interest expense on borrowings denominated in U.S. dollars. To reduce our long-term currency exposure from our 6.750% notes due 2021, we have entered into cross currency swaps. Through our two cross currency principal-only swaps, we hedged U.S.$80.0 million as of December 31, 2012, which represented approximately 25% of our outstanding debt. See "—Hedge agreements". We expect to continue hedging this exposure up to 85% in the next twelve to twenty four months. See "—Quantitative and Qualitative Disclosure about Market Risk."

We manage our short-term exposure through short-term currency forwards.

Hedge agreements

In 2009, we entered into a cross currency swap with BBVA Banco Continental to hedge the exposure of the Company to the variation of the exchange rate and the interest rate on a second syndicated loan entered into with Banco de Crédito del Perú in 2007. Due to the prepayment of such syndicated loan in August 2011, this cross currency swap is no longer considered a hedging instrument and any variation on the fair value valuations of the cross currency swap and the accumulated gains and losses have been recognized as a gain or loss, as applicable, from derivative financial instruments in the income statement. In 2012, we entered into two cross currency principal-only swap contracts with local and foreign financial institutions for an amount of U.S.$50 million and U.S.$30 million with maturities in 2021. See "—Foreign currency." Their combined fair value as of December 31, 2012 was U.S.$1,646,000.

We also hedge our cost of sugar through futures contracts and over-the-counter sugar liquidity swaps. As of December 31, 2012, we had positions of approximately 115,000 metric tons of sugar through futures contracts with a fair market value of U.S.$167,000 and sugar liquidity swaps with a fair market value of U.S.$750,000.

Profit sharing

We are required by law to pay our employees, in addition to their agreed compensation and benefits, an aggregate amount equal to 10% of our pre-tax profits, which is recorded as a labor expense in cost of sales, administrative expenses or sale expenses, depending on the work performed by each employee.

Adoption of IFRS

On August 31, 2010, the CNC issued Resolution No. 044-2010-EF-94 and on October 14, 2010, the SMV issued Resolution No. 102-2010-EF/94.01.1, which require that companies under the supervision of SMV, such as us, prepare their financial statements in accordance with IFRS for fiscal periods beginning on or after January 1, 2011 including comparative information for earlier periods. We released our first set of consolidated financial statements in compliance with IFRS as of and for the year ending December 31, 2011.

Critical Accounting Policies

Our significant accounting policies are described in note two of our Consolidated Financial Statements, included elsewhere in this Offering Memorandum. In preparing our Consolidated Financial Statements, we relied on estimates and assumptions derived from historical experience and various other factors that we deemed reasonable and relevant. Critical accounting policies are those that are important to the presentation of our consolidated financial position and results of operations and require management's subjective and complex judgments, estimates and assumptions. The application of these critical accounting policies often requires judgments made by management regarding the material effects of these provisions that are inherently uncertain with respect to our results of operations and the carrying value of our assets and liabilities. Our results of operations and financial position may differ from those set forth in our Consolidated Financial Statements if our actual experience differs from management's assumptions and estimates. In order to provide an understanding of our critical accounting policies, including some of the variables and assumptions underlying the estimates, and the sensitivity of those assumptions and estimates to different parameters and conditions, we set forth below a discussion of our critical accounting policies relating to:

- determination of useful lives and depreciation of investment property;
- determination of useful lives and depreciation of property, plant and equipment;
- inventories;
- amortization of intangible assets;
- estimation for impairment of non-financial assets;
- contingencies; and
- fair value of financial instruments.

Determination of useful lives and depreciation of investment property

Investment properties, which includes land and construction, are stated at acquisition cost or equity incorporation, in accordance with International Accounting Standards ("IAS") 40 "Investment property" using the historical cost model. As a result, we treat investment properties in accordance with IAS 16 "Property, plant and equipment."

Construction is depreciated in accordance with the straight line method. The rate of depreciation we use results in the construction being fully depreciated at the end of its estimated useful life, which is between 40 and 80 years.

We derecognize investment properties when they have been disposed of or when the investment property is permanently withdrawn from use such that no future economic benefit is expected. We recognize the difference between the net disposal proceeds and the carrying amount of the investment property in our consolidated income statement in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. If owner-occupied property becomes an investment property, we account for such property in accordance with the policy stated under "—Determination of useful lives and depreciation of property, plant and equipment" up to the date of change.

Determination of useful lives and depreciation of property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if certain recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, we derecognize the replaced part, and recognize the new part with its own associated useful life and depreciation. Similarly, when a major inspection is performed, we recognize its cost in the carrying amount of the plant and equipment as a replacement if certain recognition criteria are met. We recognize all other repair and maintenance costs in our consolidated income statement as they are incurred.

The historical acquisition cost of property, plant and equipment includes the purchase price, including non-refundable taxes, and any other expenses that are directly attributable to the acquisition of the assets.

Works in progress represent properties, plant and equipments that are under construction and are recorded at cost. We do not depreciate the construction of property, plant and equipment until such assets are finished and operational.

We derecognize an item of property, plant and equipment, or any significant part thereof, upon disposal or when no future economic benefit is expected. We include any gain or loss arising as a result of derecognizing, which is calculated as the difference between the net disposal proceeds and the carrying amount of the asset, in our consolidated income statement in the period of derecognizing.

Depreciation is calculated in accordance with the straight-line method over the estimated useful lives of the assets as follows:

	Years
Buildings and other constructions	40 to 80
Machinery and equipment	5 to 50
Furniture and fixtures	4 to 30
Transport units	5 to 33
Bottles and cases	2.5 and 4
Computer equipment and others	4 to 30

We review each assets' residual value, useful lives and selected depreciation method at the end of each year and make adjustments prospectively, as appropriate.

Returnable plastic bottles and glass bottles are presented at cost. The depreciation of plastic bottles and returnable glass bottles are calculated following the straight-line method, using 2.5 years as the useful lives for returnable plastic bottles and 4 years for returnable glass bottles.

Inventories

Inventories are stated at the lower of average cost and net realizable value. Costs incurred in bringing goods for sale, raw materials, packaging materials and supplies to their present location and condition include the purchase cost using the weighted average method.

Costs incurred in bringing finished goods and works in progress to their present location and condition include material costs, labor expenses and the corresponding allocation of fixed costs and production overhead costs (based on normal operating capacity) and exclude financing cost and exchange differences. We recognize the purchase cost of inventories related to raw material acquisition, including any gains and losses related to cash flow hedges, in our comprehensive income statement.

Inventories in transit are stated at purchase cost.

Net realizable value is the sales price obtained in the ordinary course of business, less the estimated costs of placing the inventories into a ready-for-sale condition and commercialization and distribution expenses.

Amortization of intangible assets

Intangible assets are recognized to the extent that it is probable that we will obtain future economic benefits and their cost can be reliably measured. Intangible assets are presented at cost less accumulated depreciation and, if applicable, any estimated allowance for impairment of assets.

The amortization of intangible assets is calculated in accordance with the straight-line method. The rate of depreciation we use results in the intangible asset being fully depreciated at the end of its estimated useful life, which is up to 5 years for software licenses and other projects.

We review the amortization period and the amortization method for each intangible asset with a finite useful life at least at the end of each reporting period. We account for changes in the expected useful life or the expected pattern of consumption of future economic benefits by changing the amortization period or method, as appropriate, and we treated such changes as changes in accounting estimates. We recognize the amortization expense of intangible assets with finite lives in our consolidated income statement in the expense category consistent with the function of the intangible assets.

We measure gains or losses arising from the derecognition of an intangible asset as the difference between the net disposal proceeds and the carrying amount of the asset and we recognize gains and losses in our consolidated income statement in the period when the asset is derecognized.

Estimation for impairment of non-financial assets

We assess at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication of impairment exists, or when annual impairment testing for a non-financial asset is required, the estimate the non-financial asset's recoverable amount. A non-financial asset's recoverable amount is the greater of the non-financial asset's or cash-generating unit's fair value less costs to sell and its value in use, and is determined for an individual non-financial asset, unless the non-financial asset does not generate cash inflows that are principally independent of those of other non-financial assets or groups of non-financial assets. Where the carrying amount of a non-financial asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the non-financial asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, we use an appropriate valuation model.

We recognize impairment losses for continuing operations, including impairment on inventories, in our consolidated income statement in the expense category consistent with the function of the impaired non-financial asset.

For non-financial assets other than goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, we estimate the non-financial asset's or cash-generating unit's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the non-financial asset's recoverable amount since the last impairment loss was recognized. The reversal is limited such that the carrying amount of the non-financial asset does not exceed its recoverable amount nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the non-financial asset in prior years. We recognize such reversal in our consolidated income statement unless the asset is carried at a revalued amount, in which case we treat the reversal as a revaluation increase.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of a cash generating unit is less than it carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Discount rates are risk adjusted for country and business risk. In the year 2012, the rate used was 8 percent, and in the years 2011 and 2010 the rate used was 11 percent. For estimated future cash flows, we use a growth rate of 6 percent.

Contingencies

We do not recognize contingent liabilities in our consolidated financial statements. These are disclosed in the notes to our consolidated financial statements unless the possibility of a disbursement is remote.

We do not recognize contingent assets in our consolidated financial statements. These are disclosed in the notes to our consolidated financial statements when their degree of contingency is probable.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using valuation techniques such as reference to recent arm's length market transactions, reference to the current fair value of another instruments that are substantially the same and discounted cash flow analysis.

The methodologies and assumptions used to determine fair value depend on the terms and risk characteristics of the various financial instruments and include the following:

- Cash and cash equivalents have short-term maturity and do not have significant credit or interest, for that reason the fair value of cash and cash equivalents approximate their book value.

- Fair value of trade accounts receivable is similar to their book value due to the fact that these accounts are mainly short-term and are presented net of any allowance of doubtful accounts.

- Fair value of current financial obligations, trade and other accounts payable are similar to their book value due their current maturities.

- We believe that the carrying values of long-term loans do not differ significantly from their respective market fair values because their conditions and the interest rates are market based.

- Derivative financial instruments are recognized at fair value and, therefore, are equal their respective book values.

We use the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

- Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

- Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Results of Operations

The following table sets forth selected data for the periods discussed in this section, expressed in Nuevos Soles as a percentage of our total net sales:

	Years Ended December 31,					
	2010		2011		2012	
	(S/.) (in millions)	%	(S/.) (in millions)	%	(S/.) (in millions)	%
Net sales	1,538.0	100.0	1,767.8	100.0	2,051.1	100.0
Cost of sales	(1,082.9)	(70.4)	(1,270.7)	(71.9)	(1,394.2)	(68.0)
Gross profit	455.2	29.6	497.2	28.1	656.8	32.0
Selling expenses	(254.0)	(16.5)	(302.2)	(17.1)	(370.5)	(18.1)
Administrative expenses	(65.0)	(4.2)	(65.5)	(3.7)	(89.1)	(4.3)
Other operating income	74.8	4.9	66.5	3.8	74.7	3.6
Other operating expenses	(110.4)	(7.2)	(79.8)	(4.51)	(116.0)	(5.7)
Operating income	100.6	6.45	116.2	6.6	155.9	7.6
Financial income	25.9	1.7	59.9	3.4	123.0	6.0
Financial expenses	(59.3)	(3.9)	(106.8)	(6.0)	(148.6)	(7.2)
Changes in fair value of derivative financial instruments	2.9	0.2	(2.4)	(0.1)	1.6	0.1
Income before income tax	70.1	4.6	66.9	3.8	131.8	6.4
Income tax	(26.0)	(1.7)	(21.2)	(1.2)	(56.5)	(2.8)
Net income	44.1	2.9	45.7	2.6	75.3	3.7

We measure total sales in terms of Unit Cases. The following table illustrates our historical sales for our main categories in Unit Cases for the periods presented:

	Years Ended December 31,		
	2010	2011	2012
	(in thousand Unit Cases)		
Sparkling soft drinks	185,716.8	200,416.3	205,799.8
Bottled water	37,802.6	44,265.5	53,026.1
Fruit-juice based beverages	9,799.7	10,729.9	11,467.6
Isotonics	3,096.6	3,466.4	4,494.9
Energy Drinks	56.0	45.1	39.2
TOTAL[(1)]	236,471.7	258,953.2	274,827.6

(1) Numbers may not sum due to rounding.

Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

Net sales

Gross sales, which consist of sales free of any discount increased by S/.326.3 million, or 15.6%, to S/.2,410.9 million in 2012 from S/.2,084.7 million in 2011. This increase was principally attributable to higher sales in the bottled-water category, which increased by 112.2% to S/.419.8 million in 2012 from S/.197.9 million in 2011, higher sales in the Still Beverage category (other than bottled water), which increased by 22.0% to S/.289.8 million in 2012 from S/.237.6 million in 2011, and higher sales in the SSD category, which increased by 3.0% to S/.1,692.5 million in the 2012 from S/.1,643.0 million in 2011. In 2012, approximately 275 million Unit Cases were sold compared to approximately 259 million Unit Cases in 2011. The average price of a Unit Case increased 13.3% to S/.7.47 in 2012 from S/.6.83 in 2011.

Discounts increased by S/.42.9 million, or 13.6%, to S/.359.8 million in 2012 from S/.316.9 million in 2011. This increase was principally attributable to a higher volume of sales during 2012 when compared to 2011.

Net sales consists of sales of SSD and Still Beverage products less discounts. We have three different types of discounts: commercial discounts, distribution discounts and bottle discounts. Net sales increased by S/.283.2 million, or 16.0%, to S/.2,051.1 million in 2012 from S/.1,767.8 million in 2011. This increase was principally attributable to higher sales volume and prices.

A detailed composition of our net sales for the years ended December 31, 2012 and 2011, are shown in the following table.

	Year Ended December 31,			Year Ended December 31,	
	2011	2012		2011	2012
	(in millions of Nuevos Soles)		% change	% of Gross Sales	
Sparkling Soft Drinks	1,643.0	1,692.5	3.0	78.8	70.2
Bottled water	197.9	419.8	112.2	9.5	17.4
Still beverages (other than bottled water)	237.6	289.8	22.0	11.4	12.0
Others	6.3	8.8	39.7	0.3	0.4
Gross sales	2,084.7	2,410.9	15.6		
Less: discounts	(316.9)	(359.8)	0.0	(15.2)	(14.9)
Net sales	1,767.8	2,051.1	0.0	84.8	85.1

Other operating income

Other operating income consists mainly of revenues from sales of bottles and boxes, sales of property, plant and equipment, and sale of services, raw materials and advertising materials. This includes contributions made by The Coca-Cola Company, through its wholly owned subsidiary Coca-Cola Servicios del Perú S.A., to fund the mutually agreed annual plans for the development of the non-alcoholic beverage category in Peru and other reimbursements from The Coca-Cola Company through the acquisition of new bottles and coolers.

Other operating income increased by S/.8.2 million, or 12.4%, to S/.74.7 million in 2012 from S/.66.5 million in 2011. This increase was principally attributable to higher sales of services, raw materials, advertising material and others due primarily to an increase to S/.26.0 million in 2012 from S/.16.0 million in 2011 in the allocation of marketing contributions made by The Coca-Cola Company in 2012, which was partially offset by a decrease in income from the sale of property, plant and equipment in 2012 as compared to 2011.

A detailed composition of other operating income for the years ended December 31, 2012 and 2011, is shown in the following table.

	Year Ended December 31,			Year Ended December 31,	
	2011	2012		2011	2012
	(in millions of Nuevos Soles)		% change	% of Other Operating Income	
Sale of bottles and cases	26.6	25.6	(3.8)	40.0	34.3
Sale of property, plant and equipment	6.0	0.7	(88.3)	9.0	0.9
Sale of services, raw materials, advertising material and others[(1)]	27.8	38.4	38.1	41.8	51.4
Rentals	0.9	0.7	(22.2)	1.4	0.9
Various	5.1	9.3	80.3	7.7	12.4
Other operating income	66.5	74.7	12.3		

(1) This includes marketing contributions received from The Coca-Cola Company.

Cost of sales

Cost of sales consists mainly of the consumption of raw materials and the purchase of goods, labor expenses, third party services (such as fuel supply, maintenance, power, among others), taxes, depreciation and other items related to the production of SSD and Still Beverages.

Cost of sales increased by S/.123.5 million, or 9.7%, to S/.1,394.1 million in 2012 from S/.1,270.7 million in 2011. This increase mainly reflects higher production volumes and an increase in raw materials expenses which are attributable to an increase in the prices of sugar and resin (which is used to produce plastic bottles and PET preforms). See "Description of the Company—Production—Raw Materials." As a percentage of net sales, cost of sales decreased from 71.9% in 2011 to 68.0% in 2012. Costs relating to Concentrates increased by S/.64.2 million, or 16.1%, to S/.462.6 million during 2012 from S/.398.4 million in 2011, primarily due to an increase in net sales.

Expenses related to third party services provided increased by S/.11.2 million, or 15.4%, to S/.83.9 million in 2012 from S/.72.7 million in 2011. This increase was principally attributable to an increase in machinery maintenance and utility expenses. Depreciation expenses increased by S/.10.0 million, or 16.9%, to S/.69.3 million in 2012 from S/.59.3 million in 2011. This increase was principally attributable to the incremental depreciation of our new plant in Trujillo, which began operations in 2012. Labor expenses increased by S/.8.9 million, or 9.2%, to S/.105.6 million in 2012 from S/.96.6 million in 2011. This increase was principally attributable to an increase in wages and an increase in the number of employees employed at our plants due to an increase in sales volume.

A detailed composition of our cost of sales for the years ended December 31, 2012 and 2011, are shown in the following table.

	Year Ended December 31,			Year Ended December 31,	
	2011	2012		2011	2012
	(in millions of Nuevos Soles)		% change	% of Cost of Sales	
Opening balance of finished goods, products in process and goods	48.3	49.6	2.7	3.8	5.6
Consumption of raw materials and consumables and purchase of goods	1,036.4	1,141.2	6.7	84.2	81.9
Labor expenses	96.6	105.6	9.3	7.6	7.6
Third party services provided	72.7	83.9	15.4	5.7	6.0
Taxes and others	1.4	1.5	7.1	0.1	0.1
Depreciation	59.3	69.3	16.9	4.7	5.0
Amortization	0.0	–	–	0.0	–
Other provisions	5.5	6.1	10.9	0.4	0.4
Less: Ending balance of finished goods, product in process and goods	(49.6)	(63.2)	(27.4)	3.9	4.5
Cost of sales	1,270.7	1,394.1	9.7		

Gross profit

Gross profit increased by S/.159.7 million, or 32.1%, to S/.656.8 million in 2012 from S/.497.2 million in 2011. Our gross profit margin increased to 32.0% in 2012 from 28.1% in 2011. This increase was primarily due to relative increase in the sales of products with higher profit margins.

Selling expenses

Selling expenses consist mainly of labor expenses related to sales, third party services, advertising and promotion, labor taxes, depreciation and amortization related to the selling of our products.

Selling expenses increased by S/.68.2 million, or 22.6%, to S/.370.4 million in 2012 from S/.302.2 million in 2011. This increase was primarily due to an increase in expenses related to third party services provided and labor expenses. The ratio of selling expenses to net sales increased to 18.1% in 2012 compared with 17.1% in 2011.

In 2012, expenses related to third party services provided consisted primarily of the cost of leasing and operating warehouses as well as fees and transportation costs charged by third party shipping agents. Expenses related to third party services provided increased by S/.35.6 million, or 26.4%, to S/.170.7 million in 2012 from S/.135.1 million in 2011. This increase was mainly due to an increase in the volume of sales, including an increase in the sales in the regions outside of Lima, which resulted in increased transportation costs.

Labor expenses increased by S/.15.8 million, or 28.0%, to S/.72.0 million in 2012 from S/.56.2 million in 2011. This increase was principally attributable to an increase in the number of sale agents, account developers and merchandisers focused in certain market niches.

A detailed composition of our selling expenses for the years ended December 31, 2012 and 2011, are shown in the following table.

	Year Ended December 31,			Year Ended December 31,	
	2011	2012		2011	2012
	(in millions of Nuevos Soles)		% change	% of Selling Expenses	
Labor expenses	56.2	71.9	28.0	18.6	19.4
Third party services provided	135.1	170.7	26.4	44.7	46.1
Advertising and promotion	69.8	81.2	16.4	23.1	21.9
Taxes and others	1.2	1.4	20.3	0.4	0.4
Depreciation	33.7	39.5	17.2	11.2	10.7
Other provisions	6.3	5.7	(9.5)	2.1	1.5
Selling expenses	302.2	370.4	22.6		

Administrative expenses

Administrative expenses consist mainly of administrative labor expenses, certain third party services (such as financial, business and legal consultant services), administrative taxes and related expenses such as property taxes and license fees, and depreciation costs and amortization costs related to the management and administration of our business.

Administrative expenses increased by S/.23.6 million, or 36.1%, to S/.89.1 million in 2012 from S/.65.5 million in 2011. This increase was mainly due to an increase in the wages of our administrative employees, higher expenses for consultants and an increase in the number of employees and consultants due to our organizational restructuring. See "Directors and Senior Management—Senior Management." The ratio of administrative expenses to net sales decreased to 4.3% during 2012 compared with 3.7% in 2011.

A detailed composition of our administrative expenses for the years ended December 31, 2012 and 2011, are shown in the following table.

	Year Ended December 31,			Year Ended December 31,	
	2011	2012		2011	2012
	(in millions of Nuevos Soles)		% change	% of Administrative Expenses	
Labor expenses	32.0	44.1	37.8	48.8	49.4
Third party services provided	26.9	38.6	43.5	41.1	43.3
Taxes and others	0.3	0.3	(2.5)	0.5	0.4
Depreciation	3.6	3.3	(8.9)	5.5	3.6
Amortization	0.9	0.6	(35.1)	1.4	0.7
Other provisions	1.8	2.3	29.9	2.7	2.6
Administrative expenses	65.5	89.1	36.0		

Other operating expenses

Other operating expenses consist mainly of expenses related to the depreciation of packaging and other materials, including and inventory, bottles and plastic transport boxes write-offs (such as write-offs due to broken glass bottles or plastic transport boxes), provisions for contingencies or termination of labor contracts, costs related to the disposal of properties, plant or equipment and costs relating to the sale of raw materials and advertising materials sold in this period.

Other operating expenses increased by S/.36.3 million, or 45.5%, to S/.116.0 million in 2012 from S/.79.8 million in 2011. This increase was mainly due to an increase in provisions for contingencies, termination of personnel and others. The ratio of other operating expenses to net sales increased to 5.7% during 2012 compared with 4.5% in 2011.

A detailed composition of other operating expenses for the years ended December 31, 2012 and 2011, are shown in the following table.

	Year Ended December 31,			Year Ended December 31,	
	2011	2012		2011	2012
	(in millions of Nuevos Soles)		% change	% of Other Operating Expenses	
Provisions for contingencies, termination of personnel and others	15.0	43.4	190.2	18.7	37.4
Retirements of inventories, bottles and cases	26.6	30.8	15.5	33.4	26.5
Cost of sale of bottles and cases	26.6	25.1	(5.8)	33.4	21.6
Cost of sale of services, raw materials, advertising material and others	5.9	8.4	43.4	7.4	7.3
Depreciation of packaging and others	2.7	5.0	90.2	3.3	4.3
Net cost of disposal of properties, plant and equipment	3.0	3.3	9.5	3.8	2.9
Other operating expenses	79.8	116.0	45.5		

Financial income

Financial income consists of income from deposits in banks, interest discounts on supplier invoices and others and exchange rate gains.

Financial income increased by S/.63.1 million, or 105.2%, to S/.123.0 million in 2012 from S/.59.9 million in 2011. This increase was mainly due to a gain from positive exchange rate variations in the value in Nuevos Soles compared to U.S. Dollars. See "Exchange Rate."

A detailed composition of financial income for the years ended December 31, 2012 and 2011, is shown in the following table.

	Year Ended December 31,			Year Ended December 31,	
	2011	2012		2011	2012
	(in millions of Nuevos Soles)		% change	% of Financial Income	
Interest on investments held for sale	–	5.9	–	–	4.8
Income from deposits in bank and others	2.2	5.2	132.6	3.7	4.2
Income from forward contracts	2.4	0.9	(60.7)	4.0	0.8
Interest from related parties	2.1	0.7	(65.1)	3.6	0.6
Exchange rate gain	53.2	110.3	107.4	88.7	89.7
Financial income	59.9	123.0	105.2		

Financial expenses

Financial expenses consist of interest and expenses from long-term financial obligations, loans, and realized losses from derivatives used to hedge risks (interest rate, exchange rate the and price of sugar). See "—Financial Obligations."

Financial expenses increased by S/.41.8 million, or 39.1%, to S/.148.6 million in 2012 from S/.106.8 million in 2011. This was mainly due to higher interest expenses as a result of an increase in total debt. See "Exchange Rate."

A detailed composition of financial expenses for the years ended December 31, 2012 and 2011, are shown in the following table.

	Year Ended December 31,			Year Ended December 31,	
	2011	2012		2011	2012
	(in millions of Nuevos Soles)		% change	% of Financial Expenses	
Interests and expenses from long-term financial obligations	50.6	69.0	36.2	47.4	46.4
Interests from loans and others	19.5	26.2	34.3	18.2	17.6
Exchange rate loss	36.7	53.5	45.7	34.3	36.0
Financial expenses	106.8	148.6	39.1		

Changes in fair value of derivative financial instruments

Changes in fair value of derivative financial instruments recognizes the variation of the mark-to-market valuation of the financial instruments and the settled cash payments associated thereto that are not considered hedging instruments. See "—Factors Affecting our Results of Operations—Hedge Agreements."

Changes in fair value of derivative financial instruments increased to a gain of S/.1.6 million in 2012 from a loss of S/.2.4 million in 2011. This increase was mainly due to variations in the fair value of a cross currency swap and the prepayment of two interest rate swaps, none of which were designated as a hedges under IFRS accounting standards.

Income tax

Income tax is calculated at the rate of 30%. Income tax increased by S/.35.3 million, or 166.1%, to S/.56.5 million in 2012 from S/.21.2 million in 2011 primarily due to a deferred tax liability in 2012 compared to a deferred tax credit in 2011.

The effective tax rate in 2012 was 42.8% compared to 31.7 in 2011.

Net income

Net income increased by S/.29.6 million, or 64.8% in 2012 to S/.75.3 million from S/.44.7 million in 2011 as a result of the factors described above.

Year Ended December 31, 2011, Compared to Year Ended December 31, 2010

Net sales

Gross sales increased by S/.219.2 million, or 11.7%, to S/.2,084.7 million in 2011 from S/.1,865.5 million in 2010. This increase was principally attributable to higher sales volume in the SSD category, which increased by

12.7% to S/.1,643.0 million in the 2011 from S/.1,457.4 million in 2010, higher sales in the Still Beverage category (other than bottled water), which increased by 32.0% to S/.237.6 million in 2011 from S/.180.0 million in 2010, and higher sales in the bottled-water category, which increased by 0.5% to S/.197.9 million in 2011 from S/.196.9 million in 2010. In 2011, approximately 259 million Unit Cases were sold compared to approximately 236 million Unit Cases in 2010. The average price of a Unit Case increased 5.1% to S/.6.83 in 2011 from S/.6.50 in 2010.

Discounts decreased by S/.10.6 million, or 3.2%, to S/.316.9 million in 2011 from S/.327.5 million in 2010. This increase was principally attributable to a higher volume of sales during 2011 when compared to 2010, which offset a decrease in the average distribution discounts per Unit Case and the average commercial discounts per Unit Case during the period.

Net sales increased by S/.229.8 million, or 14.9%, to S/.1,767.8 million in 2011 from S/.1,538.0 million in 2010. This increase was principally attributable to the increase in gross sales, which was partially offset by the increase in discounts.

A detailed composition of our net sales for the years ended December 31, 2011, and 2010, are shown in the following table.

	Year ended December 31,			**Year ended December 31,**	
	2010	**2011**		**2010**	**2011**
	(in millions of Nuevos Soles)		**% change**	**% of Gross Sales**	
Sparkling soft drinks	1,457.4	1,643.0	12.7	78.1	78.8
Bottled water	196.9	197.9	0.5	10.6	9.5
Still beverages (other than bottled water)	180.0	237.6	32.0	9.6	11.4
Others	31.2	6.3	(79.7)	1.7	0.3
Gross sales	1,865.5	2,084.7	11.8		
Less: discounts	(327.5)	(316.9)	3.2	(17.6)	(15.2)
Net sales	1,538.0	1,767.8	14.9	82.4	84.8

Other operating income

Other operating income decreased by S/.8.2 million, or 12.3%, to S/.66.5 million in 2011 from S/.74.7 million in 2010. This decrease was principally attributable to lower sales of property during the period, and a decrease in the sales of bottles and boxes, which was partially offset by the allocation of marketing contributions made by The Coca-Cola Company in 2011 in an amount of S/.16.0 million as part of the expansion of placement of coolers at the points of sale.

A detailed composition of other operating income for the years ended December 31, 2011 and 2010, are shown in the following table.

	Year ended December 31,			Year ended December 31,	
	2010	2011		2010	2011
	(in millions of Nuevos Soles)		% change	% of Other Operating Income	
Sale of bottles and boxes	34.6	26.6	(23.1)	46.3	40.0
Sale of property, plant and equipment	22.8	6.0	(73.7)	30.5	9.0
Sale of services, raw materials, advertising material and others[(1)]	10.5	27.8	164.8	14.1	41.9
Rentals	0.9	0.9	(3.5)	1.3	1.4
Various	5.9	5.2	(12.6)	7.9	7.8
Other operating income	74.8	66.5	(11.1)		

(1) This includes marketing contributions received from The Coca-Cola Company.

Cost of sales

Cost of sales increased by S/.187.8 million, or 17.3%, to S/.1,270.7 million during 2011 from S/.1,082.9 million in 2010. This increase mainly reflects higher production volumes and an increase in raw materials expenses which are attributable to an increase in the prices of sugar and resin (which is used to produce plastic bottles and PET preforms). See "Description of the Company—Production—Raw Materials." As a percentage of net sales, cost of sales increased from 70.4% in 2010 to 71.9% in 2011. Costs relating to Concentrates increased by S/.47.8 million, or 13.6%, to S/.398.4 million during 2011 from S/.350.6 million in 2010. The cost of Concentrates increased more than gross sales primarily due to a change in the value of our product mix in order to capitalize on products that generate higher sales, which led us to purchase higher quantities of Concentrate for inventory since these higher sales products require a proportionately higher amount of concentrate than our previous product mix.

Labor expenses increased by S/.13.4 million, or 16.1%, to S/.96.6 million during 2011 from S/.83.2 million in 2010. This increase was principally attributable to an increase in wages and an increase in the number of employees employed at our plants due to an increase in sales volume.

A detailed composition of our cost of sales for the years ended December 31, 2011 and 2010, are shown in the following table.

	Year ended December 31,			Year ended December 31,	
	2010	2011		2010	2011
	(in millions of Nuevos Soles)		% change	% of Cost of Sales	
Opening balance of finished goods, products in process and goods	32.6	48.3	48.3	3.0	3.8
Consumption of raw materials and consumables and purchase of goods	893.0	1,036.4	16.1	82.5	81.6
Labor expenses	83.2	96.6	16.2	7.7	7.6
Third party services provided	65.6	72.7	10.9	6.1	5.7
Taxes and others	1.4	1.4	(0.3)	0.1	0.1
Depreciation	50.2	59.3	18.2	4.6	4.7
Amortization	0.3	0.2	(51.5)	0.0	0.0
Other provisions	5.3	5.5	4.1	0.5	0.4
Less: Ending balance of finished goods, product in process and goods	(48.3)	(49.6)	2.7	(4.5)	(3.9)
Cost of sales	1,082.9	1,270.7	17.3		

Gross profit

Gross profit increased by S/.42.0 million, or 9.2%, to S/.497.2 million in 2011, compared to S/.455.2 million in 2010. Our gross profit margin decreased to 28.1% in 2011 from 29.6% in 2010. This decrease is primarily due to an increase in cost of sales and the fact that such increase in cost of sales was not completely offset by the increase in sales volume and in prices of our products during the period.

Selling expenses

Selling expenses increased by S/.48.2 million, or 19.0%, to S/.302.2 million in 2011 from S/.254.0 million in 2010. This increase was primarily due to an increase in expenses related to third party services provided, depreciation expenses and labor expenses increase. The ratio of selling expenses to net sales increased to 17.1% in 2011, compared with 16.5% in 2010.

In 2011, expenses related to third party services provided consisted primarily of costs for leasing and operation of warehouses, as well as fees charged by third party shipping agents. Expenses related to third party services provided increased by S/.15.7 million, or 13.1%, to S/.135.1 million in 2011 from S/.119.4 million in 2010. This increase was mainly due to higher costs related to transportation of our products, primarily as a result of an increase in sales volumes during such period and due to the relocation of the returnable bottles bottling line from Cuzco to Arequipa, which resulted in higher shipping costs.

Labor expenses increased by S/.11.4 million, or 25.5%, to S/.56.2 million in 2011 from S/.44.8 million in 2010. This increase was principally attributable to efforts to improve our sales growth rate by increasing the number of sale agents, account developers and merchandisers focused in certain market niches.

Investment in warehouses generated a higher amount of depreciation expenses for 2011. Depreciation expenses related to the selling of our products increased by S/.11.7 million, or 53.5%, to S/.33.7 million in 2011 from S/.21.9 million in 2010.

A detailed composition of our selling expenses for the years ended December 31, 2011 and 2010, are shown in the following table.

	Year ended December 31,			Year ended December 31,	
	2010	2011		2010	2011
	(in millions of Nuevos Soles)		% change	% Selling Expenses	
Labor expenses	44.8	56.2	25.5	17.6	18.6
Third party services provided	119.4	135.1	13.1	47.0	44.7
Advertising and promotion	63.6	69.8	9.7	25.1	23.1
Taxes and others	1.0	1.2	17.1	0.4	0.4
Depreciation	21.9	33.7	53.5	8.6	11.1
Other provisions	3.3	6.3	94.0	1.3	2.1
Selling expenses	254.0	302.2	19.0		

Administrative expenses

Administrative expenses increased by S/.0.5 million, or 0.8%, to S/.65.5 million in 2011 from S/.65.0 million in 2010. This increase was mainly due to an increase in the wages of our administrative employees, higher expenses for consultants and an increase in the number of employees and consultants. The ratio of administrative expenses to net sales was reduced to 3.7% in 2011 compared with 4.2% in 2010.

A detailed composition of our administrative expenses for the years ended December 31, 2011 and 2010, are shown in the following table.

	Year ended December 31,			Year ended December 31,	
	2010	2011		2010	2011
	(in millions of Nuevos Soles)		% change	% of Administrative Expenses	
Labor expenses	26.7	32.0	19.9	41.2	48.8
Third party services provided	30.4	26.9	(11.6)	46.8	41.1
Taxes and others	0.4	0.3	(9.7)	0.6	0.5
Depreciation	3.9	3.6	(9.4)	6.7	5.5
Amortization	1.8	0.9	(49.3)	2.6	1.4
Other provisions	1.7	1.8	4.6	2.6	2.7
Administrative expenses	65.0	65.5	0.8		

Other operating expenses

Other operating expenses decreased by S/.30.6 million, or 27.7%, to S/.110.4 million in 2011 from S/.79.8 million in 2010. This decrease was mainly due to a decrease in the net cost of disposal of properties, plant and equipment, a decrease in provisions for contingencies, termination of personnel and others and a decrease in the cost of sale of bottles and cases. The ratio of other operating expenses to net sales increased to 4.5% during 2011 compared with 7.2% in 2010.

A detailed composition of other operating expenses for the years ended December 31, 2011 and 2010, are shown in the following table.

	Year ended December 31,			Year ended December 31,	
	2010	2011		2010	2011
	(in millions of Nuevos Soles)		% change	% of Other Operating Expenses	
Provisions for contingencies, termination of personnel and others	25.5	15.0	(41.5)	23.1	18.7
Retirements of inventories, bottles and cases	27.3	26.6	(2.3)	24.7	33.4
Cost of sale of bottles and cases	35.9	26.6	(25.8)	32.5	33.4
Cost of sale of services, raw materials, advertising material and others	2.8	5.9	111.4	2.5	7.4
Depreciation of packaging and others	3.3	2.7	(20.5)	3.0	3.3
Net cost of disposal of properties, plant and equipment	15.6	3.0	(80.5)	14.1	3.8
Other operating expenses	110.4	79.8	(27.7)		

Financial income

Financial income increased by S/.34.0 million, or 131.0%, to S/.59.9 million in 2011 from S/.25.9 million in 2010. This was mainly due to gains from positive exchange rate variations in the value in Nuevos Soles of obligations assumed in U.S. dollars. See "Exchange Rate."

A detailed composition of financial income for the years ended December 31, 2011 and 2010, are shown in the following table.

	Year ended December 31,			Year ended December 31,	
	2010	2011		2010	2011
	(in millions of Nuevos Soles)		% change	% of Financial Income	
Income from deposits in bank and others	2.4	2.2	(8.9)	9.4	3.7
Income from loans from related parties	2.4	2.4	(1.9)	9.4	4.0
Income from forward contracts	–	2.1	–	–	3.6
Exchange rate gain	21.1	53.2	152.4	81.2	88.7
Financial income	25.9	59.9	131.0		

Financial expenses

Financial expenses increased by S/.47.5 million, or 80.2%, to S/.106.8 million in 2011 from S/.59.3 million in 2010. This was mainly due to higher interest expenses as a result of an increase in total debt and higher losses from variations in the value in Nuevos Soles of payments to be received in U.S. dollars following a variation in the exchange rate. See "Exchange Rate."

A detailed composition of financial expenses for the years ended December 31, 2011 and 2010, are shown in the following table.

	Year ended December 31,			Year ended December 31,	
	2010	2011		2010	2011
	(in millions of Nuevos Soles)		% change	% of Financial Expenses	
Interests and expenses from long-term financial obligations	28.8	50.6	75.7	48.6	47.4
Interests from loans and others	14.7	19.5	32.7	24.8	18.2
Exchange rate loss	15.8	36.7	132.3	26.6	34.2
Financial expenses	59.3	106.8	80		

Changes in fair value of derivative financial instruments

Changes in fair value of derivative financial instruments decreased by a loss of S/.5.2 million, or 181.8%, to a loss of S/.2.4 million in 2011 from a gain of S/.2.9 million 2010. This decrease was mainly due to variations in the fair value of a cross currency swap and two interest rate swaps, none of which were designated as a hedges under IFRS accounting standards.

Income tax

Income tax is calculated at the rate of 30%. Income tax payments decreased by S/.4.8 million, or 18.4%, to S/.21.2 million in 2011 from S/.26.0 million in 2010. Income taxes paid in 2010 were lower than income taxes paid in 2009 which resulted in a lower tax base for calculating income tax for 2011 than the tax base used for 2010.

The effective tax rate in 2011 was 31.7% compared to 36.7% in 2010. This increase was principally attributable to the fact that gains and losses from our derivative financial instruments are considered taxable as soon as they are terminated for income tax purposes, while such gains and losses are recognized as equity in our financial statements.

Net income

Net income increased by S/.1.7 million, or 3.8% in 2011 to S/.45.7 million from S/.44.0 million in 2010 as a result of the factors described above.

Liquidity and Capital Resources

Liquidity

We have experienced, and expect to continue to experience, substantial liquidity and capital resource requirements, primarily in order to finance the construction of new plants, increase the capacity of existing plants and to acquire bottling and cooler equipment.

The principal source of our liquidity is cash generated from operations. A significant majority of our sales are on a cash basis (approximately 86% of total net sales in 2012) with the remainder on a short-term credit basis (approximately 14% of net gross sales in 2012). We have traditionally relied mainly on cash generated from operations to fund our working capital requirements and capital expenditures. We have also used a combination of borrowings from Peruvian and international banks and debt issuances in the Peruvian capital markets. As of December 31, 2012, we had S/.486.7 million in undrawn credit lines available. These credit lines are used for funding working capital and capital expenditures.

As of December 31, 2012, we had working capital (current assets less current liabilities) of S/.36.2 million, as compared to working capital of S/.268.0 million at December 31, 2011. At December 31, 2010, we had negative working capital of S/.82.0 million. The primary reason for the increase in the negative working capital as of December 31, 2012 compared to December 31, 2011, was the use of cash and short-term loans to fund capital expenditure investments made in 2012. The capital investments recorded for 2012 were S/.291.9 million, which were comprised mainly of investments to expand our plant capacity, technology enhancements, cold drink equipment and returnable glass bottles.

We review our cash requirements and financial resources on a monthly basis for a rolling 12-month period. We continue to maintain adequate current assets to satisfy current liabilities when they are due and have sufficient liquidity and financial resources to manage our day-to-day cash requirements. Taking into consideration our established borrowing facilities, operating cash flows and access to capital markets, we believe that we have sufficient liquidity and working capital to meet our present and budgeted requirements.

Sources and Uses of Cash

The table below reflects our consolidated cash and cash equivalents as of the periods indicated and the net cash provided by (or used in) operating, investing, and financing activities during such periods.

	For Year Ended December 31,		
	2010	**2011**	**2012**
		(in millions of S/.)	
Cash, cash equivalents and restricted cash at beginning of period	35.4	42.3	357.4
Cash or cash equivalent provided by operating activities	147.9	194.6	192.0
Cash or cash equivalent used in investing activities	(125.9)	(328.7)	(495.4)
Cash and cash equivalents provided by (used in) financing activities	(15.1)	(449.1)	(12.9)
Cash, cash equivalents and restricted cash at end of period	42.3	357.4	41.0

Note: Figures may not sum due to rounding.

In 2012, our cash and cash equivalents from operating activities was S/.192.0 million compared to S/.194.6 million in 2011. In 2012, our cash and cash equivalents used in investing activities was S/.495.4 million compared to S/.328.7 million in 2011. This increase was due to the placement of S/.229.0 million in a short-term investment portfolio, which were the remaining proceeds from the issuance of our 6.750% notes due 2021 that we intended to use for the Pucusana plant. See "—Financial Obligations." In 2012, our cash and cash equivalents provided by financing activities was S/.12.9 million compared to S/.449.1 million generated in 2011. This change was mainly due to the issuance of our 6.750% notes due 2021. In 2012, our cash and cash equivalents decreased by S/.316.3 million compared to an increase of S/.315.1 million during the same period in 2011, as a result of the factors described above.

In 2011 our cash and cash equivalents from operating activities was S/.194.6 million compared to S/.147.9 million in 2010. This increase was mainly due to higher sales and the extension of the maturity of new accounts payable. In 2011 our cash and cash equivalents used in investing activities was S/.328.7 million compared to S/.125.9 million used in 2010. This increase was mainly due to more investments in property and equipment as part of capital expenditures. See "—Financial Obligations". In 2011, our cash and cash equivalents provided by financing activities was S/.449.1 million compared to S/.15.1 million used in 2010. This increase was mainly due to the issuance of our 6.750% notes due 2021. In 2011 our cash and cash equivalents increased by S/.315.0 million compared to an increase of S/.6.9 million in 2010, as a result of the factors described above.

As of December 31, 2012, cash and cash equivalents were S/.41.0 million, as compared to S/.357.4 million as of December 31, 2011. As of December 31, 2012, our cash and cash equivalents were comprised of 92.9% Nuevos Soles and 7.1% U.S. dollars. These funds, in addition to the cash generated by our operations, are sufficient to meet our operating requirements.

Financial Obligations

The following table sets forth our financial obligations as of December 31, 2012:

	Maturity (in millions of S/.)				
	Less than 1 year	1 – 3 years	4 – 5 years	In excess of 5 years	Total[(1)]
Debt					
Promissory Note – BBVA Continental....	25.5	–	–	–	25.5
Promissory Note – Scotiabank Peru.....	25.5	–	–	–	25.5
	51.1	–	–	–	51.1
Financial Leases					
Banco de Crédito del Perú (Op. 29296AFB)	3.4	9.0	–	–	12.3
Banco de Crédito del Perú (Op. 32426AFB)	1.0	4.5	–	–	5.5
Banco de Crédito del Perú (Op. 35571AFB)	0.4	0.8	–	–	1.2
Interbank (Op.16802928).....	5.1	6.6	–	–	11.7
Interbank (Op.16802953).....	6.7	7.4	–	–	14.0
Interbank (Op.16804082).....	1.5	3.3	–	–	4.9
Interbank (Op.16804188).....	4.1	8.9	–	–	13.1
Scotiabank Peru (Op.9722).....	0.2	0.4	–	–	0.5
BBVA Continental (Op.8100316314)	2.1	4.0	–	–	6.1
BBVA Continental (Op.8100335750)	5.3	18.0	14.1	8.7	46.1
BBVA Continental (Op.8100337087)	0.1	–	–	–	0.1
BBVA Continental (Op.8100340290)	2.6	8.9	7.0	4.3	22.8
BBVA Continental (Op.8100342218)	2.8	9.7	7.6	4.9	25.0
BBVA Continental (Op.8100344202)	0.5	0.4	–	–	0.9
BBVA Continental (Op.8100454105)	8.3	6.9	4.6	2.3	22.0
	44.1	88.7	33.3	20.1	186.2
Corporate Bonds					
6.750% Senior Notes due 2021.....	–	–	–	816.3	816.3
Other					
Sidel S.P.A.....	5.7	9.2	–	–	14.9
Sidel Blowing & Service	2.5	5.0	1.8	–	9.3
Credit lines used for the negotiation of sugar contracts	12.2				12.2
	20.4	14.2	1.8	–	36.4
TOTAL[(1)]	**115.4**	**103.0**	**35.1**	**20.1**	**1089.9**

(1) Numbers may not sum due to rounding.

Our total indebtedness was S/.1,089.9 million as of December 31, 2012, compared to S/.1,100.1 million as of December 31, 2011. Short-term debt and long-term debt were S/.115.4 million and S/.974.5 million, respectively, as of December 31, 2012, compared to S/.52.2 million and S/.1,048.6 million, respectively, as of December 31, 2011. Net debt increased by S/.305.6 million in 2012, from S/.743.4million as of December 31, 2011 to S./.1,048.9 million as of December 31, 2012.

As of December 31, 2012, 62.8% of our total indebtedness was denominated in Nuevos Soles and 37.2% in U.S. dollars. As of December 31, 2011 and 2010, 33.3% and 59.9%, respectively, of our total indebtedness was denominated in Nuevos Soles and 6.7% and 40.41%, respectively, in U.S. dollars.

As of December 31, 2012, 2011 and 2010 all of our total indebtedness bore interest at fixed rates.

As of December 31, 2012, we had 19 financial leases for the acquisition of equipment outstanding. As of December 31, 2012, the debt related to those financial leases was equal to S/.186.2 million. Due to the tax benefits generated by the accelerated depreciation of the assets subject to financial leases, these type of transactions are part of our financing strategy.

We expect estimated net proceeds from the sale of the Notes will be approximately U.S.$258 million. The Company intends to use the net proceeds from the sale of Notes U.S. dollar (i) for capital expenditures related to various enhancements, including of our plants, logistical channel, warehouses and other infrastructure, (ii) to prepay amounts due pursuant to certain financial leases, short-term debt and revolving debt in an aggregate amount up to U.S.$90 million, and (iii) for general corporate purposes. See "Use of Proceeds."

Summary of Significant Debt Instruments

The following table sets forth financial leases outstanding as of December 31, 2012, that would not be paid off from the proceeds of the offering of the Notes:

	Outstanding Debt	Interest Rate
	(in millions of S/.)	
Financial Leases		
Scotiabank Peru (Op.1443)	0.5	6.7%
Banco de Crédito del Perú (Op.32426AFB)	5.5	4.6%
Banco de Crédito del Perú (Op.29296AFB)	12.3	4.2%
Banco de Crédito del Perú (Op.35571AFB)	1.2	5.3%
Interbank (Op.16802928)	11.7	10.1%
Interbank (Op.16802953)	14.0	10.1%
Interbank (Op.16804082)	4.9	5.2%
Interbank (Op.16804188)	13.1	5.2%
BBVA Continental (Op.8100316314)	6.1	5.6%
BBVA Continental (Op.8100335750)	46.1	6.8%
BBVA Continental (Op.8100340290)	22.8	6.8%
BBVA Continental (Op.8100342218)	25.0	6.8%
BBVA Continental (Op.8100454105)	22.0	7.4%
BBVA Continental (Op.8100344202)	0.9	5.0%
TOTAL	**1,053.5**	

The terms of some of Lindley's financial leases (a) prevent a change of control of Lindley, (b) contain cross default provisions, (c) contain provisions limiting the sale of assets over certain thresholds, (d) limit our ability to consolidate, merge or transfer assets, (e) limit our ability to create new liens, and (f) contain financial covenants that if breached could eventually accelerate payment of such debt.

In the past, we have obtained waivers from each of Banco Internacional del Perú S.A.A. – Interbank ("Interbank") and BBVA Continental for the breach of certain financial covenants contained in some of our financial leases. In December 2012 and January 2013, we negotiated modifications to some financial covenants with Interbank and BBVA Continental. We expect to use a portion of the net proceeds from the offering of the Notes to prepay certain financial leases. However, in the event of a breach of a financial covenant contained in any financial lease based on our financial results as of and for any period, and in the event that we do not receive a waiver for such breach or execute an amendment to the relevant financial lease, the principal amounts due under such financial leases could be accelerated.

We expect to prepay amounts due pursuant to lease financings in an aggregate amount of up to S/.156 million.

Capital Expenditures

Our operations require substantial capital expenditures related to investments in new manufacturing lines, returnable bottles and cases, marketing investments (primarily for the placement of coolers), warehouse

infrastructure throughout our distribution network and investments in information technology. We completed the construction of a mega-plant in the city of Trujillo in 2011 and we are also expecting to build two additional mega-plants over the next five years, which will be one-time investments in order to improve the infrastructure and operations of the Company and cover the growing demand of the Peruvian market in the long-term. See "Description of the Company—Description of Property, Plant and Equipment." In 2012, we invested approximately U.S.$128.7 million to expand and improve our plant capacity, returnable bottles, cooling equipment and other technology. We believe that internally generated funds and the proceeds from the sale of the Notes will be sufficient to meet our budgeted capital expenditures for 2013 through 2015.

By introducing new returnable bottles into the market, we capture a bigger share of the SSD category in and outside Lima, especially among low-income customers. Returnable bottles allow us to compete through lower prices, since a single bottle can be used 30 times on average. In addition, returnable bottles give us a higher sales margin if compared to PET bottles. In 2012, we invested approximately U.S.$29.3 million in bottles, plastic crates and pallets for transport. See "Business—Packaging Mix."

Based on our own research in Peru, "mom & pop" shops with coolers increase their total sales when compared to "mom & pop" shops in the same region without coolers. In addition, each cooler is installed in each "mom & pop" shop with advertising material for our products. By investing in more coolers we expect to increase our sales at each "mom & pop" shop. As of December 31, 2012, we had installed 31 coolers per ten thousand residents in Lima and 26 coolers per ten thousand residents in northern and southern regions. In 2012, we invested approximately U.S.$13.6 million in coolers. With our planned investments of approximately U.S.$46.7 million between 2013 and 2015, we increase these figures to 50 coolers per ten thousand residents in Lima, 50 in the northern region and 30 in southern region by 2015.

The following table sets forth our capital expenditures, including investments in property, plant and equipment, deferred charges and other investments, on a cash flow basis for the periods indicated on a consolidated and by segment basis:

	Year Ended December 31,		
	2010	2011	2012
		(in millions of S/.)	
Land	–	0.4	9.6
Buildings and other constructions	2.2	1.0	98.6
Machinery and equipment	14.0	9.9	3.3
Furniture and fixtures	6.1	0.2	0.2
Transport units	0.0	1.0	2.0
Bottles and boxes	12.7	8.0	9.5
Computer equipment and others	15.8	20.9	0.8
Work in progress	66.3	142.9	92.5
Units in transit	65.4	175.7	75.3
Total[(1)]	**182.5**	**370.0**	**291.9**

(1) Numbers may not sum due to rounding.

Quantitative and Qualitative Disclosure about Market Risk

We hold or issue derivative instruments to partially hedge our exposure to market risks related to changes in interest rates, foreign currency exchange rates and commodity price risk.

The following table provides a summary of the fair value of derivative instruments as of the dates presented below. The fair market value is estimated using market prices that would apply to terminate the contracts and are confirmed by external sources, which are also our counterparties to the relevant contracts.

	As of December 31,		
	2010	**2011**	**2012**
	(Fair value)		
	(in millions of S/.)		
Interest Rate Swaps	4.0	1.3	–
Cross Currency Swap	5.2	5.1	4.8
Cross Currency Principal-only Swap	–	–	4.2
Sugar price swap	–	1.8	1.9
Forward Contracts	1.5	–	–

(1) Includes swaps with various financial institutions

The following table provides a summary of the notional amount and maturities of cross currency swaps as of December 31, 2012:

	Notional Amount	**Maturity**
	(in millions of U.S.$)	
Cross Currency Swaps	9.6	July 2014

Interest Rate Risk

In connection with our business activities, we have entered into financial instruments that currently expose us to market risks related to changes in interest rates. We entered into two syndicated loans which bore interest at variable rates determined by reference to the three-month U.S. dollar LIBOR. LIBOR increases would, consequently, increase our interest payments. To reduce our exposure to the fluctuation of LIBOR from those loans, we entered into a cross currency swap and two interest rate swaps with a notional amount of U.S.$24.0 million as of December 31, 2012. As of the date of this Offering Memorandum, both of the syndicated loans and the two interest rate swaps have been prepaid, and we expect to use a portion of the net proceeds from the sale of the Notes to prepay the cross currency swap.

As of December 31, 2012 and 2011, we had total debt of S/.1,089.9 million (approximately U.S.$427.6 million) and S/.1,100.8 million (approximately U.S.$431.8 million), respectively, all of which bore interest at fixed rates.

Exchange Rate Risk

As of December 31, 2012 and 2011, we had approximately U.S.$52.3 million and U.S.$152.6 million, respectively, in foreign currency denominated assets and approximately U.S.$429.4 million and U.S.$429.9 million, respectively in foreign currency denominated liabilities. See "—Factors Affecting our Results of Operations—Foreign currency."

We are exposed to approximately U.S.$180 million each year of exchange rate risk. As of December 31, 2012, we hedged U.S.$11 million, which represented approximately 6% of our exposure to U.S. dollars. We currently have U.S.$320 million of debt denominated in U.S. dollars that will mature in 2010 and 2021 from the issuance of our 6.750% notes due 2021. We have begun to hedge this exposure through cross-currency principal only swaps. See "—Factors Affecting our Results of Operations—Foreign currency."

Commodity Price Risk

We are exposed to changes in the price of sugar. We purchase sugar pursuant to annual supply contracts where the prices are set based on the London commodity market. Sugar prices are volatile, and as a result we have entered into several hedge agreements to reduce our exposure to the fluctuation in the price of sugar. The average price of sugar paid by Lindley in 2012 and 2011, net of any derivative entered into during those years and including any premium paid to the sugar mills and cost of transportation, was approximately U.S.$730.0 per ton and U.S.$693.3 per ton, respectively, while the average price of sugar based on the London commodity market has been approximately U.S.$587.8 per ton, U.S.$706.2 per ton and U.S.$618.0 per ton for 2011 and 2012, respectively. As of the date of this Offering Memorandum, the current policy is to hedge a substantial portion of the sugar purchase price for the following year before the end of the current year. See "—Factors Affecting our Results of Operations—Raw material and other significant cost of goods."

In addition, we are exposed to price fluctuations in resin, in particular in respect of resin used in the production of PETs. Although we do not hedge our exposure to oil prices, in order to acquire resin on better terms and conditions, we participate in a cross-enterprise procurement group along with certain bottlers of The Coca-Cola Company.

Commitments

We have guaranteed certain financial obligations of some of our distributors. As of December 31, 2012, we have guaranteed U.S.$10.5 million corresponding to the obligations of 32 distributors in 92 financial leases.

Other than the transactions described in the paragraph above, as of December 31, 2012, we did not have any material off-balance sheet obligations that were not reflected in our Consolidated Financial Statements at such date.

DESCRIPTION OF THE COMPANY

History

Lindley is one of the oldest companies in Peru, with more than 100 years of experience in the non-alcoholic beverage industry. Founded by Jose R. Lindley and Martha Stoppanie de Lindley, Lindley began its operations in 1910, under the name "Fábrica de Aguas Gasificadas Santa Rosa." It was started as, and it still is, a family-owned business. The company was incorporated under the laws of Peru on February 22, 1960. In 1996, after merging with certain companies owned by the Lindley Group, the company was renamed Corporación José R. Lindley S.A.

In 1999, The Coca-Cola Company, through its subsidiary Peru Beverage Limitada S.R.L., entered into a strategic alliance with the Lindley Group in which The Coca-Cola Company acquired a 19.9% interest in the Company. See "Shareholders - Bylaws." As part of this alliance, The Coca-Cola Company also acquired all the equity interests (*participaciones*) of Corporación Inca Kola S.R.L., owner of the *Inca Kola* brand, the most popular SSD in Peru, which has been produced and distributed by Lindley since 1935. As a result of these transactions, there were two authorized bottlers and distributors of *Inca Kola* and *Coca-Cola* beverages in Peru: the Lindley Group through Corporación José R. Lindley S.A. and Embonor group through Embotelladora Latinoamericana S.A. ("ELSA").

On January 29, 2004, the Company acquired from Embonor group a majority interest in ELSA and began to consolidate the operations in Peru. In November 2005, the Company absorbed ELSA and other subsidiaries pursuant to a merger. As a consequence of this merger, the Lindley Group received 59.07% of the shares of Lindley and The Coca-Cola Company, through its subsidiary Peru Beverage Limitada S.R.L., received 38.52% of the shares of Lindley. The remaining 2.41% of the shares of ELSA not owned by Lindley or The Coca-Cola Company were converted into Series C shares of Lindley. See "Shareholders." The acquisition of ELSA by Lindley resulted in the consolidation of the bottling and distribution of *Coca-Cola* and *Inca Kola* beverages in Peru into one entity and provided the Company with the ability to capitalize on the synergies created through the consolidation of the bottling and distribution processes. In addition, the acquisition of ELSA granted the Company the exclusive right to produce, bottle, distribute and sell in Peru certain trademarked products of The Coca-Cola Company such as *Inca Kola, Coca-Cola* and others.

In 2010, Corporación José R. Lindley S.A. was renamed Corporación Lindley S.A. Lindley is a *sociedad anónima* (corporation) organized under the laws of the Republic of Peru and registered under Electronic Entry No. 11010787 of the Register for Legal Entities of the Lima and Callao Public Registry. Our investment shares are listed on the Lima Stock Exchange. Our principal executive offices are located at Jirón Cajamarca No. 371, Rímac, Lima, Peru. Our telephone number at this location is (51) 1 319 4000. Our website is www.lindley.com.pe.

Overview

We are the only authorized bottler and distributor of several trademarked beverages of The Coca-Cola Company throughout Peru, which include, among others, *Coca-Cola* and *Inca Kola*. We offer a wide range of non-alcoholic beverages consisting of SSD and Still Beverages. Our SSD product portfolio is comprised of market-leading brands such as *Coca-Cola*, one of the world's most recognized beverage brands, and *Inca Kola*, the leading SSD in Peru according to TRAC, and a source of Peruvian national pride according to a study conducted by Millward Brown in July 2011. Our Still Beverage products can be divided into four product categories: fruit-juice based beverages, bottled water (sparkling and still), isotonics and energy drinks. In addition, we are a leading manufacturer of fruit pulp in Peru used for the production of our own fruit-juice based beverages and for export. In 2012 and 2011, we sold approximately 274,830,394 and 258,927,262 Unit Cases, respectively, generating net sales of S/.2,051.1 million (approximately U.S.$804.7 million) and S/.1,767.8 million (approximately U.S.$639.5 million), respectively. Our operating margin for 2012 and 2011, was 7.6% and 6.6%, respectively. The average price per Unit Case for all of our products taken together in 2012 and 2011 was S/.7.47 (approximately U.S.$2.90) and S/.6.83 (approximately U.S.$2.68), respectively. We measure our sales volume in unit cases, which is the typical volume measurement in our industry and equals 5.678 liters.

We are the market leader in the non-alcoholic beverage industry in Peru, leading in sales value and volume in SSD, bottled water and fruit-juice based beverages categories, which together represent approximately 98% of our total non-alcoholic beverage category. In 2012, we had 68.2% market share based on sales volume in the SSD category in Peru, according to TRAC. In 2012, our key beverage products, *Inca Kola* and *Coca-Cola*, represented 27.8%, and 24.3%, respectively, of the Peruvian SSD category based on sales volume. In addition, for the same period, *Coca-Cola* and *Inca Kola* trademarked beverages, together with their brand extensions such as *Coca-Cola Zero* and *Inca Kola Zero*, accounted for 53.3% of the Peruvian SSD category based on sales volume. In 2012, our *Inca Kola*, *Coca-Cola*, *Coca-Cola Zero* and *Inca Kola Zero* sales accounted for approximately 47.7%, 33.2%, 1.0% and 0.8%, respectively, of our total sales volume of SSD products. In 2011, our *Inca Kola*, *Coca-Cola*, *Coca-Cola Zero* and *Inca Kola Zero* sales accounted for approximately 46.0%, 33.5%, 0.8% and 0.7%, respectively, of our total sales volume of SSD products. We also bottle and distribute smaller niche brands such as *Fanta*, *Sprite*, *Sprite Zero*, *Crush, Kola Inglesa* and *Schweppes*, which together accounted for 18.1% of our total sales volume of SSD products for 2012, and 19.0% for the 2011. In addition, such brands represented approximately 14.9% of the Peruvian SSD category based on volume in 2012, according to TRAC.

According to TRAC, during the 2012: (i) in the Still Beverages segment, our fruit-juice based beverages, including *Frugos*, accounted for approximately 51.8% of the Peruvian fruit-juice based beverage category based on volume; (ii) our bottled water products, *Aquarius* (flavored water) and *San Luis* (still and sparkling water), accounted for approximately 38.9% of the Peruvian bottled water category based on volume; (iii) our isotonic beverage, *Powerade*, accounted for approximately 22.2% of the Peruvian isotonic beverage category based on volume; and (iv) our energy drink, *Burn*, accounted for approximately 13.3% of the Peruvian energy drink category based on volume. In. 2012 and 2011, our bottled water sales accounted for approximately 19.3% and 17.1%, respectively, of our total sales volume; sales of fruit-juice based beverages accounted for 4.2% and 4.1%, respectively, of our total sales volume; sales of isotonic drinks accounted for approximately 1.6% and 1.3%, respectively, of our total sales volume; and sales of energy drinks accounted for approximately 0.01% and 0.02%, respectively, of our total sales volume.

As part of our strategic relationship with The Coca-Cola Company, we continue to improve our product portfolio to meet changing customer preferences and we are committed to exploring new growth opportunities by introducing new products and package options that satisfy the changing demands and preferences of consumers in the markets in which we operate. We monitor and analyze our product portfolio to (i) extract greater value from our products, (ii) bottle and distribute market leading products, (iii) adapt to the consumer's changing preferences, and (iv) apply market-leading practices for production, distribution and execution at the point of sale.

Our Strengths

Lindley's main competitive strengths include the following:

Strong Ownership and Experienced Management Team

The Company is owned by two experienced and established groups in the non-alcoholic beverage industry in the world and in Peru: Johnny Lindley Taboada and the family of Johnny Lindley Taboada (Johnny Lindley Taboada and his family collectively, the "Lindley Group") own 59.66% of the shares of Lindley, and The Coca-Cola Company owns 38.52% of the shares of Lindley and has the right to appoint at least two members of the Board of Directors of the Company, and currently appoints three out of nine members, as well as its Chief Financial Officer. The Lindley Group has the right to appoint the Chief Executive Officer. Jose R. Lindley founded the Company in 1910 and the Lindley Group has managed the Company since then. The Lindley Group also established the *Inca Kola* brand as a leading brand in Peru before selling it to a subsidiary of The Coca-Cola Company.

In addition, our Senior Management team has extensive experience in the non-alcoholic beverages industry. The experienced management team provides the Company with a strong knowledge of the industry, familiarity with our customers, and understanding of the development, manufacture and sale of our products. The Company's senior managers have an average of 20 years of experience in the beverage industry in Peru and internationally. During 2010, the Company received several distinctions commemorating 100 years of existence and our role in Peru. The most important distinctions received in 2010 are the "Great Cross Grade Award for Distinguished Services" (*Orden al Mérito por Servicios Distinguidos en el Grado de Gran Cruz*) from the President of Peru, the "Great Cross Grade

Award Medal of Honor" (*Medalla de Honor en Grado de Gran Cruz*) from the Peruvian Congress and the "Medal of Lima" (*Medalla de Lima*) from the Municipality of Lima. In addition, the Company was awarded an award in 2010 by Perú 2021 for Social Responsibility and Sustainable Business Development as well as two awards in 2011 by the Peruvian National Association of Advertisers (*Asociatión Nacional de Anunciantes del Perú*), and one for Excellence in Social Responsibility and the other for Excellence in Public Relations.

Relationship with The Coca-Cola Company

We benefit from our strategic relationship with The Coca-Cola Company in ways that improve various aspects of our business and operations. In particular, we work with The Coca-Cola Company to develop a business model that allows us to continue exploring and participating in new lines of beverages, improving our bottling operations, extending existing product lines, implementing selective packaging strategies designed to increase consumer demand and creating effective local advertising and marketing campaigns for our products. In addition, we benefit from the international marketing efforts of The Coca-Cola Company. We also have access to an extensive and evolving portfolio of The Coca-Cola Company products, which allows us to keep up with customers' changing preferences.

In addition, as a result of being part of The Coca-Cola Company network of bottlers, we benefit from the know-how of The Coca-Cola Company, as well as from some of the favorable pricing terms available to it for raw materials used in our production process. We work closely with The Coca-Cola Company to adopt best practices in order to streamline our production, bottling and distribution process. In addition, The Coca-Cola Company advises Lindley on commodity prices and assists with negotiations with suppliers to obtain better terms and conditions.

Distributor of Leading Brands with Significant Consumer Loyalty

We manufacture, bottle and distribute two of the most widely recognized SSD brands in Peru, *Coca-Cola* and *Inca Kola*. These brands enjoy high levels of consumer awareness and loyalty, according to a report from Arellano Investigación de Marketing S.A., which help secure their market position. The largest brand in our product portfolio in terms of sales volume, *Inca Kola*, is a source of Peruvian national pride. Likewise, *Coca-Cola* is one of the world's most recognized beverage brands. In 2012, *Coca-Cola* and *Inca Kola* trademarked beverages, together with their brand extensions such as *Coca-Cola Zero* and *Inca Kola Zero*, accounted for 53.3% of the Peruvian SSD category based on sales volume. The other brands in our product portfolio, such as *Sprite* and *Crush*, are also among the most recognized brands in their market niches. *Sprite* and *Crush* represented 4.3% and 3.6%, respectively, of the Peruvian SSD category based on sales volume in 2012.

High Growth Potential

Peru is an emerging market country with expected growth in terms of GDP of 6.3% for 2013 and 2014 according to the International Monetary Fund. We believe the SSD and Still Beverage categories in Peru are underdeveloped in terms of per capita consumption (we measure per capita consumption through servings per capita, and each serving equals 237 ml). In 2011, for example, Peru had an average annual consumption of Coca-Cola trademarked beverages of approximately 208 servings per capita, compared to 230 in Brazil, 345 in Argentina, 460 in Chile, and 728 in Mexico, according to The Coca-Cola Company. In particular, in 2012, while the region of Lima had a consumption per capita of 359, the consumption per capita in the southern part of Peru was 215, in the northern part of Peru the consumption per capita was 119 and in the central-eastern region of Peru the consumption per capita was 95. We expect these levels of consumption per capita to increase in the future as economic conditions in Peru continue to improve. As the choice of beverages for Peruvian consumers continues to evolve, especially outside of the region of Lima, from tap water and homemade drinks to branded SSD and Still Beverages, we believe we are well positioned to capture a substantial share of this market growth.

Strong Revenue Growth and Strong Cash Flow

The strong brand recognition of our products and extensive product portfolio has enabled us to generate strong net revenue growth. For 2012, 2011 and 2010, the annual compounded growth rate of our net revenue was 15.5%. This revenue growth has delivered strong cash flows. For 2012, 2011, and 2010, our operating cash flow

was S/.192.0 million, S/.194.6 million and S/.147.9 million, respectively. These cash flows have been used exclusively to invest in our business.

Extensive Distribution Network and Skilled Sales Force

We have an extensive distribution network, which covers approximately 290,000 points of sale with three visits a week on average and operates in every province of Peru. This distribution network is well equipped to cater to the unique non-alcoholic beverage distribution market in Peru, consisting mainly of local "mom & pop" shops (which are small businesses and the traditional distribution channel in Peru for non-alcoholic beverages). In 2012 and 2011, "mom & pop" shops represented approximately 87% of the Company's revenues.

We also believe that we have the largest and best-trained sales force in the non-alcoholic beverages industry in Peru. This allows us to work closely and develop strong relationships with our customers. It also allows us to have and maintain real time information regarding the business of each of the approximately 290,000 points of sale.

Business Strategy

Lindley's business strategy is based on maximizing growth and profitability to create value for our shareholders. The key elements of our business strategy include the following:

Expanding markets by focusing on increasing regional coverage and consumption of our products

Despite the growth of our business in recent years, we believe that the Peruvian market still has enormous potential for growth in per-capita consumption. This potential is particularly high in the interior provinces, where the economy is growing at a relatively faster pace and where a relatively faster processes of urbanization and expansion is taking place which fosters positive conditions for the expansion of our business, as we cater primarily to urban areas.

We are focused on driving growth by implementing well-planned product, packaging and pricing strategies. Through the collection and analysis of real-time information from each one of our approximately 290,000 points of sale, we have developed multi-segmentation strategies to target customers based on consumption occasion, competitive intensity, location of particular points of sale, purchasing power of our customers and socioeconomic levels. According to the information we collect and following the example of our most successful points of sale, we are able to establish a profile of each point of sale and make recommendations to less successful points of sale regarding the product and package combinations that should be offered at that particular point of sale in order to better capture the existing sale opportunities. In addition, we intend to improve the availability and visibility of our products by, among other strategies, increasing the placement of coolers at various points of sale and providing promotional displays and other materials tailored to the local markets in which we operate. We call this ideal combination the "snapshot of success."

Broadening our product portfolio

Consumer preferences and demands are constantly evolving. In order to satisfy customers' demand, we continue to build on our strong portfolio of products, introducing new flavors and packages, and re-launching or strengthening existing brands as appropriate. Our objective is to have an attractive product mix, with the appropriate packaging options at the right time and in the right place. Also, the access to The Coca-Cola Company's broad brand portfolio provides us with the possibility to be authorized to introduce new products with high growth potential that have been established elsewhere by The Coca-Cola Company in response to changing consumer preferences and demands. Such access is based on strong commercial relations through the bottler's agreements. The introduction of new products and new presentations will help us increase demand for our products, respond to changing consumer preferences, provide different options to consumers, and increase new consumption opportunities.

An important component of our portfolio strategy is appropriate pricing. For example, we achieve competitive pricing for those customers that are more sensitive to prices and less willing to pay for convenience through the use of returnable glass bottles, which eliminates PET costs from such products.

Improving efficiency and optimizing use of capital

We continuously seek to increase productivity and efficiency in our facilities and in the route-to-market through infrastructure investments and process reengineering. In recent years, we have invested in returnable packages, cooling equipment, increases to plant capacity and the implementation of best practices, which have allowed us to improve our sales and distribution system. For example, in 2012, we invested S/.291.9 million (approximately U.S.$114.5 million) in these types of capital expenditures. We aim to keep the Company's structure and processes aligned with consumer growth and demands, optimizing the utilization of our capital. We also expect to continue to modernize our production and distribution infrastructure and invest in upgrading IT systems to enhance our productivity. We expect to continue to manage our capital expenditure carefully by focusing our investment on more profitable areas of our business such as the more than 290,000 "mom & pop" shops throughout Peru, which give us better returns than established retailers.

As a result of growth in demand, we intend to continue to invest in plant capacity to meet the full potential of the Peruvian market as well as to optimize our logistics network, consolidate our stores and invest in new technology to increase our efficiency. We intend to focus these investments in areas of higher return in order to expand per-capita growth of our products and increase our profitability.

The Coca-Cola Company Bottler's Agreements

The Coca-Cola Company, directly or through subsidiaries, enters into agreements with bottlers of its products. We have one bottler's agreement with The Coca-Cola Company and two bottler's agreements with Corporación Inca Kola Peru S.R.L. and Schweppes Holdings Limited, respectively, subsidiaries of The Coca Cola Company, and La Selva, our subsidiary, has one bottler's agreement with The Coca-Cola Company and one with Corporación Inca Kola Peru S.R.L.. These agreements are substantially on the same terms and subject to the same conditions. All of these bottler's agreements are dated May 1, 2010, expiring on April 30, 2015. Each of these agreements may be extended by The Coca-Cola Company or the subsidiary party to it, at its sole discretion, for another 5-year term or such other lesser period as The Coca Cola Company or the subsidiary party to it may determine, upon the request of Lindley, subject to the fulfillment of certain conditions such as complying with the terms and conditions of the bottler's agreements and Lindley being able to promote and develop the business of bottling and selling trademarked products of The Coca-Cola Company in Peru, as specified therein. The products covered by the bottler's agreements are "Coca-Cola," "Coke," "Dasani," "Coca-Cola Zero," "Coca-Cola Light," "Sprite," "Fanta," "Burn," "Powerade," "Aquarius," "Inca Kola," "Inca Kola Zero," "Kola Inglesa," "R'Fresh by Frugos," "Bimbo," "Frugos," "San Luis" and "Crush."

Pursuant to our bottler's agreements, we are authorized to manufacture, sell and distribute trademarked products of The Coca-Cola Company in the specific containers that we are authorized to distribute in Peru, and we are required to purchase Concentrate and artificial sweeteners for all trademarked products of The Coca-Cola Company from companies designated by The Coca-Cola Company.

Pursuant to the bottler's agreements, the terms of payment and other terms and conditions as to the sale of Concentrate and the packages we are required to use are determined from time to time by The Coca-Cola Company at its sole discretion. Concentrate prices are determined based on our revenue in local currency. Our bottler's agreements do not contain restrictions on The Coca-Cola Company's ability to set the price of Concentrates and do not impose minimum marketing obligations on The Coca-Cola Company. The prices at which we purchase Concentrates under the bottler's agreements may vary materially from the prices we have historically paid. Subject to certain price restrictions, pursuant to the bottler's agreements we have the ability to set the price of products sold to customers at our discretion. We have the exclusive right to distribute trademarked products of The Coca-Cola Company for sale in Peru in authorized containers of the nature prescribed by the bottler's agreements and currently used by the Company. These containers include various configurations of cans and returnable and non-returnable bottles made of glass and plastic and fountain containers.

Notwithstanding our exclusive right to distribute trademarked products of The Coca-Cola Company in Peru in certain packages, The Coca-Cola Company reserves the right to import, export, produce, bottle, distribute and sell directly or through third parties, such products to and from Peru provided that the containers used are different from those authorized for our use under the bottler's agreements signed with The Coca-Cola Company.

The Coca-Cola Company has the ability, at its sole discretion, to reformulate any of the trademarked products of The Coca-Cola Company and to discontinue any of such products, subject to certain limitations, provided that all trademarked products of The Coca-Cola Company and distributed by Lindley are not discontinued. The bottler's agreements prohibit us from producing, bottling or handling beverages other than trademarked products of The Coca-Cola Company, or other products or packages that would imitate, infringe upon, or cause confusion with the products, trade dress, containers or trademark of The Coca-Cola Company, except under the authority of, or with the consent of, The Coca-Cola Company. The bottler's agreements also prohibit us from acquiring or holding an interest in a party that engages in such restricted activities. The bottler's agreements impose restrictions concerning the use of certain trademarks, authorized containers, packaging and labeling of The Coca-Cola Company so as to conform to policies prescribed by The Coca-Cola Company. In particular, we are obligated to:

- maintain plant and equipment, staff and distribution facilities capable of manufacturing, packaging and distributing trademarked products of The Coca-Cola Company in authorized containers in accordance with our bottler's agreements and in sufficient quantities to satisfy fully the demand in our territories;

- undertake adequate quality control measures as prescribed by The Coca-Cola Company;

- develop, stimulate and satisfy fully the demand for trademarked products of The Coca-Cola Company using all approved means, which includes the investment in advertising and marketing plans;

- comply with the dispositions prescribed by The Coca-Cola Company regarding the containers to be used for the bottling and sale of the trademarked products of The Coca-Cola Company;

- maintain a sound financial capacity as may be reasonably necessary to assure performance by us and our affiliates of our obligations to The Coca-Cola Company; and

- submit annually to The Coca-Cola Company our marketing, management, promotional and advertising plans for the ensuing year.

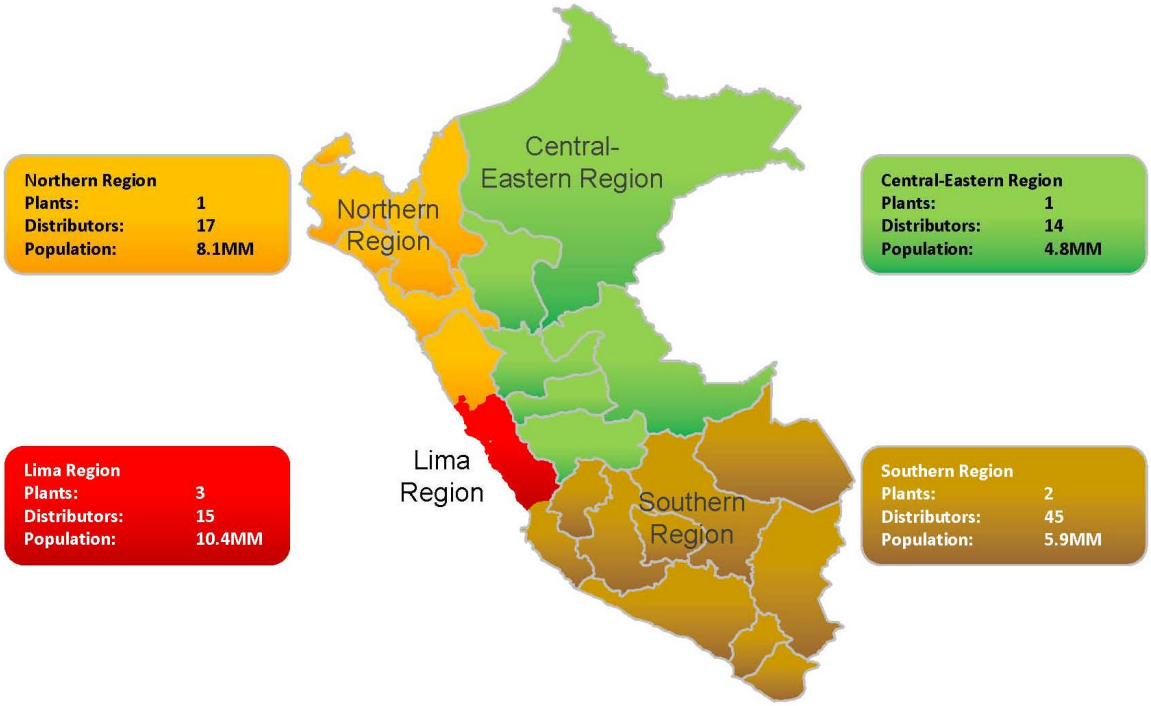
Lindley may request the extension of each of the bottler's agreements no earlier than twelve months and no later than 6 months from the date of expiration of such respective agreement.

The bottler's agreements are subject to termination by The Coca-Cola Company in the event that we default on the terms thereof or if we are not able to obtain U.S. dollars to make the payments under the bottler's agreements. The default provisions include limitations on change in ownership or control of our company and the assignment or transfer of the bottler's agreements and are designed to preclude any person not acceptable to The Coca-Cola Company from obtaining an assignment of a bottler's agreement or from acquiring our company independently of other rights set forth in the bylaws. The bottler's agreements are also subject to termination by us in case of default by The Coca-Cola Company.

We are also obligated under the bottler's agreements to obtain written authorization from The Coca-Cola Company or any subsidiaries which are parties to such agreements if we intend to issue bonds or any debt obligation, in connection with such transaction, if we use the business name of The Coca-Cola Company or such subsidiaries or The Coca-Cola Company's trademarks or any description of our business relationship with The Coca-Cola Company in the applicable prospectus or offering memorandum. We have received from The Coca-Cola Company, Corporación Inca Kola Peru S.R.L. and Schweppes Holdings Limited the written authorizations required under the bottler's agreements in connection with the offering of the Notes.

Our Territories

We operate throughout all the Peruvian territory. The following map provides information as of the territories in which we operate, giving estimates in each case of the population, the location of our plants (including all our bottling plants and our plant for the production of pulp) and number of distribution centers, as of December 31, 2012:



The territories in which we operate are very diverse and have the following characteristics:

(1) The region of Lima, which includes the city of Lima, its provinces and the constitutional province of Callao, is the biggest market for Lindley. It is densely populated, with approximately 10.4 million inhabitants. It has more than 103,000 points of sale. This region represented approximately 54.6% of our sales, in terms of volume in 2012.

(2) The northern region of Peru includes urban cities such as Piura, Trujillo, Cajamarca, Chiclayo, Huaraz and Tumbes; and rural territories in the regions of Piura, Ancash, La Libertad, Cajamarca, Lambayeque and Tumbes. It has approximately 8.1 million inhabitants, and it has more than 63,000 points of sale. The northern region represented approximately 14.5% of our sales, in terms of volume in 2012, and has a significant potential for growth. Our business in the northern region benefits from an improving economy and an emerging middle class.

(3) The southern region of Peru includes cities such as Arequipa, Cusco, Juliaca, Puno, and Ica; and rural territory in the regions of Puno, Cusco, Arequipa, Ica, Apurimac, Tacna, Moquegua and Madre de Dios. It has approximately 6.9 million inhabitants and has more than 90,000 points of sale. The southern region represented approximately 23.7% of our sales, in terms of volume in 2012, and has a significant potential for growth. Our business in this region also benefits from an improving economy and an emerging middle class.

(4) The central sierra and Amazon region of Peru (the center east region) includes the regions of Junin, Ancash, Huánuco, Ayacucho, Huancavelica, Pasco, Loreto, San Martin, Ucayali and Amazonas. It has approximately

4.8 million inhabitants and has more than 33,000 points of sale. The central sierra and Amazon region represented approximately 7.3% of our sales, in terms of volume in 2012.

Our Products

We bottle, manufacture and distribute SSD and Still Beverage products under The Coca-Cola Company brands in Peru, which include *Coca-Cola* and *Inca Kola* products. *Inca Kola* is a brand that The Coca-Cola Company acquired from the Lindley Group in 1999. See "Description of the Company—The Company—History." Pursuant to various bottler's agreements with The Coca-Cola Company or subsidiaries thereof, we have been granted the rights to produce, sell and distribute *Coca-Cola*, *Inca Kola, Fanta, Sprite, Kola Inglesa, Bimbo, Frugos, Powerade, Burn, San Luis* and *Aquarius,* including extensions thereof such as *Coca-Cola Zero, Inca Kola Zero* and *Sprite Zero*, in Peru. We also produce, sell and distribute *Crush* which is a brand that The Coca-Cola Company acquired, for certain countries, from Cadbury Schweppes plc in 1999. Schweppes Holdings Limited, a wholly owned subsidiary of The Coca-Cola Company, has granted us the rights to produce, sell and distribute *Crush* in Peru. In addition, we are a leading manufacturer of fruit pulp used for the production of our own fruit-juice based beverages and for exporting to Europe.

The following table sets forth our main products as of December 31, 2012:

PRODUCT	BRANDS
Sparkling Soft Drinks	Coca-Cola
	Coca-Cola Zero
	Inca Kola
	Inca Kola Zero
	Fanta
	Sprite
	Sprite Zero
	Crush
	Kola Inglesa
	Bimbo
	Schweppes
Still Beverages	
Fruit-juice Based Beverages	Frugos
Isotonics	Powerade
	Powerade On
Energy Drinks	Burn
Bottled Water (including sparkling water)	San Luis
	Aquarius

The following table shows the position of our products in the categories in which we compete for the 12-month period ending on December 31, 2012:

Category	Position[(1)]	Market Share (volume) [(1)]	Gap vs Nearest Competitor (volume) [(1)]	Market Share (value) [(1)]
SSD	First	70.1%	+59pp	75.8%
Still Beverages				
Fruit-juice Based Beverages	First	51.8%	+28pp	53.3%
Bottled Water	First	38.5%	+4pp	42.4%
Isotonics	Second	25.8%	+6pp	24.9%
Energy Drinks	Second	13.3%	-57pp	11.7%

Source: The Retail Audit Company

(1) Monthly averages for the preceding 12 months.

Sales Overview

The following table illustrates our historical sales for each of our products in Unit Cases for the period presented:

	Years Ended December 31,			
	2010	**2011**	**2012**	**% Change**
	(in thousand Unit Cases)			
Sparkling soft drinks				
Inca Kola	82,140.4	92,215.2	98,056.1	6.3
Coca-Cola	64,702.3	67,044.9	68,227.5	1.8
Crush	11,476.9	11,505.0	8,125.1	(29.4)
Sprite	8,924.5	9,522.5	10,071.7	5.8
Fanta	8,442.5	10,313.4	12,485.5	21.1
Kola Inglesa	6,076.2	6,007.0	4,619.2	(23.1)
Inca Kola Zero	1,344.7	1,470.5	1,677.0	14.1
Coca-Cola Zero	1,235.4	1,536.1	1,959.1	27.5
Refrescos Bimbo	556.4	513.3	275.0	(46.4)
Bimbo Break	191.1	173.3	100.9	(41.8)
Coca-Cola Light[(1)]	489.2	27.5	–	–
Sprite Zero	137.9	87.7	138.8	58.3
Schweppes	–	–	63.9	–
Total[(2)]	185,717.5	200,416.3	205,799.8	2.7
Bottled water				
San Luis	35,375.0	40,794.7	49,278.7	20.8
Aquarius	2,427.1	3,470.8	3,747.4	8.0
Dasani	–	–	–	–
Total[(2)]	37,802.1	44,265.5	53,026.1	19.8
Fruit-juice based beverages				
Frugos	8,661.7	9,725.3	10,497.1	7.9
Frugos Kids	904.0	934.0	971.7	4.0
Hugo[(3)]	234.8	70.7	–	–
Total[(2)]	9,800.5	10,729.9	11,467.6	6.9
Isotonics				
Powerade	3,069.6	2,992.0	129.3	(95.7)
Powerade ION4	–	474.4	4,279.7	802.1
Powerade ON	–	–	85.9	–
Total[(2)]	3,096.6	3,466.4	4,494.9	29.7
Energy Drinks				
Burn	56.0	45.1	39.2	13.1
Total[(2)]	**236,471.4**	**258,923.2**	**274,827.6**	**6.1**

(1) Lindley stopped producing Coca-Cola Light in March 2011.

(2) Numbers may not sum due to rounding.

(3) Lindley stopped producing Hugo in March 2011.

Per capita consumption data for a territory is determined by dividing products sales volumes within the territory (in bottles, cans, and fountain containers) by the estimated population within the territory, and is expressed

on the basis of the number of eight ounce servings of our products consumed annually per capita. In evaluating the development of local volume sales in our territories and to determine product potential, we measure, among other factors, the per capita consumption of the products we distribute.

The consumption and competitive landscape of our territories are very diverse. Lima is densely populated and has a large number of competing SSD brands as compared to the rest of Peru. The northern and southern regions of Peru have lower per capita consumption of SSD products as compared to Lima. The central sierra region is large and mountainous and has lower population density, lower per capita income and lower per capita consumption of SSD. In the Amazon region, there is also a lower population density, lower per capita income and lower per capita consumption of SSD.

The following analysis highlights historical sales volume:

– Sparkling Soft Drinks (SSD):

  In 2012 and 2011, our most popular SSD products were *Coca-Cola* and *Inca Kola*, which together with their respective brand extensions, accounted for 61.8% and 62.7%, respectively, of our total sales in terms of volume, and represented approximately 53.3% of the Peruvian SSD category based on sales volume in 2012, according to TRAC. Our next largest products, *Fanta*, *Crush* and *Sprite*, together with their respective brand extensions, accounted for 4.5%, 3.0% and 3.7%, respectively, of total sales volume in 2012 and 4.0%, 4.4%, and 3.7%, in 2011.

  In 2012 and 2011, the region of Lima accounted for 54.3% and 55.2%, respectively, of our SSD sales in terms of volume, which is approximately 111.6 and110.7 million Unit Cases sold. The southern region represented 23.9% and 23.4%, respectively, the northern region represented 14.9% and 14.3, respectively, while the Amazon region and the central sierra region represented 6.9% and 7.1%, respectively.

  In 2012, our SSD products decreased as a percentage of our total sales volume from 77.4% in 2011 to 74.9% in 2012, mainly due to customers' increasing consumption in other product categories such as bottled water. Total sales volume reached 274.8 million Unit Cases in 2012, an increase of 6.1% compared to 258.9 million Unit Cases in 2011. SSD sales volume increased to 205.8 million Unit Cases in 2012, an increase of 2.7% compared to 200.4 million Unit Cases in 2011.

  In 2011 and 2010, our SSD products accounted for 77.4% and 78.5%, respectively, of our total sales in terms of volume. Total sales volume reached 258.9 million Unit Cases in 2011, an increase of 9.5% compared to 236.5 million Unit Cases in 2010. SSD sales volume increased to 200.4 million Unit Cases in 2011, an increase of 7.9% compared to 185.7 million Unit Cases in 2010.

– Still Beverages:

  Bottled water: We distribute bottled water under the brands San Luis and Aquarius, which accounted for 38.5 of market share in terms of volume as of December 31, 2012, according to TRAC. In 2012, bottled water volume sales represented 19.3% of the volume sales of the Company. Bottled water is the second most important category in the non-alcoholic beverage category in Peru. It was also the second fastest growing segment in Peru in 2012 after isotonic drinks. This category is characterized by low brand loyalty and high price sensitivity among consumers. In 2012, the total volume sales of our bottled water products reached 53.0 million Unit Cases.

  Fruit-juice based beverages: Despite being leaders in the fruit based beverage category with 49.6% of market share in terms of volume as of December 31, 2012, according to TRAC, the consumption of fruit-juice based beverages remains low in Peru, as compared to other beverage

categories. In 2012, the region of Lima represented 67.1% of our sales in the fruit-juice based beverage category, the southern region represented 18.1% of our sales, the northern region represented 10.4% of our sales and central sierra and Amazon region represented 4.4% of our sales.

Isotonic and energy drinks: The isotonic and energy drink product categories are relatively new in Peru. We have been selling isotonic drinks under the Powerade brand since 2004 and the energy drink under the brand Burns since September 2008. These categories, together, represented 1.7% of our total sales volume in 2012, with a total of 4.5 million Unit Cases sold.

In 2012, the isotonic drinks represented 1.6% of our total sales volume, with approximately 4.5 million Unit Cases sold. As of December 31, 2012, isotonic drinks being sold under the Powerade brand had 22.2% of the isotonic category according to TRAC.

In 2012, the energy drinks represented 0.01% of our total sales volume, with approximately 39.2 thousand Unit Cases sold.

In 2013, we plan on launching the isotonic brand ON to compete in non-sports isotonic market.

Production

We produce our SSDs by mixing treated water, Concentrate and sugar. We carbonate the mixture and package it in returnable or non-returnable containers on automated bottling lines, and then package the containers into plastic cases or cardboard cartons on automated packaging lines. The energy drinks we produce follow the same process.

Our bottled water consists of processed water to which we add a certain mix of minerals supplied by The Coca-Cola Company as part of the bottling process. The juice based beverages are processed by mixing treated water with fruit pulp and Concentrate.

Sealed bottles are imprinted with date codes that permit us to monitor and replace inventory in order to provide fresh products. We purchase the bottles for our products from third parties.

Quality Control

Ensuring high quality products is critical to the success of our business. We are fully committed to maintaining the highest standards with respect to the purity of the water we use, the quality of the other raw materials and ingredients used in our products and the integrity of our packaging in each of our facilities. We have obtained the following international certifications: FSSC 22000 (ISO 22000:2005 and PAS 220:2008 based certification); ISO 14001:2004; ISO 9001:2008; and OSHAS 18001:2007. In 2012, our Huacho plant obtained Organic Certification from the Peruvian Agricultural Health Service (*Servicio Nacional de Sanidad Agraria*) ("SENASA") for the production of mango and passion fruit pulp and it successfully passed a U.S. Food and Drug Administration (FDA) audit.

We continuously monitor the production process for compliance with these standards and we are audited by The Coca-Cola Company on a regular basis. With sophisticated control equipment we regularly monitor key areas of our production processes to ensure that we comply with applicable specifications. Audits are also performed regularly on all the key parameters of our processes to assure that there is independent validation of all our key control points.

We maintain a quality control laboratory at each production facility for testing raw materials, packaging and finished products. Our bottler's agreements with The Coca-Cola Company specify strict quality standards to which we must adhere and which cover the entire value chain. We are also required to obtain supplies of raw materials (ingredients and packaging) from suppliers approved by The Coca-Cola Company.

In addition, we regularly undertake quality audits in the distribution channels to check compliance with package and product specifications. This process involves taking regular random samples of beverages from the various channels and testing them against established quality criteria.

Raw Materials

Our raw material requirements are divided between the ingredients required for production of beverages and material required for packaging and labeling the beverages. The main ingredients required for production of beverages include Concentrate, our principal raw material, sugar, treated water and carbon dioxide. Packaging material includes returnable and non-returnable glass bottles, PET, labels, caps, crowns, cardboard and plastic films.

The price of Concentrates for all trademarked products of The Coca-Cola Company is based on our revenue in the local currency. Although The Coca-Cola Company has the right to unilaterally set the price of the Concentrates, in practice, Concentrate prices have remained stable in line with our revenue and are established after discussions with us to reflect trading conditions and to ensure that such prices are in line with our annual marketing plan. Expenditure for Concentrates constitutes our largest single raw material cost, representing, approximately, 40.5%, 38.4% and 39.3% of our total cost of goods sold in 2012, 2011 and 2010, respectively.

Another important raw material required for the production of our products is sugar. Sugar is combined with water to produce basic syrup, which is then added to the Concentrate for the SSDs. Pursuant to our bottler's agreements with The Coca-Cola Company, we may purchase refined sugar only from suppliers approved by The Coca-Cola Company. We do not separately purchase low-calorie sweeteners because sweeteners for our low-calorie beverage products are contained in the Concentrates that we purchase from The Coca-Cola Company. We purchase sugar domestically and internationally under long-term supply contracts in which prices are set based on the London commodity market. Our main suppliers for sugar are Empresa Agroindustrial Laredo S.A.A. through the trade houses Sucden Peru in Peru, and Rio-Paila Castilla in Colombia.

Sugar prices are volatile and vary from time to time, so we seek to hedge our exposure to any price increase by using derivative products. For these purposes, we have established a department that is tasked with identifying, measuring and controlling the risk of an increase in the price of sugar. This department is divided into two groups: the risk committee and the execution team. The risk committee meets regularly to review the results of the hedging agreements executed by us, analyze the market trends and determine a short-term strategy. This committee is formed by the Chief Financial Officer, the Chief Production Officer, the financial planner, the procurement manager and the treasurer of the Company. Another team is in charge of the daily trading based on the risk committee's instructions. The average price of sugar paid by the Company has been approximately U.S.$730.0 per ton, U.S.$693.3 per ton and U.S.$597.6 per ton in 2012, 2011 and 2010, respectively, respectively, representing approximately 22.6%, 23.7% and 22.4% of our total cost of goods sold in 2012, 2011 and 2010, respectively. In 2012, 2011 and 2010, approximately 90% of our sugar purchase prices were hedged. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

For the production of our packaging the main raw materials are PET, a plastic resin obtained from oil, glass and tetrapack. In order to acquire PET resin on better terms and conditions, we participate in a cross-enterprise procurement program along with certain other bottlers of The Coca-Cola Company pursuant to which we purchase PET resin. The prices of the PET resin are tied to crude oil prices and global resin supply. In recent years we have experienced volatility in the prices we pay for these materials. Once we receive the PET resin, it needs to go through a process of blowing and molding in order to become a plastic bottle. We have two main suppliers for this process: San Miguel Industrial S.A. and Amcor Rigid S.A. The cost of the plastic bottle (including the cost of the PET resin and the industrial process) in our cost structure represented 18.2% and 20.7% in 2012 and 2011, respectively. Our supplier for glass bottles is Owen Illinois.

Packaging Mix

We offer our beverages in a range of flavors and packages designed to meet the demands of our consumers. The containers consist of a variety of returnable and non-returnable presentations in the form of tetra packages, cans, glass bottles, and plastic bottles made of PET. We use the term presentation to refer to the packaging unit in which we sell our products. Presentation sizes for our SSD products range from a 192 ml personal size to a 3-liter multiple

serving size. Presentation sizes for our Still Beverage products (including sparkling water) range from a 192 ml personal size to a 2-liter multiple serving size. In general, personal sizes have a higher price per Unit Case as compared to multiple serving sizes.

We also offer our products in returnable and non-returnable presentations. Returnable means that for each returnable bottler we sell we receive from our clients an empty returnable bottle in exchange, while non-returnable means that the consumer discards the bottle after consuming our product. Returnable bottles are glass and REFPET bottles. Returnable presentations allow us to offer lower prices to our customers since the cost of the bottle is not included in the price of the final product. The use of the same presentation several times means that the cost per use of one bottle is significantly smaller for returnable presentations than non-returnable presentations although the cost to produce returnable presentations is higher than non-returnable presentations. On average, each returnable presentation is used 30 times. The returnable and non-returnable presentations allow us to offer different combinations of convenience and price to implement revenue management strategies and to target specific distribution channels and population segments in our territories.

We also sell bottled water products in bulk sizes, which refer to presentations equal to seven, 19 and 20 liters, which have a much lower average price per Unit Case than our other beverage products.

In addition, when selling our products to fast food restaurants and other immediate consumption outlets we use "fountain" products. Fountains consist of dispensing equipment that mixes the Concentrate with sparkling or still water, enabling fountain retailers to sell finished SSDs or Still Beverages to consumers in cups or glasses.

Seasonality

Sales of our products are seasonal, as our sales levels generally increase during the warmer months. Peru's three main geographic regions, the coast, the mountains and the Amazon region have different seasons of warm temperatures. The warm weather months in the coast are usually January, February and March while July and August are usually the warmer months in the mountain and Amazon regions. In each of 2012 and 2011, approximately 28% of our sales volume came in the first quarter, approximately 23% in the second quarter, approximately 23% in the third quarter and approximately 26% in the fourth quarter.

Because of population density, we have higher sales on the coast than in the mountain or Amazon region. For our own internal purposes, we divide Peru into four geographic regions. See "—Territories." In 2012, 2011 and 2010, the region of Lima represented 54.6%, 56.0% and 56.5% respectively, of our total sales volume, the southern region represented 23.7%, 23.0% and 22.6% respectively, the northern region represented 14.6%, 13.8% and 13.6% respectively, and the central sierra and Amazon region represented 7.3%, 7.2% and 7.3% respectively.

Marketing

Our main goal is to differentiate our products from others by marketing them in an appealing and relevant way. We rely extensively on advertising, sales promotions and retailer support programs to target the particular preferences of our consumers. We, in conjunction with The Coca-Cola Company, have developed specially tailored marketing strategies for each of our products in order to promote the sale and consumption of our products. Historically, we and The Coca-Cola Company, through its wholly-owned subsidiary Coca-Cola Servicios del Perú S.A., have jointly prepared annual marketing plans and have generally agreed to divide expenses equally between us. In addition, we benefit from The Coca-Cola Company's international marketing efforts to promote the consumption of the same beverages produced by us in Peru.

The Coca-Cola Company's marketing efforts in Peru focus on consumer marketing, building of the brand identity, analyzing consumer preferences and formulating the brand marketing strategy and media advertising design. We are primarily responsible for the development and placement of advertisements in each point-of-sale. We focus on executing marketing activities at the customer level with an emphasis in developing the costumer's relationship with our products, involving the development of the relationship with customer, occasion-based marketing, and carrying out promotional activities at each point of sale to expand our presence in the marketplace.

Our advertising and promotion expenses in 2012, 2011 and 2010 were S/.81.2 million, S/.69.7 million, S/.63.6 million, respectively. These amounts do not include any marketing expense directly assumed by The Coca-Cola Company.

Through the use of advanced information technology, focus groups and real time information gathered from each of our points of sale, we have collected valuable consumer information that allows us to tailor our marketing strategies targeting the different types of consumers located in each of the regions in which we operate and meeting the specific needs of each of those markets.

Retailer Support Programs. In addition, we have various support programs which provide retailers with point of sale display materials and consumer sales promotions, such as contests, sweepstakes and the giveaway of product samples.

Coolers. We distribute coolers among retailers in order to increase visibility and consumption of our products and to ensure that they are sold at the proper temperature. This is an important marketing tool as many local "mom & pop" shops do not have properly operating coolers.

Advertising. The Coca-Cola Company's local affiliates advertise in all major communications media including television, radio and printed media. They focus their advertising efforts on increasing brand recognition by consumers and improving our customer relations. National advertising campaigns are designed and proposed by The Coca-Cola Company's local affiliates.

Channel Marketing. In order to have more dynamic and specialized marketing campaigns for our products, our strategy is to classify our markets and develop targeted efforts for each consumer segment or distribution channel. Our principal channels are small retailers, such as "mom & pop" shops, on-trade consumption sites, such as restaurants and bars and other key accounts, supermarkets and third party wholesale distributors. Presence in these channels entails a comprehensive and detailed analysis of the purchasing patterns and preferences of various groups of beverage consumers in each of the different types of locations or distribution channels. In response to this analysis, we tailor our product, price, packaging and distribution strategies to meet the particular needs of and exploit the potential of each channel.

Multi-segmentation. We have been implementing a multi-segmentation strategy in the majority of our markets. This strategy consists of the implementation of different product/price/package portfolios by market cluster. These clusters are defined based on consumption occasion, competitive intensity and socioeconomic levels, rather than solely on the types of distribution channels.

Product Distribution

We continuously evaluate our distribution model in order to adjust to the changing dynamics of the local marketplace. We review and analyze our distribution channels on an ongoing basis and routinely visit our points of sale to identify new service needs and new possible efficiencies in our distribution model. As part of this strategy, we routinely roll out new distribution models looking for improvements in our distribution network.

We have nine production plants all in close proximity to the territories in which we operate. In addition, we have a distribution center in Lima. We have signed agreements with each of our distributors and independent logistic operators. All the fleets of vehicles are owned by the logistic operator in the case of the "primary distribution" or the authorized distributor in the case of the "secondary distribution."

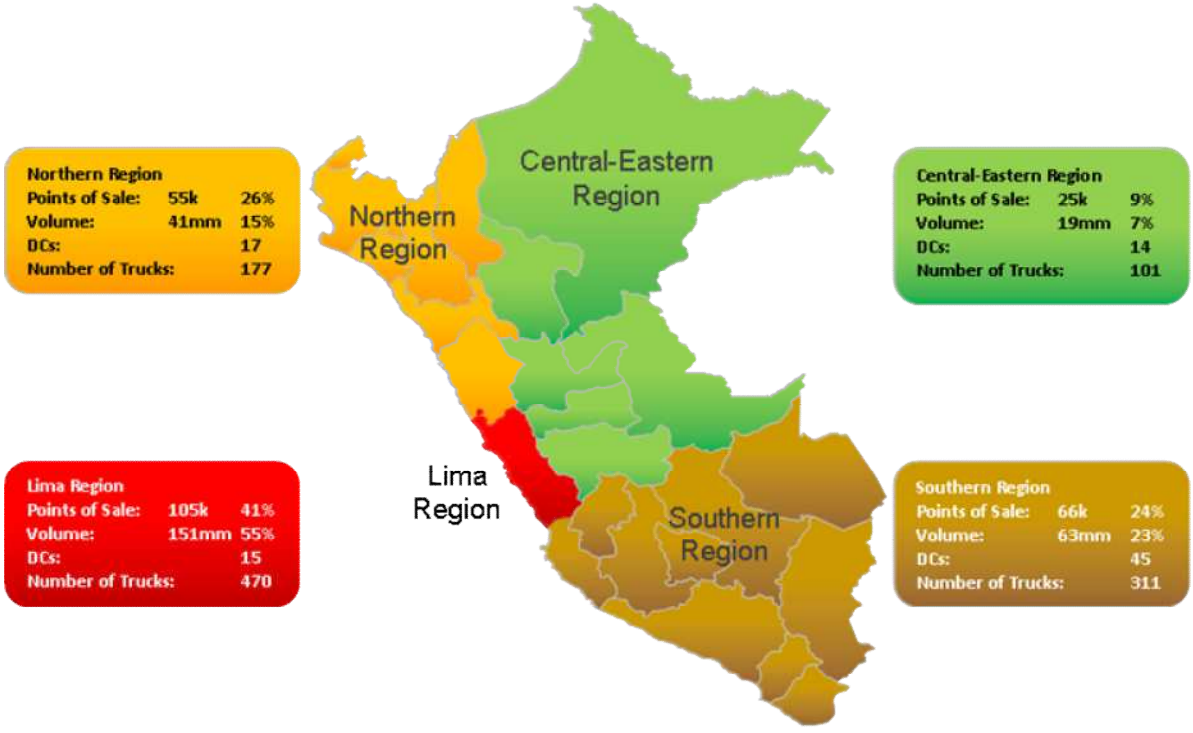
Our distribution channels are specialized to meet the particular needs and challenges for each of our clients in each of the territories in which we operate. We use mainly three channels to distribute our products depending on the type of client our products are being distributed to:

a) *Small Retailers and Wholesalers*: We distribute our products to small retailers, which are mainly local "mom & pop" shops, and wholesalers through "primary distribution" and "secondary distribution." "Primary distribution" refers to the transportation of our products from our plants to

the warehouses of our authorized distributors through an independent logistic operator. The independent logistic operator is a company that owns a fleet of vehicles and that transports the products following our instructions. "Secondary distribution" refers to the transportation of our products from the warehouses of our authorized distributors to each point of sale. Each authorized distributor is responsible for warehousing and delivering the products to the point of sale following the orders given by us. In addition, each distributor is only authorized to operate within a certain jurisdiction in order to avoid competition among our distributors. As of December 31, 2012, we had approximately 91 distributors: 15 in the region of Lima, 17 in the northern region, 45 in the southern region and 14 in the central sierra and the Amazon region, covering approximately 290,000 small retailers or points of sale. In 2012 and 2011, approximately 85% and 86% of our sales were done through this distribution channel. No distributor individually represents a significant percentage of our sales and any of them can be easily replaced within days in case of breach of the distribution agreement.

For purposes of "secondary distribution," the distribution and sale of our products to each small retailer and wholesaler is coordinated through our pre-sale system. Based on those orders, we deliver the products to the distributor, which is responsible for warehousing and delivering the products to the point of sale that placed the order following the instructions given by us. Depending on certain circumstances, the delivery of the products may be done through a direct sale (approximately 15% on average) or through consignation agreements (approximately 85% on average). The pre-sale system separates the sales and delivery functions and allows sales personnel to place the products prior to delivery and trucks to be loaded with the mix of products that our clients have previously ordered, thereby increasing distribution efficiency. This system also allows us to have complete control of the distribution process and the commercial information.

The following map provides information of the number of small retailers, volume of sale, distributors, independent logistic operators, sale routes and vehicles used in this channel as of December 31, 2012:



b) *Retailers*: Retailers are mainly supermarket chains. The distribution of our products to the retailers is done through "primary distribution." Distribution and sale of our products to supermarkets are coordinated by our personnel. As of December 31, 2012, we had five retailer chains in Peru. In 2012 and 2011, approximately 5.7% and 5.6% of our sales volume, respectively, were done through this channel.

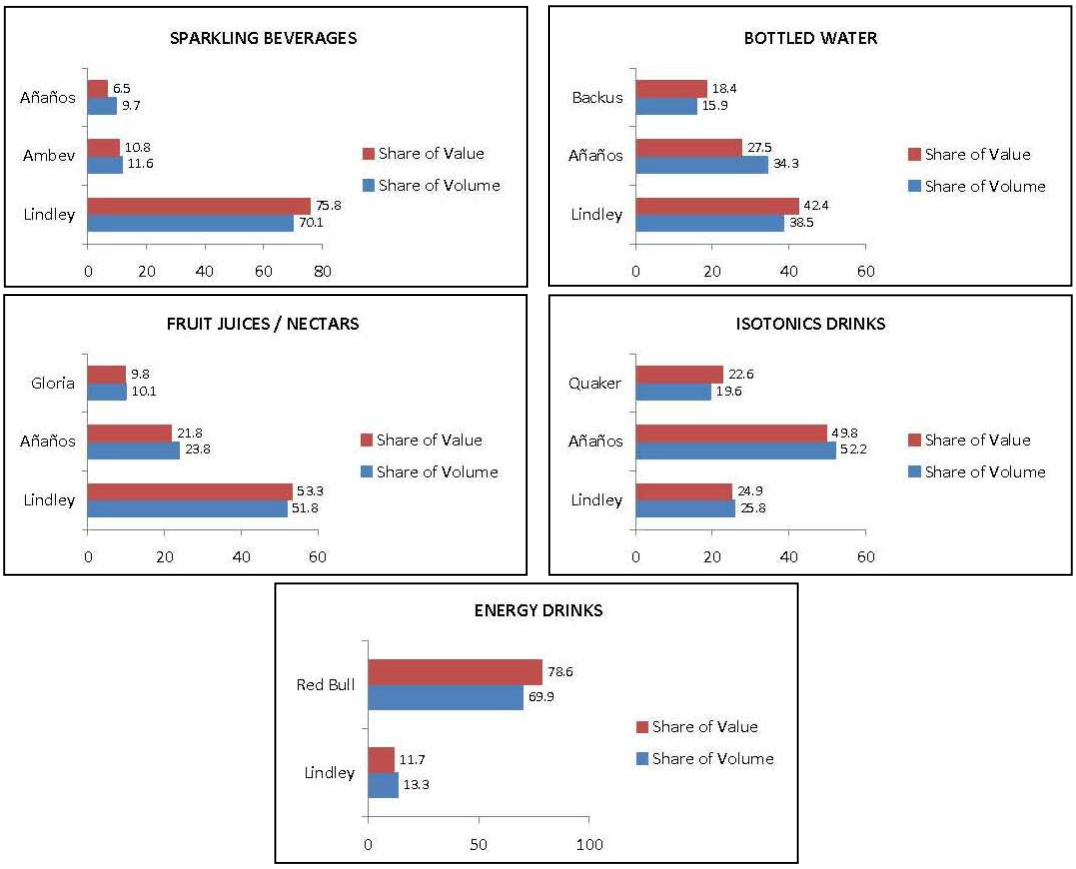
c) *Key Accounts*: Key accounts are restaurants chains, cinemas and gas stations, among others. The distribution of our products to key accounts is done directly through "primary distribution." Distribution and sales of our products to key accounts are coordinated by our personnel. As of December 31, 2012, we had approximately 681 key accounts in Peru. In 2012 and 2011, approximately 5.2% and 4.2% of our sales, respectively, were done through this method.

Competition and Market Position

Although we believe that our products enjoy greater customer recognition and consumer loyalty than those of our principal competitors, the non-alcoholic beverages industry is highly competitive in Peru.

In the SSD category, we compete with the bottler of Pepsico products as well as face intense price competition from local producers of non-premium brands, or "B brands," which typically produce, market and sell SSD at prices below than ours. In this category our principal competitors are local bottler Ajegroup S.A., a Peruvian bottler with operations in the Americas, south east Asia and India, and Compañía Cervecera Ambev Peru S.A.C., the local subsidiary of AB InBev, that is the authorized bottler of Pepsico products in Peru. In the water category our principal competitors are Ajegroup S.A. and Union de Cervecerias Peruanas Backus y Johnston S.A.A., the local subsidiary of SAB Miller. In the fruit-juice based beverage category our principal competitors are Ajegroup S.A. and local group Gloria S.A. In the isotonic category our main competitors are Ajegroup S.A. and Quaker, and in the energy drink category our main competitor is Compañía Cervecera Ambev Peru S.A.C.

The following charts show the market position of the main players in the five most important categories of the non-alcoholic beverage category in 2012, according to TRAC:



Recently, price discounting and packaging, coupled with consumer sales promotions, customer service and non-price retailer incentives are the primary means of competition among bottlers. We compete by offering products at attractive prices in the different segments in our markets and by building up on the existing value of the brands we manufacture, bottle and distribute. We believe that the introduction of new products and new presentations has been a significant competitive technique that allows us to increase demand for our products responding to changing consumer preferences, to provide different options to consumers, and increase new consumption opportunities. In addition, by offering returnable and non-returnable packages we are able to offer competitive prices in the SSD category.

We are leaders in sales value and volume in SSD, bottled water and fruit-juice based beverages categories which together represent approximately 98% of our total non-alcoholic beverage category. We face greater competition in the bottled water, fruit-juice based beverages, isotonic and energy drinks categories than in the SSD category, because in those categories our competitors have more established brands and a stronger market position.

Employees

As of December 31, 2012, we have 3,262 employees:

	2010	2011	2012
Management / Administrative positions	907	1,026	1,120
Employees	2,047	2,291	2,142
TOTAL	2,954	3,317	3,262

As of December 31, 2012, 54.2% of our employees were employed under fixed term contracts, which may be extended at our discretion.

As of December 31, 2012, there are 974 unionized employees, which represents approximately 29.9% of the total number of employees. Below is a list of the five unions with which our employees are affiliated:

Union	Percentage of Total Employees	Number of Employees
Sinatrel	18.9%	617
Sintraclin	1.26%	41
Sintracor	0.7	22
Sintracolinsa	9.0	294
TOTAL	**29.9%**	**974**

Between November 28, 2011 and December 13, 2011, a strike involving 500 employees, or 15% of our employees, took place; however, the strike did not have a material adverse effect on us, our operations or our financial condition. With the exception of the aforementioned, we have not experienced any significant labor disputes or strikes since 2004. We negotiate a collective bargaining agreement with each of the five unions in which our workers participate yearly. We extend to all our personnel, whether unionized or not, any concession granted to the members of the unions.

Awards

During 2008 we received the National Award for Quality from the National Industry Society (*Sociedad Nacional de Industrias*), an award for the best commercial operation with the Coca-Cola system in our region from The Coca-Cola South Latin American Business, the Worldwide Marketing & Commercial Excellence Award under "Shopper" category from The Coca-Cola Company and the International Gold Star Quality from the American Recognition of Efficiency.

During 2010, we received several distinctions commemorating 100 years of existence. The most important distinctions we received are the "Great Cross Grade Award for Distinguished Services" (*Orden al Mérito por Servicios Distinguidos en el Grado de Gran Cruz*) from the President of Peru, the "Great Cross Grade Award Medal of Honor" (*Medalla de Honor en Grado de Gran Cruz*) from the Peruvian Congress, and the "Medal of Lima" (*Medalla de Lima*) from the Municipality of Lima. In addition, the Company was awarded an award in 2010 by Perú 2021 for Social Responsibility and Sustainable Business Development as well as two awards in 2011 by the Peruvian National Association of Advertisers (*Asociatión Nacional de Anunciantes del Perú*), as well as one for Excellence in Social Responsibility and the other for Excellence in Public Relations.

Regulation

Tax

Sales of our products are subject to the valued added-tax and a specific consumption tax (*Impuesto Selectivo al Consumo*). As of the date of this Offering Memorandum, the rate of the value added-tax in Peru is 18% and the rate of the specific consumption tax (*Impuesto Selectivo al Consumo*) applicable to most of our products is 17%. Fruit-juice based beverages and bottled water are not subject to the specific consumption tax (*Impuesto Selectivo al Consumo*). This specific consumption tax (*Impuesto Selectivo al Consumo*) is only applicable on the sale made by the producer of the products.

Custom Duties

Importation of sugar in Peru is subject to various duties and taxes payable by the importer, including but not limited to *ad valorem duties*, value added tax and prepayment of sale taxes (*regimen de percepciones*). As of the date of this Offering Memorandum, the rate of *ad valorem* duties for the importation of sugar is 0%, the value-added tax is 18% and the prepayment of sale taxes (*regimen de percepciones*) rate is 3.5%. In addition, specific duties are payable by importers on sugar imported from countries that are not members of the Andean Community. As of the date of this Offering Memorandum, our sugar suppliers are companies based in Peru or countries that are part of the Andean Community.

Water Supply Law

According to the LWR and its regulations enacted by Supreme Decree 001-2010-AG, water resources are the inalienable and non-prescriptive property of the Peruvian state. However, rights for the use of water may be granted by the ANA based on certain criteria and in the manner discussed below, provided that such use is conducted in accordance with the order of priority established by the LWR.

ANA is the competent authority to grant the following:

- permits, which are issued exclusively over excess water resources, subject to the availability of water from time to time and, in the case of water for agricultural use, only for certain crops;

- authorizations, which are granted for a fixed term when water is going to be used to perform studies or works; and/ or, for other temporary and special tasks; and

- licenses, which are granted for the permanent use of water for a determined purpose.

According to Peruvian law, authorizations are typically granted for a two-year period, subject to renewal for an additional two-year period, while licenses and permits are granted for an indefinite period of time subject to the compliance of certain legal conditions established for the use of the water resource. However, the use of water is subject to its availability.

Peruvian law establishes that the use of water must be exercised efficiently without affecting its quality or the environment, giving priority to primary water uses (such as water for food preparation, direct consumption, agricultural activities and personal hygiene) and rights for the use of water previously granted. The LWR recognizes three types of water uses and establishes a priority criterion for its use. According to these uses and priorities, ANA provides the appropriate user rights to use water resources. The types of uses and priorities established by the LWR are the following:

- primary use: Implies the use of water for food preparation, direct consumption and personal hygiene as well as its use in cultural ceremonies, religious rituals;

- population use: Implies the obtaining of water from a fountain or public network, properly treated, in order to meet basic human needs; and

– productive use: Entails the use of water in productive processes and precursor steps, including agricultural activities.

Except for primary use, the use of water resources requires obtaining the corresponding water right – license, authorization or permit – granted by the ANA. The permanent use of water without obtaining the corresponding operating title is punishable with a fine between 2 to 10,000 tax units for each non-authorized point of water extraction. As of the date of this Offering Memorandum, a tax unit is equal to S/.3,700. Likewise, if improper use of water is proven, the authority may declare the cancellation of the corresponding operating title. All of the licenses granted by the ANA to Lindley are for productive use.

Water rights, including licenses, may be terminated by government authorities or courts under certain circumstances, including: (i) titleholder's resignation; (ii) nullification of the resolution approving the corresponding permit, authorization and/or license, declared by the ANA based on certain infringement to the LWR and its regulations; or (iii) failure to pay applicable water rights fee.

The LWR also provides that the use of water is subject to availability. Therefore, the holder of a water use right shall permanently evidence to the ANA their need and volume of water required.

We obtain the vast majority of the water used in our production pursuant to licenses granted by the ANA to exploit wells owned by us. As of the date of this Offering Memorandum, all of our bottling plants that use ground and/or surface water have the corresponding water use licenses for our own wells.

Environmental Matters

We are subject to a broad range of environmental laws and regulations, which require us to incur costs and capital expenditures on an ongoing basis and expose us to substantial liabilities in the event of non-compliance. These laws and regulations also require us to obtain and maintain environmental permits, licenses and authorizations for the construction of new facilities or the installation and operation of new equipment required for our activities. Such permits, licenses and approvals are subject to periodic renewal and challenge from third parties. In this regard, government environmental agencies could take enforcement actions against us for any failure to comply with applicable laws and regulations. Such enforcement actions could include the imposition of fines, revocation of licenses, suspension of operations or imposition of criminal liability for non-compliance. These laws and regulations require us, among other things, to minimize risks to the natural and social environment while maintaining the quality, safety and efficiency of our facilities.

We are obliged to comply with, or be liable for, the following Peruvian environmental regulations, among others:

– environmental remediation of spills and discharges of hazardous materials and wastes. In addition, we are required to indemnify or reimburse third parties for environmental damages;

– environmental license for each of our facilities which include: (i) Environmental Impact Assessments; (ii) Environmental Impact Declarations; (iii) Preliminary Environmental Assessment; (iv) Closure Plans; (v) Abandonment Plans, among others. The environmental authority may provide the execution of an environmental audit, without previous notice, in order to assess the fulfillment of the environmental obligations;

– certain authorizations, permits and licenses that allows us to obtain water from groundwater wells and discharge treated sewage waters into the sewer system;

– certain obligations regarding the management of hazardous solid wastes;

– certain obligations regarding the emissions generated from our activities;

– a license in order to build and operate hydrocarbon storages;

– certain authorizations for the use of radioactive material; and

– certain authorizations for the use of certain chemical inputs and supervised products;

As of the date of this Offering Memorandum, we have complied in all material respects with the obligations and obtained the authorizations, permits and licenses we deem necessary for our business.

We are committed to the reliable, responsible, efficient and safe operations of our activities with a disciplined focus on high operating, health, safety and environmental standards. We have environmental policies and procedures in place, which we have based on the requirements of the following international certifications: FSSC 22000 (ISO 22000:2005 and PAS 220:2008 based certification); ISO 14001:2004; ISO 9001:2008; and OSHAS 18001:2007.

Any change to environmental regulations will likely include environmental compliance costs. Compliance with new or modified environmental regulations could require us to make significant capital investments in additional pollution controls or process modifications.

Health Matters

We have complied in all material respects with the obligations generated from the applicable health laws and regulations we deem necessary to our business. Specifically, we have complied with obtaining a Validation and Verification of Hazard Analysis and Critical Control Points Plan pursuant to Supreme Decree 007-1998-SA for our facilities located in Rimac, Arequipa, Cuzco, Callao, Zarate and Iquitos. In respect to our facilities located in Huacho and Trujillo, as of the date of this Offering Memorandum, we are in process of renewal.

In addition, we have obtained sanitary authorizations for our facilities located in Rímac and Callao and, as of the date of this Offering Memorandum, sanitary authorizations for our facilities located in Huacho and Zarate are in process of being renewed. Also, we have complied with obtaining the Sanitary Registry for all of our products.

Information Technology

Information technology systems are critical to manage our business. Our information technology systems enable us to coordinate our operations, from production scheduling and raw material ordering to truck routing and loading and customer delivery and invoicing. Our principal information systems are the following:

SIPAN (Sistema Integrado para PANificadoras) is a system that supports the transactional, commercial and logical operations of our distribution centers for consignment and direct sales to our indirect customers.

Bottlers Accounting and Sales Information System ("BASIS") is a system that supports the commercial operations of our plants, logistical operations and warehousing for sales to our direct customers.

SAP Business Information Warehouse ("SAP BW") is a system that provides flexible reporting and analysis tools to support us in evaluating and interpreting data, as well as facilitating its distribution. Reporting, analysis, and interpretation of business data is very important to us in order to guarantee our competitive edge, optimize processes, and allow us to react quickly and in line with the market. SAP BW allows us to make well-founded decisions and determine target-oriented activities on the basis of this analysis.

SAP R/3 is an integrated management system that supports our warehousing, production, quality control, plant maintenance, human resource management, accounting, fixed asset management and cash flow management.

We also work together with The Coca-Cola Company on improving existing communication services and introducing new communications services and technologies within the Coca-Cola system.

In 2012 and 2011 we spent S/.3.1 million and S/.2.4 million, respectively, on information technology.

Description of Property, Plant and Equipment

As of December 31, 2012, we own seven bottling plants throughout Peru and one distribution center in Lima. The following table sets forth our bottling plants, installed capacity and percentage of utilization during peak production:

Plant	Number of Bottling Lines	Capacity (million liters per month)	Percentage of utilization[(1)]	Region
Trujillo	6	47.6	79%	Northern Region
Iquitos	6	4.5	63%	Central Sierra Region
Rimac	6	39.2	87%	Region of Lima
Callao	6	60.8	88%	Region of Lima
Zarate	10	37.5	88%	Region of Lima
Arequipa (present)	4	19.3	88%	Southern Region
Arequipa (expected December 2013)	6	29.0	65%	Southern Region
Cuzco	2	6.8	77%	Southern Region

(1) Percentage calculated for the month of December 2012.

We have also a plant in Huacho for the production of pulp and, as of December 31, 2012, it was at 51.8% of utilization at peak of production.

In recent years, we have made substantial investments in developing modern, highly automated production facilities. In certain cases, this has also entailed to establish plants on greenfield sites and to install our own infrastructure where necessary to ensure consistency and quality of supply of electricity and raw materials, such as water.

In the Northern Region of Peru, we have finished construction of a mega-plant in the city of Trujillo in September 2011, with the plant becoming fully operational in July 2012, that replaced the previous plants in Trujillo and Sullana. We invested S/.333.8 million (U.S.$131.0 million) for the construction of this plant and is intended to service the Northern Region of Peru, which is the region with the highest growth in sales. The plant has six bottling lines with a capacity to produce 47.6 million liters of SSD per month. As of December 31, 2012, plant utilization was 79%.

In the central region of Peru, in Pucusana, approximately 50 km to the south of Lima, we expect to begin construction of a mega-plant later this year to service Lima and will replace a plant in Rimac. It is expected to operational in late 2014 and have a capacity to produce 181 million liters of SSD per month and will replace a plant in Rimac. We have budgeted approximately U.S.$180.0 million for the construction of this mega-plant, and as of December 31, 2012, we have invested S/.49.8 million on the acquisition of land, obtained water rights for the construction of this plant and entered into purchase agreements for the purchase of S/.64.6 million in equipment.

We believe that we have a modern and technologically advanced mix of production facilities and equipment. We aim to continually improve the utilization of our asset base and carefully manage our capital expenditure.

Insurance

We maintain an "all risk" insurance policy covering our properties (owned and leased), machinery and equipment and inventories as well as losses due to business interruptions. This policy covers damages caused by natural disaster, including hurricane, hail, earthquake and damages caused by human acts, including explosion, fire, vandalism, riot and losses incurred in connection with goods in transit. In addition, we maintain an "all risk" liability insurance policy that covers product liability. We purchase our insurance coverage through an insurance broker. In all cases the insurance policies are issued by El Pacífico-Peruano Suiza Compañía de Seguros y Reaseguros S.A and Rimac Seguros y Reaseguros.

Subsidiaries

Embotelladora La Selva S.A. is our only subsidiary, which we have control and have an equity interest of 93.2%. In 2012, La Selva sold 5.9 million Unit Cases which represented 2.1% of our total sales volume. It is focused on the bottling, manufacturing, distribution and sale of our products. It is located in Iquitos, Loreto, in the Amazon region of Peru, in order to benefit from the tax exemptions granted to companies located in the Amazon region set forth below.

Pursuant to the "Law for the Promotion of Investments in the Amazon Region" (*Ley de Promoción de la Inversión en la Amazonía*), Law No. 27037, sales of goods by La Selva are exempted from VAT until December 31, 2048, provided that the sales are made within the Amazon region (as defined in such Law) and that the goods are consumed therein. The Amazon region includes Loreto, where La Selva is located, and other areas in Peru's rainforest.

According to the same law, importation of goods within the Amazon region is also exempted from VAT. This benefit will be in force until December 31, 2015.

In addition to the above and in accordance with the Supreme Decree 055-99-EF, or the VAT Law, La Selva was entitled to request reimbursement of VAT paid upon acquisition of certain goods subject to the same tax, provided that the goods were consumed within the Amazon region. This benefit was in force until December 31, 2012.

Legal Proceedings

We are not subject to any litigation, arbitration, regulatory actions or other disputes that, individually or in the aggregate, involve potential liabilities that could have a material adverse effect on the results of our operations, cash flow or financial condition, nor are we aware that any such disputes are pending or threatened against us or any of our subsidiaries.

SHAREHOLDERS

Our capital stock consists of three classes of shares: Series A Shares, which are held by Peru Beverage Limitada S.R.L., a subsidiary of The Coca-Cola Company, Series B Shares, which are held by Johnny Lindley Taboada as well as the Lindley de Arredondo family, and Series C Shares, which are held by third parties. Each series of shares have different rights, including, but not being limited to, voting rights at the shareholders meeting, rights related to the appointment of directors, the approval of certain matters and the transfer of shares, as set forth in our bylaws. Even though Series B and Series C Shares grant equal rights to their holders, the restrictions on share transfers established in Articles 50 to 56 of our bylaws are not applicable to Series C Shares. The par value of each series is S/.1.00.

In addition to our capital stock we also issued investment shares, which provide the holders thereof, as a group, the right to 11.02% of the Company's profits but do not provide voting rights. Investment shares, formerly named labor shares, were legally required from the 1970s through 1991. The relevant law provided for the participation of workers in the profits of the enterprises for which they worked but such interest is not considered as part of the capital stock and do not provide voting rights. As of December 31, 2012, we had 71,965,514 Investment Shares. These Investment Shares are listed on the Lima Stock Exchange. The par value of the investment shares is S/.1.00.

The following table sets forth our main shareholders as of December 31, 2012, all of which shares are fully subscribed and paid in:

Owner	Number of Shares	Percentage of Ownership
Peru Beverage Limitada S.R.L. (Series A Shares)	223,774,704	38.52%
Johnny Lindley Taboada (Series B and Series C Shares)	308,673,764	53.13%
Lindley de Arredondo Family (Series B and Series C Shares)	38,001,660	6.54%
Other shareholders (Series C Shares)	10,531,331	1.81%
Total	**580,981,459**	**100.00%**

Bylaws

Our current bylaws were approved by the General Shareholders Meeting held on December 30, 2004. The main provisions of the bylaws in force as of the date of this Offering Memorandum are the following:

a) The shares issued by the Company are separated in three classes: Series A, Series B and Series C, each of them granting different rights to its holders, mainly in connection with the voting right at the Shareholders Meeting, the appointment of directors, the approvals of certain matters and the transfer of shares. Series B and Series C shares grant equal rights, except with respect to the restrictions on share transfers contained in Articles 50° to 56° of the bylaws, which are not applicable to Series C shares.

b) Each share grants to its owner the right to one vote at the General Shareholders Meeting, except for the election of directors as described in paragraph d) below.

c) The General Shareholders Meeting is the highest authority of the Company and its decisions are mandatory to all shareholders, even to those that voted against the decision or did not assist to the meeting in which the decision was taken. The Shareholders Meeting consists of all holders of shares with a right to vote.

The Shareholders Meetings may be Annual Mandatory Shareholders Meetings or simply General Meetings. The first of them has to take place within the first 90 days of each year, and has to deal with the following matters: (i) approval or disapproval of the management, the accounts and the balance sheet of the foregoing year; (ii) decide on the allocation of profits; (iii) appoint the members of the Board and determine their

compensations; (iv) appoint or delegate to the Board of Directors the appointment of the external auditors; and (v) resolve on other aspects to which it is entitled by virtue of the bylaws and/or applicable laws.

The General Meetings have to deal with following matters: (i) issuance of bonds or other debt instruments; (ii) amendments and interpretation of the bylaws of the Company; (iii) capital increases or reductions; (iv) transfer of all or of a substantial part of the Company's assets; (v) merger, spin-off, transformation, reorganization, dissolution and liquidation of the Company; (vi) removal of the members of the Board of Directors and appoint the new members; (vii) order special investigations and audits; and (viii) cases for which the bylaws or the law foresee its intervention or the corporate interest requires.

In order to adopt the agreements mentioned in (i) to (v) of the preceding paragraph, the required quorum and majorities are higher than those needed for the adoption of other resolutions. In addition, as long as the Series A shares represent at least 20% of the subscribed shares with voting rights, the absolute majority of the owners of the Series A shares shall be present at the Shareholders Meetings in which "Strategic Matters" ("Materias Estratégicas," as defined in the bylaws), are discussed and vote in favor of the adoption of any resolution related to such Strategic Matters.

d) The Board of Directors is the body in charge of the administration of the Company and of all matters that are not expressly reserved to the Shareholders Meeting. The Board consists of no less than seven and no more than 11 members, all of them elected by the Shareholders, who shall determine the exact number. The Board shall be renewed every year, but the directors may be reelected.

Each shareholder is entitled to as many votes as directors are to be elected, and may accumulate its votes in favor of one person or distribute them among several persons. As long as the Series A shares represent at least 18% of the subscribed and paid shares with voting rights, the number of directors should allow the holders of Series A shares to appoint at least two directors and two alternate directors. The persons obtaining the highest number of votes shall be proclaimed directors. This election proceeding is not applicable in case the directors are elected unanimously in the General Shareholders Meeting.

The required quorum for any Board meeting is at least half plus one of its members. However, as long as the Series A Shares represent at least 20% of the subscribed shares with voting rights, the Board may discuss matters related to a "Strategic Matter" ("Materia Estratégica" as defined in the bylaws) only if at least one of the directors appointed by the Series A shares is present. The resolutions shall be adopted by absolute majority of the attending directors, except in case of resolutions related to Strategic Matters, in which event the favorable vote of at least one of the directors appointed by the Series A shares is required, provided the Series A shares represent at least 20% of the subscribed shares with voting right. In case of a tie, the Chairman has a casting vote.

The Board shall meet at least one time in every three-month period, and at any moment when requested by any director or by the general manager of the Company.

e) The managers are appointed by the Board. As long as the Series A Shares represent at least 20% of the subscribed shares with voting rights, the Chief Financial Officer will be appointed by the directors elected by the Class A Shares. See "Directors and Senior Management—Senior Management" for a description of our current management structure.

The Company will be managed in accordance with annual business plans, which shall be approved and amended by the Board, subject to the approval rights of Series A shareholders and Series A directors in connection with Strategic Matters.

f) The transfer or encumbrance of Series A and Series B shares is subject to several restrictions detailed in Articles 50° to 55° of the bylaws. The restrictions are not applicable to "Exonerated Transactions" ("Transacciones Exoneradas," as defined in the bylaws), mainly referred to transfers or encumbrances of shares among shareholders or in favor of subsidiaries or related parties.

Dividends

We have not paid dividends since 1996. On March 26, 2013, the shareholders approved a dividend policy that was recommended by the Board of Directors in which cash or share dividends could be declared out of retained earnings or current net income provided that the following conditions are met: (i) the Company's investment and financing needs for the fiscal year had been met and the dividend distribution will not affect the Company's investment plan; (ii) the dividend distribution will not result in a breach of any of the Company's agreements; (iii) the dividend distribution will not negatively impact the annual cash flow of the Company or its liquidity; and (iv) the dividend distribution will not result in a reduction in the Company's capital. The shareholders have approved the payment of a dividend in the amount of S/.52.2 million (approximately U.S.$20.5 million), which is expected to be paid on April 26, 2013.

RELATED PARTY TRANSACTIONS

The Lindley Group

Johnny Lindley Taboada, Johnny Lindley Suarez, Julie Lindley Suarez and Jenny Lindley Suarez are the owners of 100% of the shares of Real Estate Investment Limited, a real estate company incorporated in the British Virgin Islands. This company is the owner of 100% of the shares of Latin America Finance LLC ("Latin America Finance"), a real estate company incorporated in the United States of America. In 2009 Latin America Finance acquired 100% shares of Construcciones e Inmuebles Pucusana S.A.C. ("CIP"), a Peruvian corporation, which owned 66.7 Ha of land 50km south of Lima. We provided a loan to Latin America Finance for U.S.$12.6 million in order to fund the acquisition of CIP's shares and we began to use the land owned by CIP to build our second mega plant. See "Description of the Company—Description of Property, Plant and Equipment." In August 2012, we acquired 100% of the shares of CIP for U.S.16.620,000. On December 31, 2012, we completed a merger in which we absorbed CIP.

The Coca-Cola Company

We regularly engage in transactions with The Coca-Cola Company and its affiliates. We purchase all of our Concentrate requirements for trademarked products of The Coca-Cola Company from The Coca-Cola Company. The total costs for Concentrate incurred by us were approximately S/.462.6 million, S/.398.0 million and S/.350.6 million for the years of 2012, 2011 and 2010, respectively. In addition, historically, we and The Coca-Cola Company, acting through its wholly owned subsidiary Coca-Cola Servicios del Perú S.A., have jointly prepared marketing plans and have generally agreed to divide marketing expenses equally between us. See "Description of the Company—The Coca-Cola Company Bottler's Agreements."

DIRECTORS AND SENIOR MANAGEMENT

Directors

Management of our business is vested in our Board of Directors and Senior Management. Our bylaws provide that our Board of Directors will consist of between seven and eleven directors elected at the annual ordinary shareholders meeting for renewable terms of one year. Our Board of Directors currently consists of nine directors and three alternate directors. The Coca-Cola Company, as holders of Series A Shares, have the right to appoint at least two members of our Board of Directors, and currently appoints three members, as well as at least two alternative directors, and currently appoints three alternative directors. The remaining directors are elected by all the shareholders voting as a single class. A director cannot be removed if the votes against his removal were enough to appoint such director, on a cumulative basis, in an election of directors. The attendance of the majority of directors (half plus one of the members of the Board of Directors) at a meeting of the Board of Directors is necessary to form the quorum required for the Board of Directors to adopt valid agreements. As long as the Class A shares represent at least 20% of all the subscribed shares with voting rights, in meetings in which matters defined by our bylaws as "Strategic Matters" *("Materia Estratégica")* shall be discussed, at least one of the directors appointed by the Series A shares shall be present. Adoption of agreements requires the favorable vote of half plus one of the directors present at the session. It is also required that, as long as the Series A shares represent at least 20% of all the subscribed shares with voting rights, at least one of the directors appointed by the Series A shares should vote in favor of the adoption of resolutions defined by our bylaws as "Strategic Matters" (*"Materia Estratégica"*). Lindley's executive officers are appointed by the Board of Directors, except for the Chief Financial Officer, who is appointed by The Coca-Cola Company's representatives on our Board of Directors, who are the directors elected with the votes of the holders of Series A Shares. The Lindley Group has the right to appoint the remaining five members of the Board of Directors and the Chief Executive Officer.

The number of directors must be fixed by the shareholders' meeting so as to allow the holders of the Series A Shares to elect at least two directors and their respective alternate directors if they accumulate their votes as permitted in the bylaws and so long as Series A Shares account for at least 18% of the Company's capital. As of the date of this Offering Memorandum, one member of our Board of Directors, César Emilio Rodríguez Larraín, is neither a member of the Lindley Group nor The Coca-Cola Company.

Our bylaws provide that the Board of Directors shall meet at least four times a year, and whenever requested by any member of the Board of Directors or the general manager.

As of the date of this Offering Memorandum, the Directors of our company were:

Name	Position	Years as Director	Business Address
Johnny Lindley Taboada	Chairman of the Board of Directors	24	Jr Cajamarca 371, Rimac Lima - Peru
Xiemar Zarazua López	Director	4	Praia de Botafogo 374 Botafogo 22250-040 Rio de Janeiro, Brasil
Mario Alfredo Rivera Garcia	Director	1	Apdo. 2749-1000 La Uruca San José, Costa Rica
John Murphy	Director	1	Paraguay 733 C1057-AAI Buenos Aires, Argentina
Luis Alfredo Arredondo Lindley	Director	8	Jr Cajamarca 371, Rimac Lima - Peru
César Emilio Rodríguez Larraín Salinas	Director	16	Choquehuanca 770 San Isidro Lima - Peru

Johnny Lindley Suárez	Chief Executive Officer & Director	9	Jr Cajamarca 371, Rimac Lima - Peru
Leslie Pierce	Director	1	Jr Cajamarca 371, Rimac Lima - Peru
Luis Carranza Ugarte	Director	1	Jr Cajamarca 371, Rimac Lima - Peru
Gonzalo Alberto Iglesias Gonzáles	Alternate Director	2	Presidente Kennedy NO 5757 Piso 12 Las Condes, Santiago de Chile
Martín Franzini Acosta	Alternate Director	9	Paraguay 733 C1057 - AAI Buenos Aires, Argentina
Gerardo Beramendi Rosconi	Alternate Director	7	Paraguay 733 C1057 - AAI Buenos Aires, Argentina

Johnny Lindley Taboada, Chairman of the Board of Directors

Mr. Johnny Lindley Taboada has been Chairman of the Board of Directors since October 1989. He holds a degree in Business Administration from Escuela Superior de Administración de Negocios (ESAN). He is the father of Johnny Lindley Suarez and uncle of Luis Alfredo Arredondo Lindley.

Xiemar Zarazua López, Director (Appointed by The Coca-Cola Company)

Mr. Xiemar Zarazua López has been a Director since April 2010. Mr. Xiemar Zarazua López is also currently the President of the Brazil Business Unit of The Coca-Cola Company. He holds the title of Economist from the Universidad Autónoma de Monterrey and a post-graduate degree in Finance from the Tecnológico de Monterrey. He holds a degree in Business from University of Chicago.

Mario Alfredo Rivera Garcia, Director (Appointed by The Coca-Cola Company)

Mr. Mario Alfredo Rivera Garcia has been a Director since April 2013. Mr. Mario Alfredo Rivera Garcia is president of the Latin Center Business Unit of The Coca-Cola Company. Prior to that role, he was the sparkling beverages general manager of the Mexico Business Unit of The Coca-Cola Company. Mr. Mario Alfredo Rivera Garcia began his career at The Coca-Cola Company as district manager for Guatemala and El Salvador in the Central America and Caribbean Division. He holds a bachelor's degree in history and a master's degree from the University of Southern Mississippi.

John Murphy, Director (Appointed by The Coca-Cola Company)

Mr. John Murphy has been a Director since April 2013. Mr. John Murphy is also president of the South Latin Business Unit of The Coca-Cola Company. Prior to that role, he was president of the Latin Center Business Unit of The Coca-Cola Company. Mr. John Murphy began his career at The Coca-Cola Company as an International Internal Auditor in 1988 and has held several key management positions in various departments and geographic regions. He holds a bachelor's degree in business studies from Trinity College in Dublin and is also a chartered accountant of the Irish Institute of Chartered Accountants.

Luis Alfredo Arredondo Lindley, Director

Mr. Luis Alfredo Arredondo Lindley has been a Director since March 2005. He has also been a Consultant for our Company since 2001. Mr. Luis Alfredo Arredondo Lindley holds a B.A. from St. Mary's University in San Antonio, Texas. He is the nephew of Johnny Lindley Taboada and cousin of Johnny Lindley Suarez.

César Emilio Rodríguez Larraín Salinas, Director

Mr. César Emilio Rodríguez Larraín Salinas has been a Director since 1997. He is currently the Chairman of LAN Peru. He holds a law degree from the Pontifícia Universidad Católica del Peru.

Johnny Lindley Suárez, Chief Executive Officer & Director

Mr. Johnny Lindley Suárez has been the CEO of our company since 2007 and a Director since 2004. Mr. Johnny Lindley Suárez holds a B.A. in Business Administration with a specialization in Marketing from Bentley College. He is the son of Johnny Lindley Taboada and cousin of Luis Alfredo Arredondo Lindley.

Leslie Pierce, Director

Mr. Leslie Pierce has been a Director since April 2013. He was the CEO of Alicorp for over 20 years until December 2011. He is also a director of Grupo Romero, Nissan Maquinarias, Sociedad Agrícola Virú and other companies. Mr. Pierce holds degrees from Pontificia Universidad Católica del Perú and Pontificia Universidad Católica de Chile.

Luis Carranza Ugarte, Director

Mr. Carranza has been a Director since April 2013. He was Peruvian Minister of Economy and Finance from 2006 to 2008 and a vice minister at the Ministry of Economy and Financein 2005. He has held positions at the International Monetary Fund and Banco Bilbao Vizcaya Argentaria, S.A. and was a consultant for the Inter-American Development Bank. He holds a degree from Pontificia Universidad Católica del Perú and a PhD from the University of Minnesota.

Gonzalo Alberto Iglesias Gonzáles, Alternate Director (Appointed by The Coca-Cola Company)

Mr. Gonzalo Alberto Iglesias Gonzáles has been a Director since March 2012. Mr. Gonzalo Alberto Iglesias Gonzáles is currently a Special Project Manager of Coca-Cola Chile. He holds a degree in indsutiral engineering from Universidad Técnica Federico Santa María in Chile and an MBA from Universidad Adolfo Ibáñez in Chile.

Martín Franzini Acosta, Alternate Director (Appointed by The Coca-Cola Company)

Mr. Martín Franzini has been Alternate Director since February 2004. Mr. Martín Franzini is currently Legal Vice President of the South Latin Business Unit and has held various directorships in subsidiaries of The Coca-Cola Company in its Latin America Group. Mr. Martín Franzini possesses a law degree from the Universidad Católica de Argentina and a Master's Degree in Administrative Law from the Universidad Austral in Argentina.

Gerardo Beramendi Rosconi, Alternate Director (Appointed by The Coca-Cola Company)

Mr. Gerardo Beramendi Rosconi has been an Alternate Director since March 2006. Mr. Gerardo Beramendi Rosconi is currently the Director of Products and Services for Bebidas Refrescantes SRL (Coca-Cola Argentina), Director of Finance for the South Latin Business Unit of The Coca-Cola Company in Argentina, and Alternate Director of Embotelladoras Coca-Cola Polar S.A. of Chile and of Coca-Cola Embonor S.A. of Chile. He holds a degree in Finance and Business Administration from the Universidad de la República in Montevideo, Uruguay.

Board Practices

Our bylaws state that the Board of Directors will meet at least four times a year to discuss our operating results and progress in achieving strategic objectives. It is the practice of our Board of Directors to meet monthly. Our Board of Directors can also hold extraordinary meetings.

Under our bylaws, directors serve one-year terms although they continue in office until successors are appointed. If no successor is appointed during this period, the Board of Directors may continue in office until the new members of the board are elected or the existing members are ratified on their posts.

Senior Management

In 2012, we underwent an organizational restructuring process in an effort to create a more efficient organizational structure. Prior to July 2012, four positions reported directly to the Chief Executive Officer. Since the new structure was implemented in July 2012, nine positions now report directly to the Chief Executive Officer. We believe this structure is more efficient than the prior structure because it decentralizes decision making responsibilities into more managers who specialize in their business or operational division and reduces the number of reporting layers to the CEO.

The following sets forth our current Senior Management:

Name	Position	Year
Johnny Lindley Suaréz	*General Manager*	2007
Fernando Luiz Gomes	*Chief Financial Officer*	2010
Raúl Galindo	*Commercial Director*	2010
Hugo Fuentes	*Marketing Director*	2012
Germán Ortiz	*Strategy Director*	2012
Augusto Domingo Rey Recavarren	*Director of Infrastructure Development*	1992
Carlos Vivar	*Director of Human Capital*	2005
Jaime César Luza Elías	*Director of Corporate Governance*	1976
Juan Flores	*Director of Institutional Relations*	2008
Vacant	*Industrial Director*	

Johnny Lindley Suaréz, General Manager

Mr. Johnny Lindley Suárez has been the General Manager of our company since 2007 and Director since March 2004. Mr. Johnny Lindley Suárez holds a B.A. in Business Administration with a specialization in Marketing from Bentley College.

Fernando Luiz Gomes, Chief Financial Officer (Appointed by The Coca-Cola Company)

Mr. Fernando Luiz Gomes has been our Chief Financial Officer since October, 2010. He has worked for Refrescos Guararapes, Refrigerantes Minas Gerais, Recofarma Indústria do Amazonas and Vonpar Refrescos S.A., each of which, at the time of his employment, was a subsidiary of The Coca-Cola Company, and Ernst & Young. He holds a bachelor degree in Accounting from Rio de Janeiro State University and a master degree in Finance from Pontifícia Universidade Católica do Rio de Janeiro.

Raúl Galindo, Commercial Director

Mr. Raúl Galindo has been our Commercial Director since July 2012 and was previously our Sales Manager beginning in 2010. He holds a diploma in Business Administration from Universidad Tecnológica de México and a Master's Degree in Integrated Marketing from the Universidad Anahuac in Mexico.

Hugo Fuentes, Marketing Director

Mr. Hugo Fuentes has been our Marketing Director since July 2012 and was previously our Head of Market Development beginning in February 2012. Prior to joining the Company, he was the Supply Chain Manager in British American Tobacco and Brand Manager in Coca Cola Servicios del Perú and in Unilever Perú. Mr. Hugo Fuentes holds a diploma in Economics from the Universidad Católica de Santa María in Arequipa, Peru.

Germán Ortiz, Strategy Director

Mr. Germán Ortiz has been our Strategy Director since August 2012. He holds a diploma in Business Administration from the Universidad del Pacífico in Lima and an MBA from the University of Virginia.

Augusto Domingo Rey Recavarren, Director of Infrastructure Development

Mr. Augusto Domingo Rey Recavarren has been our Director of Infrastructure Development since July 2012 and was previously our Technical Division Head beginning in 1992 and our Chief Operating Officer beginning in 2005. He holds a diploma in Electromechanical Engineering and a Master's Degree in Electronics from the Universidad Nacional de Ingeniería in Lima.

Carlos Vivar, Director of Human Capital

Mr. Carlos Vivar has been our Director of Human Capital since July 2012 and was previously our Director of Organizational Development beginning in 2005. He holds a Bachelor's Degree Industrial Relations and in Law and Political Science from the Universidad San Martín de Porres in Lima, a Quick MBA from the Escuela de Posgrado GERENS in Lima and a diploma in Labor Law and Relations from the Universidad Peruana de Ciencias Aplicadas in Lima.

Jaime César Luza Elías, Director of Corporate Governance

Mr. Jaime César Luza Elías has been our Director of Corporate Governance since July 2012 and was previously our Head of Industrial Relations beginning in 1976 and our Human Resources Officer beginning in 1995. He holds a degree in Industrial Relations with a specialization in Human Resource Administration from the Universidad del Pacífico in Lima.

Juan Flores, Director of Institutional Relations

Mr. Juan Flores has been our Director of Institutional Relations since July 2012 and was previously our Chief of Institutional Relations beginning in 2008 and our Human Resources Officer beginning in 1995. He holds a Bachelor's Degree Communications from the Universidad de Lima.

The position of industrial director is currently vacant.

Compensation of Directors and Officers

For the year ending December 31, 2012, the aggregate compensation of all of our executive officers paid or accrued for services in all capacities was approximately S/.6.8 million (approximately U.S.$2.7 million). The aggregate compensation amount includes approximately S/.1.6 million (approximately U.S.$0.6 million) of cash bonus awards. See "Directors and Senior Management—Bonus Program."

The aggregate compensation for directors during 2012 was S/.0.7 million (approximately U.S.$0.3 million). Members of our Board of Directors do not participate in our benefit plans.

Bonus Program

Our employees and executives receive a bonus paid in cash based on the performance of the Company (on Adjusted EBITDA, market share, gross profit and volume sales) and the individual performance. The bonus is calculated as a percentage of the annual compensation of each employee. The bonus is paid in February of each year. For 2012 and 2011 we paid approximately S/.12.7 million and S/.10.0 million, respectively, to our employees as bonus.

Share Ownership by Directors and Management

As of December 31, 2012, Johnny Lindley Taboada, Chairman of the Board of Directors of Lindley, owns 53.13% of our outstanding capital stock, and several of our directors and all our alternate directors are employees of The Coca-Cola Company, which in turn owns 38.52% of our outstanding capital stock and 14.6% of our investment shares. Our other directors and executive officers are beneficial owners of less than 0.2% of our capital stock.

Insurance Policies

We maintain insurance policies for all of our employees. These policies mitigate the risk of having to pay death benefits in the event of an industrial accident. We maintain directors' and officers' insurance policies covering all directors and certain key executive officers for liabilities incurred in their capacities as directors and officers.

DESCRIPTION OF THE NOTES

We will issue the notes under an Indenture, to be dated the Issue Date, between us and Citibank, N.A., as Trustee (the "Trustee").

We summarize below certain provisions of the Indenture, but do not restate the Indenture in its entirety. We urge you to read the Indenture because it, and not this description, defines your rights and our obligations. You can obtain a copy of the Indenture in the manner described under "Available Information," and, for so long as the notes are admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on EuroMTF, at the office of the paying agent in Luxembourg.

You can find the definition of capitalized terms used in this section under "—Certain Definitions." When we refer to:

- the "Company" in this section, we mean Corporación Lindley S.A., and not its subsidiaries, and
- "notes" in this section, we mean the notes originally issued on the Issue Date and additional notes.

General

The notes will:

- be general unsecured obligations of the Company,
- rank equal (*pari passu*) in right of payment with all other existing and future Indebtedness of the Company, except Indebtedness that is expressly subordinated in right of payment to the notes,
- rank senior in right of payment to all existing and future Indebtedness of the Company that is expressly subordinated in right of payment to the notes, if any,
- be effectively subordinate to all existing and future secured Indebtedness of the Company,
- be structurally subordinate to all existing and future Indebtedness and trade payables of the Company's subsidiaries, and
- rank junior to all obligations preferred by statute (such as certain tax and labor obligations).

As of the Issue Date of the notes, the notes will not be guaranteed by any of our Subsidiaries. Following the Issue Date, we may elect, but will not be obligated, to designate certain of our Subsidiaries to become Subsidiary Guarantors. The Note Guarantee of any future Subsidiary Guarantor will:

- be the general unsecured, senior obligation of such Subsidiary Guarantor,
- rank equal (*pari passu*) in right of payment with all existing and future Indebtedness of such Subsidiary Guarantor, except Indebtedness that is expressly subordinated in right of payment to its Note Guarantee;
- rank senior in right of payment to all existing and future Indebtedness, if any, of such Subsidiary Guarantor that is expressly subordinated in right of payment to its Note Guarantee; and
- be effectively subordinated to all existing and future secured Indebtedness, if any, of such Subsidiary Guarantor.

As of December 31, 2012, on a pro forma basis after giving effect to this offering and the related transactions as described under "Use of Proceeds":

- the Company and its Subsidiaries would have had consolidated total indebtedness of S/.1,524.1 million (U.S.$597.9 million),
- the Company would have had consolidated total indebtedness of S/.1,524.1 million (U.S.$597.9 million), of which S/.45.0 million (U.S.$17.7 million) would have been secured,
- the Company's Subsidiaries would have had no consolidated total indebtedness.

Additional Notes

Subject to the limitations set forth under "—Certain Covenants—Limitation on Incurrence of Additional Indebtedness," the Company and its Subsidiaries may incur additional Indebtedness. At the Company's option, this additional Indebtedness may consist of additional notes ("additional notes") issued in one or more transactions, which have identical terms as, and will be fungible for U.S. federal income tax purposes with, notes issued on the Issue Date. Holders of additional notes would have the right to vote together with holders of notes issued on the Issue Date as one class.

Principal, Maturity and Interest

The Company will issue notes in denominations of U.S.$2,000 and integral multiples of U.S.$1,000 in excess thereof. The principal amount of the notes outstanding on October 12, 2021, shall be payable during the two years prior to the final maturity of the notes in four equal installments on October 12, 2021, April 12, 2022, October 12, 2022, and April 12, 2023. The final maturity date of the notes will be April 12, 2023. The notes will not be entitled to the benefit of any mandatory sinking fund.

Interest on the notes will accrue on the outstanding principal amount at the rate of 4.625% per annum and will be payable semi-annually in arrears on each April 12 and October 12, commencing on April 12, 2013. Payments will be made to the persons who are registered holders at the close of business on April 1 and October 1, respectively, immediately preceding the applicable interest payment date.

Interest on the notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from and including the Issue Date. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. The redemption of notes with unpaid and accrued interest up to but not including the date of redemption will not affect the right of holders of record on a record date to receive interest due on an interest payment date.

If any interest payment, principal payment or redemption date falls on a day which is not a Business Day, payment of interest, principal and premium, if any, with respect to the notes will be made on the next succeeding Business Day with the same force and effect as if made on the due date, and no interest on such payment will accrue from and after such due date.

Initially, the Trustee will act as Paying Agent and Registrar for the notes. The Company may change the Paying Agent and Registrar without notice to holders of notes. If a holder of U.S. $10.0 million or more in aggregate principal amount of the notes has given wire transfer instructions to the Company at least 10 Business Days prior to the applicable payment date, the Company will make all principal, premium and interest payments on 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 and Registrar in New York City unless the Company elects to make interest payments by check mailed to the registered holders of notes at their registered addresses. Application has been made to admit the notes for listing on the Official List of the Luxembourg Stock Exchange and to trading on the EuroMTF. As long as the notes are listed on this market and as long as the rules of the Luxembourg Stock Exchange require, the Company will also maintain a Paying Agent and a transfer agent in Luxembourg.

Subject to any applicable abandoned property law, the Trustee and the Paying Agent shall pay to the Company upon written request any money held by them for the payment of principal of or interest on the notes that remains unclaimed for two years, and, thereafter, holders entitled to any such money must look to the Company for payment as general creditors.

Additional Amounts

Payments made by or on behalf of the Company under or with respect to the notes will be made free and clear of and without withholding or deduction for or on account of any present or future tax, duty, levy, interest, assessment or other governmental charge ("Taxes") imposed or levied by or on behalf of any jurisdiction in which the Company is then organized or resident for tax purposes or any political subdivision thereof or therein or any jurisdiction by or through which payment is made (each, a "Relevant Taxing Jurisdiction"), unless the Company is required to withhold or deduct such Taxes under the laws of the Relevant Taxing Jurisdiction or by the interpretation or administration thereof by the relevant taxing authority. If the Company or any person making payments on its behalf is so required to withhold or deduct any amount for or on account of Taxes from any payment made under or with respect to the notes, the Company will pay to holders of the notes all additional amounts that may be necessary so that every net payment of interest (including any premium paid upon redemption of the notes) or principal to the holder will not be less than the amount provided for in the notes. By net payment, we mean the amount we or our paying agent pay the holder after deducting or withholding an amount for or on account of any present or future Taxes imposed by a Relevant Taxing Jurisdiction authority with respect to that payment.

Our obligation to pay additional amounts is subject to several important exceptions, however. The Company will not pay additional amounts to any holder of notes for or solely on account of any of the following:

- any Taxes imposed solely because at any time there is or was any connection between the holder or beneficial owner of a note and Peru (or any political subdivision or territory or possession thereof) other than the mere receipt of a payment or the ownership or holding of a note, including such holder or beneficial owner (i) being or having been a citizen, national or resident thereof, (ii) maintaining or having maintained an office, permanent establishment, or branch subject to taxation therein or (iii) being or having been present or engaged in a trade or business therein;

- any estate, inheritance, gift, transfer, personal property, value added, use, sales or similar tax, assessment or other governmental charge imposed with respect to the notes;

- any Taxes imposed solely because the holder or any other person fails to comply with any certification, identification, information, documentation or other reporting requirement concerning the nationality, residence, identity or connection with Peru (or any political subdivision or territory or possession thereof) of the holder or any beneficial owner of a note if compliance is required by law or regulation of the taxing jurisdiction or by an applicable income tax treaty to which Peru is a party, as a precondition to exemption from, or reduction in the rate of, the tax, assessment or other governmental charge and we have given the holders of notes at least 30 days' notice prior to the first payment date with respect to which such certification, identification, information, documentation or reporting requirement is required to the effect that holders will be required to provide such information and identification;

- Taxes payable otherwise than by deduction or withholding from payments on the notes;

- Taxes with respect to a note presented for payment more than 30 days after the date on which the payment became due and payable or the date on which payment thereof is duly provided for and notice thereof given to holders of notes, whichever occurs later, except to the extent that the holder of such note would have been entitled to such additional amounts on presenting such note for payment on any date during such 30-day period;

- any payment on a note to a holder thereof that is a fiduciary or partnership or a person other than the sole beneficial owner of any such payment, but only to the extent that a beneficiary or settlor

with respect to such fiduciary, a member of such a partnership or the beneficial owner of the payment would not have been entitled to the additional amounts had the beneficiary, settlor, member or beneficial owner been the holder of the note;

- where such withholding or deduction of Taxes is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other directive on the taxation of savings implementing the conclusions of the European Council of Economic and Finance Ministers meeting of June 3, 2003 or any law implementing or complying with, or introduced in order to conform to, such directive, and

- any combination of the above.

Upon request, the Company will provide the Trustee with documentation satisfactory to the requesting holder evidencing the payment of Taxes in respect of which we have paid any additional amount. We will make copies of such documentation available to the holders of the notes upon request.

Any reference in this Offering Memorandum, the Indenture or the notes to principal, premium, interest or any other amount payable in respect of the notes by us will be deemed also to refer to any additional amount that may be payable with respect to that amount under the obligations referred to in this subsection.

In the event that additional amounts actually paid with respect to the notes pursuant to the preceding paragraphs are based on rates of deduction or withholding of withholding taxes in excess of the appropriate rate applicable to the holder of such notes, and as a result thereof such holder is entitled to make a claim for a refund or credit of such excess from the authority imposing such withholding tax, then such holder shall, by accepting such notes, be deemed to have assigned and transferred all right, title and interest to any such claim for a refund or credit of such excess to us. However, by making such assignment, the holder makes no representation or warranty that we will be entitled to receive such claim for a refund or credit and incurs no other obligation with respect thereto.

For a discussion of Peruvian withholding taxes applicable to payments under or with respect to the notes, see "Taxation."

Note Guarantees

As of the Issue Date, the notes will not be Guaranteed by any of our Subsidiaries.

In the future, the Company may elect in its discretion to designate any Subsidiary as a Subsidiary Guarantor. Any future Subsidiary Guarantor will unconditionally guarantee the performance of all obligations of the Company under the Indenture and the notes. The Obligations of each Subsidiary Guarantor in respect of its Note Guarantee will be limited to the maximum amount as will result in the Obligations not constituting a fraudulent conveyance, fraudulent transfer or similar transfer under applicable law and not violating applicable corporate benefit, financial assistance, thin capitalization or similar laws.

Each Subsidiary Guarantor will be released and relieved of its obligations (or in the case of Covenant Defeasance, defeasance of certain of its obligations) under its Note Guarantee in the event:

(1) there is a Legal Defeasance or a Covenant Defeasance of the notes as described under "—Legal Defeasance and Covenant Defeasance";

(2) there is a sale or other disposition of Capital Stock of such Subsidiary Guarantor following which such Subsidiary Guarantor is no longer a direct or indirect Subsidiary of the Company (subject to the provisions of "Certain Covenants—Limitation on Merger, Consolidation or Sale of Assets"); or

(3) there is a sale of all or substantially all of the assets of such Subsidiary Guarantor (including by way of merger, stock purchase, asset sale or otherwise) to a Person that is not (either before or

after giving effect to such transaction) a Subsidiary Guarantor (subject to the provisions of "Certain Covenants—Limitation on Merger, Consolidation or Sale of Assets");

provided, that the transaction is carried out pursuant to and in accordance with all other applicable provisions of the Indenture.

Our Subsidiaries that are not designated as Subsidiary Guarantors will not guarantee the notes. In the event of a bankruptcy, liquidation or reorganization of these non-guarantor subsidiaries, these non-guarantor subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to us. In addition, holders of minority equity interests in Subsidiaries may receive distributions prior to or *pro rata* with the Company depending on the terms of the equity interests.

Optional Redemption

Optional Redemption With "Make-Whole" Amount. We may, at our option, redeem the notes, in whole or in part, at any time or from time to time prior to their maturity, on at least 30 days' but not more than 60 days' notice, at a redemption price equal to the greater of (1) 100% of the principal amount of such notes and (2) the sum of the present value of each remaining scheduled payment of principal and interest thereon (exclusive of interest accrued to the date of redemption) 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 plus 40 basis points (the "Make-Whole Amount"), plus in each case accrued and unpaid interest to the redemption date on the notes to be redeemed on such date.

"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 U.S. 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 the Company.

"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 the Company obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"Reference Treasury Dealer" means each of J.P. Morgan Securities LLC and Citigroup Global Markets Inc. or, in each case, their affiliates which are primary U.S. government securities dealers and two other leading primary U.S. government securities dealers in New York City reasonably designated by us; provided, however, that if any of the foregoing shall cease to be a primary U.S. government securities dealer in New York City (a "Primary Treasury Dealer"), we 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 the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to us by such Reference Treasury Dealer at 3:30 p.m. (New York City time) on the third Business Day preceding such redemption date.

On and after the redemption date, interest will cease to accrue on the notes or any portion of the notes called for redemption (unless we default in the payment of the redemption price and accrued interest). On or before the Business Day immediately preceding the redemption date, we will deposit with the Trustee money sufficient to

pay the redemption price of and (unless the redemption date shall be an interest payment date) accrued interest to the redemption date on the notes to be redeemed on such date and any additional amounts. If less than all of the notes are to be redeemed, the notes to be redeemed shall be on a *pro rata* basis, selected by lot or by such method as the Trustee shall deem fair and appropriate (subject to the procedures of DTC).

Optional Redemption for Changes in Withholding Taxes. If, as a result of any amendment to, or change in, the laws (or any rules or regulations thereunder) of any Relevant Taxing Jurisdiction affecting taxation, or any amendment to or change in an official interpretation or application of such laws, rules or regulations, which amendment to or change of such laws, rules or regulations becomes effective on or after the date on which the notes we are offering are issued (which, in the case of a merger, consolidation or other transaction permitted and described under "—Certain Covenants—Limitation on Merger, Consolidation and Sale of Assets," shall be treated for this purpose as the date of such transaction), we have become obligated or will become obligated, in each case, after taking all reasonable measures to avoid this requirement, to pay additional amounts in excess of those attributable to a Peruvian withholding tax rate of 4.99% with respect to the notes (see "—Additional Amounts" and "Taxation"), then, at our option, all, but not less than all, of the notes may be redeemed at any time on giving not less than 30 nor more than 60 days' notice, at a redemption price equal to 100% of the outstanding principal amount, plus accrued and unpaid interest and any additional amounts due thereon up to but not including the date of redemption; *provided*, *however*, that (1) no notice of redemption for tax reasons may be given earlier than 90 days prior to the earliest date on which we would be obligated to pay these additional amounts if a payment on the notes were then due, and (2) at the time such notice of redemption is given such obligation to pay such additional amounts remains in effect.

Prior to the publication of any notice of redemption pursuant to this provision, we will deliver to the Trustee:

- a certificate signed by one of our duly authorized representatives stating that we are entitled to effect the redemption and setting forth a statement of facts showing that the conditions precedent to our right to redeem have occurred, and

- an opinion of legal counsel qualified in Relevant Taxing Jurisdiction (which may be our counsel) of recognized standing to the effect that we have or will become obligated to pay such additional amounts as a result of such change or amendment.

This notice, once delivered by us to the Trustee, will be irrevocable.

We will give notice to DTC pursuant to the provisions described under "—Certain Covenants—Notices" of any redemption we propose to make at least 30 days (but not more than 60 days) before the redemption date.

Optional Redemption Procedures. In the event that less than all of the notes are to be redeemed at any time, selection of notes for redemption will be made by the Trustee in compliance with the requirements of the principal national securities exchange, if any, on which notes are listed or, if the notes are not then listed on a national securities exchange, on a *pro rata* basis, by lot or by any other method as the Trustee shall deem fair and appropriate (subject to the procedures of DTC). No notes of a principal amount of U.S.$2,000 or less may be redeemed in part and notes of a principal amount in excess of U.S.$2,000 may be redeemed in part in multiples of U.S.$1,000 only.

Notice of any redemption will be mailed by first-class mail, postage prepaid, at least 30 but not more than 60 days before the redemption date to each holder of notes to be redeemed at its registered address (subject to the procedures of DTC); *provided*, *however*, that the Company shall give written notice of the redemption to the Trustee at least 10 days prior to the date on which such notice is to be given to the holders, unless the Trustee consents to a shorter period. If notes are to be redeemed in part only, the notice of redemption will state the portion of the outstanding principal amount thereof to be redeemed. For so long as the notes are admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the EuroMTF, the Company will cause notices of redemption also to be published as provided under "—Certain Covenants—Notices." A new note in a principal amount equal to the unredeemed portion thereof (if any) will be issued in the name of the holder thereof upon

cancellation of the original note (or appropriate adjustments to the amount and beneficial interests in a Global Note will be made, as appropriate).

The Company will pay the redemption price for any note together with accrued and unpaid interest thereon up to but not including the date of redemption. On and after the redemption date, interest will cease to accrue on notes or portions thereof called for redemption as long as the Company has deposited with the Paying Agent funds in satisfaction of the applicable redemption price pursuant to the Indenture. Upon redemption of any notes by the Company, such redeemed notes will be cancelled.

Notwithstanding the provisions of this "Optional Redemption" section, the Company and its Subsidiaries may acquire notes by means other than a redemption, including pursuant to a tender offer, open market purchases or otherwise, provided that at the time of such transaction the notes are not "restricted securities" as defined under Rule 144 of the Securities Act of 1933, as amended.

Change of Control

Upon the occurrence of a Change of Control Downgrade, each holder of notes will have the right to require that the Company purchase all or a portion (in minimum principal amounts of U.S.$2,000 or an integral multiple of U.S.$1,000 in excess thereof) of the holder's notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest thereon through the date of purchase (the "Change of Control Payment").

Within 30 days following the date upon which the Change of Control Downgrade occurred, the Company must send, by first-class mail, a notice to each holder, with a copy to the Trustee, offering to purchase the notes as described above (a "Change of Control Offer") and publish the Change of Control Offer in a leading newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). The Change of Control Offer shall state, among other things, the purchase date, which must be no earlier than 30 days nor later than 60 days from the date the notice is mailed, other than as may be required by law (the "Change of Control Payment Date").

On the Change of Control Payment Date, the Company will, to the extent lawful:

(1) accept for payment all notes or portions thereof properly tendered and not withdrawn pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent funds in an amount equal to the Change of Control Payment in respect of all notes or portions thereof so tendered; and

(3) deliver or cause to be delivered to the Trustee the notes so accepted together with an Officers' Certificate stating the aggregate principal amount of notes or portions thereof being purchased by the Company.

If only a portion of a note is purchased pursuant to a Change of Control Offer, a new note in a principal amount equal to the portion thereof not purchased will be issued in the name of the holder thereof upon cancellation of the original note (or appropriate adjustments to the amount and beneficial interests in a Global Note will be made, as appropriate). Notes (or portions thereof) purchased pursuant to a Change of Control Offer will be cancelled and cannot be reissued.

The Company will not be required to make a Change of Control Offer upon a Change of Control Downgrade if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all notes properly tendered and not withdrawn pursuant to the Change of Control Offer, or (2) notice of redemption has been given pursuant to the Indenture as described above under the caption "—Optional Redemption," unless and until there is a default in payment of the applicable redemption price.

A Change of Control Offer may be made in advance of a Change of Control, conditioned upon the occurrence of a Change of Control Downgrade, if a definitive agreement is in place for a Change of Control at the time of making the Change of Control Offer.

In the event that holders of not less than 90% of the aggregate principal amount of the outstanding notes accept a Change of Control Offer and the Company or a third party purchases all of the notes held by such holders, the Company will have the right, on not less than 30 nor more than 60 days' prior notice, given not more than 30 days following the purchase pursuant to the Change of Control Offer described above, to redeem all of the notes that remain outstanding following such purchase at a purchase price equal to the Change of Control Payment plus, to the extent not included in the Change of Control Payment, accrued and unpaid interest, if any, on the notes that remain outstanding, to the date of redemption (subject to the right of holders of notes on the relevant record date to receive interest due on the relevant interest payment date).

Other existing and future Indebtedness of the Company may contain prohibitions on the occurrence of events that would constitute a Change of Control or require that Indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the holders of their right to require the Company to repurchase the notes upon a Change of Control Downgrade may cause a default under such Indebtedness even if a Change of Control or the Change of Control Downgrade itself does not.

If a Change of Control Offer occurs, there can be no assurance that the Company will have available funds sufficient to make the Change of Control Payment for all the notes that might be delivered by holders seeking to accept the Change of Control Offer. In the event the Company is required to purchase outstanding notes pursuant to a Change of Control Offer, the Company expects that it would seek third party financing to the extent it does not have available funds to meet its purchase obligations and any other obligations in respect of Senior Indebtedness. However, there can be no assurance that the Company would be able to obtain necessary financing.

The Change of Control purchase feature of the notes may in certain circumstances make more difficult or discourage a sale or takeover of us and, thus, the removal of incumbent management. The Change of Control purchase feature is a result of negotiations between the Initial Purchaser and us. Holders will not be entitled to require the Company to purchase their notes in the event of a takeover, recapitalization, leveraged buyout or similar transaction which does not result in a Change of Control Downgrade. In addition, clause (3) of the definition of "Change of Control" includes the sale, conveyance, assignment, transfer, lease or other disposition of all or substantially all of the assets of the Company, determined on a consolidated basis. Although there is a limited body of case law interpreting the phrase "substantially all," there is no established definition of how this phrase is to be interpreted under applicable law. Accordingly, the application of this provision is uncertain.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other applicable securities laws and regulations in connection with the purchase of notes in connection with a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the "Change of Control" provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by doing so.

Certain Covenants

The Indenture will contain, among others, the following covenants:

Suspension of Covenants

In the event that (i) the notes have Investment Grade Ratings from at least two Rating Agencies and (ii) at the time the notes have achieved Investment Grade Ratings from at least two Rating Agencies no Event of Default has occurred and is continuing (the occurrence of the events described in the foregoing clauses (i) and (ii) being collectively referred to as a "Covenant Suspension Event"), the Company and its Subsidiaries will, upon the occurrence of such Covenant Suspension Event, cease to be subject to the provisions of the Indenture described under:

- "—Limitation on Incurrence of Additional Indebtedness";
- "—Limitation on Guarantees";
- "—Limitation on Dividend and Other Payment Restrictions Affecting Subsidiaries";
- clauses (b), (c) and (d) of "—Limitation on Merger, Consolidation or Sale of Assets"; and
- "—Limitation on Transactions with Affiliates"

(collectively, the "Suspended Covenants").

In the event that the Company and its 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 notes cease to have Investment Grade Ratings from at least two Rating Agencies, then the Company and its Subsidiaries will thereafter again be subject to the Suspended Covenants. The period of time between the date a Covenant Suspension Event occurs and the Reversion Date is referred to as the "Suspension Period." Notwithstanding that the Suspended Covenants may be reinstated, no Default or Event of Default will be deemed to have occurred as a result of a failure to comply with the Suspended Covenants during a Suspension Period (or upon termination of a Suspension Period or after that time based solely on events that occurred during such Suspension Period).

On a Reversion Date, all Indebtedness incurred during the relevant Suspension Period will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (d) of paragraph (2) of "—Limitation on Incurrence of Additional Indebtedness".

In order for covenants to be suspended as a result of the occurrence of a Covenant Suspension Event, the Company must give the Trustee written notice of such Covenant Suspension Event after such Covenant Suspension Event has occurred. In the absence of such notice, the Suspended Covenants will apply and be in full force and effect. The Company will give the Trustee written notice of any occurrence of a Reversion Date not later than ten Business Days after such Reversion Date. After any such notice of the occurrence of the Reversion Date, the Trustee shall assume the Suspended Covenants apply and are in full force and effect. For the avoidance of doubt, the occurrence of a Reversion Date does not preclude another suspension of covenants as a result of a subsequently occurring Covenant Suspension Event.

Limitation on Incurrence of Additional Indebtedness

(1) The Company will not, and will not cause or permit any of its Subsidiaries to, directly or indirectly, Incur any Indebtedness, including Acquired Indebtedness, except that:

(a) the Company and any Subsidiary Guarantor may Incur Indebtedness, including Acquired Indebtedness, and

(b) any Subsidiary may Incur Acquired Indebtedness not Incurred in connection with, or in anticipation or contemplation of, the relevant acquisition, merger or consolidation,

if, at the time of and immediately after giving pro forma effect to the Incurrence thereof and the application of the proceeds therefrom the Consolidated Fixed Charge Coverage Ratio of the Company is greater than 2.50 to 1.0.

(2) Notwithstanding paragraph (1) above, the Company and its Subsidiaries, as applicable, may incur the following Indebtedness ("Permitted Indebtedness"):

(a) Indebtedness in respect of the notes (including any Note Guarantee in respect thereof) excluding additional notes;

(b) Guarantees by the Company or any Subsidiary Guarantor of Indebtedness of the Company or any Subsidiary permitted under the Indenture; *provided* that, if any such Guarantee is of Subordinated Indebtedness of the Company or of a Subsidiary Guarantor, then the Note Guarantee of such Subsidiary Guarantor shall be senior to such Subsidiary Guarantor's Guarantee of such Subordinated Indebtedness;

(c) Indebtedness Incurred by the Company or any Subsidiary Guarantor under Credit Facilities (including Guarantees in respect thereof) in an aggregate principal amount outstanding at any one time not to exceed 5% of Consolidated Net Tangible Assets of the Company and its Subsidiaries;

(d) other Indebtedness of the Company and its Subsidiaries outstanding on the Issue Date;

(e) Hedging Obligations entered into by the Company and its Subsidiaries in the ordinary course of business and not for speculative purposes, including, without limitation, any Hedging Obligations with respect to the notes;

(f) intercompany Indebtedness between the Company and any Subsidiary or between any Subsidiaries; *provided* that:

(A) if the Company or any Subsidiary Guarantor is the obligor on any such Indebtedness owed to a Subsidiary that is not a Subsidiary Guarantor, such Indebtedness must be expressly subordinated to the prior payment in full of all obligations under the notes and the Indenture, in the case of the Company, or such Subsidiary Guarantor's Note Guarantee, in the case of any such Subsidiary Guarantor, and

(B) in the event that at any time any such Indebtedness ceases to be held by the Company or a Subsidiary, such Indebtedness shall be deemed to be Incurred and not permitted by this clause (f) at the time such event occurs;

(g) Indebtedness of the Company or any of its Subsidiaries arising from the honoring by a bank or other financial institution of a check, draft or similar instrument (including daylight overdrafts paid in full by the close of business on the day such overdraft was Incurred) drawn against insufficient funds in the ordinary course of business; *provided*, that such Indebtedness is extinguished within five Business Days of Incurrence;

(h) Indebtedness of the Company or any of its Subsidiaries represented by letters of credit for the account of the Company or any Subsidiary, as the case may be, in order to provide security for workers' compensation claims, payment obligations in connection with self-insurance or similar requirements in the ordinary course of business;

(i) Capitalized Lease Obligations or Purchase Money Indebtedness of the Company or any Subsidiary, in each case Incurred for the purpose of acquiring or financing all or any part of the purchase price or cost of construction or improvement of property or equipment used in the business of the Company or such Subsidiary in an aggregate principal amount outstanding at any one time not to exceed 5% of Consolidated Net Tangible Assets of the Company and its Subsidiaries;

(j) Indebtedness in respect of bid, performance or surety bonds in the ordinary course of business for the account of the Company or any of its Subsidiaries, including Guarantees or obligations of the Company or any Subsidiary with respect to letters of credit supporting such bid, performance or surety obligations (in each case other than for the payment of borrowed money);

(k) Refinancing Indebtedness in respect of:

(A) Indebtedness (other than Indebtedness owed to the Company or any Subsidiary of the Company) Incurred pursuant to paragraph (1) above (it being understood that no Indebtedness outstanding on the Issue Date is Incurred pursuant to such paragraph (1) above), or

(B) Indebtedness Incurred pursuant to clause 2(a), 2(d) or this clause 2(k) of this covenant (excluding Indebtedness owed to the Company or a Subsidiary of the Company) above;

(l) Permitted Acquisition Indebtedness; and

(m) Additional Indebtedness of the Company or any Subsidiary in an aggregate principal amount not to exceed 5% of Consolidated Net Tangible Assets of the Company and its Subsidiaries; provided that the aggregate principal amount of additional Indebtedness Incurred pursuant to this clause (m) by Subsidiaries that are not Subsidiary Guarantors shall not exceed U.S.$10.0 million at any one time outstanding.

(3) For purposes of determining compliance with, and the outstanding principal amount of, any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(a) the amount of Indebtedness 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 GAAP.

(b) The accrual of interest, the accretion or amortization of original issue discount, the capitalization of interest, the payment of regularly scheduled interest in the form of additional Indebtedness of the same instrument or the payment of regularly scheduled dividends on Disqualified Capital Stock in the form of additional Disqualified Capital Stock with the same terms will be deemed not to be an Incurrence of Indebtedness, and the outstanding amount thereof from time to time will be deemed not to be Indebtedness, for purposes of this covenant.

(c) In the event that Indebtedness meets the criteria of more than one of the clauses of Permitted Indebtedness described above, or is entitled to be Incurred pursuant to the first paragraph of this covenant, the Company, in its sole discretion, will be permitted to classify such Indebtedness at the time of its Incurrence in any manner that complies with this covenant. In addition, any Indebtedness originally classified as Incurred pursuant to any clause of Permitted Indebtedness may later be reclassified from time to time by the Company, in its sole discretion, such that it will be deemed to be Incurred pursuant to another of such clauses of Permitted Indebtedness or the first paragraph of this covenant,

in each case to the extent that such reclassified Indebtedness could be Incurred pursuant to such other clause or such paragraph at the time of such reclassification. For the avoidance of doubt, the Company may divide and classify an item of Indebtedness in one or more of the types of Indebtedness.

(d) For purposes of determining compliance with any U.S. Dollar-denominated restriction on the Incurrence of Indebtedness, the principal amount of Indebtedness denominated in a currency other than U.S. Dollars shall be the U.S. Dollar Equivalent thereof. The principal amount of any Indebtedness Incurred to Refinance other Indebtedness, if Incurred in the same currency of the Indebtedness being Refinanced, shall be calculated based on the same currency exchange rate applicable when such Indebtedness being Refinanced was incurred; provided, that the U.S. Dollar Equivalent of such Refinancing Indebtedness which exceeds the principal amount of the Indebtedness being Refinanced shall be the U.S. Dollar Equivalent thereof. The U.S. Dollar Equivalent principal amount of any foreign currency principal amount of Indebtedness being repaid, prepaid or otherwise discharged or cancelled shall be deemed to be the U.S. Dollar Equivalent of such principal amount of Indebtedness as calculated based on the same currency exchange rate applicable when such Indebtedness being repaid, prepaid or otherwise discharged or cancelled was incurred. The principal amount of any Indebtedness Incurred to Refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being Refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated pursuant to the definition of "U.S. Dollar Equivalent" herein. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or any Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded as a result solely of fluctuations in exchange rates or currency values.

Limitation on Guarantees

As of the Issue Date, the notes will not be Guaranteed by any of our Subsidiaries.

The Company will not permit any Subsidiary that is not a Subsidiary Guarantor to Guarantee any Indebtedness of the Company or any Subsidiary Guarantor or to secure any Indebtedness of the Company or Subsidiary Guarantor with a Lien on the assets of such Subsidiary, unless contemporaneously therewith (or prior thereto) effective provision is made to Guarantee or secure the notes or the Note Guarantee of such Subsidiary, as the case may be, on an equal and ratable basis with such Guarantee or Lien for so long as such Guarantee or Lien remains effective, and in an amount equal to the amount of Indebtedness so Guaranteed or secured. Any Guarantee by any such Subsidiary of Subordinated Indebtedness of the Company will be subordinated and junior in right of payment to the contemporaneous Guarantee of the notes or the Note Guarantee by such Subsidiary. The Company will not permit a Subsidiary to Guarantee or secure any Capital Stock of the Company.

Limitation on Dividend and Other Payment Restrictions Affecting Subsidiaries

(a) Except as provided in paragraph (b) below, the Company will not, and will not cause or permit any of its Subsidiaries to, directly or indirectly, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Subsidiary to:

(1) pay dividends or make any other distributions on or in respect of its Capital Stock to the Company or any Subsidiary Guarantor or pay any Indebtedness owed to the Company or any Subsidiary Guarantor;

(2) make loans or advances to, or Guarantee any Indebtedness or other obligations of, or make any Investment in, the Company or any Subsidiary Guarantor; or

(3) transfer any of its property or assets to the Company or any Subsidiary Guarantor.

(b) Paragraph (a) above will not apply to encumbrances or restrictions existing under or by reason of:

(1) applicable law, rule, regulation or order;

(2) the Indenture, the notes and the Note Guarantees;

(3) the terms of any Indebtedness outstanding on the Issue Date, and any amendment, modification, restatement, renewal, restructuring, replacement or Refinancing thereof; *provided*, that any amendment, modification, restatement, renewal, restructuring, replacement or Refinancing is not materially more restrictive, taken as a whole, with respect to such encumbrances or restrictions than those in existence on the Issue Date;

(4) customary non-assignment provisions of any contract and customary provisions restricting assignment or subletting in any lease governing a leasehold interest of any Subsidiary, or any customary restriction on the ability of a Subsidiary to pay dividends, distribute or otherwise transfer any asset which secures Indebtedness secured by a Lien, in each case permitted to be Incurred under the Indenture;

(5) any instrument governing Acquired Indebtedness not Incurred in connection with, or in anticipation or contemplation of, the relevant acquisition, merger or consolidation, which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person or the properties or assets of the Person so acquired;

(6) restrictions with respect to a Subsidiary of the Company imposed pursuant to a binding agreement which has been entered into for the sale or disposition of Capital Stock or assets of such Subsidiary; *provided*, that such restrictions apply solely to the Capital Stock or assets of such Subsidiary being sold;

(7) customary restrictions imposed on the transfer of copyrighted or patented materials;

(8) an agreement governing Indebtedness of the Company or any Subsidiaries permitted to be Incurred subsequent to the date of the Indenture in accordance with the covenant set forth under "—Limitation on Incurrence of Additional Indebtedness"; *provided* that the provisions relating to such encumbrance or restriction contained in such agreement are no more restrictive than those contained in the agreement referred to in clause (3) or, in the case of Indebtedness Incurred pursuant to this clause (8) to Refinance Acquired Indebtedness, no more restrictive than those contained in the agreement referred to in clause (5) of this paragraph;

(9) purchase money obligations for property (including Capital Stock) acquired in the ordinary course of business and Capitalized Lease Obligations that impose restrictions on the property purchased or leased of the nature described in clause (3) of paragraph (a) above;

(10) Liens permitted to be incurred under the provisions of the covenant described below under the caption "—Limitation on Liens" that limits the right of the debtor to dispose of the assets securing such Indebtedness;

(11) provisions limiting the payment of dividends in the organizational documents, shareholders' agreements, joint venture agreements or similar documents of, or related to, Subsidiaries that are not Wholly Owned Subsidiaries and which have been entered into (A) in the ordinary course of business and (B) with the approval of the Company's Board of Directors; or

(12) restrictions on cash deposited with banks in the ordinary course of business consistent with past practice.

Limitation on Liens

The Company will not, and will not cause or permit any of its Subsidiaries that are Subsidiary Guarantors to, directly or indirectly, Incur any Liens of any kind (except for Permitted Liens) (i) against or upon any of their respective properties or assets, whether owned on the Issue Date or acquired after the Issue Date, or any proceeds therefrom or (ii) deemed to exist in respect of Capitalized Lease Obligations or obligations under any Sale and Leaseback Transaction, in each case unless contemporaneously therewith effective provision is made:

(1) in the case of the Company, to secure the notes and all other amounts due under the Indenture; and

(2) in the case of a Subsidiary Guarantor, to secure such Subsidiary Guarantor's Note Guarantee of the notes and all other amounts due under the Indenture;

in each case, equally and ratably with such Indebtedness or other obligation (or, in the event that such Indebtedness is subordinated in right of payment to the notes or such Note Guarantee, as the case may be, prior to such Indebtedness or other obligation) with a Lien on the same properties and assets securing such Indebtedness or other obligation for so long as such Indebtedness or other obligation is secured by such Lien.

Limitation on Merger, Consolidation and Sale of Assets

The Company will not, in a single transaction or series of related transactions, consolidate or merge with or into any Person (whether or not the Company is the surviving or continuing Person), or sell, assign, transfer, lease, convey or otherwise dispose of (or cause or permit any Subsidiary to sell, assign, transfer, lease, convey or otherwise dispose of) all or substantially all of the Company's properties and assets (determined on a consolidated basis for the Company and its Subsidiaries), to any Person unless:

(a) either:

(1) the Company shall be the surviving or continuing corporation, or

(2) the Person (if other than the Company) formed by such consolidation or into which the Company is merged or the Person which acquires by sale, assignment, transfer, lease, conveyance or other disposition the properties and assets of the Company and of the Company's Subsidiaries substantially as an entirety (the "Surviving Entity"):

(A) shall be a Person organized and validly existing under the laws of Peru, the United States of America or any investment grade country in North America, South America or the Caribbean, and

(B) shall expressly assume, by supplemental indenture (in form and substance satisfactory to the Trustee), executed and delivered to the Trustee, the due and punctual payment of the principal of, and premium, if any, and interest on all of the notes and the performance and observance of every covenant of the notes and the Indenture on the part of the Company to be performed or observed;

(b) immediately after giving effect to such transaction and the assumption contemplated by clause (a)(2)(B) above (including giving effect on a pro forma basis to any Indebtedness, including any Acquired Indebtedness, Incurred or anticipated to be Incurred in connection with or in respect of such transaction), the Company or such Surviving Entity, as the case may be will be able to Incur at least U.S.$1.00 of additional Indebtedness pursuant to paragraph (1) of "—Limitation on Incurrence of Additional Indebtedness";

(c) immediately before and immediately after giving effect to such transaction and the assumption contemplated by clause (a)(2)(B) above (including, without limitation, giving effect on a pro forma basis to any Indebtedness, including any Acquired Indebtedness, Incurred or anticipated to be Incurred and any Lien granted in connection with or in respect of the transaction), no Default or Event of Default shall have occurred or be continuing;

(d) each Subsidiary Guarantor (including Persons that become Subsidiary Guarantors as a result of the transaction) has confirmed by supplemental indenture that its Note Guarantee will apply for the Obligations of the Surviving Entity in respect of the Indenture and the notes;

(e) the Company or the Surviving Entity has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that the consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition and, if required in connection with such transaction, the supplemental indenture, comply with the applicable provisions of the Indenture and that all conditions precedent in the Indenture relating to the transaction have been satisfied.

For purposes of this covenant, the transfer (by lease, assignment, sale or otherwise, in a single transaction or series of transactions) of all or substantially all of the properties or assets of one or more Subsidiaries of the Company, the Capital Stock of which constitutes all or substantially all of the properties and assets of the Company (determined on a consolidated basis for the Company and its Subsidiaries), will be deemed to be the transfer of all or substantially all of the properties and assets of the Company.

The provisions of clauses (b) and (c) above will not apply to:

(1) any transfer of the properties or assets of a Subsidiary (other than a Subsidiary Guarantor) to the Company or to a Subsidiary, or of a Subsidiary Guarantor to the Company or another Subsidiary Guarantor;

(2) any merger of a Subsidiary (other than a Subsidiary Guarantor) into the Company or a Subsidiary, or of a Subsidiary Guarantor into the Company or another Subsidiary Guarantor; or

(3) any merger or spin-off of the Company or a Subsidiary into a Wholly Owned Subsidiary of the Company created for the purpose of holding the Capital Stock, the properties or assets of the Company or a Subsidiary, as the case may be,

so long as, in each case the Indebtedness of the Company and its Subsidiary Guarantors taken as a whole is not increased thereby.

Upon any consolidation, combination or merger or any transfer of all or substantially all of the properties and assets of the Company and its Subsidiaries in accordance with this covenant, in which the Company is not the continuing corporation, the Surviving Entity formed by such consolidation or into which the Company is merged or to which such conveyance, lease or transfer is made will succeed to, and be substituted for, and may exercise every right and power of, the Company under the Indenture and the notes with the same effect as if such Surviving Entity had been named as such; and the Company shall upon such succession and substitution be released and discharged from further obligations under the notes and the Indenture. For the avoidance of doubt, compliance with this covenant will not affect the obligations of the Company, if it shall be the surviving or continuing corporation, or a Surviving Entity under "—Change of Control," if applicable.

Each Subsidiary Guarantor will not, and the Company will not cause or permit any Subsidiary Guarantor to, consolidate with or merge into, or sell or dispose of all or substantially all of its assets to, any Person (other than the Company) that is not a Subsidiary Guarantor unless:

(1) such Person (if such Person is the surviving entity) assumes all of the obligations of such Subsidiary Guarantor in respect of its Note Guarantee by executing a supplemental indenture and

providing the Trustee with an Officers' Certificate and Opinion of Counsel, and such transaction is otherwise in compliance with the Indenture; or

(2) such Note Guarantee is to be released as provided under "—Note Guarantees".

Limitation on Transactions with Affiliates

(1) The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, enter into any transaction or series of related transactions (including, without limitation, the purchase, sale, lease or exchange of any property or the rendering of any service) with, or for the benefit of, any of its Affiliates (each an "Affiliate Transaction"), unless:

(a) the terms of such Affiliate Transaction are no less favorable to the Company or such Subsidiary, as the case may be, than those that could reasonably be expected to be obtained in a comparable transaction at such time on an arm's-length basis from a Person that is not an Affiliate of the Company or, if such transaction is not one that by its nature could reasonably be obtained from a Person that is not an Affiliate, is on fair and reasonable terms and was negotiated in good faith;

(b) in the event that such Affiliate Transaction involves aggregate payments, or transfers of property or services with a Fair Market Value, in excess of U.S.$5 million, the terms of such Affiliate Transaction will be approved by a majority of the members of the Board of Directors of the Company (including a majority of the disinterested members thereof), the approval to be evidenced by a Board Resolution stating that the Board of Directors has determined that such transaction complies with the preceding provisions; and

(c) in the event that such Affiliate Transaction involves aggregate payments, or transfers of property or services with a Fair Market Value, in excess of U.S.$15 million, the Company will, prior to the consummation thereof, obtain a favorable opinion as to the fairness of such Affiliate Transaction to the Company or the relevant Subsidiary (if any) from a financial point of view from an Independent Financial Advisor.

(2) Paragraph (1) above will not apply to:

(a) Affiliate Transactions with or among the Company and any Subsidiary or between or among Subsidiaries;

(b) fees and compensation (whether in cash or Capital Stock of the Company) paid to, and any indemnity provided on behalf of, officers, directors, employees, consultants or agents of the Company or any Subsidiary, including, without limitation, pursuant to any employment agreement, employee benefit plan, officer or director indemnification agreement or similar agreement;

(c) Affiliate Transactions undertaken pursuant to any contractual obligations or rights in existence on the Issue Date and any amendment, modification, extension or replacement of such agreement (so long as such amendment, modification, extension or replacement is not materially more disadvantageous to the Company and its Subsidiaries, taken as a whole, than the original agreement as in effect on the Issue Date);

(d) loans and advances to officers, directors and employees of the Company or any Subsidiary consistent with past practice, in each case made in the ordinary course of business;

(e) any issuance of Capital Stock (other than Disqualified Stock) of the Company and the granting and performance of registration rights; and

(f) transactions entered into with The Coca-Cola Company and Affiliates in the ordinary course of business and consistent with past practice.

Conduct of Business

The Company and its Subsidiaries will not engage in any business other than a Permitted Business.

Reports to Holders

So long as any notes are outstanding, the Company will furnish to the Trustee:

(a) Within 120 days following the end of each of the Company's fiscal years, information (presented in the English language) including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" section with scope and content substantially similar to the corresponding section of this Offering Memorandum (after taking into consideration any changes to the business and operations of the Company after the Issue Date), consolidated audited income statements, balance sheets and cash flow statements and the related notes thereto for the Company for the two most recent fiscal years in accordance with GAAP, which need not, however, contain any reconciliation to U.S. GAAP or otherwise comply with Regulation S-X of the U.S. Securities and Exchange Commission, together with an audit report thereon by the Company's independent auditors; and

(b) Within 90 days following the end of the first three fiscal quarters in each of the Company's fiscal years, quarterly reports containing unaudited balance sheets, statements of income and statements of cash flows and the related notes thereto for the Company and the Subsidiaries on a consolidated basis, in each case for the quarterly period then ended and the corresponding quarterly period in the prior fiscal year and prepared in accordance with GAAP, which need not, however, contain any reconciliation to U.S. GAAP or otherwise comply with Regulation S-X of the U.S. Securities and Exchange Commission, together with a "Management's Discussion and Analysis of Financial Condition and Results of Operations" section for such quarterly period and condensed footnote disclosure (in each case, presented in the English language).

None of the information provided pursuant to the preceding paragraph shall be required to comply with Regulation S-K or Regulation S-X as promulgated by the U.S. Securities and Exchange Commission. In addition, the Company shall furnish to the holders of the notes and to prospective investors, upon the requests of such holders, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act so long as the notes are not freely transferable under the Securities Act by Persons who are not "affiliates" under the Securities Act.

Substantially concurrently with the issuance to the Trustee of the reports and financial information specified above, the Company shall also post copies of such reports and financial information on such website as may be then maintained by the Company.

In addition, if and so long as the notes are admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the EuroMTF and the rules of the Luxembourg Stock Exchange so require, copies of such reports furnished to the Trustee will also be made available at the specified office of the Luxembourg paying agent.

Delivery of such reports, information and documents to the Trustee shall be for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of the covenants contained in the Indenture (as to which the Trustee will be entitled to conclusively rely upon an Officers' Certificate).

Listing

In the event that the Notes are listed on EuroMTF, the Company will use its reasonable 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 the Company 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 the Company would otherwise use to prepare its published financial information, the Company may delist the notes from the EuroMTF in accordance with the rules of the Luxembourg Stock 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 the Company may decide.

Notices

From and after the date the notes are listed on Euro MTF and so long as 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 is expected to be the *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 shall be published in Saturday, Sunday or holiday editions.

Notices shall be deemed to have been given on the date of publication as aforesaid or, if published on different dates, on the date of the first such publication. In addition, notices will be mailed to holders of notes at their registered addresses in Luxembourg.

Events of Default

The following are "Events of Default":

(1) default in the payment when due of the principal of or premium, if any, on any notes, including the failure to make a required payment to purchase notes tendered pursuant to an optional redemption or Change of Control Offer;

(2) default for 30 days or more in the payment when due of interest, or additional amounts, if any, on any notes;

(3) the failure to perform or comply with any of the provisions described under "—Certain Covenants—Limitation on Merger, Consolidation and Sale of Assets";

(4) the failure by the Company or any Subsidiary to comply with any other covenant or agreement contained in the Indenture or in the notes for 60 days or more after written notice thereof to the Company from the Trustee or holders of at least 25% in aggregate principal amount of the outstanding notes;

(5) default by the Company or any Subsidiary under any Indebtedness which:

(a) is caused by a failure to pay principal of or premium, if any, or interest on such Indebtedness prior to the expiration of any applicable grace period provided in such Indebtedness, and such failure has the effect of permitting the acceleration of such Indebtedness; or

(b) results in the acceleration of such Indebtedness prior to its stated maturity;

and the principal or accreted amount of Indebtedness covered by subclause (A) or (B) at the relevant time, aggregates U.S.$20.0 million or more;

(6) failure by the Company or any of its Subsidiaries to pay one or more final non-appealable judgments against any of them, aggregating U.S.$20.0 million or more, which judgment(s) are not paid, discharged or stayed for a period of 90 days or more;

(7) certain events of bankruptcy, insolvency or *procedimiento concursal preventivo* affecting the Company or any of its Significant Subsidiaries or group of Subsidiaries that, taken together, would constitute a Significant Subsidiary; or

(8) any Peruvian government or governmental authority condemns, nationalizes, or otherwise expropriates all or any substantial portion of the Company's consolidated assets or property or the Company or any of its Subsidiaries' Capital Stock, or assumes custody or control of such consolidated assets or property of the Company or any Subsidiaries' business or operations or Capital Stock, or takes any action that would prevent the Company or any Subsidiary or their respective officers from carrying on a substantial portion of the Company or such Subsidiary's business or operations for a period longer than 45 days and the result of any such action materially prejudices the Company's ability to perform its obligations under the Indenture and the notes.

If an Event of Default (other than an Event of Default specified in clause (7) above with respect to the Company) shall occur and be continuing, the Trustee or holders of at least 25% in principal amount of outstanding notes may declare the unpaid principal of (and premium, if any) and accrued and unpaid interest on all the notes to be immediately due and payable by notice in writing to the Company and the Trustee specifying the Event of Default and that it is a "notice of acceleration." If an Event of Default specified in clause (7) above occurs with respect to the Company, then the unpaid principal of (and premium, if any) and accrued and unpaid interest on all the notes will become immediately due and payable without any declaration or other act on the part of the Trustee or any holder of notes.

The Trustee is not to be charged with knowledge of any Default or Event of Default or knowledge of any cure of any Default or Event of Default unless either (i) an authorized officer of the Trustee with direct responsibility for the Indenture has actual knowledge of such Default or Event of Default or (ii) written notice of such Default or Event of Default has been given to the Trustee by the Company or any holder of notes.

At any time after a declaration of acceleration with respect to the notes as described in the preceding paragraph, holders of a majority in principal amount of the notes may rescind and cancel such declaration and its consequences:

(1) if the rescission would not conflict with any judgment or decree;

(2) if all existing Events of Default have been cured or waived, except nonpayment of principal or interest that has become due solely because of the acceleration;

(3) to the extent the payment of such interest is lawful, interest on overdue installments of interest and overdue principal, which has become due otherwise than by such declaration of acceleration, has been paid; and

(4) if the Company has paid the Trustee its reasonable compensation and reimbursed the Trustee for its reasonable expenses, disbursements and advances.

No rescission will affect any subsequent Default or impair any rights relating thereto.

The holders of a majority in principal amount of the notes may waive any existing Default or Event of Default under the Indenture, and its consequences, except a default in the payment of the principal of, premium, if any, or interest on any notes.

In the event of any Event of Default specified in clause (5) of the first paragraph above, such Event of Default and all consequences thereof (excluding, however, any resulting payment default) will be annulled, waived and rescinded, automatically and without any action by the Trustee or the holders of the notes, if within 30 days after such Event of Default arose the Company delivers an Officers' Certificate to the Trustee stating that the holders thereof have rescinded or waived the acceleration, notice or action (as the case may be) giving rise to such Event of Default *provided* that none of the Company or any Significant Subsidiary made or agreed to make any payment or provide any other monetary consideration in exchange for such rescission or waiver. It is understood that in no event shall an acceleration of the principal amount of the notes as described above be annulled, waived or rescinded upon the happening of any such events as described in this paragraph.

Subject to the provisions of the Indenture relating to the duties of the Trustee, the Trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of any of the holders of notes, unless such holders have offered to the Trustee reasonable indemnity. Subject to all provisions of the Indenture and applicable law, holders of a majority in aggregate principal amount of the then outstanding notes have the right to 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.

No holder of any notes will have any right to institute any proceeding with respect to the Indenture or for any remedy thereunder, unless:

(1) such holder gives to the Trustee written notice of a continuing Event of Default;

(2) holders of at least 25% in principal amount of the then outstanding notes make a written request to pursue the remedy;

(3) such holders of notes provide to the Trustee satisfactory indemnity;

(4) the Trustee does not comply within 60 days; and

(5) during such 60 day period holders of a majority in principal amount of the outstanding notes do not give the Trustee a written direction which, in the opinion of the Trustee, is inconsistent with the request;

provided that a holder of a note may institute suit for enforcement of payment of the principal of and premium, if any, or interest on such note on or after the respective due dates expressed in such note.

The Company is required to deliver to the Trustee written notice of any event which would constitute certain Defaults or Events of Default, their status and what action the Company is taking or proposes to take in respect thereof. In addition, the Company is required to deliver to the Trustee, within 120 days after the end of each fiscal year, an Officers' Certificate indicating whether the signers thereof know of any Default or Event of Default that occurred during the previous fiscal year. The Indenture provides that if a Default or Event of Default occurs, is continuing and is actually known to a responsible officer of the Trustee, the Trustee must mail to each holder of notes notice of the Default or Event of Default within 90 days after the occurrence thereof. Except in the case of a Default or Event of Default in the payment of principal of, premium, if any, or interest on any note, the Trustee may withhold notice if and so long as the Trustee in good faith determines that withholding notice is in the interests of the holders of notes.

Legal Defeasance and Covenant Defeasance

The Company may, at its option and at any time, elect to have its obligations discharged with respect to the outstanding notes and all obligations of the Subsidiary Guarantors under the Note Guarantees discharged ("Legal

Defeasance"). Such Legal Defeasance means that the Company will be deemed to have paid and discharged the entire indebtedness represented by the outstanding notes and Note Guarantees after the deposit specified in clause (1) of the second following paragraph, except for:

(1) the rights of holders of notes to receive payments in respect of the principal of, premium, if any, and interest on the notes when such payments are due;

(2) the Company's obligations with respect to the notes concerning issuing temporary notes, registration of notes, mutilated, destroyed, lost or stolen notes and the maintenance of an office or agency for payments;

(3) the rights, powers, trust, duties and immunities of the Trustee and the Company's and the Subsidiary Guarantors' obligations in connection therewith; and

(4) the Legal Defeasance provisions of the Indenture.

In addition, the Company may, at its option and at any time, elect to have its obligations and the obligations of the Subsidiary Guarantors released with respect to certain covenants (including, without limitation, obligations to make Change of Control Offers, the obligations described under "—Certain Covenants" and the cross-acceleration provisions and judgment default provisions described under "—Events of Default") that are described in the Indenture ("Covenant Defeasance") and thereafter any omission to comply with such obligations will not constitute a Default or Event of Default with respect to the notes or the Note Guarantees. In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy, receivership, reorganization and insolvency events) described under "—Events of Default" will no longer constitute an Event of Default with respect to the notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the holders of notes cash in U.S. dollars, certain direct non-callable obligations of, or guaranteed by, the United States, or a combination thereof, in such amounts as will be sufficient without reinvestment, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, premium, if any, and interest (including additional amounts) on the notes on the stated date for payment thereof or on the applicable redemption date, as the case may be;

(2) in the case of Legal Defeasance, the Company has delivered to the Trustee an Opinion of Counsel from counsel in the United States reasonably acceptable to the Trustee (subject to customary exceptions and exclusions) and independent of the Company to the effect that:

  (a) the Company has received from, or there has been published by, the Internal Revenue Service a ruling; or

  (b) since the Issue Date, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall state that, the holders of notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Company has delivered to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee (subject to customary exceptions and exclusions) to the effect that the holders of notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) in the case of Legal Defeasance or Covenant Defeasance, the Company has delivered to the Trustee:

(a) an Opinion of Counsel from counsel in Peru reasonably acceptable to the Trustee (subject to customary exceptions and exclusions) and independent of the Company to the effect that, based upon Peruvian law then in effect, holders of notes will not recognize income, gain or loss for Peruvian tax purposes, including withholding tax except for withholding tax then payable on interest payments due, as a result of Legal Defeasance or Covenant Defeasance, as the case may be, and will be subject to Peruvian taxes on the same amounts and in the same manner and at the same time as would have been the case if such Legal Defeasance or Covenant Defeasance, as the case may be, had not occurred, or

(b) a ruling directed to the Trustee received from the tax authorities of Peru to the same effect as the Opinion of Counsel described in clause (a) above;

(5) no Default or Event of Default shall have occurred and be continuing on the date of the deposit pursuant to clause (1) of this paragraph (except any Default or Event of Default resulting from the failure to comply with "—Certain Covenants—Limitation on Indebtedness" as a result of the borrowing of the funds required to effect such deposit);

(6) the Trustee has received an Officers' Certificate stating that such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under the Indenture or any other material agreement or instrument to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

(7) the Company has delivered to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with the intent of preferring holders of notes over any other creditors of the Company or any Subsidiary of the Company or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Company or others; and

(8) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel reasonably acceptable to the Trustee and independent of the Company, each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with (subject to customary exceptions and exclusions).

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect (except as to surviving rights or registration of transfer or exchange of the notes, as expressly provided for in the Indenture) as to all outstanding notes when:

(1) either:

(a) all the notes theretofor authenticated and delivered (except lost, stolen or destroyed notes which have been replaced or paid and notes for whose payment money has theretofor been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust) have been delivered to the Trustee for cancellation; or

(b) all notes not theretofor delivered to the Trustee for cancellation have become due and payable, and the Company has irrevocably deposited or caused to be deposited with the Trustee funds or certain direct, non-callable obligations of, or guaranteed by, the United States sufficient without reinvestment to pay and discharge the entire Indebtedness on the notes not theretofor delivered to the Trustee for cancellation, for principal of, premium, if

any, and interest on the notes to the date of deposit, together with irrevocable instructions from the Company directing the Trustee to apply such funds to the payment;

(2) the Company has paid all other sums payable under the Indenture and the notes by it; and

(3) the Company has delivered to the Trustee an Officers' Certificate stating that all conditions precedent under the Indenture relating to the satisfaction and discharge of the Indenture have been complied with.

Modification of the Indenture

From time to time, the Company, the Subsidiary Guarantors (if any) and the Trustee, without the consent of the holders, may amend the Indenture, the notes or the Note Guarantees for certain specified purposes, including curing ambiguities, defects or inconsistencies; to provide for uncertificated notes in addition to or in place of certificated notes; to provide for the assumption of the Company's or a Subsidiary Guarantor's obligations to holders of notes and Note Guarantees in the case of a merger or consolidation or sale of all or substantially all of the Company's or such Subsidiary Guarantor's assets, as applicable, to the extent permitted under the Indenture; to make any change that would provide any additional rights or benefits to the holders or that does not adversely affect the legal rights under the Indenture of any such holder; to conform the text of the Indenture, the Note Guarantees or the notes to any provision of this "Description of Notes" to the extent that such provision in this "Description of Notes" was intended to be a verbatim recitation of a provision of the Indenture, the Note Guarantees or the notes; to allow any Subsidiary Guarantor to execute a supplemental indenture and/or a Note Guarantee with respect to the notes and to release Subsidiary Guarantors from the Note Guarantee in accordance with the terms of the Indenture; to comply with the requirements of any applicable securities depositary; to provide for a successor Trustee in accordance with the terms of the Indenture, to otherwise comply with any requirement of the Indenture; to issue additional notes, and make any other changes which do not adversely affect the rights of any of the holders in any material respect. The Trustee will be entitled to rely on such evidence as it deems appropriate, including on an Opinion of Counsel and Officers' Certificate, and shall have no liability whatsoever in reliance upon the foregoing. Other modifications and amendments of the Indenture or the notes may be made with the consent of the holders of a majority in principal amount of the then outstanding notes issued under the Indenture, except that, without the consent of each holder affected thereby, no amendment may (with respect to any notes held by a non-consenting holder):

(1) reduce the amount of notes whose holders must consent to an amendment or waiver;

(2) reduce the rate of or change or have the effect of changing the time for payment of interest, including defaulted interest, on any notes;

(3) reduce the principal of or change or have the effect of changing the fixed maturity of any notes, or change the date on which any notes may be subject to redemption, or reduce the redemption price therefor;

(4) make any notes payable in money other than that stated in the notes;

(5) make any change in provisions of the Indenture entitling each holder of notes to receive payment of principal of, premium, if any, and interest on such note on or after the due date thereof or to bring suit to enforce such payment, or permitting holders of a majority in principal amount of notes to waive Defaults or Events of Default;

(6) amend, change or modify in any material respect the obligation of the Company to make and consummate a Change of Control Offer in respect of a Change of Control Downgrade that has occurred;

(7) 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 Taxes; and

(8) make any change to the provisions of the Indenture or the notes that adversely affect the ranking of the notes.

The consent of the holders of the notes is not necessary to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

Governing Law; Jurisdiction

The Indenture and the notes will be governed by, and construed in accordance with, the law of the State of New York. Each of the parties to the Indenture consent to the exclusive jurisdiction of the Federal and State courts located in the City of New York, Borough of Manhattan, waive to the fullest extent permitted by law its right to bring action in any other jurisdiction that may apply by virtue of its present or future domicile or for any other reason, and to any objection which it may now or hereafter have to the laying of venue of any suit or proceeding arising out of or relating to the Indenture or the transactions contemplated thereby. The Company has appointed, and the Subsidiary Guarantors will appoint, an agent for service of process with respect to any actions brought in these courts arising out of or based on the Indenture or the notes.

The Trustee

Except during the continuance of an Event of Default, the Trustee will perform only such duties as are specifically set forth in the Indenture. During the existence of an Event of Default, the Trustee will exercise such rights and powers vested in it by the Indenture, and use the same degree of care and skill in its exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

The Indenture contains certain limitations on the rights of the Trustee, should it become a creditor of the Company, to obtain payments of claims in certain cases or to realize on certain property received in respect of any such claim as security or otherwise. Subject to certain exceptions, the Trustee will be permitted to engage in other transactions; *provided*, that if the Trustee acquires any conflicting interest (as defined in the Indenture), it must eliminate such conflict or resign.

No Personal Liability

An incorporator, director, officer, employee, stockholder or controlling person, as such, of the Company or any Subsidiary Guarantor shall not have any liability for any obligations of the Company or such Subsidiary Guarantor under the notes (including the Note Guarantees) or the Indenture or for any claims based on, in respect of or by reason of such obligations or their creation. By accepting a note, each holder waives and releases all such liability.

Currency Indemnity

The Company and each Subsidiary Guarantor will pay all sums payable under the Indenture or the notes solely in U.S. dollars. Any amount that you receive or recover in a currency other than U.S. dollars in respect of any sum expressed to be due to you from the Company or any Subsidiary Guarantor will only constitute a discharge to us to the extent of the U.S. dollar amount which you are able to purchase with the amount received or recovered in that other currency on the date of the receipt or recovery or, if it is not practicable to make the purchase on that date, on the first date on which you are able to do so. If the U.S. dollar amount is less than the U.S. dollar amount expressed to be due to you under any note, to the extent permissible under applicable law, the Company and the Subsidiary Guarantors will jointly and severally indemnify you against any loss you sustain as a result. In any event, the Company and the Subsidiary Guarantors will jointly and severally indemnify you against the cost of making any purchase of U.S. dollars. For the purposes of this paragraph, it will be sufficient for you to certify in a satisfactory manner that you would have suffered a loss had an actual purchase of U.S. dollars been made with the

amount received in that other currency on the date of receipt or recovery or, if it was not practicable to make the purchase on that date, on the first date on which you were able to do so. In addition, you will also be required to certify in a satisfactory manner the need for a change of the purchase date.

The indemnities described above:

- constitute a separate and independent obligation from the other obligations of the Company and the Subsidiary Guarantors;
- will give rise to a separate and independent cause of action;
- will apply irrespective of any indulgence granted by any holder of notes; and
- will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any note.

Certain Definitions

Set forth below is a summary of certain of the defined terms used in the Indenture. Reference is made to the Indenture for a full definition of all such terms, as well as any other terms used herein for which no definition is provided.

"*Acquired Indebtedness*" means Indebtedness of a Person or any of its Subsidiaries existing at the time such Person becomes a Subsidiary or at the time it merges or consolidates with the Company or any of its Subsidiaries or is assumed in connection with the acquisition of assets from such Person. Such Indebtedness will be deemed to have been Incurred at the time such Person becomes a Subsidiary or at the time it merges or consolidates with the Company or a Subsidiary or at the time such Indebtedness is assumed in connection with the acquisition of assets from such Person.

"*additional amounts*" has the meaning set forth under "—Additional Amounts" above.

"*additional notes*" has the meaning set forth under "—Additional Notes" above.

"*Affiliate*" means, with respect to any specified Person, any other Person who directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise; *provided*, that beneficial ownership of 10% or more of the Voting Stock of a Person will be deemed to be control of that Person. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings.

"Affiliate Transaction" has the meaning set forth under "Certain Covenants—Limitation on Transactions with Affiliates."

"*Asset Acquisition*" means:

(1) an Investment by the Company or any Subsidiary in any other Person pursuant to which such Person will become a Subsidiary, or will be merged with or into the Company or any Subsidiary; or

(2) the acquisition by the Company or any Subsidiary of the assets of any Person (other than a Subsidiary of the Company) which constitute all or substantially all of the assets of such Person or comprises any division or line of business of such Person or any other properties or assets of such Person other than in the ordinary course of business.

"*Board of Directors*" means, as to any Person, the board of directors, management committee 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 other day on which commercial banking institutions are authorized or required by law to close in New York City or Peru.

"*Capitalized Lease Obligations*" means, as to any Person, the obligations of such Person under a lease that are required to be classified and accounted for as capital lease obligations under GAAP, including without limitation *arrendamiento financiero* under Peruvian law. For purposes of this definition, the amount of such obligations at any date will be the capitalized amount of such obligations at such date, determined in accordance with GAAP.

"*Capital Stock*" means:

(1) with respect to any Person that is a corporation, any and all shares, interests, participations or other equivalents (however designated and whether or not voting) of corporate stock, including each class of Common Stock and Preferred Stock of such Person;

(2) with respect to any Person that is not a corporation, any and all partnership or other equity or ownership interests of such Person; and

(3) any warrants, rights or options to purchase any of the instruments or interests referred to in clause (1) or (2) above.

Change of Control" means the occurrence of one or more of the following events:

(1) any Person or Group other than the Permitted Holders is or becomes the beneficial owner (as defined below), directly or indirectly, in the aggregate of more than 50% of the total voting power of the Voting Stock of the Company (including a Surviving Entity, if applicable);

(2) The Coca-Cola Company terminates or allows to expire the bottling agreements in effect with the Company or its Subsidiaries on the Issue Date, and it does not renew or replace such agreement(s) on substantially similar terms (it being understood that the standard form of bottler's agreement being used by The Coca-Cola Company in its Business Unit that includes Peru at the time of renewal or replacement shall be deemed to be on "substantially similar terms"), and as a result thereof the Company and its Subsidiaries or any successor to the business thereof in a transaction involving Permitted Holders cease to have the right to produce, sell or distribute, or the Company and its Subsidiaries or such successor otherwise lose the right to distribute, The Coca-Cola Company trademarked products representing at least a majority, in terms of volume (measured immediately prior to the termination or expiration of the first such bottling agreement), of The Coca-Cola Company trademarked products distributed by the Company and its Subsidiaries in the immediately preceding 12-month period;

(3) the Company consolidates with, or merges with or into, another Person, or the Company sells, conveys, assigns, transfers, leases or otherwise disposes of all or substantially all of the assets of the Company, determined on a consolidated basis, to any Person, other than a transaction where the Person or Persons that, immediately prior to such transaction "beneficially owned" the outstanding Voting Stock of the Company are, by virtue of such prior ownership, together with the Permitted Holders, the "beneficial owners" in the aggregate of a majority of the total voting power of the then outstanding Voting Stock of the surviving or transferee person (or if such surviving or transferee Person is a direct or indirect wholly-owned subsidiary of another Person, such Person

who is the ultimate parent entity), in each case whether or not such transaction is otherwise in compliance with the Indenture; or

(4) the approval by the shareholders of the Company of any plan or proposal for the liquidation or dissolution of the Company, whether or not otherwise in compliance with the provisions of the Indenture.

For purposes of this definition:

(a) "beneficial owner" will have the meaning specified in Rules 13d-3 and 13d-5 under the Exchange Act, except that any Person or Group will be deemed to have "beneficial ownership" of all securities that such Person or Group has the right to acquire, whether such right is exercisable immediately, only after the passage of time or, except in the case of the Permitted Holders, upon the occurrence of a subsequent condition;

(b) "Business Unit" means the South Latin Division geographic business unit of The Coca-Cola Company, which, as of the Issue Date, includes Peru, Chile, Argentina, Uruguay, Paraguay and Bolivia, or any future geographic business unit of The Coca-Cola Company of substantially similar geographic scope that includes Peru;

(c) "Person" and "Group" will have the meanings for "person" and "group" as used in Sections 13(d) and 14(d) of the Exchange Act; and

(d) the Permitted Holders or any other Person or Group will be deemed to beneficially own any Voting Stock of a Person held by any other Person (the "parent entity") so long as the Permitted Holders or such other Person or Group, as the case may be, beneficially own, directly or indirectly, in the aggregate at least 50% of the voting power of the Voting Stock of the parent entity and no other Person or Group beneficially owns an equal or greater amount of the Voting Stock of the parent entity.

"*Change of Control Downgrade"* means the occurrence of both (a) a Change of Control and (b) the downgrade or withdrawal, within 60 days (which period shall be extended for a period of up to an additional 30 days so long as a Rating Agency has publicly announced that the rating of the notes is under consideration for possible downgrade by such Rating Agency) from the earlier of the date of public notice of either such Change of Control or of the Company's intention or that of any Person to effect a transaction that would result in a Change of Control, of the rating of the notes by one of the Rating Agencies; *provided* that such downgrade or withdrawal was the direct result of such Change of Control; and *provided further* that no Change of Control Downgrade will be deemed to have occurred if the notes maintain an investment grade rating by at least one of the Rating Agencies.

"*Change of Control Payment*" has the meaning set forth under "Change of Control."

"*Change of Control Payment Date*" has the meaning set forth under "Change of Control."

"*Common Stock*" of any Person means any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common equity interests, whether outstanding on the Issue Date or issued after the Issue Date, and includes, without limitation, all series and classes of such common equity interests.

"*Consolidated EBITDA*" means, for any Person for any period, Consolidated Net Income for such Person for such period, plus the following, without duplication, to the extent deducted in calculating such Consolidated Net Income:

(1) Consolidated Income Tax Expense for such Person for such period;

(2) Consolidated Interest Expense for such Person for such period;

(3) Consolidated Non-cash Charges for such Person for such period;

(4) net after-tax losses from any sales of assets not in the ordinary course of business, sales of capital stock of subsidiaries, disposal of abandoned or discontinued operations or abandonments or reserves relating thereto for such period;

(5) any net after tax loss from discontinued operations; and

(6) non-cash extraordinary, or otherwise non-recurring, loss;

less, without duplication, (x) any net after tax income from discontinued operations, (y) all non-cash credits and non-cash extraordinary, or otherwise non-recurring, gains increasing Consolidated Net Income for such Person for such period, other than any items which represent the reversal in such period of any accrual of, or cash reserve for, anticipated charges in any prior period where such accrual or reserve is no longer required under GAAP and other than contributions from The Coca-Cola Company and sales of returnable bottles, and (z) all cash payments made by such Person and its Subsidiaries during such period relating to non-cash charges that were added back in determining Consolidated EBITDA in any prior period.

Notwithstanding the foregoing, the item specified in clause (1) above for any Subsidiary will be added to Consolidated Net Income in calculating Consolidated EBITDA for any period in proportion to the percentage of the total Capital Stock of such Subsidiary held directly or indirectly by such Person at the date of determination.

"*Consolidated Fixed Charge Coverage Ratio*" means, for any Person as of any date of determination, the ratio of the aggregate amount of Consolidated EBITDA of such Person for the four most recent full fiscal quarters for which financial statements are available ending prior to the date of such determination (the "Four Quarter Period") to Consolidated Fixed Charges for such Person for such Four Quarter Period. For purposes of this definition, "Consolidated EBITDA" and "Consolidated Fixed Charges" will be calculated after giving effect on a pro forma basis for the period of such calculation to:

(1) the Incurrence, repayment or redemption of any Indebtedness (including Acquired Indebtedness) of such Person or any of its Subsidiaries, and the application of the proceeds thereof, including the Incurrence of any Indebtedness (including Acquired Indebtedness), and the application of the proceeds thereof, giving rise to the need to make such determination, occurring during such Four Quarter Period or at any time subsequent to the last day of such Four Quarter Period and on or prior to such date of determination, to the extent, in the case of an Incurrence, such Indebtedness is outstanding on the date of determination, as if such Incurrence, and the application of the proceeds thereof, repayment or redemption occurred on the first day of such Four Quarter Period; and

(2) any Asset Acquisition by such Person or any of its Subsidiaries, including any Asset Acquisition giving rise to the need to make such determination, occurring during the Four Quarter Period or at any time subsequent to the last day of the Four Quarter Period and on or prior to such date of determination, as if such Asset Acquisition occurred on the first day of the Four Quarter Period.

Furthermore, in calculating "Consolidated Fixed Charges" for purposes of determining the denominator (but not the numerator) of this "Consolidated Fixed Charge Coverage Ratio,"

(a) interest on outstanding Indebtedness determined on a fluctuating basis as of the date of determination and which will continue to be so determined thereafter will be deemed to have accrued at a fixed rate per annum equal to the rate of interest on such Indebtedness in effect on such date of determination;

(b) if interest on any Indebtedness actually Incurred on such date of determination may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rates, then the interest rate in effect on such date of determination will be deemed to have been in effect during the Four Quarter Period;

(c) notwithstanding clause (a) above, interest on Indebtedness determined on a fluctuating basis, to the extent such interest is covered by Hedging Obligations, will be deemed to accrue at the rate per annum resulting after giving effect to the operation of such agreements;

(d) interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a principal financial or accounting officer of the Company to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP; and

(e) for purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed on a pro forma basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period.

"*Consolidated Fixed Charges*" means, for any Person for any period, the sum, without duplication, of:

(1) Consolidated Interest Expense for such Person for such period, *plus*

(2) the product of:

(a) the amount of all cash and non-cash dividend payments on any series of Preferred Stock or Disqualified Capital Stock of such Person (other than dividends paid in Qualified Capital Stock) or any Subsidiary of such Person accrued during such period, excluding dividend payments on Preferred Stock or Disqualified Capital Stock accrued to such Person or another Subsidiary, *times*

(b) a fraction, the numerator of which is one and the denominator of which is one minus the then current effective Peruvian tax rate of such Person, expressed as a decimal.

"*Consolidated Income Tax Expense*" means, with respect to any Person for any period, the provision for all federal, state, local and other income taxes payable by such Person and its Subsidiaries for such period as determined on a consolidated basis in accordance with GAAP, plus, to the extent not included in such taxes, any employee participation (*participación de trabajadores*) accrued for such period.

"*Consolidated Interest Expense*" means, for any Person for any period, the sum of, without duplication determined on a consolidated basis in accordance with GAAP:

(1) the aggregate of cash and non-cash interest expense accrued in respect of Indebtedness of such Person and its Subsidiaries for such period determined on a consolidated basis in accordance with GAAP, including, without limitation (whether or not interest expense in accordance with GAAP):

(a) any amortization or accretion of debt discount or any interest paid on Indebtedness of such Person and its Subsidiaries in the form of additional Indebtedness,

(b) any amortization of deferred financing costs in respect of Indebtedness,

(c) the net costs or net income, as the case may be, under Hedging Obligations (including amortization of fees), in respect of Indebtedness

(d) all capitalized interest in respect of Indebtedness,

(e) the interest portion of any deferred payment obligation to the extent such obligation constitutes Indebtedness,

(f) commissions, discounts and other fees and charges Incurred in respect of letters of credit or bankers' acceptances, and

(g) any interest expense paid in respect of Indebtedness of another Person that is Guaranteed by such Person or one of its Subsidiaries or secured by a Lien on the assets of such Person or one of its Subsidiaries to the extent the corresponding interest is not paid when due; and

(2) the interest component of Capitalized Lease Obligations accrued by such Person and its Subsidiaries during such period.

"*Consolidated Net Income*" means, with respect to any Person for any period, the aggregate net income (or loss) of such Person and its Subsidiaries (after deducting (or adding) the portion of such net income (or loss) attributable to minority interests in Subsidiaries of such Person) for such period on a consolidated basis, determined in accordance with GAAP; *provided*, that there shall be excluded therefrom to the extent reflected in such aggregate net income (loss):

(1) net after-tax gains or losses from sales or other dispositions of assets (other than sales of inventory and other goods and services in the ordinary course of business) or abandonments or reserves relating thereto;

(2) net after-tax items classified as extraordinary gains or losses;

(3) the net income (but not loss) of any Person, other than such Person and any Subsidiary of such Person;

(4) the net income (but not loss) of any Subsidiary of such Person to the extent that a corresponding amount could not be distributed to such Person at the date of determination as a result of any restriction pursuant to the constituent documents of such Subsidiary or any law, regulation, agreement or judgment applicable to any such distribution;

(5) any increase (but not decrease) in net income attributable to minority interests in any Subsidiary;

(6) any restoration to income of any contingency reserve, except to the extent that provision for such reserve was made out of Consolidated Net Income accrued at any time following the Issue Date;

(7) any gain (or loss) from foreign exchange translation or change in net monetary position; and

(8) the cumulative effect of changes in accounting principles.

"*Consolidated Net Tangible Assets*" means, for any Person at any time, the total consolidated assets of such Person and its Subsidiaries as set forth on the balance sheet as of the most recent fiscal quarter of such Person, prepared in accordance with GAAP, less Intangible Assets.

"*Consolidated Non-cash Charges*" means, for any Person for any period, the aggregate depreciation, amortization and other non-cash expenses or losses of such Person and its Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP (excluding any such charge which constitutes an accrual of or a reserve for cash charges for any future period or the amortization of a prepaid cash expense paid in a prior period).

"*Covenant Defeasance*" has the meaning set forth under "Legal Defeasance and Covenant Defeasance."

"*Covenant Suspension Event*" has the meaning set forth under "—Certain Covenants—Suspension of Covenants."

"*Credit Facilities*" means one or more debt facilities, commercial paper facilities or Debt Issuances, in each case with banks, investment banks, insurance companies, mutual funds and/or other institutional lenders or institutional investors providing for revolving credit loans, term loans, letters of credit, financial guarantees or Debt Issuances, in each case, as amended, extended, renewed, restated, Refinanced (including, Refinancing with Debt

Issuances), supplemented or otherwise modified (in whole or in part, and without limitation as to amount, terms, conditions, covenants and other provisions) from time to time.

"*Currency Agreement*" means, in respect of any Person, any foreign exchange contract, currency swap agreement or other similar agreement as to which such Person is a party designed to hedge foreign currency risk of such Person.

"*Debt Issuances*" means, with respect to the Company or any Subsidiary, one or more issuances after the Issue Date of Indebtedness evidenced by notes, debentures, bonds or other similar securities or instruments.

"*Default*" means an event or condition the occurrence of which is, or with the lapse of time or the giving of notice or both would be, an Event of Default.

"*Disqualified Capital Stock*" means that portion of any Capital Stock which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the sole option of the holder thereof, in any case, on or prior to the final maturity date of the notes; *provided*, *however*, that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to purchase or redeem such Capital Stock upon the occurrence of an "asset sale" or "change of control" occurring prior to the final maturity of the notes shall not constitute Disqualified Stock if:

(1) the "change of control" provision applicable to such Capital Stock is not materially more favorable to the holders of such Capital Stock than the terms applicable to the notes and described under "— Change of Control"; and

(2) any such requirement only becomes operative after compliance with such terms applicable to the notes, including the purchase of any notes tendered pursuant thereto.

The amount of any Disqualified Capital Stock shall be equal to the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price, but excluding accrued dividends, if any. The amount of any Disqualified Stock that does not have a fixed redemption, repayment or repurchase price will be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were redeemed, repaid or repurchased on any date on which the amount of such Disqualified Stock is to be determined pursuant to the Indenture; *provided*, *however*, that if such Disqualified Stock could not be required to be redeemed, repaid or repurchased at the time of such determination, the redemption, repayment or repurchase price will be the book value of such Disqualified Stock as reflected in the most recent financial statements of such Person.

"*Event of Default*" has the meaning set forth under "Events of Default."

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto.

"*Fair Market Value*" means, with respect to any asset, the price (after taking into account any liabilities relating to such assets) which could be negotiated in an arm's-length free market transaction, for cash, between a willing seller and a willing and able buyer, neither of which is under any compulsion to complete the transaction; *provided*, that the Fair Market Value of any such asset or assets will be determined conclusively by the Board of Directors of the Company acting in good faith, and will be evidenced by a Board Resolution.

"*Fitch*" means Fitch Ratings and any successor to its rating agency business.

"*Four Quarter Period*" has the meaning set forth in the definition of Consolidated Fixed Charge Coverage Ratio above.

"*GAAP*" means the International Financial Reporting Standards as issued by the International Accounting Standards Board.

"*Guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person:

(1) to purchase or pay, or advance or supply funds for the purchase or payment of, such Indebtedness 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

(2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof, in whole or in part,

provided, that "Guarantee" will not include endorsements for collection or deposit in the ordinary course of business. "Guarantee" used as a verb has a corresponding meaning.

"*Hedging Obligations*" means the obligations of any Person pursuant to any Interest Rate Agreement or Currency Agreement.

"*Incur*" means, with respect to any Indebtedness or other obligation of any Person, to create, issue, incur (including by conversion, exchange or otherwise), assume, Guarantee or otherwise become liable in respect of such Indebtedness or other obligation on the balance sheet of such Person (and "Incurrence," "Incurred" and "Incurring" will have meanings correlative to the preceding).

"*Indebtedness*" means with respect to any Person, without duplication:

(1) the principal amount (or, if less, the accreted value) of all obligations of such Person for borrowed money;

(2) the principal amount (or, if less, the accreted value) of all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all Capitalized Lease Obligations of such Person;

(4) all obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations and all obligations under any title retention agreement, in each case to the extent such obligation would be recognized as financial indebtedness under GAAP (but excluding trade accounts payable and other accrued liabilities and expenses arising in the ordinary course of business that are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted);

(5) all letters of credit, banker's acceptances or similar credit transactions, including reimbursement obligations in respect thereof;

(6) Guarantees and other contingent obligations of such Person in respect of Indebtedness referred to in clauses (1) through (5) above and clauses (8) through (10) below;

(7) all Indebtedness of any other Person of the type referred to in clauses (1) through (6) which is secured by any Lien on any property or asset of such Person, the amount of such Indebtedness being deemed to be the lesser of the Fair Market Value of such property or asset or the amount of the Indebtedness so secured;

(8) all obligations under Hedging Obligations of such Person;

(9) all liabilities recorded on the balance sheet of such Person in connection with the factoring or other similar sale or disposition of accounts receivables and related assets; and

(10) all Disqualified Capital Stock issued by such Person.

"*Independent Financial Advisor*" means an accounting firm, appraisal firm, investment banking firm or consultant of internationally recognized standing that is, in the judgment of the Company'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.

"*Intangible Assets*" means with respect to any Person all unamortized debt discount and expense, unamortized deferred charges, goodwill, patents, trademarks, service marks, trade names, copyrights and all other items which would be treated as intangibles on the consolidated balance sheet of such Person prepared in accordance with GAAP.

"*Interest Rate Agreement*" of any Person means any interest rate protection agreement (including, without limitation, interest rate swaps, caps, floors, collars, derivative instruments and similar agreements) and/or other types of hedging agreements designed to hedge interest rate risk of such Person.

"*Investment*" means, with respect to any Person, any:

(1) direct or indirect loan, advance or other extension of credit (including, without limitation, a Guarantee) to any other Person,

(2) capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others) any other Person, or

(3) any purchase or acquisition by such Person of any Capital Stock, bonds, notes, debentures or other securities or evidences of Indebtedness issued by, any other Person.

"*Investment*" will exclude accounts receivable or deposits arising in the ordinary course of business. "Invest," "Investing" and "Invested" will have corresponding meanings.

"*Investment Grade Rating*" means a rating equal to or higher than (i) BBB- (or the equivalent) by S&P, (ii) BBB- (or the equivalent) by Fitch, and (iii) Baa3 (or the equivalent) by Moody's, or, if any such entity ceases to rate the notes for reasons outside of the control of the Company, the equivalent investment grade credit rating by any other Rating Agency.

"*Issue Date*" means the first date of issuance of notes under the Indenture.

"*Legal Defeasance*" has the meaning set forth under "Legal Defeasance and Covenant Defeasance."

"*Lien*" means any lien, mortgage, deed of trust, pledge, security trust, security interest, charge or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof and any agreement to give any security interest); *provided* that the lessee in respect of a Capitalized Lease Obligation or Sale and Leaseback Transaction will be deemed to have Incurred a Lien on the property leased thereunder.

"*Moody's*" means Moody's Investors Service, Inc. or any successor to the rating agency business thereof.

"*Note Guarantee*" means any guarantee of the Company's Obligations under the notes and the Indenture provided by a Subsidiary pursuant to the Indenture.

"*Obligations*" means, with respect to any Indebtedness, any principal, interest (including, without limitation, Post-Petition Interest), penalties, fees, indemnifications, reimbursements, damages, and other liabilities

payable under the documentation governing such Indebtedness, including in the case of the notes and the Note Guarantees, the Indenture.

"*Officers' Certificate*" means, when used in connection with any action to be taken by the Company, a certificate signed by two officers and/or directors of the Company.

"*Opinion of Counsel*" means a written opinion of counsel, who may be an employee of or counsel for the Company (except as otherwise provided in the Indenture) and which opinion shall be reasonably acceptable to the Trustee.

"*Permitted Acquisition Indebtedness*" means Indebtedness of the Company or any of its Subsidiaries to the extent such Indebtedness was Indebtedness of (i) a Subsidiary prior to the date on which such Subsidiary became a Subsidiary, (ii) a Person that was merged, consolidated or amalgamated into the Company or a Subsidiary or (iii) assumed in connection with the acquisition of assets from a Person, *provided* that on the date such Subsidiary became a Subsidiary or the date such Person was merged, consolidated and amalgamated into the Company or a Subsidiary or assumed in connection with an asset acquisition, as applicable, after giving pro forma effect thereto, (a) the Company, would be permitted to incur at least U.S.$1.00 of additional Indebtedness pursuant to paragraph (1) under "—Certain Covenants—Limitation on Incurrence of Additional Indebtedness," or (b) the Consolidated Fixed Charge Coverage Ratio of the Company and the Subsidiaries would be less than the Consolidated Fixed Charge Coverage Ratio immediately prior to such transaction.

"*Permitted Business*" means the business or businesses conducted by the Company and its Subsidiaries as of the Issue Date and proposed to be conducted on such date, and any business ancillary or complementary or otherwise related thereto.

"*Permitted Holders*" means any one or more of (a) Mr. Johnny Lindley Taboada and his family members (by marriage or otherwise), heirs, legatees, devisees, distributes, estates and successors of each of the foregoing (and any trust or similar arrangement of which any such persons or a combination thereof are the beneficiaries) or the executor, administrator or personal representative of any Person described above who is deceased or incompetent or any Person of which the foregoing "beneficially owns" (as defined in Rule 13d-3 under the Exchange Act), individually or collectively with any of the foregoing, at least a majority of the total voting power of the Voting Stock of such Person, (b) The Coca-Cola Company and its subsidiaries or (c) any bottling company with an investment grade rating by at least two Rating Agencies.

"*Permitted Indebtedness*" has the meaning set forth under clause (2) of "—Certain Covenants—Limitation on Incurrence of Additional Indebtedness."

"*Permitted Liens*" means any of the following:

(1) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, suppliers, materialmen, carriers', workmen, repairmen and other Liens imposed by law incurred in the ordinary course of business for sums not yet delinquent or being contested in good faith, if such reserve or other appropriate provision, if any, as shall be required by GAAP shall have been made in respect thereof;

(2) Liens Incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, including any Lien securing letters of credit issued in the ordinary course of business consistent with past practice in connection therewith, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government performance and return-of-money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money);

(3) Liens upon specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(4) Liens securing reimbursement obligations with respect to commercial letters of credit which encumber documents and other property relating to such letters of credit and products and proceeds thereof;

(5) Liens encumbering deposits made to secure obligations arising from statutory, regulatory, contractual, or warranty requirements of the Company or a Subsidiary, including rights of offset and set-off;

(6) Liens securing Hedging Obligations that relate to Indebtedness that is Incurred in accordance with "—Certain Covenants—Limitation on Incurrence of Additional Indebtedness" and that are secured by the same assets as secure such Hedging Obligations;

(7) Liens existing on the Issue Date and Liens to secure any Refinancing Indebtedness which is Incurred to Refinance any Indebtedness below which has been secured by a Lien permitted under the covenant described under "—Certain Covenants—Limitation on Liens" not Incurred pursuant to clause (10), (11) or (12) and which Indebtedness has been Incurred in accordance with "—Certain Covenants—Limitation on Incurrence of Additional Indebtedness"; *provided*, that such new Liens:

(a) are no less favorable to the holders of notes and are not more favorable to the lienholders with respect to such Liens than the Liens in respect of the Indebtedness being Refinanced and

(b) do not extend to any property or assets other than the property or assets securing the Indebtedness Refinanced by such Refinancing Indebtedness;

(8) Liens securing Credit Facilities that relate to Indebtedness that is Incurred in accordance with "—Certain Covenants—Limitation on Incurrence of Additional Indebtedness" (or Guarantees thereof);

(9) Liens securing Acquired Indebtedness Incurred in accordance with "—Certain Covenants—Limitation on Incurrence of Additional Indebtedness" not Incurred in connection with, or in anticipation or contemplation of, the relevant acquisition, merger or consolidation; *provided*, that

(a) such Liens secured such Acquired Indebtedness at the time of and prior to the Incurrence of such Acquired Indebtedness by the Company or a Subsidiary and were not granted in connection with, or in anticipation of the Incurrence of such Acquired Indebtedness by the Company or a Subsidiary and

(b) such Liens do not extend to or cover any property of the Company or any Subsidiary other than the property that secured the Acquired Indebtedness prior to the time such Indebtedness became Acquired Indebtedness of the Company or a Subsidiary and are no more favorable to the lienholders than the Liens securing the Acquired Indebtedness prior to the Incurrence of such Acquired Indebtedness by the Company or a Subsidiary;

(10) purchase money Liens securing Purchase Money Indebtedness or Capitalized Lease Obligations Incurred in accordance with "—Certain Covenants—Limitation on Incurrence of Additional Indebtedness" and Liens on property hereafter acquired existing at the time of such acquisition, whether or not the Indebtedness thereby is assumed by the Company; *provided*, that:

(a) the related Purchase Money Indebtedness does not exceed the cost of such property and shall not be secured by any property of the Company or any Subsidiary other than the property so acquired, and

(b) the Lien securing such Indebtedness will be created within 120 days of such acquisition;

(11) Liens securing an amount of Indebtedness (including all Refinancing thereof) outstanding at any one time not to exceed 5% of Consolidated Net Tangible Assets of the Company and its Subsidiaries;

(12) any pledge or deposit of cash or property in conjunction with obtaining surety and performance bonds and letters of credit required to engage in constructing on-site and off-site improvements required by municipalities or other governmental authorities in the ordinary course of business;

(13) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(14) Liens encumbering customary initial deposits and margin deposits, and other Liens that are customary in the industry and incurred in the ordinary course of business securing Indebtedness under Hedging Obligations and forward contracts, options, futures contracts, futures options or similar agreements or arrangement designed to protect the Company and its Subsidiaries from fluctuations in the price of commodities;

(15) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded; *provided* that any reserve or other appropriate provision as is required in conformity with GAAP has been made therefor;

(16) licenses of intellectual property in the ordinary course of business;

(17) Liens to secure a defeasance trust;

(18) Liens incidental to the ownership of properties by the Company or any of its Subsidiaries, including easements, rights of way, restrictions, leases and other similar encumbrances or rights *in rem* on title to real property that were not incurred in connection with Indebtedness and that do not render title to the property encumbered thereby unmarketable or materially adversely affect their use in the operation of the business of the Company and its Subsidiaries;

(19) Liens created by or resulting from any litigation or legal proceeding not giving rise to an Event of Default while the underlying claims are being contested in good faith and by appropriate proceedings;

(20) Liens securing Indebtedness of Subsidiaries which is permitted to be incurred in accordance with "—Certain Covenants—Limitation on Incurrence of Additional Indebtedness"; or

(21) Liens renewing, extending or refunding any Lien permitted by clause (18) above, provided that the principal amount of Indebtedness secured thereby immediately prior thereto is not increased and such Lien is not extended to any other Property.

"*Person*" means an individual, partnership, limited partnership, corporation, company, limited liability company, unincorporated organization, trust or joint venture, or a governmental agency or political subdivision thereof.

"*Post-Petition Interest*" means all interest accrued or accruing after the commencement of any insolvency or liquidation proceeding (and interest that would accrue but for the commencement of any insolvency or liquidation proceeding) in accordance with and at the contract rate (including, without limitation, any rate applicable upon default) specified in the agreement or instrument creating, evidencing or governing any Indebtedness, whether or not, pursuant to applicable law or otherwise, the claim for such interest is allowed as a claim in such insolvency or liquidation proceeding.

"*Preferred Stock*" of any Person means any Capital Stock of such Person that has preferential rights over any other Capital Stock of such Person with respect to dividends, distributions or redemptions or upon liquidation.

"*Purchase Money Indebtedness*" means Indebtedness Incurred for the purpose of financing all or any part of the purchase price, or other cost of construction or improvement of any property (other than Capital Stock); *provided*, that the aggregate principal amount of such Indebtedness does not exceed the lesser of the Fair Market Value of such property or such purchase price or cost, including any Refinancing of such Indebtedness that does not increase the aggregate principal amount (or accreted amount, if less) thereof as of the date of Refinancing.

"*Qualified Capital Stock*" means any Capital Stock that is not Disqualified Capital Stock and any warrants, rights or options to purchase or acquire Capital Stock that is not Disqualified Capital Stock that are not convertible into or exchangeable into Disqualified Capital Stock.

"*Rating Agencies*" means S&P, Moody's and Fitch or, if S&P, Moody's or Fitch or all of them shall not make a rating publicly available on the notes, a nationally recognized United States securities rating agency or agencies, as the case may be, selected by the Company, which shall be substituted for S&P, Moody's or Fitch or all of them, as the case may be.

"*Refinance*" means, in respect of any Indebtedness, to issue any Indebtedness in exchange for or to refinance, replace, defease or refund such Indebtedness in whole or in part. "Refinanced" and "Refinancing" will have correlative meanings.

"*Refinancing Indebtedness*" means Indebtedness of the Company or any Subsidiary issued to Refinance any other Indebtedness of the Company or a Subsidiary so long as:

(1) the aggregate principal amount (or initial accreted value, if applicable) of such new Indebtedness as of the date of such proposed Refinancing does not exceed the aggregate principal amount (or accreted value, if applicable) of the Indebtedness being Refinanced (plus accrued interest on such Indebtedness, the amount of any premium required to be paid under the terms of the instrument governing such Indebtedness and the amount of expenses incurred by the Company in connection with such Refinancing);

(2) such new Indebtedness has a Weighted Average Life to Maturity that is equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being Refinanced; and

(3) if the Indebtedness being Refinanced is:

  (a) Indebtedness of the Company or a Subsidiary Guarantor, then such Refinancing Indebtedness will be Indebtedness of the Company or a Subsidiary Guarantor,

  (b) Indebtedness of a Subsidiary other than a Subsidiary Guarantor, then such Refinancing Indebtedness will be Indebtedness of the Company and/or any Subsidiary, and

  (c) Subordinated Indebtedness, then such Refinancing Indebtedness shall be subordinate to the notes or the relevant Note Guarantee, if applicable, at least to the same extent and in a similar manner as the Indebtedness being Refinanced.

"*Relevant Taxing Jurisdiction*" has the meaning set forth under "—Additional Amounts."

"*Representative*" means any trustee, agent or representative (if any) for an issue of Senior Indebtedness of the Company.

"*S&P*" means Standard & Poor's, a division of The McGraw-Hill Companies, Inc., and any successor to its rating agency business.

"*Sale and Leaseback Transaction*" means any direct or indirect arrangement with any Person or to which any such Person is a party providing for the leasing to the Company or a Subsidiary of any property, whether owned by the Company or any Subsidiary at the Issue Date or later acquired, which has been or is to be sold or transferred by the Company or such Subsidiary to such Person or to any other Person by whom funds have been or are to be advanced on the security of such Property.

"*Securities Act*" means the Securities Act of 1933, as amended, or any successor statute or statutes thereto.

"*Senior Indebtedness*" means the notes and the Note Guarantees and any other Indebtedness of the Company or any Subsidiary Guarantor that ranks equal in right of payment with the notes or the relevant Note Guarantee, as the case may be.

"*Significant Subsidiary*" means a Subsidiary of the Company constituting a "Significant Subsidiary" of the Company in accordance with Rule 1-02(w) of Regulation S-X under the Securities Act in effect on the date hereof.

"*Stated Maturity*" means, with respect to any security, the date specified in such security as the fixed date on which the final payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency unless such contingency has occurred).

"*Subordinated Indebtedness*" means, with respect to the Company or any Subsidiary Guarantor, any Indebtedness of the Company or such Subsidiary Guarantor, as the case may be that is expressly subordinated in right of payment to the notes or the relevant Note Guarantee, as the case may be, pursuant to a written agreement or instrument.

"*Subsidiary*" means, with respect to any Person, any other Person of which such Person owns, directly or indirectly, more than 50% of the voting power of the other Person's outstanding Voting Stock.

"*Subsidiary Guarantor*" means any Subsidiary which provides a Note Guarantee pursuant to the Indenture until such time as its Note Guarantee is released in accordance with the Indenture.

"*Surviving Entity*" has the meaning set forth under "—Certain Covenants—Limitation on Merger, Consolidation and Sale of Assets."

"*Taxes*" have the meaning set forth under "—Additional Amounts."

"*U.S. Dollar Equivalent*" means with respect to any monetary amount in a currency other than U.S. dollars, at any time for determination thereof, the amount of U.S. dollars obtained by converting such non-U.S. dollar currency involved in such computation into U.S. dollars at the spot rate for the purchase of U.S. dollars with the applicable non-U.S. dollar currency as published in The Wall Street Journal in the "Exchange Rates" column under the heading "Currency Trading" on the date two Business Days prior to such determination.

"*Voting Stock*" with respect to any Person, means securities of any class of Capital Stock of such Person entitling the holders thereof (whether at all times or only so long as no senior class of stock has voting power by reason of any contingency) to vote in the election of members of the Board of Directors (or equivalent governing body) of such Person.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness at any date, the number of years (calculated to the nearest one-twelfth) obtained by dividing:

(1) the then outstanding aggregate principal amount or liquidation preference, as the case may be, of such Indebtedness into

(2) the sum of the products obtained by multiplying:

(a) the amount of each then remaining installment, sinking fund, serial maturity or other required payment of principal or liquidation preference, as the case may be, including payment at final maturity, in respect thereof, by

(b) the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the making of such payment.

"*Wholly Owned Subsidiary*" means, for any Person, any Subsidiary of which all the outstanding Capital Stock (other than, in the case of a Subsidiary not organized in the United States, directors' qualifying shares or an immaterial amount of shares required to be owned by other Persons pursuant to applicable law) is owned by such Person or any other Person that satisfies this definition in respect of such Person.

BOOK-ENTRY, DELIVERY AND FORM

The Notes are being offered and sold in connection with the initial offering thereof solely to "qualified institutional buyers," as defined in Rule 144A under the Securities Act ("QIBs"), pursuant to Rule 144A and in offshore transactions to persons other than "U.S. persons," as defined in Regulation S under the Securities Act ("Non-U.S. Persons"), in reliance on Regulation S. Following the initial offering of the Notes, the Notes may be sold to QIBs pursuant to Rule 144A, Non-U.S. Persons in reliance on Regulation S and pursuant to other exemptions from, or in transactions not subject to, the registration requirements of the Securities Act, as described under "Transfer Restrictions."

The Global Notes

Rule 144A Global Notes. Notes offered and sold to QIBs pursuant to Rule 144A will be issued in the form of one or more registered notes in global form, without interest coupons (collectively, the "Rule 144A Global Note"). The Rule 144A Global Note will be deposited on the issue date with, or on behalf of, The Depository Trust Company ("DTC") and registered in the name of a nominee of DTC, or will remain in the custody of the trustee. Interests in the Rule 144A Global Note will be available for purchase only by QIBs.

Regulation S Global Notes. Notes offered and sold in offshore transactions to Non-U.S. Persons in reliance on Regulation S will be issued in the form of one or more registered notes in global form, without interest coupons (collectively, the "Regulation S Global Note"). Each Regulation S Global Note will be deposited upon issuance with, or on behalf of, a custodian for DTC in the manner described in the preceding paragraph.

Except as set forth below, the Rule 144A Global Note and the Regulation S Global Note (collectively, the "Global Notes") may be transferred, in whole and not in part, solely to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the Global Notes may not be exchanged for notes in physical, certificated form ("Certificated Notes") except in the limited circumstances described below.

The Notes will be subject to certain restrictions on transfer and will bear a restrictive legend as set forth under "Transfer Restrictions." All interests in the Global Notes may be subject to the procedures and requirements of DTC. Any interests held through the Euroclear System ("Euroclear") or Clearstream Banking S.A. of Luxembourg ("Clearstream, Luxembourg") may also be subject to the procedures and requirements of such systems.

Transfers

Pursuant to Section 4(a)(3) of the Securities Act, until the expiration of 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act or pursuant to another exemption from registration under the Securities Act.

Transfers by an owner of a securities entitlement in respect of the Rule 144A Global Note to a transferee who takes delivery of such interest through the Regulation S Global Note will be made only upon receipt by the Trustee of a certification from the transferor to the effect that such transfer is being made in accordance with Regulation S or (if available) Rule 144 under the Securities Act.

Any securities entitlement in respect of 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, if any, and other procedures applicable to securities entitlements in such other Global Note for as long as it remains such an interest.

Certain Book-Entry for the Global Notes

The descriptions of the operations and procedures of DTC, Euroclear and Clearstream, Luxembourg set forth below are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to change by them from time to time. Neither we nor the initial purchasers take any responsibility for these operations or procedures, and investors are urged to contact the relevant system or its participants directly to discuss these matters.

DTC has advised us that it is:

- a limited purpose trust company organized under the laws of the State of New York;
- 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 Uniform Commercial Code, as amended; and
- a "clearing agency" registered pursuant to Section 17A of the Exchange Act.

DTC was created to hold securities for its participants (collectively, the "Participants") and facilitates the clearance and settlement of securities transactions between Participants through electronic book-entry changes to the accounts of its Participants, thereby eliminating the need for physical transfer and delivery of certificates. DTC's Participants include securities brokers and dealers (including the initial purchasers), banks and trust companies, clearing corporations and certain other organizations. Indirect access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies (collectively, the "Indirect Participants") that clear through or maintain a custodial relationship with a Participant, either directly or indirectly. Investors who are not Participants may beneficially own securities held by or on behalf of DTC only through Participants or Indirect Participants.

We expect that pursuant to procedures established by DTC (1) upon deposit of each Global Note, DTC will credit the accounts of Participants designated by the initial purchasers with an interest in the Global Note, and (2) ownership of the Notes will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by DTC (with respect to the interests of Participants) and the records of Participants and the Indirect Participants (with respect to the interests of persons other than Participants).

The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. Accordingly, the ability to transfer interests in the Notes represented by a Global Note to such persons may be limited. In addition, because DTC can act only on behalf of its Participants, who in turn act on behalf of persons who hold interests through Participants, the ability of a person having an interest in Notes represented by a Global Note to pledge or transfer such interest to persons or entities that do not participate in DTC's system, or to otherwise take actions in respect of such interest, may be affected by the lack of a physical definitive security in respect of such interest.

So long as DTC or its nominee is the registered owner of a Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by the Global Note for all purposes under the Indenture. Except as provided below, owners of beneficial interests in a Global Note will not be entitled to have Notes represented by such Global Note registered in their names, will not receive or be entitled to receive physical delivery of Certificated Notes, and will not be considered the owners or holders thereof under the Indenture for any purpose, including with respect to the giving of any direction, instruction or approval to the trustee thereunder. Accordingly, each holder owning a beneficial interest in a Global Note must rely on the procedures of DTC and, if such holder is not a Participant or an Indirect Participant, on the procedures of the Participant through which such holder owns its interest, to exercise any rights of a holder of Notes under the indenture or such Global Note. We understand that under existing industry practice, in the event that we request any action of holders of Notes, or a holder that is an owner of a beneficial interest in a Global Note desires to take any action that DTC, as

the holder of such Global Note, is entitled to take, DTC would authorize the Participants to take such action and the Participants would authorize holders owning through such Participants to take such action or would otherwise act upon the instruction of such holders. Neither we nor the trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of Notes by DTC, or for maintaining, supervising or reviewing any records of DTC relating to such Notes.

Payments with respect to the principal of, and premium, if any, and interest on (including additional interest, if any), any Notes represented by a Global Note registered in the name of DTC or its nominee on the applicable record date will be payable by the trustee to or at the direction of DTC or its nominee in its capacity as the registered holder of the Global Note representing such Notes under the indenture. Under the terms of the indenture, we and the trustee may treat the persons in whose names the Notes, including the Global Notes, are registered as the owners thereof for the purpose of receiving payment thereon and for any and all other purposes whatsoever. Accordingly, neither we nor the trustee has or will have any responsibility or liability for the payment of such amounts to owners of beneficial interests in a Global Note (including principal, premium, if any, and interest, including additional interest, if any). Payments by the Participants and the Indirect Participants to the owners of beneficial interests in a Global Note will be governed by standing instructions and customary industry practice and will be the responsibility of the Participants or the Indirect Participants and DTC. Transfers between Participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds. Transfers between participants in Euroclear or Clearstream, Luxembourg will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the Notes, cross-market transfers between the Participants in DTC, on the one hand, and Euroclear or Clearstream, Luxembourg participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, Luxembourg, as the case may be, by its respective depositary; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, Luxembourg, as the case may be, by the counterparts in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, Luxembourg, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant 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, Luxembourg participants may not deliver instructions directly to the depositories for Euroclear or Clearstream, Luxembourg.

Because of time zone differences, the securities account of a Euroclear or Clearstream, Luxembourg participant purchasing an interest in a Global Note from a Participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream, Luxembourg participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream, Luxembourg) immediately following the settlement date of DTC. Cash received in Euroclear or Clearstream, Luxembourg as a result of sales of interests in the Global Notes by or through a Euroclear or Clearstream, Luxembourg participant to a Participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream, Luxembourg cash account only as of the business day for Euroclear or Clearstream, Luxembourg following DTC's settlement date.

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to the foregoing procedures to facilitate transfers of interests in the Global Notes among participants in DTC, Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or to continue to perform such procedures, and such procedures may be discontinued at any time. Neither we nor the trustee will have any responsibility for the performance by DTC, Euroclear or Clearstream, Luxembourg or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Certificated Notes

If:

- we notify the trustee in writing that DTC is no longer willing or able to act as a depositary or DTC ceases to be registered as a clearing agency under the Exchange Act and a successor depositary is not appointed within 90 days of such notice or cessation; or

- an event of default has occurred and is continuing and the registrar has received a request from DTC to issue Certificated Notes,

then, upon surrender by DTC of the Global Notes, Certificated Notes will be issued to each person that DTC identifies as the beneficial owner of the Notes represented by the Global Notes. Upon any such issuance, the trustee is required to register such Certificated Notes in the name of such person or persons (or the nominee of any thereof) and cause the same to be delivered thereto.

Neither we nor the trustee shall be liable for any delay by DTC or any Participant or Indirect Participant in identifying the beneficial owners of the related Notes and each such person may conclusively rely on, and shall be protected in relying on, instructions from DTC for all purposes (including with respect to the registration and delivery, and the respective principal amounts, of the Notes to be issued).

In the event that Certificated Notes are issued, so long as the Notes are listed on the Luxembourg Stock Exchange, the Issuer will notify the Luxembourg Stock Exchange and the holders of the Notes via a notice to be published in the Luxemburger Wort which shall contain material information in regards to, but not limited to, the time and means of transfer or exchange of the Notes for Certificated Notes.

TAXATION

This is a general summary of certain United States federal and Peruvian income tax considerations in connection with an investment in the Notes. This summary does not address all aspects of United States federal and Peruvian income tax law and does not discuss any state or local tax considerations. While this summary is considered to be a correct interpretation of existing laws in force on the date of this Offering Memorandum, there can be no assurance that those laws or the interpretation of those laws will not change. This summary does not discuss all of the income tax consequences that may be relevant to an Investor in light of such Investor's particular circumstances or to Investors subject to special rules, such as regulated investment companies, certain financial institutions or insurance companies. Prospective Investors are advised to consult their tax advisors with respect to the tax consequences of the purchase, ownership or disposition of the Notes (or beneficial interests therein) as well as any tax consequences that may arise under the laws of any state, municipality or other taxing jurisdiction. For the purposes of this summary, any reference to the purchase, ownership or disposition of the Notes shall mean reference to the purchase, ownership or disposition of the Notes or beneficial interests therein.

United States Tax Considerations

U.S. Internal Revenue Service Circular 230 Notice: To ensure compliance with Internal Revenue Service Circular 230, holders of Notes or prospective purchasers are hereby notified that: (i) any discussion of U.S. federal income tax issues contained or referred to in this Offering Memorandum or any document referred to herein is not intended or written to be used, and cannot be used or relied upon by holders of Notes for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code of 1986, as amended (the Code); (ii) such discussion was written solely for use in connection with the promotion or marketing, to the extent permitted by applicable law, of the Notes; and (iii) holders of Notes should seek advice based on their particular circumstances from an independent tax advisor.

General

The following is a general summary of certain principal U.S. federal income tax consequences that may be relevant with respect to the ownership of the Notes. This summary addresses only the U.S. federal income tax considerations of holders that acquire the Notes at their original issuance pursuant to this Offering Memorandum and that will hold such Notes as a capital asset within the meaning of the Code.

This summary does not purport to address all U.S. federal income tax matters that may be relevant to a particular holder of the Notes. In particular, this summary does not address tax considerations applicable to holders of the Notes that may be subject to special tax rules including, without limitation, the following: (i) financial institutions; (ii) insurance companies; (iii) dealers or traders in Notes, currencies or notional principal contracts; (iv) tax-exempt entities; (v) regulated investment companies; (vi) real estate investment trusts; (vii) persons that will hold the Notes as part of a "hedging" or "conversion" transaction or as a position in a "straddle" or as part of a "synthetic Note" or other integrated transaction for U.S. federal income tax purposes; (viii) persons whose "functional currency" is not the U.S. dollar; (ix) persons that own (or are deemed to own) 10 percent or more of the voting shares (or interests treated as equity) of the Issuer; and (x) partnerships or other pass-through entities for U.S. federal income tax purposes, or persons who hold Notes through such partnerships or other pass-through entities. Further, this summary does not address alternative minimum tax consequences or the indirect effects on the holders of equity interests in a holder of the Notes. This summary also does not describe any tax consequences arising under the laws of any taxing jurisdictions other than the federal income tax laws of the U.S. federal government.

This summary is based on the Code, U.S. Treasury Regulations and judicial and administrative interpretations thereof, in each case as in effect and available on the date of this Offering Memorandum. All of the foregoing are subject to change, which change could apply retroactively and could affect the tax consequences described below.

Prospective investors should consult their own tax advisors with respect to the U.S. federal, state, local and foreign tax consequences of acquiring, owning or disposing of the Notes.

For the purposes of this summary, a U.S. Holder is a beneficial owner of the Notes that is, for U.S. federal income tax purposes:

(i) a citizen or individual resident of the United States;

(ii) a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia);

(iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

(iv) a trust if (x) a court within the United States is able to exercise primary supervision over its administration and (y) one or more United States persons have the authority to control all of the substantial decisions of such trust. As provided in U.S. Treasury Regulations, certain trusts that maintain a valid election to be treated as United States persons also are U.S. Holders.

A **Non-U.S. Holder** is a beneficial owner of the Notes that is not a U.S. Holder. If a partnership holds the Notes, the U.S. federal income tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. A partner of a partnership holding the Notes should consult its tax advisor about its particular situation.

Taxation of U.S. Holders

Interest

Interest paid on the Notes, including the payment of any additional amounts, will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on the U.S. Holder's method of accounting for U.S. federal income tax purposes. Peruvian tax withheld from interest paid on the Notes and Peruvian tax withheld from payments of any additional amounts may be eligible for a foreign tax credit against a U.S. Holder's U.S. federal income tax liability, or, if a U.S. Holder has elected to deduct such taxes, generally may be deducted in computing taxable income for U.S. federal income tax purposes. Interest income on the Notes and payments of any additional amounts will be treated as foreign source passive category income for U.S. federal income tax purposes, which may be relevant in calculating a U.S. Holder's foreign tax credit limitation for U.S. federal income tax purposes. The U.S. foreign tax credit limitation is calculated separately with respect to specific classes of income. The foreign tax credit rules are complex, and U.S. Holders should consult their own tax advisors regarding the availability of a foreign tax credit and the application of the limitation in their particular circumstances.

Sale, Exchange, Redemption or Other Disposition of the Notes

Upon the disposition of a Note by sale, exchange, redemption or otherwise, a U.S. Holder generally will recognize gain or loss equal to the difference between (i) the amount realized on the disposition and (ii) the holder's adjusted tax basis in the Note. A holder's adjusted tax basis in a Note generally will be the holder's purchase price of the Note. Except to the extent attributable to accrued but unpaid interest (which will be taxable as interest income to the extent not previously included in income), any gain or loss on the sale or other disposition of a Note will be capital gain or loss. Such capital gain or loss will generally be long-term capital gain or loss if the holder held the Note for more than one year at the time of the disposition. Certain non-corporate U.S. Holders (including individuals) are eligible for preferential rates of U.S. federal income taxation in respect of long-term capital gains. The ability of a U.S. Holder to deduct a capital loss is subject to limitations under the Code.

Peruvian tax withheld from amounts paid on the disposition of a Note and Peruvian tax withheld from payments of any additional amounts may be eligible for a foreign tax credit against a U.S. Holder's U.S. federal income tax liability, or, if a U.S. Holder has elected to deduct such taxes, generally may be deducted in computing

taxable income for U.S. federal income tax purposes. However, capital gains of a U.S. Holder will be treated as U.S. source, passive category income, which may be relevant in calculating a U.S. Holder's foreign tax credit limitation for U.S. federal income tax purposes. The U.S. foreign tax credit limitation is calculated separately with respect to specific classes of income. The foreign tax credit rules are complex, and U.S. Holders should consult their own tax advisors regarding the availability of a foreign tax credit and the application of the limitation in their particular circumstances.

Taxation of Non-U.S. Holders

Subject to the backup withholding discussion below, a Non-U.S. Holder generally should not be subject to U.S. federal income or withholding tax on any payments on the Notes and gain from the sale, exchange, redemption or other disposition of the Notes unless (i) that payment and/or gain is effectively connected with the conduct by that Non-U.S. Holder of a trade or business in the United States; (ii) in the case of any gain realized by an individual Non-U.S. Holder, that Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of the sale or other disposition and certain other conditions are met; or (iii) the Non-U.S. Holder is subject to tax pursuant to provisions of the Code applicable to certain expatriates. **Non-U.S. Holders should consult their own tax advisors regarding the U.S. federal income tax considerations and other tax consequences of owning the Notes.**

Information Reporting and Backup Withholding

Backup withholding and information reporting requirements may apply to certain payments on the Notes, and of proceeds of the sale or other disposition of the Notes, made to U.S. Holders. The Issuer, its agent, a broker or any paying agent, as the case may be, may be required to withhold tax from any payment if a U.S. Holder fails (i) to furnish the U.S. Internal Revenue Service (IRS) with its taxpayer identification number, (ii) to certify that it is not subject to backup withholding or (iii) to otherwise comply with the applicable requirements of the backup withholding rules. Certain U.S. Holders are not subject to the backup withholding and information reporting requirements. Non-U.S. Holders may be required to comply with applicable certification procedures to establish that they are not U.S. Holders in order to avoid the application of such information reporting requirements and backup withholding. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally may be claimed as a credit against such holder's U.S. federal income tax liability provided that the required information is furnished to the IRS.

In addition, certain U.S. Holders may be required to report to the IRS certain information with respect to their beneficial ownership of certain foreign financial assets, such as the Notes, if the aggregate value of such assets exceeds U.S.$50,000 on the last day of the taxable year (or the aggregate value of such assets exceeds USD 75,000 at any time during the taxable year). US Holders who fail to report required information could be subject to substantial penalties.

Certain Peruvian Tax Considerations

The discussion in this Offering Memorandum is not intended or written to be used, and cannot be used by any person, for the purpose of avoiding Peruvian taxation, and was written to support the promotion or marketing of the Offering Memorandum. Each investor should seek advice based on their particular circumstances from an independent tax advisor.

Income Tax

The following is a general summary of the material consequences, under the Peruvian income tax law, as in effect as of the date of this Offering Memorandum, derived from the ownership and disposition of the Notes and beneficial interests therein by non-Peruvian Holders. For purposes of this section, "non-Peruvian Holder" means either: (i) an individual who is not domiciled in Peru or (ii) a legal entity that is not incorporated under the laws of Peru, or any branch, agent, representative or permanent establishment thereof that is not established in Peru. For purposes of Peruvian taxation, an individual is deemed domiciled in Peru if he or she has remained present in Peru for more than 183 days within any 12-month period.

This summary does not purport to address all Peruvian income tax consequences that may be applicable or relevant to particular non-Peruvian Holders.

Interest

Non-domiciled taxpayers are subject to income tax in Peru only on Peruvian source income. For these purposes, interest derived from debt securities (e.g. notes, short-term instruments) issued by entities incorporated in Peru are considered Peruvian source income.

As a general rule, interest received by non-domiciled Holders that are entities on notes and other debt instruments issued by Peruvian entities is subject to Peruvian income tax withholding at a rate of 4.99%. If the parties are considered "related", the applicable withholding rate will be 30%.

Similarly, interest received by non-domiciled individuals from Peruvian entities is subject to income tax withholding at a rate of 4.99%, provided that (i) the parties to the transaction are not considered "related" and (ii) interest does not derive from a transaction "from or through a tax haven". If these requirements are not fulfilled, the applicable withholding rate will be 30%.

Accordingly, if the above conditions are met, interest derived from the Notes and paid through DTC will be subject to withholding at a rate of 4.99%.

Peruvian domiciled taxpayers receiving interest either from DTC (or its nominee) or from a participant should consult with their own tax advisors.

Capital Gains

Capital gains obtained by non-Peruvian Holders from the sale and redemption of certificates, titles, bonds, short-term instruments and securities in general, issued by entities incorporated or established in Peru, qualify as Peruvian source income subject to income tax at a rate of 30% (if the transaction is executed through the Lima Stock Exchange, the withholding rate applicable will be 5%).

Capital gains derived from the sale of beneficial interests in the Notes may not qualify as income from debt instruments or securities issued by an entity domiciled in Peru. Therefore, gains obtained by non-Peruvian Holders from the transfer of beneficial interest in the Notes might not be subject to income tax in Peru.

Peruvian domiciled taxpayers who transfer beneficial interests in the Notes should consult their own tax advisors.

Financial Transaction Tax ("ITF")

ITF is levied on, among other transactions, any transfer, turnover, deposit, credit or debit from accounts opened by individuals or corporations in the Peruvian financial system. Currently, the tax rate is 0.005%.

VAT

As of the date of this Offering Memorandum, services rendered by non-domiciled taxpayers and utilized in Peru, including financial services, are subject to VAT at a rate of 18%. In this case, the local user of the services (Lindley) is the taxpayer and is entitled to use the tax paid as an input credit. Therefore, interest paid by Lindley to DTC (or its nominee) will be subject to VAT and Lindley will be considered as the taxpayer. Payments of interest from DTC (or its nominee) to foreign Participants or non-Peruvian Holders will not be subject to VAT. Similarly, the transfer of the Notes and of beneficial interests in the Notes will not be subject to VAT.

THE ABOVE SUMMARIES ARE NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSEQUENCES RELATING TO THE INVESTMENT IN THE OFFERED

NOTES. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE TAX CONSEQUENCES OF THEIR PARTICULAR SITUATIONS.

PLAN OF DISTRIBUTION

Subject to the terms and conditions in the purchase agreement among the Issuer and the initial purchasers, the Issuer has agreed to sell to the initial purchasers, and each of the initial purchasers has severally agreed to purchase from the Issuer, the principal amount of Notes set forth opposite its name in the table below.

Initial Purchasers	**Principal Amount**
Citigroup Global Markets Inc.	U.S.$130,000,000
J.P. Morgan Securities LLC	U.S.$130,000,000
Total	U.S.$260,000,000

The obligations of the initial purchasers under the purchase agreement, including their agreement to purchase Notes from the Issuer, are several and not joint. The purchase agreement provides that the initial purchasers will purchase all the Notes if any of them are purchased.

The initial purchasers initially propose to offer the Notes for resale at the issue price that appears on the cover of this Offering Memorandum. After the initial offering, the initial purchasers may change the offering price and any other selling terms. The initial purchasers may offer and sell Notes through certain of their affiliates.

In the purchase agreement, the Issuer has agreed that it will indemnify the initial purchasers against certain liabilities, including liabilities under the Securities Act, or contribute to payments that the initial purchasers may be required to make in respect of those liabilities.

The Notes have not been registered under the Securities Act or the securities laws of any other place. In the purchase agreement, each initial purchaser has agreed that:

- the 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; and

- during the initial distribution of the Notes, it will offer or sell 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 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.

The Notes are a new issuance of securities and they are subject to certain restrictions on resale and transfer as described under "Transfer Restrictions." Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market. However, we cannot assure you that the listing application will be approved. The Issuer does not intend to apply for the Notes to be listed on any securities exchange or to arrange for the Notes to be quoted on any quotation system other than the Luxembourg Stock Exchange (EuroMTF). The initial purchasers have advised the Issuer that they intend to make a market in the Notes, but they are not obligated to do so. The initial purchasers may discontinue any market making for the Notes at any time in their sole discretion. Accordingly, the Issuer cannot assure you that a liquid trading market will develop for the Notes, that you will be able to sell your 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 Notes, the initial purchasers may 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 purchasers. Stabilizing transactions involve bids to purchase the Notes in the open market for the purpose of pegging, fixing or maintaining the price of the Notes. Syndicate covering transactions involve purchases of the 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 Notes to be higher than it would otherwise be in the absence of those transactions. However, there is no assurance that the initial purchasers will undertake stabilization transactions. If the initial purchasers engage in stabilizing or syndicate covering transactions, they may discontinue them at any time, and, if begun, must be brought to an end after a limited period. Any over-allotment, stabilizing transactions and syndicate covering transactions must be conducted by the relevant initial purchasers, or persons acting on their behalf, in accordance with all applicable laws and rules.

We expect that delivery of the Notes will be made against payment therefore on or about April 12, 2013, which will be the third business day following the date of pricing of the Notes (this settlement cycle will be referred to as "T+3").

Relationships with Initial Purchasers

Certain of the initial purchasers and their affiliates perform various financial advisory, investment banking and commercial banking services from time to time for the Issuer and its affiliates in the ordinary course of business. Certain of the initial purchasers and their affiliates are lenders under outstanding loans to the Company and counterparties in certain of our derivative transactions. We expect to use a portion of the net proceeds from this offering to repay indebtedness owed to the initial purchasers and their affiliates under certain of these transactions. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Financial Obligations."

No Sale of Securities or Entering into International Syndicated Loans

We have agreed that we will not, from the date of the purchase agreement through and including the date that is 60 days thereafter, without the prior written consent of the initial purchasers, offer, sell, contract to sell or otherwise dispose of any debt securities or enter into any international syndicated loans, in each case issued or guaranteed by us and having a tenor of more than one year.

Selling Restrictions

The Notes are offered for sale in those jurisdictions in the United States, Europe, Asia and elsewhere where it is lawful to make such offers.

The Notes have not been offered, sold or delivered and will not be offered, sold or delivered, directly or indirectly, and this Offering Memorandum or any information incorporated by reference herein or any other offering material relating to the Notes, has not been and will not be distributed in or from any jurisdiction except under circumstances that will result in compliance with the applicable laws and regulations thereof and that will not impose any obligations on us except as set forth in the purchase agreement.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), the initial purchasers have represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") an offer to the public of any Notes which are the subject of the offering contemplated by this Offering Memorandum may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any Notes may be made any time with effect from and including the Relevant Implementation Date under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

– to legal entities which are qualified investors as defined in the Prospectus Directive;

– to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives of the initial purchasers for any such offer; or

– in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Notes shall require the Issuer or any initial purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

Each purchaser of Notes described in this Offering Memorandum located within a Relevant Member State will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" as defined in the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Notes to be offered so as to enable an investor to decide to purchase any Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospects Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each relevant member state and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

United Kingdom

This Offering Memorandum is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (each such person being referred to as a "relevant person"). This Offering Memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom.

Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

Each of the initial purchasers severally represents and agrees that:

– it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to us; and

– it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Peru

This Offering Memorandum has not been, and will not be, registered with the SMV. Accordingly, the Notes cannot be offered or sold in Peru, except if such offering is a private offering under the securities laws and regulations of Peru. The Peruvian Securities Market Law establishes that any offering may qualify as a private offering if it is directed exclusively to institutional investors (as such term is defined under the Final Disposition of CONASEV'S Resolution No.141-98-EF/94-10, as amended). The Notes are registered with the SBS for Peruvian

private pension fund investment eligibility, as required by Peruvian legislation. This notice is for informative purposes only and it does not constitute a public offering of any kind.

Brazil

The Notes have not been, and will not be, registered with the Comissão de Valores Mobiliários (the Brazilian Securities Commission). The Notes may not be offered or sold in Brazil, except in circumstances that do not constitute a public offering or distribution under Brazilian laws and regulations.

Japan

The initial purchasers will not offer or sell any of the Notes directly or indirectly in Japan or to, or for the benefit of any Japanese person or to others, for re-offering or re-sale directly or indirectly in Japan or to any Japanese person, except in each case pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law of Japan and any other applicable laws and regulations of Japan. For purposes of this paragraph, "Japanese person" means any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

Hong Kong

The initial purchasers and each of their affiliates have not (i) offered or sold, and will not offer or sell, in Hong Kong, by means of any document, the Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance or (ii) issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere any advertisement, invitation or document relating to the Notes which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to our securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance any rules made under that Ordinance. The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

Singapore

This Offering Memorandum or any other offering material distributed by initial purchasers relating to the Notes has not been and will not be registered as a prospectus with the Monetary Authority of Singapore, and the Notes will be offered in Singapore pursuant to the exemptions under Section 274 and Section 275 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"). Accordingly, this Offering Memorandum and any other document or material in connection with the offer or sale, or invitation for the subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (1) to an institutional investor under Section 274 of the SFA, (2) to a relevant person under Section 275(1) and/or any person under Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (3) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Germany

Each person who is in possession of this Offering Memorandum is aware of the fact that no German sales prospectus (*Verkaufsprospekt*) within the meaning of the Securities Sales Prospectus Act (*Wertpapier-Verkaufsprospektgesetz*, the "Act") of the Federal Republic of Germany has been or will be published with respect to the Notes. In particular, each initial purchaser has represented that it has not engaged and has agreed that it will

not engage in a public offering in (*offentliches Angebot*) within the meaning of the Act with respect to any of the Notes otherwise than in accordance with the Act and all other applicable legal and regulatory requirements.

France

The Notes are being issued and sold outside the Republic of France and, in connection with their initial distribution, the Notes have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in the Republic of France, and this Offering Memorandum or any other offering material relating to the Notes have not been distributed and will not be distributed or caused to be distributed to the public in the Republic of France, and such offers, sales and distributions have been and will be made in the Republic of France only to qualified investors (*investisseurs qualifiés*) in accordance with Article L.411-2 of the Monetary and Financial Code and decrét no. 98 880 dated 1st October, 1998.

Netherlands

The Notes may not be offered, sold, transferred or delivered in or from the Netherlands as part of their initial distribution or at any time thereafter, directly or indirectly, other than to, individuals or legal entities situated in The Netherlands who or which trade or invest in securities in the conduct of a business or profession (which includes banks, securities intermediaries (including dealers and brokers), insurance companies, pension funds, collective investment institution, central governments, large international and supranational organizations, other institutional investors and other parties, including treasury departments of commercial enterprises, which as an ancillary activity regularly invest in securities; hereinafter, "Professional Investors"), provided that in the offer, prospectus and in any other documents or advertisements in which a forthcoming offering of the Notes is publicly announced (whether electronically or otherwise) in The Netherlands it is stated that such offer is and will be exclusively made to such Professional Investors. Individual or legal entities who are not Professional Investors may not participate in the offering of the Notes, and this Offering Memorandum or any other offering material relating to the Notes may not be considered an offer or the prospect of an offer to sell or exchange the Notes.

Luxembourg

Each initial purchaser has agreed that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Memorandum to the public in the Grand Duchy of Luxembourg, except that it may make an offer of such Notes in Luxembourg:

(a) in the cases described under the European Economic Area selling restrictions in which an initial purchaser can make an offer of Notes to the public in an EEA Member State (including Luxembourg); and/or

(b) to national and regional governments, central banks, international and supranational institutions (such as the International Monetary Fund, the European Central Bank, the European Investment Bank) and other similar international organizations; and/or

(c) to legal entities which are authorized or regulated to operate in the financial markets including credit institutions, investment companies, other authorized or regulated financial institutions, insurance companies, undertakings for collective investment and their management companies, pension and investment funds and their management companies, commodity dealers; and/or

(d) to certain natural persons or small and medium-sized companies (as defined in the Directive 2003/71/EC) recorded in the register of natural persons or small and medium sized companies considered as qualified investors and held by the *Commission de Surveillance du Secteur Financier* (CSSF) as competent authority in Luxembourg in accordance with the Directive 2003/71/EC; and/or

(e) in any other circumstances for which the Luxembourg Act of 10th July, 2005 on prospectuses for securities does not require a public offering prospectus to be established.

Portugal

Each initial purchaser has represented and agreed that the Notes may not be offered or sold in Portugal except in accordance with the requirements of the Portuguese Securities Code (*Código de Valores Mobiliários* as approved by the Decree-Law No. 486/99 of November 13, 1999) and the regulations governing the offer of securities issued pursuant thereto. Neither a public offer for subscription of the Notes nor a public offer for the sale of the Notes shall be promoted in Portugal.

Switzerland

This Offering Memorandum does not constitute an issue prospectus pursuant to Article 652a or Article 1,156 of the Swiss Code of Obligations. The Notes will not be listed on the SIX Swiss Exchange and, therefore, this Offering Memorandum may not comply with the disclosure standards of the listing rules (including any additional listing rules or prospectus schemes) of the SIX Swiss Exchange. Accordingly, the Notes may not be offered to the public in or from Switzerland, but only to a selected and limited circle of investors, which do not subscribe to the Notes with a view to distribution. The prospective investors must be individually approached by a dealer from time to time.

Chile

Neither we nor the Notes are registered in the Securities Registry (*Registro de Valores*) or the Foreign Securities Registry (*Registro de Valores Extranjeros*) of the Chilean Securities and Insurance Commission (*Superintendencia de Valores y Seguros de Chile* or the "SVS"), or subject to the control and supervision of the SVS. This Offering Memorandum and other offering materials relating to the offer of the notes do not constitute a public offer of, or an invitation to subscribe for or purchase, the notes in the Republic of Chile, other than to individually identified purchasers pursuant to a private offering within the meaning of Article 4 of the Chilean Securities Market Act (*Ley de Mercado de Valores*) (an offer that is not "addressed to the public at large or to a certain sector or specific group of the public").

Colombia

The Notes may not be offered, sold or negotiated in Colombia, except under circumstances which do not constitute a public offering of securities under applicable Colombian securities laws and regulations. Furthermore, foreign financial entities must abide by the terms of Decree 2558 of 2007 to offer privately the Notes to their Colombian clients.

TRANSFER RESTRICTIONS

Because the following restrictions will apply with respect to the resale of the Notes, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Notes.

None of the Notes has been registered under the Securities Act or any state securities laws, and they may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold only (A) to "qualified institutional buyers" (as defined in Rule 144A promulgated under the Securities Act, or Rule 144A) ("QIBs") in compliance with Rule 144A and (B) outside the United States in offshore transactions in reliance upon Rule 903 or Rule 904 of Regulation S under the Securities Act, or Regulation S. As used herein, the terms "United States" and "U.S. person" have the meanings given to them in Regulation S.

Each purchaser of the Notes in the United States will be deemed to have represented and agreed as follows:

> the purchaser is either (1) a QIB and is aware that the sale of the Notes to it is being made in reliance on exemptions from the registration requirements of the Securities Act and such acquisition will be for its own account or for the account of a qualified institutional buyer or (2) a person who, at the time the buy order for the Notes was originated, was outside the United States.

Pursuant to Section 4(a)(3) of the Securities Act, until the expiration of 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act or pursuant to another exemption from registration under the Securities Act.

In making its decision to purchase the Notes, the purchaser understands and acknowledges that:

1. It acknowledges that the Notes are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act; that the Notes have not been registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

2. It shall not resell or otherwise transfer any of such Notes within one year (or such shorter period of time as permitted by Rule 144 under the Securities Act or any successor provision thereunder) after the original issuance of the Notes except (A) to the Company or any of its subsidiaries, (B) inside the United States to a QIB in a transaction complying with Rule 144A, (C) outside the United States in compliance with Rule 903 or Rule 904 of Regulation S (if available), (D) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available), (E) in accordance with another exemption from the registration requirements of the Securities Act (and based upon an opinion of counsel if the Company so requests), or (F) pursuant to an effective registration statement under the Securities Act;

3. It agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on transfer of such Notes;

4. It acknowledges that prior to any proposed transfer of Notes in certificated form or of beneficial interests in a note in global form (a "Global Note") (in each case other than pursuant to an effective registration statement) the holder of Notes or the holder of beneficial interests in a Global Note, as the case may be, may be required to provide certifications and other documentation relating to the manner of such transfer and submit such certifications and other documentation as provided in the indenture;

5. It understands that all of the Notes will bear a legend substantially to the following effect unless otherwise agreed by us and the holder thereof:

THE NOTES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT") AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) (1) TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION" AND "UNITED STATES" HAVE THE MEANING GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

6. It acknowledges that the foregoing restrictions apply to holders of beneficial interests in the Notes, as well as holders of the Notes.

7. It acknowledges that the trustee will not be required to accept for registration of transfer any Notes acquired by it, except upon presentation of evidence satisfactory to us and the trustee that the restrictions set forth herein have been complied with.

8. It acknowledges that we, the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that if any of the acknowledgments, representations or agreements deemed to have been made by its purchase of the Notes is no longer accurate, it shall promptly notify us and the initial purchasers. If it is acquiring the Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations, and agreements on behalf of each account.

9. Either (i) no assets of a Plan (as defined in "ERISA Considerations") have been used to acquire the Notes or an interest therein or (ii) the acquisition, holding and disposition of such Notes or an interest therein by the purchaser does not constitute a non-exempt prohibited transaction under Section 406 of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), or violation of any Similar Law.

ERISA CONSIDERATIONS

The United States Employee Retirement Income Security Act of 1974, as amended, or "ERISA," imposes certain requirements on employee benefit plans (as defined in Section 3(3) of ERISA) subject to Title I of ERISA and on entities that are deemed to hold the assets of such plans, the "ERISA Plans," and on those persons who are fiduciaries with respect to ERISA Plans. Section 406 of ERISA and Section 4975 of the Code, prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, the "Plans")) and certain persons (referred to as "parties in interest" or "disqualified persons") having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction, of which there are many. Prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may arise if Notes are acquired by a Plan with respect to which the initial purchasers or any of their respective affiliates is a party in interest or a disqualified person. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable, however, depending in part on the type of Plan fiduciary making the decision to acquire any Notes and the circumstances under which such decision is made. Included among these exemptions are Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code (relating to transactions between a person that is a party in interest (other than a fiduciary or an affiliate that has or exercises discretionary authority or control or renders investment advice with respect to assets involved in the transaction) solely by reason of providing services to the plan, provided that there is adequate consideration for the transaction), Prohibited Transaction Class Exemption ("PTCE") 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a qualified professional asset manager), PTCE 95-60 (relating to transactions involving insurance company general accounts), PTCE 90-1 (relating to investments by insurance company pooled separate accounts) and PTCE 96-23 (relating to transactions determined by in-house asset managers). Prospective investors should consult with their advisors regarding the prohibited transaction rules and these exceptions. There can be no assurance that any of these exemptions or any other exemption will be available with respect to any particular transaction involving any Notes.

Any Plan fiduciary that proposes to cause a Plan to acquire the Notes should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment, and to confirm that such acquisition will not constitute or result in a non-exempt prohibited transaction or any other violation of an applicable requirement of Title I of ERISA or the Code.

Foreign plans, governmental plans (as defined in Section 3(32) of ERISA) and certain church plans (as defined in Section 3(33) of ERISA), while not subject to the fiduciary responsibility provisions of ERISA or the prohibited transaction provisions of ERISA and Section 4975 of the Code, may nevertheless be subject to other federal, state, local or foreign laws or regulations that are substantially similar to the foregoing provisions of ERISA and the Code ("Similar Law"). Fiduciaries of any such plans should consult with their counsel before acquiring the Notes to determine the need for, if necessary, and the availability of, any exemptive relief under any Similar Law.

LEGAL MATTERS

Certain legal matters under New York law relating to the Notes and this offering will be passed upon by Allen & Overy LLP, our special U.S. counsel, and for the initial purchasers, by Cleary Gottlieb Steen & Hamilton LLP, special U.S. counsel to the initial purchasers. Certain legal matters under Peruvian law relating to the validity of the Notes and this offering will be passed upon by Rodrigo, Elías & Medrano Abogados, our special Peruvian counsel, and for the initial purchasers, by Estudio Echecopar, a member firm of Baker & McKenzie International, special Peruvian counsel to the initial purchasers. With respect to certain matters governed by Peruvian law, Allen & Overy LLP may rely on the opinion of Rodrigo, Elías & Medrano Abogados, and Cleary Gottlieb Steen & Hamilton LLP may rely on the opinion of Estudio Echecopar, a member firm of Baker & McKenzie International.

INDEPENDENT AUDITORS

The Annual Audited Financial Statements of Lindley included in this Offering Memorandum, have been audited by Medina, Zaldívar, Paredes & Asociados Sociedad Civil de Responsabilidad Limitada, member of Ernst & Young Global, independent auditors, as stated in their report appearing herein.

GENERAL INFORMATION

1. The issuance of the Notes has been authorized by our shareholders on April 8, 2013.

2. Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to the Official List and trading on the Euro MTF market. Transactions will normally be effected for settlement in U.S. dollars and for delivery on the 5th working day after the day of the transaction.

3. The Notes will be accepted for clearance through DTC, Euroclear and Clearstream. The CUSIP, ISIN and Common Code numbers for the Notes are as follows:

Rule 144A ISIN	Rule 144A CUSIP	Rule 144A Common Code	Reg S ISIN	Reg S CUSIP	Reg S Common Code
US21988VAD55	21988V AD5	091824566	USP31442AC34	P31442 AC3	091823853

4. Except as disclosed herein, there are no litigation or arbitration proceedings against or affecting us or any of our assets, nor are we aware of any pending or threatened proceedings, which are or might reasonably be expected to be material in the context of the issuance of the Notes.

5. Except as disclosed herein, there has been no adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise) or our general affairs since December 31, 2012 (the end of its most recent fiscal quarter for which financial statements have been prepared) that is material in the context of the issuance of the Notes.

6. For so long as any Notes remain outstanding, copies of the Indenture under which the Notes will be issued, this Offering Memorandum, our Financial Statements and our articles of association may be obtained during normal business hours at the offices of each of the Luxembourg listing agent and the Luxembourg paying and transfer agent and our principal office, at the addresses listed on the inside back cover page of this Offering Memorandum at no cost.

7. For so long as any Notes remain outstanding, copies of the our latest published unaudited interim and audited year-end financial statements (together with English translations thereof) may be obtained during normal business hours at the offices of each of the Luxembourg listing agent, the Luxembourg paying and transfer agent and our principal office, at the addresses listed on the inside back cover page of this Offering Memorandum at no cost.

8. To the best of our knowledge, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. Accordingly, the Company accepts responsibility.

9. Copies of the Indenture may be physically inspected during usual business hours on any weekday (excluding Saturdays, Sundays and public holidays) at the offices of the Trustee at 388 Greenwich Street, 14th Floor, New York, New York 10013, USA.

10. Each of the purchase agreement among the Company and the initial purchasers, the Indenture and the Notes are governed by the laws of the State of New York.

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Corporación Lindley S.A. and Subsidiary

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Independent auditors' report

To the shareholders of **Corporación Lindley S.A. and Subsidiary**

We have audited the accompanying consolidated financial statements of **Corporación Lindley S.A.** and its subsidiary (together the Group), which comprise the consolidated statement of financial position as of December 31, 2012, 2011 and 2010, and the related the consolidated income statements, consolidated statements of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with generally accepted auditing standards in Perú. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent auditors' report (continued)

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view in all material aspects of the financial position of the Corporación Lindley S.A. and its subsidiary as of December 31, 2012, 2011 and 2010, and of its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

Lima, Peru,
February 20, 2013

Countersigned by: MEDINA, ZALDÍVAR, PAREDES & ASOCIADOS

Carlos Valdivia
C.P.C.C. Registration No.27255

Corporación Lindley S.A. and Subsidiary

Consolidated statement of financial position

As of December 31, 2012, 2011 and 2010

	Note	2012 S/.(000)	2011 S/.(000)	2010 S/.(000)
Assets				
Current assets				
Cash and cash equivalents	4	41,039	357,355	42,345
Trade accounts receivable, net	5	150,483	152,770	96,717
Accounts receivable from related parties	22(b)	43,924	54,859	71,309
Other accounts receivable and financial assets, net	6	27,876	34,943	59,108
Inventories, net	7	258,116	213,449	204,826
Prepaid expenses		10,622	11,918	1,600
Available-for-sale investments	8	228,916	-	-
Total current assets		760,976	825,294	475,905
Non-current assets				
Trade accounts receivable, net	5	28,043	-	-
Other accounts receivable and financial assets, net	6	24,486	21,376	21,036
Investment properties, net	9	105,922	106,578	107,886
Property, plant and equipment, net	10	1,287,028	1,091,309	789,062
Intangibles, net	11	1,722	1,372	1,078
Goodwill	11(c)	305,555	305,555	305,555
Other assets		2,582	2,425	1,991
Total non-current assets		1,755,338	1,528,615	1,226,608
Total assets		2,516,314	2,353,909	1,702,513

The accompanying notes are an integral part of this consolidated statement of financial position.

Corporación Lindley S.A. and Subsidiary

Consolidated income statement

For the years ended December 31, 2012, 2011 and 2010

	Note	2012 S/.(000)	2011 S/.(000)	2010 S/.(000)
Net sales	18	2,051,053	1,767,812	1,538,049
Cost of sales	19	(1,394,239)	(1,270,652)	(1,082,864)
Gross profit		656,814	497,160	455,185
Selling expenses	19	(370,457)	(302,184)	(253,999)
Administrative expenses	19	(89,127)	(65,474)	(64,982)
Other operating income	20	74,701	66,474	74,815
Other operating expenses	20	(116,043)	(79,775)	(110,408)
Operating income		155,888	116,201	100,611
Financial income	21	122,975	59,919	25,943
Financial expenses	21	(148,643)	(106,834)	(59,299)
Changes in fair value of derivative financial instruments	26	1,582	(2,352)	2,877
Income before income tax		131,802	66,934	70,132
Income tax	15(b)	(56,474)	(21,222)	(26,021)
Net income		75,328	45,712	44,111
Attributable to:				
Equity shareholders of the parent		75,296	45,711	44,045
Non-controlling interests		32	1	66
		75,328	45,712	44,111
Earnings per share for net income basic and diluted	24	S/.0.115	S/.0.070	S/.0.0675
Weighted average number of shares outstanding attributable to equity shareholders (in thousands of shares)	24	652,947	652,947	652,947

The accompanying notes are an integral part of these consolidated financial statements.

Corporación Lindley S.A. and Subsidiary

Consolidated statement of comprehensive income

For the years ended December 31, 2012, 2011 and 2010

	Note	2012 S/.(000)	2011 S/.(000)	2010 S/.(000)
Net income		75,328	45,712	44,111
Other comprehensive income				
Unrealized gain (loss) of derivatives under cash flow hedges, note 26		(18,220)	(31,912)	33,395
Income tax effect, note 15		5,466	8,095	(12,800)
Unrealized gain (loss) of available-for-sale investments, note 8		(757)	-	-
Income tax effect, note 15		227	-	-
Total other comprehensive income		(13,284)	(23,817)	20,595
Total comprehensive income		62,044	21,895	64,706
Attributable to:				
Equity shareholders of Lindley		62,012	21,894	64,640
Non-controlling interests		32	1	66
Total comprehensive income		62,044	21,895	64,706

The accompanying notes are an integral part of these consolidated financial statements.

Corporación Lindley S.A. and Subsidiary

Consolidated statement of changes in equity

For the years ended as of December 31, 2012, 2011 and 2010

	Number of shares In thousand	Capital stock S/.(000)	Investment shares S/.(000)	Le res S/.(
As of 1 January 2010	580,981	580,981	71,966	4
Net income	-	-	-	
Unrealized gain of derivatives under cash flow hedges, net of income tax effect, note 26	-	-	-	
As of December 31, 2010	580,981	580,981	71,966	4
Net income	-	-	-	
Unrealized loss of changes in fair value of derivatives under cash flow hedges, net of income tax effect, note 26	-	-	-	
As of December 31, 2011	580,981	580,981	71,966	4
Transfer of legal reserve	-	-	-	11
Net income	-	-	-	
Unrealized loss of available-for-sale investments, note 8	-	-	-	
Unrealized loss of changes in fair value of derivatives under cash flow hedges, net of income tax effect, note 26	-	-	-	
As of December 31, 2012	580,981	580,981	71,966	16

The accompanying notes are an integral part of these consolidated financial statements.

Corporación Lindley S.A. and Subsidiary

Consolidated statement of cash flows

For the years ended December 31, 2012, 2011 and 2010

	2012 S/.(000)	2011 S/.(000)	2010 S/.(000)
Reconciliation of net income to cash and cash equivalents provided by operating activities			
Net income	75,328	45,712	44,111
Plus (less) adjustments to net income of the year:			
Depreciation	117,072	99,201	79,387
Amortization	599	938	1,853
Allowance for doubtful accounts	9,685	2,619	401
Allowance for obsolescence	2,936	228	1,581
Deferred income tax	13,063	(15,658)	(3,231)
Gain from property, plant and equipment sales	(11,094)	(2,880)	(5,938)
Loss (gain) of changes in fair value of derivative financial instruments	(1,582)	2,352	(2,877)
Various provisions and other	46,653	23,333	10,645
Financial expenses	95,174	42,311	22,025
Financial income	(47,950)	(11,561)	(3,048)
	299,884	186,595	144,909
Net changes in operating current assets and liabilities			
Decrease (increase) in operating assets			
Trade accounts receivable	(27,736)	(56,053)	(24,947)
Accounts receivable from related parties and financial assets	(25,225)	16,450	(26,855)
Other accounts receivable	3,061	18,025	11,757
Inventories	(78,353)	(8,623)	(57,528)
Prepaid expenses	1,296	(10,318)	(26)
Increase (decrease) in operating liabilities			
Trade accounts payable	78,362	27,535	73,985
Accounts payable to related parties	2,542	22,121	45,808
Other accounts payable	641	43,464	39,541
	254,472	239,196	206,644
Interests payments	(37,571)	(23,144)	(20,244)
Interests collections	8,766	2,223	2,440
Income tax payments	(33,648)	(23,647)	(40,895)
Cash and cash equivalents, provided by operating activities	192,019	194,628	147,945

Consolidated statement of cash flows (continue)

	2012 S/.(000)	2011 S/.(000)	2010 S/.(000)
Investing activities			
Collection from property, plant and equipment sales	26,305	32,561	57,432
Purchase of property, plant and equipment and investment properties	(291,859)	(360,020)	(182,507)
Purchase of investment portfolio	(228,916)	-	-
Purchase of intangibles	(949)	(1,232)	(870)
Cash and cash equivalents used in investing activities	(495,419)	(328,691)	(125,945)
Financing activities			
Banks and shareholder loans	419,035	1,710,231	68,980
Payment of financial obligations	(366,698)	(1,218,847)	(62,052)
Payment of interest	(65,253)	(42,311)	(22,025)
Cash and cash equivalents provided by (used in) financing activities	(12,916)	449,073	(15,097)
Net increase (decrease) in cash and cash equivalents	(316,316)	315,010	6,903
Cash and cash equivalents at the beginning of the year	357,355	42,345	35,442
Year-end cash and cash equivalents	41,039	357,355	42,345
Transactions that did not affect cash flows:			
Unrealized gains (losses) on hedge agreements	(13,284)	(23,817)	20,595
Acquisition of property, plant and equipment through financial lease contracts	-	68,295	59,189
Unrealized results of available-for-sale investments	530	-	-
Acquisition of land by offsetting debt with related parties	36,160	-	-

The accompanying notes are an integral part of these consolidated financial statements.

1. Identification and economic activity

(a) Identification -

Corporación Lindley S.A. (formerly Corporación José R. Lindley S.A., hereinafter "the Company" or "Lindley") is a Peruvian public company formed on the basis of Fábrica de Aguas Gaseosas La Santa Rosa, a company incorporated in 1910 that would become José R. Lindley e Hijos S.A. in November 1928. Subsequently, on February 22, 1960, it was incorporated Inmobiliaria Lintab S.A. which absorbed José R. Lindley e Hijos S.A. and other related companies through a reorganization process. In April 1997, Inmobiliaria Lintab S.A. changed its name to Corporación José R. Lindley S.A. until June 15, 2010, were it changed its name to Corporación Lindley S.A. The largest four shareholders of the Company are members of the Lindley family, who hold 59.66 percent of the Company's representative shares and Perú Beverage Limitada S.R.L., a subsidiary of The Coca-Cola Company, which owns 38.52 percent of the Company's representative shares as of December 31, 2012, 2011 and 2010.

The Company's legal address is Jr.Cajamarca No. 371, Rímac, Lima.

The consolidated financial statements as of December 31, 2012, 2011 and 2010 and for the years then ended include the financial statements of Lindley and its subsidiary Embotelladora La Selva S.A. (hereinafter "ELSSA" or "Subsidiary") in which Lindley has control and an equity interest of 93.20 percent (together hereinafter called "the Group"). ELSSA is a Peruvian company that has the same economic activity as the Company and was incorporated on June 23, 1967.

The accompanying consolidated financial statements as of December 31, 2012, 2011 and 2010 have been approved for its issuance by the Group's Management on February 20, 2013.

(b) Economic activity -

The Group's primary activity is the production, bottling, distribution and sale of sparkly soft drinks, still drinks, carbonated water, and fruit pulps and nectars using certain trademarks owned by related parties through franchise agreements, such as Corporación Inca Kola Perú S.R.L, Schweppes Holdings Limited and The Coca-Cola Company. All such related parties have franchise agreements in force until April 2015 and are expected to be renewed at maturity.

The Group registered a volume increase on sales of 7 percent equivalent to 19 million units for the year ending December 31, 2012; a 10 percent increase equivalent to 22 million units local market for the year ending December 31, 2011 and a 10 percent or 22 million unit sales-volume increases for the year ending December 31, 2010 (Unaudited).

The Group has increased its market share in the soft drinks local market, despite its extremely competitive nature, largely through increased sales of the Group's leading brands, "Inca Kola" and "Coca Cola". The Group primarily sells its products to distributors located in Lima and cities in Peru's interior.

The Company also operates in the Eastern region of the country through its subsidiary, Embotelladora La Selva S.A.

On November 23, 2011, the Group issued bonds in the international Capital Markets pursuant to Rule 144A/Regulation S of U.S. Securities Act of 1933, as amended, in a principal amount of US$320,000,000 at and interest rate of 6.75% and due on 23 November 2021. The net proceeds of such offerings were used to restructure its liabilities and finance its investment plans. See note 14.

(c) Merger by absorption -
In May 2012, the Group acquired all the shares of Construcciones e Inmuebles Pucusana S.A.C (CIPSA) through an agreement with Latin American Finance LLC (a foreign company). CIPSA owns 66,910 hectares of rustic land located in the district of Pucusana, where a new sparkly soft drinks and still drinks industrial bottling plant will be installed. This property is the only asset of CIPSA and the Group acquired 4,488,000 common shares representing all of its share capital subscribed and paid for a total amount of US$16,620,000.

The simple merger by absorption project was approved in the General Shareholders Meeting dated on December 31, 2012. According to this, the Group absorbs the universal title of CIPSA equity. The merger is in effect starting December 31, 2012.

As a result, the assets, liabilities, equity and retained earnings of the Group increased as of December 31, 2012, as follows:

	S/.(000)
Assets	4,506
Liabilities	189
Equity shares	4,510
Retained results	(193)
Total equity contribution	4,317

2. Basis of consolidation, preparation and presentation, principles and accounting policies

2.1.1 Basis of preparation and presentation –

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS"), in forces as of December 31, 2012.

The consolidated financial statements have been prepared under the historical cost basis, except for derivative financial instruments which are measured at fair value. The consolidated financial statements are presented in nuevos soles and all amounts are rounded to thousands (S/.(000)), unless otherwise indicated.

2.1.2 Basis of consolidation -

The consolidated financial statements comprise the financial statements of the Group as of December 31, 2012, 2011 and 2010.

The subsidiary is fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date when such control ceases.

The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Where the ownership of a subsidiary is less than 100%, and therefore a non-controlling interest exists, any losses of that subsidiary are attributed to the non-controlling interest even if that results in a negative balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group losses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences, recognised in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus of deficit in profit or loss; and
- Reclassifies the parent´s share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

The note 2.4 includes information about the significant accounting judgments, estimates and assumptions used by Group's Management for the preparation of these accompanying consolidated financial statements.

2.2. Summary of significant accounting policies

Below the significant accounting policies used by Group's Management for the preparation of consolidated financial statements are shown:

(a) Cash and cash equivalents -

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated cash flows statement, cash and cash equivalents consist of cash and short-term deposits as described above, net of outstanding bank overdrafts.

(b) Financial instruments: Initial recognition and subsequent measurement -

(i) Financial assets –

Initial recognition and measurement –

Financial assets within scope of International Accounting Standard (IAS) 39 "Financial instruments: Recognition and measurement" are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement -

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss -

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39.

Financial assets at fair value through profit and loss are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in finance income or finance costs in the consolidated income statement.

As of December 31, 2012, 2011 and 2010, the Group maintains derivative financial instruments (interest rate swaps) designed as for trading classified as financial assets at fair value through profit or loss, see note 26.

Loans and receivables -
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (EIR), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the consolidated income statement. The losses arising from impairment are recognised in the consolidated income statement in the caption finance costs.

Held-to-maturity investments -
Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity investments when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the consolidated income statement. The losses arising from impairment are recognised in the consolidated income statement in finance costs.

The Group did not have any held-to-maturity investments as of December 31, 2012, 2011 and 2010.

Available for sale financial investments -
Available-for-sale financial investments are those, which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the interest rate, exchange rate or market conditions, or neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value. The unrealised gains or losses are recognised directly in the consolidated statement of changes in equity. When the financial investment is sold the cumulative gain or loss previously recognised in consolidated statement of changes in equity is recognised in the consolidated income statement in "finance costs or income".

The gained dividends during the period when the investment was held are recognised in the consolidated income statement when the payment right has been established.
As of December 31, 2012, the Group maintains an investment portfolio classified as available for sale financial investment, see note 8.

Derecognition
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Group's continuing involvement in it. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

(ii) Impairment of financial assets -
The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost -
For financial assets carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

The interest income is recorded as part of finance income in the consolidated income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the consolidated income statement.

(iii) Financial liabilities –
Initial recognition and measurement -
Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortized cost. This includes directly attributable transaction costs.

As of December 31, 2012, 2011 and 2010 the Group's financial liabilities include trade and other payables, accounts payable to related parties financial obligations, and derivative financial instruments.

Financial liabilities are classified as short term obligations unless the Group has irrevocable right to defer the agreement for twelve months more after the consolidated statement of financial position.

Subsequent measurement –
The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss -
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the consolidated income statement.

Loans and borrowings -
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognised in the consolidated income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the consolidated income statement.

Derecognition -
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another financial liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated income statement.

(iv) Offsetting of financial instruments -
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(v) Fair value of financial instruments -
The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 23.

Derivative financial instruments -
Derivative financial instruments as defined by IAS 39, are classified as for trade and hedge. The most relevant aspects of each category are described as follows:

Trade -
Derivative financial instruments for trade are initially recognised at historical cost in the consolidated statement of financial position and subsequently at their fair value. The fair value is obtained basis on the exchange rate and market interest rate. Any gain or losses in the fair value are recorded in the consolidated income statement.

The derivative financial instruments maintained by the Group as "Cross Currency Interest Rate Swap" and "Interest Rate Swaps", do not qualify for hedge accounting in accordance to specific rules of IAS 39 and for that reason are treated as derivative financial instruments for trade.

Hedge -
Hedge accounting in accordance to IAS 39 is applied with the objective to manage particular risks for the transactions that accomplish with specific criteria for that. The derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered and are subsequently remeasurement to the consolidated financial statements date. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the consolidated

income statement, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk) or a portion of these assets, liabilities or firm commitment attributable to a particular risk which could affect the consolidated income statement; or

- Cash flow hedges when hedging exposure to variability in cash flows that is either (i) attributable to a particular risk associated with a recognised asset or liability (total or some future interest payments on variable rate debt) or a highly probable forecast transaction which could affect the consolidated income statement.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine if they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the specified criteria for hedge accounting are accounted for as follows:

Fair value hedges –
Changes in the fair value of the hedged item attributable to the hedged risk are adjusted to the carrying value of the hedged item and are recognized in the consolidated income statement.

For fair value hedges relating to items carried at amortized cost, the adjustment to the carrying amount is amortized against the results of the year according to the maturity of the hedged items. Amortization may begin as soon as they make the adjustment and must begin no later than the hedged item ceases to be adjusted for changes in fair value attributable to the risk being covered.

If the hedged item is derecognised, the unamortized fair value is recognised immediately in the consolidated income statement.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in its fair value, that is attributable to the hedged risk, is recognized as an asset or liability with a corresponding gain or loss recognized in the consolidated income statement.

As of December 31, 2012, 2011 and 2010, the Group has no hedging instruments at fair value.

Cash flow hedges –
The effective portion of the gain or loss on the hedging derivative instrument is recognized in the equity and consolidated statement of changes in equity respectively, and the gain or loss related to the ineffective portion is immediately recognized in the consolidated income statement.

The accumulated amounts in equity for cash flows hedging are carried out to the consolidated income statement in the periods when the hedge item affects the profit and loss, for example, in the cases when the finance income or expense is recognized or when the forecast sale occurs. Where the hedged item is the cost of non-financial asset or financial liabilities, the amounts recognized in equity are transferred to the initial cost of the asset or non-financial liability.

If it is expected that the forecasted transaction or firm commitment does not occur, the cumulative gain or loss previously recognized in equity is transferred to the consolidated income statement. If the hedging instrument expires or is sold, is terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in equity remains in equity until the forecasted transaction or firm commitment occurs.

As of December 31, 2012, 2011 and 2010, the Group decided to hedge their exposure to risks associated with commodity price volatility and exchange rates by subscribing futures contracts and prices of sugar swaps, cross currency swaps and currency forwards. These contracts qualify as hedges pursuant to IAS 39 (see note 26).

(c) Foreign currency translation -

(i) Functional and presentation currency -
The functional currency for the Group is determined by the currency of the primary economic environment. The Group has determinated the nuevo sol as the functional and presentation currency of its consolidated financial statements.

(ii) Transaction and balances in foreign currency -
Transactions in foreign currency are those carried out in a currency different from the functional currency. Transactions in foreign currency are initially recorded at the functional currency using the exchange rates in effect on the transactions.

Monetary assets and liabilities denominated in foreign currencies are subsequently translated into the functional currency using the exchange rate in effect as of the consolidated statement of financial position. Any gains or losses from exchange differences resulting from the settlement of these transactions and the translation of foreign currency monetary assets and liabilities at the consolidated statement of financial position date exchange rate are recognized in the consolidated income statement.

Non-monetary assets and liabilities are translated into the functional currency at the actual exchange rate at the transaction date.

(d) Inventories -
Inventories are stated at the lower of average cost or net realizable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Goods for sale, raw materials, packaging materials and supplies:
The cost includes the purchase cost using the weighted average method.

Finished goods and work in progress:
The cost of the products in process and finished goods includes material costs, labor expenses and the corresponding distribution of the fixed costs and production overheads (based on normal operating capacity) and excludes financing cost and exchange differences.

The purchase cost include the gains and losses transference related to cash flows hedge recognised in the comprehensive income, associated to the raw material acquisition.

Inventories in transit –
Inventories in transit are stated at purchase cost.

Net realizable value is the sales price obtained in the ordinary course of business, less the estimated costs of placing the inventories into a ready-for-sale condition and the commercialization and distribution expenses.

(e) Investment properties -
Investment properties are stated at acquisition cost or equity incorporation, in accordance to IAS 40 "Investment property", following the historical cost model. As consequence, they are treated following the indicated in IAS 16 "Property, plant and equipment". Investment properties include land and its respective construction.

The construction has to be depreciated following the straight line method, using an adequate rate to extinguish the cost at the end of useful live estimated between 40 and 80 years.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated income statement in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change.

(f) Property, plant and equipment -
Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated income statement as incurred.

The historical acquisition cost includes purchase price, including non-refundable purchase taxes and any other expense that are directly attributable to the acquisition of the assets.

Works in progress represent properties, plant and equipments that are under construction and are recorded at cost. The construction of property, plant and equipment is not depreciated until the relevant assets are finished and operative.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement when the asset is derecognized.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	Years
Buildings and other constructions	40 to 80
Machinery and equipment	5 to 50
Furniture and fixtures	4 to 30
Transport units	5 to 33
Bottles and cases	2.5 and 4
Computer equipment and others	4 to 30

The assets' residual values, useful lives and selected depreciation method are reviewed at each year end and adjusted prospectively if appropriate.

Plastic bottles and returnable glass bottles are presented at cost and are classified as bottles in the item "Net property, plant and equipment." The depreciation of these is calculated following the straight-line method, using 2.5 years as useful lives for returnable plastic bottles, 4 years for returnable glass bottles.

Non-returnable bottles are presented in "Inventories" caption at specific acquisition cost.

(g) Leases -

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Initial cost is included as part of property, plant and equipment. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the consolidated income statement. The leased assets are depreciated as is explained in the literal (f) above, which is consistent with the policy that the Group maintains.

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an operating expense in the consolidated income statement on a straight-line basis over the lease term.

(h) Intangible asset -

An intangible asset is recognized to the extent that it is probable that future economic benefits generated will flow to the Group and its cost can be reliably measured. The intangibles are presented at cost less accumulated depreciation and, if applicable, the allowance for impairment of assets has been estimated.

The amortization of assets is calculated following the straight-line method, using the rates to extinguish the cost of assets at end of estimated useful life up to 5 years for software licenses and other projects.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the consolidated income statement in the expense category consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

(i) Goodwill -

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss at the acquisition date.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(j) Borrowing costs -

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The Group capitalises borrowing costs for all eligible assets where construction was commenced on IFRS adoption date or after (January 1,2010).

When the Group obtains funds specifically to finance a project, the capitalised amount represents the borrowing costs actually agreed. If the funds obtained exceed the amount of funds required for the project in the short term period, the income generated from investment of such excess funds is capitalised and deducted from the total capitalised cost of the related project. When the funds used to finance a project are part of general borrowings, the capitalised amount is calculated using an average rate from all the interest rate of the period. The other borrowing costs are recognised in the consolidated income statement in the period when occurs.

(k) Impairment of non financial assets -

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the consolidated income statement in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated income statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

The following criteria are also applied in assessing impairment of goodwill:

Goodwill is tested for impairment annually (as of December 31) and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Discount rates are risk adjusted for country and business risk. In the year 2012, the rate used was 8 percent, and in the years 2011 and 2010 the rate used was 11 percent. Also, for the estimated future cash flows the Group has used a growth rate of 6 percent.

(l) Taxes -

Current income tax -

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate

Deferred tax -
Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, or

- Where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, or

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.
Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax -
Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(m) Revenue recognition -
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent.

The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods -
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods and its corresponding bill.

Rendering of services -
Revenue from property leases and other services recognised when they are accrued.

Interest income -
Interest income is recognised when accrued using the effective interest rate. Interest income is included in finance income caption in the consolidated income statement.

(n) Recognition of costs and expenses -
The cost of sales that corresponds to the cost of production of the products that the Group commercializes is registered when the goods are delivered, simultaneous to the recognition of income corresponding to the sale.

The financial costs are recorded as expense when they are accrued and mainly include the interest charges and other related costs incurred related to the received loans.

The other costs and expenses are recognized as they are accrued, independent to the moment of payment, and are recorded in the periods to which they are related.

(o) Provisions -

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed each period and are adjusted to reflect the best estimate at a financial position date. The expense relating to any provision is presented in the consolidated income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(p) Contingencies -

The contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to the consolidated financial statements unless the possibility of a disbursement is remote.

A contingent asset is not recognized in the consolidated financial statements but it is disclosed when its degree of contingency is probable.

(q) Employment benefits -

The Group has short term obligations related to employment benefits that include salaries, social contributions, gratifications, performance bonuses and profit sharing. These obligations are recorded monthly in the consolidated income statement when they are accrued.

(r) Earnings per share -

Basic and diluted earnings per share have been calculated over the basis of the weighted average of the common shares and investment shares in circulation during the period. As of December 31, 2012, 2011 and 2010, the Group does not have financial instruments with dilutive effect; as a result, the basic and diluted earnings per share are the same.

(s) Subsequent events -

The subsequent events at closing date that provide additional information on the Group's financial position and have a connection with events occurred and recorded at the date of the consolidated statement of financial position (adjusting events) are included in the consolidated financial statements. Significant subsequent events that are not adjusting events are disclosed in notes to the consolidated financial statements.

(t) Reclassification -

For the period 2011, the Group has made reclassifications to the following items in the consolidated statement of financial position:

	Unclassified balances S/.(000)	Debit S/.(000)	Credit S/.(000)	Reclassified balances S/.(000)
Other accounts payable	140,327	5,800	-	134,527
Short term portion of other accounts receivable and financial assets	41,082	-	6,139	34,943
Long term portion of other accounts receivable and financial assets	21,037	339	-	21,376
	78,208	6,139	6,139	78,208

Management believes that these reclassifications have no significant effect on the financial statements of 2011 and allows a better presentation of them.

2.3 International Financial Reporting Standards (IFRS) issued internationally but not yet effective

The standards and interpretations that have been issued, but not yet effective, as of the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

- IAS 1 "Presentation of Items of Other Comprehensive Income – Amendments to IAS 1" becomes effective for annual periods beginning on or after 1 January 2013.

- IAS 32 "Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32" becomes effective for annual periods beginning on or after 1 January 2014.

- IAS 19 "Employee Benefits (Revised)" becomes effective for annual periods beginning on or after 1 January 2013.

- IAS 28 "Investments in Associates and Joint Ventures (as revised in 2011)" becomes effective for annual periods beginning on or after 1 January 2013.

- IFRS 7 "Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7" becomes effective for annual periods beginning on or after 1 January 2013.

- IFRS 9 "Financial Instruments: Classification and Measurement" becomes effective for annual periods on or after 1 January 2015.

- IFRS 10 "Consolidated Financial Statements" becomes effective for annual periods beginning on or after 1 January 2013.

- IFRS 11 "Joint Arrangements" becomes effective for annual periods on or after 1 January 2013.

- IFRS 12 "Disclosure of Interests in Other Entities" becomes effective for annual periods on or after 1 January 2013.

- IFRS 13 "Fair Value Measurement" becomes effective for annual periods on or after 1 January 2013.

- Annual Improvements to IFRS (issued in May 2012)
  The IASB published a preview of the changes and improvements to IFRS. These amendments have not been adopted because they become effective on or after 1 January 2013.

  The Group's management is currently assessing the impact that these standards will have on the financial position and performance once they are in force.

2.4. Significant accounting judgments, estimates and assumptions -

Many of the amounts included in the financial statements involve the use of judgment and/or estimation. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience. Actual results may differ from the amounts included in the financial statements. Information about such judgments and estimates are contained in the description of accounting policies and/or the notes to the financial statements. The key areas are summarized below:

Significant areas of estimation uncertainty and critical judgments made by management in preparing the consolidated financial statements include:

- Determination of useful lives of assets for depreciation and amortization purposes – see notes 2.2(e) and (f) and notes 9, 10 and 11.
- Estimation of allowance for obsolescence, see note 2.2(d) and note 7
- Depreciation of property, plant and equipment, and investment property, see note 2.2(e) and (f) and note 9 and 10
- Amortization of intangible assets, see note 2.2(h) and note 11
- Estimation for impairment of non financial assets, see note 2.2(k) and note 9, 10 and 11
- Income tax – note 2.2(l) and note 15
- Contingencies, see note 13 (b)
- Fair value of financial instruments, see note 23

Any difference in the estimations with the subsequent results is recorded in the consolidated income statement in the year when occurs.

3. **Transactions in foreign currency**

Foreign currency transactions are carried out at market exchange rates as published by the Superintendencia de Banca, Seguros and AFP. The weighted average exchange rates for the transactions in dollars were S/.2.549 for the purchase and S/2.551 for the sale as of December 31, 2012, (S/.2.695 for the purchase and S/.2.697 for the sale as of December 31, 2011; and S/.2.808 for the purchase and S/.2.809 for the sale as of December 31, 2010).

As of 31 December 2012, 2011 and 2010, the Group had the following assets and liabilities at foreign currency:

	2012 US$(000)	2011 US$(000)	2010 US$(000)
Assets			
Cash and cash equivalents	2,910	126,717	2,625
Trade account receivables, net	100	1,671	1,224
Account receivables from related parties	1,491	15,441	15,268
Other account receivables and other financial assets, net	47,756	8,747	5,382
	52,257	152,576	24,499
Liabilities			
Trade account payables	62,977	72,721	31,936
Account payables to related parties	7,131	18,856	4,052
Other financial liabilities	2,816	3,058	2,521
Financial obligations	356,430	335,302	69,672
	429,354	429,937	108,181
Net liability position	377,097	277,361	83,682

The Group uses derivative financial instruments to hedge the exposure for a portion of its foreign currency liability positions, see notes 25(iii) and 26.

During 2012, the Group recognized a gain and a loss from exchange differences of approximately S/.111,013,000 and S/.53,469,000, respectively (gain of S/.55,304,000 and a loss of S/.36,695,000, in 2011; and gain of S/.21,064,000 and a loss of S/.15,756,000 in 2010), which are presented in the captions "Finance income" and "Finance expenses" in the consolidated income statement.

4. Cash and cash equivalents

As of December 31, 2012, 2011 and 2010, cash and cash equivalents comprise bank accounts amounting to S/. 41,039,000; S/.357,355,000; and , S/.42,345,000, respectively, which are mainly maintained in local banks in nuevos soles and U.S. dollars, are unrestricted and generate interests at market rates. Cash and cash equivalents as of December 31, 2011 includes approximately S/.339,000,000 from the international bonds issuance, see note 14.

5. Trade accounts receivable, net

(a) The item is made up as follows:

	2012 S/.(000)	2011 S/.(000)	2010 S/.(000)
Current			
Invoices	147,405	158,938	97,944
Notes receivable	46,766	7,469	12,394
Other receivables	2,794	2,822	756
	196,965	169,229	111,094
Less – Allowance for doubtful accounts (c)	(18,439)	(16,459)	(14,377)
	178,526	152,770	96,717
By maturity -			
Current portion	150,483	152,770	96,717
Non-current portion (d)	28,043	-	-
Total	178,526	152,770	96,717

(b) As of December 31, 2012, 2011 and 2010, the aging of the trade accounts receivable balance was as follows:

	Not impaired S/.(000)	Impaired S/.(000)	Total S/.(000)
As December 31, 2012			
Not due	131,759	-	131,759
Past due			
- 1 month	15,400	-	15,400
- Between 1 to 2 months	4,203	-	4,203
- Between 2 to 4 months	10,895	-	10,895
- More than 4 months	16,269	18,439	34,708
Total	178,526	18,439	196,965

	Not impaired S/.(000)	Impaired S/.(000)	Total S/.(000)
As December 31, 2011			
Not due	94,388	-	94,388
Past due			
- 1 month	29,052	-	29,052
- Between 1 to 2 months	10,041	-	10,041
- Between 2 to 4 months	4,422	-	4,422
- More than 4 months	14,867	16,459	31,326
Total	152,770	16,459	169,229

	Not impaired S/.(000)	Impaired S/.(000)	Total S/.(000)
As December 31, 2010			
Not due	76,956	-	76,956
Past due			
- 1 month	5,236	-	5,236
- Between 1 to 2 months	2,441	-	2,441
- Between 2 to 4 months	6,837	-	6,837
- More than 4 months	5,247	14,377	19,624
Total	96,717	14,377	111,094

(c) As of December 31, 2012, 2011 and 2010, the movement of the allowance for doubtful accounts was as follows:

	2012 S/.(000)	2011 S/.(000)	2010 S/.(000)
Opening balance	16,459	14,377	14,001
Additions	1,994	2,619	389
Less: recoveries and write off	(14)	(537)	(13)
Ending balance	18,439	16,459	14,377

(d) The non-current portion of trade receivables corresponds to notes receivables to customers related to sales invoices, with maturities through 2015 and generate an annual interest rate of 2 percent.

6. Other accounts receivable and financial assets, net

(a) The item is made up as follows:

	2012 S/.(000)	2011 S/.(000)	2010 S/.(000)
Claims for tax refund (b)	19,329	25,437	30,155
Other claims and other receivables	16,349	7,241	6,067
Legal deductions and claims to council	4,928	1,818	1,478
Claim to Embonor Holdings S.A. (c)	4,343	4,343	4,343
Loans to employees	2,714	2,402	2,209
Interest receivable	2,256	-	-
Distributors	1,396	1,828	1,123
Other minor accounts	1,674	1,674	1,702
	52,989	44,743	47,077
Allowance for doubtful accounts (f)	(15,179)	(7,474)	(1,702)
	37,810	37,269	45,375
Derivatives financial instruments			
Credit line applied to sugar contracts, note 26(iv)	13,386	19,050	427
Cash flow hedge, note 26 (iv)	1,166	-	34,342
Total	52,362	56,319	80,144
By maturity -			
Current portion	27,876	34,943	59,108
Non-current portion (d)	24,486	21,376	21,036
Total	52,362	56,319	80,144

(b) The claims for tax refund comprise:

	2012 S/.(000)	2011 S/.(000)	2010 S/.(000)
Claims request by ELSA	15,215	15,215	15,215
Tax to be applied	-	6,549	14,909
Other claims	4,114	3,673	31
	19,329	25,437	30,155

The claims request by ELSA to the Tax Authority, mainly correspond to tax prepayments in excess in previous years that are pending of resolution.

(c) As part of the agreements described in the participations and shares sale and purchase contract, held on January 29, 2004 between the Group, Embonor Holding S.A. (hereinafter "Embonor") and Embotelladora Arica Overseas, involving "SOCAP" and Coca Cola Embonor S.A., the Group may exercise the right to recover the excess of declared inadmissible claims incorporated in their assets as part of merger with ELSA, from US$4,000,000, considering the percentage of interest acquired. Thus, the Group has recorded a total of S/.4,343,000, which corresponds to the claim that Management has requested as restitution to Embonor Holdings S.A.

(d) Non current portion comprises:

	2012 S/.(000)	2011 S/.(000)	2010 S/.(000)
Claims for tax refund	15,215	15,215	15,215
Claim to Embonor Holdings S.A. (c)	4,343	4,343	4,343
Legal deductions and claims to council	4,928	1,818	1,478
	24,486	21,376	21,036

The Management and its legal counsel expect to recover these balances in the mid-term.

(e) As of December 31, 2012, 2011 and 2010, the aging of the other financial assets balance was as follows:

	Not impaired S/.(000)	Impaired S/.(000)	Total S/.(000)
As December 31, 2012			
Not due	2,578	-	2,578
Past due			
- 1 month	-	-	-
- Between 1 to 2 months	3,288	-	3,288
- Between 2 to 4 months	7	-	7
- More than 4 months	46,489	15,179	61,668
Total	52,362	15,179	67,541
As December 31, 2011			
Not due	9,741	-	9,741
Past due			
- 1 month	3,313	-	3,313
- Between 1 to 2 months	3,044	-	3,044
- Between 2 to 4 months	10,280	-	10,280
- More than 4 months	29,941	7,474	37,415
Total	56,319	7,474	63,793

	Not impaired S/.(000)	Impaired S/.(000)	Total S/.(000)
As of 31 December 2010			
Not due	17,454	-	17,454
Past due			
- 1 month	15,849	-	15,849
- Between 1 to 2 months	156	-	156
- Between 2 to 4 months	1,121	-	1,121
- More than 4 months	45,564	1,702	47,266
Total	80,144	1,702	81,846

(f) As of December 31, 2012, 2011 and 2010, the movement of the allowance for doubtful accounts was as follows:

	2012 S/.(000)	2011 S/.(000)	2010 S/.(000)
Opening balance	7,474	1,702	1,688
Additions	7,705	5,800	12
Less: recoveries and write off	-	(28)	2
Ending balance	15,179	7,474	1,702

7. Inventories, net

(a) This item is made up as follows:

	2012 S/.(000)	2011 S/.(000)	2010 S/.(000)
Goods for sale	3,050	2,044	1,771
Finished goods	52,907	42,561	40,496
Product in process	7,198	5,024	6,052
Raw and auxiliary materials	69,054	71,120	76,171
Packaging materials	65,084	44,867	32,988
Supplies and spare parts	49,912	39,406	36,542
Inventories in transit	16,325	10,905	14,977
	263,530	215,927	208,997
Less			
Allowance for obsolescence (b)	(5,414)	(2,478)	(4,171)
	258,116	213,449	204,826

(b) As December 31, 2012, 2011 and 2010, the movement of the allowance for obsolescence was as follows:

	2012 S/.(000)	2011 S/.(000)	2010 S/.(000)
Opening balance	2,478	4,171	4,844
Additions	3,476	228	1,581
Less: recoveries and write off	(540)	(1,921)	(2,254)
Ending balance	5,414	2,478	4,171

8. Available-for-sale-investment

(a) This item is made up as follows:

	2012 S/.(000)	2011 S/.(000)	2010 S/.(000)
Local debt instruments (b)	109,759	-	-
Foreign debt instruments (b)	41,237		
Time deposits (c)	77,920	-	-
	228,916	-	-

(b) The Group signed a contract with Banco de Crédito del Perú for the management of an investment portfolio, constituted of the proceeds obtained by the Group through the issuance of bonds in the international capital market, that would be used to finance its investment plans in future years. Through this agreement, the bank has the ability to invest the funds in order to make them profitable. The bank should invest in low volatility instruments with low or no risk and avoid making speculative investments.

The Group has recognized the fair value of the investment portfolio, having as counterpart the caption "Unrealised results of available for sale investments" amounting to S/.530,000, which is net of the income tax effect amounting to S/.227,000.

During 2012, the investment portfolio generated an income for interests amounting to S/.5,851,000. See note 21.

(c) Corresponds to time deposits with an original maturity greater than 90 days, held in local banks, with no restrictions and bear interest at market rates.

9. Investment properties, net

(a) The compositions and movement of this item is as follows:

	Land S/.(000)	Buildings and other constructions S/.(000)	Total S/.(000)
Cost			
As of 1 January 2010	94,034	25,306	119,340
Additions	-	1,879	1,879
Sales/ disposals	(315)	(3,132)	(3,447)
As December 31, 2010	93,719	24,053	117,772
Sales/ disposals	(754)	(151)	(905)
As December 31, 2011	92,965	23,902	116,867
Additions	-	-	-
Reclassification from property, plant and equipment, note 10	809	2,569	3,378
As December 31, 2012	93,774	26,471	120,245
Accumulated depreciation			
As of 1 January 2010	-	10,948	10,948
Additions, note 10(d)	-	448	448
Sales/ disposals	-	(1,510)	(1,510)
December 31, 2010	-	9,886	9,886
Additions, note 10(d)	-	403	403
As December 31, 2011	-	10,289	10,289
Additions, note 10(d)	-	529	529
Reclassification from property, plant and equipment, note 10	-	1,005	1,005
As December 31, 2012	-	11,823	11,823
Allowance for impairment (b)			
As January 1, 2012	-	-	-
Additions	-	2,500	2,500
As December 31, 2012	-	2,500	2,500
Net value as of December 31, 2010	93,719	14,167	107,886
Net value as of December 31, 2011	92,965	13,613	106,578
Net value as of December 31, 2012	93,774	12,148	105,922

(b) Annually, Group's management assess its investment properties conditions and, except for the assets related to Sullana plant closure, has determined that there are no indicators of impairment on these assets, so that, in management's opinion, the carrying amount is recoverable with future profits generated by the Group.

As of December 31, 2012, the provision for impairment corresponds to assets related to Sullana plant closure, see note 10 (c).

(c) The Group has no restrictions to realize its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Group's management has determined that the fair value of investment properties as of 31 December 2012, 2011 and 2010 is approximately US$40,200,000, based on a valuation made by an independent and registered appraiser.

10. Property, plant and equipment, net

(a) The compositions and movement of this item is as follows:

	Lands S/.(000)	Buildings and other constructions S/.(000)	Machinery and equipment S/.(000)	Furniture and fixtures S/.(000)
Cost				
Balance as December 31, 2010	150,506	140,468	597,879	30,654
Additions	442	989	9,907	201
Sales and/or withdrawals	-	-	(5,934)	(1,181)
Transfers	-	14,448	12,634	213
Balance as December 31, 2011	150,948	155,905	614,486	29,887
Additions	45,759	98,631	3,344	184
Sales and/or withdrawals	-	-	(1,629)	(114)
Transfers	-	94,769	219,913	699
Reclassification to Investment Properties, note 9	(809)	(2,569)	-	-
Balance as December 31, 2012	195,898	346,736	836,114	30,656
Accumulated depreciation				
Balance as December 31, 2010	-	60,484	331,911	19,130
Additions (c)	-	2,440	24,433	1,622
Sales and/or withdrawals	-	-	(5,604)	(1,031)
Balance as December 31, 2011	-	62,924	350,740	19,721
Additions (c)	-	6,094	30,807	1,467
Sales and/or withdrawals	-	-	(1,324)	(103)
Reclassification to Investment Properties, note 9	-	(1,005)	-	-
Balance as December 31, 2012	-	68,013	380,223	21,085
Allowance for impairment (e)				
Balance as January 1, 2012	-	-	-	-
Additions	-	1,500	-	-
Balance as December 31, 2012	-	1,500	-	-
Net value as December 31, 2010	150,506	79,984	265,968	11,524
Net value as December 31, 2011	150,948	92,981	263,746	10,166
Net value as December 31, 2012	195,898	277,223	455,891	9,571

(b) As part of the program of infrastructure investments, Lindley performed significant acquisitions and improvement projects in plants in response to the need to expand its production capacity which mainly comprise refurbishment and remodeling the Arequipa, Cusco, Huacho and Zárate plants. It also performed significant purchases of glass bottles and returnable plastic, to respond to increased market demand and increased product movement, and of refrigeration equipment, as part of its expansion and presence in retail outlets. These investments were mainly financed through financial leasing agreements with Banco Internacional del Perú S.A.A. – Interbank, BBVA Banco Continental and Banco de Crédito del Perú and the funds obtained from the international bonds issuance, see note 14, as well as the support of its related companies, see note 22.

The additions in 2012 include S/.45,759,000 corresponding to the value of the land located in Pucusana incorporated as part of the merger with CIPSA in December 2012, see note 1(c). This land will be used for the development of the project to build the mega plant and administrative offices which is expected to be concluded in the last quarter of 2014.

(c) In August 2012, the Group opened the new mega plant in Trujillo, with an investment of S/.321,221,000, the new plant will allow the expansion of production capacity from 19 to 47 million liters of beverages. The new plant has 5 modern bottling lines for glass and plastic formats. This investment is intended to supply the northern region and replace old plants at Sullana and Trujillo, see notes 9(b) and 10(e).

(d) The depreciation of investment properties and property, plant and equipment for the years 2012, 2011 and 2010 has been distributed as follows:

	2012 S/.(000)	2011 S/.(000)	2010 S/.(000)
Cost of sales, note 19	69,307	59,308	50,172
Selling expenses, note 19	39,467	33,670	21,938
Administrative expenses, note 19	3,251	3,569	3,939
Net others, note 20	5,047	2,654	3,338
	117,072	99,201	79,387

By item –

	2012 S/.(000)	2011 S/.(000)	2010 S/.(000)
Investment properties, note 9	529	403	448
Property, plant and equipment	116,543	98,798	78,939
	117,072	99,201	79,387

(e) Based on the results of its financial projections of cash flows, the Group has made an assessment of impairment indicators of some assets of property, plant and equipment. The Group considers that the recorded allowance for impairment of fixed assets as of December 31, 2012, 2011 and 2010 is sufficient and no additional provision would be required. The present value of the financial projections has been calculated using a discount rate that reflects the changes in the value of money over time in the market.

As of December 31, 2012, the provision for impairment corresponds to assets related to the Trujillo plant closure, see note 10 (c).

(f) As of December 31, 2012, the Group insures its main assets for approximately US$75,000,000 (equivalent to S/.210,600,000). In Management's opinion, its insurance policies are consistent with the international practice in the industry. It also believes that the risk of eventual losses due to accidents included in the insurance policy is reasonable considering the type of assets the Group owns.

(g) As of December 31, 2012, 2011 and 2010, the value of the goods acquired through financial lease contracts is as follows:

	2012			2011	2010
	Cost	Accumulated depreciation	Net cost	Net cost	Net cost
	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)
Buildings and other constructions	119,077	(4,864)	114,213	-	-
Machinery and equipment	162,755	(42,205)	120,550	48,120	45,842
Transport units	7,162	(1,516)	5,646	3,451	1,976
Computer equipment and others	99,137	(56,962)	42,175	50,730	50,659
Units in transit	-	-	-	91,179	20,421
	388,131	(105,547)	282,584	193,480	118,898

11. Intangibles, net

(a) The composition and movement of this item is as follows:

	Software licenses and other projects S/.(000)	Franchise rights and concessions S/.(000)	Total S/.(000)
Cost			
As of 31 December 2010	21,207	5,179	26,386
Additions	1,232	-	1,232
As of 31 December 2011	22,439	5,179	27,618
Additions	949	-	949
As of 31 December 2012	23,388	5,179	28,567
Accumulated Amortization			
As of January 2011	20,129	5,179	25,308
Additions (b)	938	-	938
As of 31 December 2011	21,067	5,179	26,246
Additions (b)	599	-	599
As of 31 December 2012	21,666	5,179	26,845
Net cost as of 31 December 2010	1,078	-	306,633
Net cost as of 31 December 2011	1,372	-	1,372
Net cost as of 31 December 2012	1,722	-	1,722

(b) Distribution of amortization during the years 2012, 2011 and 2010 is as follows:

	2012 S/.(000)	2011 S/.(000)	2010 S/.(000)
Administrative expenses, note 19	599	922	1,820
Cost of sale, note 19	-	16	33
	599	938	1,853

(c) As of December 31, 2012, 2011 and 2010, the recorded goodwill amounting to S/.305,555,000 corresponds to the result of the merger made in prior years for the consolidation of the bottling system with TCCC bottlers (Embotelladora Latinoamericana S.A. - ELSA) as well as the amount paid in excess when the Group acquired several authorized bottlers in the country, before the restructure and control of the national territory project, which was made by the Group and Embotelladora Latinoamericana S.A. (ELSA), beginning in 1998.

The Group conducted its annual test for impairment at December 31, 2012, 2011 and 2010. Group's Management believes that there is no impairment. Group's Management has determined the value in use of the CGU based on the income approach and the application of the free cash flows method ("FCFF") to be generated by the CGU. The Group has determined the economic value of the free cash flow using a discount rate appropriate to their risk level.

Cash flows were budgeted for a period of 11 years and reflect the demand for services. The discount rate applied to cash flow projections was 8 percent.

Cash flows beyond the four-year period were extrapolated using a growth rate of 6 percent which is similar to the average long-term growth rate for the industry.

Sensitivity to changes in key assumptions used -
With respect to the assessment of value in use, Management believes that no reasonably possible change in any of the key assumptions used would cause the carrying amount of the unit exceeds its recoverable amount significantly.

As of December 31, 2012, 2011 and 2010, based on projections made by Management on the expected results for next years, there is no indication that the recoverable values of property, plant and equipment are less than their book values, there is no need to register any provision for impairment for these assets at the date of the consolidated statement of financial position.

12. Trade accounts payable

(a) This item is made up as follows:

	2012 S/.(000)	2011 S/.(000)	2010 S/.(000)
Invoices	317,010	222,607	212,839
Notes payable to suppliers	-	1,282	826
Invoices for transit for goods and services received	17,594	32,353	15,042
	334,604	256,242	228,707

(b) The maturity of the trade account payables is as follows:

	2012 S/.(000)	2011 S/.(000)	2010 S/.(000)
Not due	304,712	242,261	227,137
Past due	29,892	13,981	1,570
	334,604	256,242	228,707

(c) The trade accounts payable mainly result from the acquisition of materials, supplies and production spare parts. These are denominated in local currency and foreign currency, have short-term maturities, and do not generate interests. Guarantees have not been granted for these obligations.

13. Other accounts payable

(a) This item is made up as follows:

	2012 S/.(000)	2011 S/.(000)	2010 S/.(000)
Taxes (b)	43,340	31,995	34,352
Contingencies (c)	29,371	26,938	34,660
Bonus and accrued employee benefits	24,351	13,169	1,631
Other provisions	21,151	26,087	17,836
Provision for advertising and marketing	12,883	9,777	4,912
Vacations payable	11,011	6,766	6,165
Interests payable	6,805	9,786	5,306
Payments to Directors	3,000	3,000	3,000
Deposits received for returnable bottles and cases	500	7,009	7,014
	152,412	134,527	114,876

(b) Mainly comprise the balance related to value added tax generated during the current period and will be applied and paid in short term.

(c) This item corresponds to the estimated amount of the Group's obligations to third parties for various labor and civil contingencies. These obligations mainly arise through legal processes related to ELSA from previous years. The amount recorded corresponds to the limit of responsibility assumed by the Group as set out in clauses 9 and 10 of the Framework Agreement signed between the Group and SOCAP for the acquisition of SOCAP, in addition to what is considered by Management and its legal advisors.

14. Financial obligations

(a) This item is made up as follows:

Lender	Guarantee	Interest rate %	Maturity
Loans			
Citibank N.A.			
Initial loan for US$50,000,000 (b), balance of US$14,385,315 as of December 2010.	Trust assets	Libor + 3.375	2013
Loan for US$ 6,000,000 (c) as of December 2010.	Trust assets	Libor + 2.25	2014
Promissory note for S/.15,000,000.	Without specific guarantees	3.80	February 2011
Banco Standard Chartered			
Initial loan for US$40,000,000 (b), balance of US$2,673,134 as of December 2010.	Trust assets	Libor + 3.375	2013
Loan for US$ 6,000,000 (c) as of December 2010.	Trust assets	Libor + 2.25	2014
Banco de Crédito del Perú			
Loan for US$5,294,000	Without specific guarantees	6.84	January 2013
BBVA Banco Continental			
Loan for S/.14,045,000	Without specific guarantees	2.0	January 2011
Loan for S/.14,045,000	Without specific guarantees	2.0	January 2011
Scotiabank Perú S.A.A.			
Loan for S/.12,000,000	Without specific guarantees	2.69	January 2011
BBVA Banco Continental			
Promissory note for US$ 10,000,000	Unsecured specific	2.82%	January-13
Scotiabank Perú S.A.A.			
Promissory note for US$ 10,000,000	Unsecured specific	2.67%	January-13
Leasing (d)			
Scotiabank Perú S.A.A.			
Contract approximately of S/.5,636,000	Property related to the contract	7.70%	Sep-12
Contract approximately of S/.660,000	Property related to the contract	6.70%	Dec-15
Banco de Crédito del Perú S.A.A.			
Contract approximately of US$ 2,141,293	Property related to the contract	4.62%	Nov-16
Contract approximately of US$6,408,000	Property related to the contract	4.19%	Jun-16
Contract approximately of US$ 523,737	Property related to the contract	5.31%	Dec-15
Contract approximately of S/.1,408,000	Property related to the contract	7.8%	Jan-12
Contract approximately of S/.117,237,000	Property related to the contract	8.75%	Feb-12

Lender	Guarantee	Interest rate %	Maturity
Banco Internacional del Perú S.A.A. - Interbank			
Contract approximately of S/.13,281,000	Property related to the contract	10.08%	Feb-15
Contract approximately of S/.17,155,000	Property related to the contract	10.08%	Nov-15
Contract approximately of S/.7,754,000	Property related to the contract	5.15%	Nov-15
Contract approximately of S/.20,748,000	Property related to the contract	5.15%	Nov-15
Contract approximately of S/.25,255,000	Property related to the contract	9.78%	Jul-12
BBVA Banco Continental			
Contract approximately of S/.9,953,000	Property related to the contract	5.60%	Jul-15
Contract approximately of S/.48,634,552	Property related to the contract	6.80%	Sep-19
Contract approximately of S/.645,000	Property related to the contract	4.49%	May-13
Contract approximately of S/.24,000,698	Property related to the contract	6.80%	Sep-19
Contract approximately of S/.4,143,000	Property related to the contract	6.80%	May-20
Contract approximately of S/.22,000,000	Property related to the contract	7.44%	May-20
Contract approximately of S/.1,480,000	Property related to the contract	5.02%	Set-14
Corporate bonds			
Issued for restructuring of the Group's financial position.			
1st issuance	Trust assets	6.75	2018
2nd issuance	Trust assets	8.53	2018
3rd issuance	Trust assets	7.03	2014
4th issuance	Trust assets	7.25	2014
6th issuance	Trust assets	7.72	2020
International corporate bonds (c)			
Issued for restructuring of the Group's financial position	Unsecured specific	6.75%	Nov-21
Other obligations			
Tax Splits – SUNAT	Unsecured specific	4.3%	Apr-12
Tax Splits of subsidiary – SUNAT	Unsecured specific	4.3%	Apr-12
Tetra Pak S.A.	Without specific guarantees	6.3	2012
Sidel S.P.A.	Unsecured specific	-	2015
Sidel Blowing & Service	Unsecured specific	-	2016
Credit lines used for the negotiation of sugar contracts, note 26			
BNP Paribas	Unsecured specific	-	-
Total Long – Term Debt			

(b) During 2010, the Group entered into various lease agreements with BBVA Banco Continental and Interbank related to the acquisition of bottling line Krones, vehicles, forklifts and refrigeration equipment, as well as the implementation of new bottling plants and renewal of some plants to increase the level of production, see note 10(b).

(c) On 23 November 2011, the Group issued bonds in the international capital market pursuant to Rule 144A Regulation S of the US Securities Act of 1933 as amended, in a Principal amount of US$320,000,000 at an interest rate of 6.75% and due on 23 November 2021. The funds obtained from this international issuance were used to execute the prepayment option of the first local program of corporate bonds (first, second, third, fourth y sixth issuance), pay bank loans, and also support the necessary investment for the construction and improvements of Trujillo and Lima plants.

The international bonds do not have guarantees and must meet certain administrative and financial obligations, as well as other restrictions such as:

- Incur in additional debts;
- Permit the Subsidiary create or allow the existence of a restriction to any Subsidiary capability to pay dividends or any debt with the Company or any Guarantee Subsidiary;
- Permit the Subsidiary guarantee debts from Lindley or any Guarantee Subsidiary;
- Transfer any property or asset from Lindley or any Guarantee Subsidiary;
- Grant collaterals;
- Consolidate, merge, sale or transfer assets;
- Perform transactions with affiliates ; and
- Modified the type of business that the Company performs.

In case that (i) the bonds obtain investment grade at least from two risk-rating agencies and (ii) the bonds have obtained investment grade at least from two risk-rating agencies and a default is not in force, the mentioned covenants will cease (except the related to limitation to perform grants, business changes, and other limitations like mergers, consolidations, and transfer assets while the two risk-rating agencies maintain the investment grade).

Compliance with the restrictive covenants described above is overseen by the Group's Management, and in its opinion, at December 31, 2012 and 2011, the Group has complied with the above commitments and financial indicators.

(d) Information of the financial leases agreements as of December 31, 2012, 2011 and 2010:

	2012		2011		2010	
	Minimum payments S/.(000)	Present value of lease payments S/.(000)	Minimum payments S/.(000)	Present value of lease payments S/.(000)	Minimum payments S/.(000)	Present value of lease payments S/.(000)
Up to 1 year	53,584	39,340	38,544	28,299	28,257	20,745
Above 1 year and more	122,183	89,702	104,301	76,574	113,616	83,413
More than 1 year	40,887	29,520	62,895	46,175	-	-
Total payable amount	216,654	158,562	205,740	151,048	141,873	104,158
Less interest payable	(30,455)	-	(11,263)	-	(15,691)	-
Total	186,199	158,562	194,477	151,048	126,182	104,158

(e) As of December 31, 2012, 2011 and 2010, the maturity of the financial obligations during the next years is as follows:

	2012 S/.(000)	2011 S/.(000)	2010 S/.(000)
2011	-	-	123,656
2012	-	37,073	83,650
2013	115,415	47,219	52,304
2014	47,742	39,076	225,504
2015	34,508	25,128	31,264
2016	20,258	10,690	-
2017 and above	872,038	941,523	-
	1,089,961	1,100,870	516,378

15. Income tax

(a) The deferred income tax is made up as follows based on the temporary differences that generate it:

	As of January 1, 2011 S/.(000)	Income (expense) S/.(000)	Equity S/.(000)
Deferred asset			
Other provisions	17,671	10,002	-
Derivative financial instruments	(7,764)	3,267	8,095
	9,907	13,269	8,095
Deferred liability			
Voluntary revaluation of fixed assets	(65,303)	2,043	-
Financial leasing operations, net of accumulated depreciation	(3,268)	346	-
Difference in depreciation rates	(191)	-	-
	(68,762)	2,389	-
Net deferred income tax liability	(58,855)	15,658	8,095

(b) The expense for income tax presented in the consolidated statement of income as of 31 December 2012, 2011 and

	2012 S/.(000)	2011 S/.(000)	2010 S/.(000)
Income tax			
Current	(43,411)	(36,880)	(29,252)
Deferred	(13,063)	15,658	3,231
	(56,474)	(21,222)	(26,021)

(c) For the years 2012, 2011 and 2010, the reconciliation of the effective and legal income tax rate is presented below:

	2012 S/.(000)	2011 S/.(000)	2010 S/.(000)
Profit before income tax	131,802	66,934	70,853
Income tax at legal rate 30 percent	39,541	20,080	21,256
Plus (less):			
Effect of non-deductible expenses and other permanent items	16,933	1,142	4,765
Income tax expense	56,474	21,222	26,021
Effective rate	42.85	31.70	36.72

16. Shareholder's equity

(a) Capital stock -

As of December 31, 2012, 2011 and 2010, the capital stock is represented by 580,981,459 common shares integrally subscribed and paid, whose nominal value is of 1 Nuevo sol per share, of which 223,774,704 are Series "A ", 329,870,528 are Series "B" and 27,336,227 are Series "C", all with the same rights and obligations, except those of the series "A", which propose the Finance Manager, two incumbent directors and alternates, while the Series "B" and "C" appoint the General Manager and the other directors.

(b) Investment shares -

As of December 31, 2012, 2011 and 2010, the investment shares, subscribed in the Lima's Stock Exchange Market, are represented by 71,965,514 shares which are negotiable. The stock market quotation per investment share as of December 31, 2012 is S/.2.40 per share (S/.1.28 as of December 31, 2011 and S/.2.20 as of December 31, 2010).

According to law, the investment shares are issued in the name of each holder, and may be redeemed in agreement with the Group. They have some preference in the payment of dividends and do not have access to the Board or General Meetings of Shareholders.

Holders of investment shares are entitled to make contributions to increase investment shares account only in order to maintain proportionality in capital stock, in cases of increases due to new contributions, and of increases by public subscription, the holders have first option to subscribe for not less than ten percent of such increases.

(c) Legal reserve -

The General Corporate Law requires that a minimum of 10 percent of a Group's disposable earnings each year must be transferred to a legal reserve until the reserve reaches an amount equivalent to 20 percent of the capital stock paid. The legal reserve can compensate losses or can be capitalized. In both cases, it is mandatory to replenish it.

17. Tax situation and contingencies

(a) The Group is subject to the Peruvian tax system. As of December 31, 2012, 2011 and 2010 the income tax rate was 30 percent of taxable income.

Companies not domiciled in Peru and individuals must pay an additional tax of 4.1 percent over received dividends.

(b) Since 2010, the capital gains resulting from the disposal of marketable securities through centralized negotiation mechanisms in Peru are taxable.

In this context, the Income Tax Law indicated that, to establish the income tax produced by the disposal of marketable securities acquired before January 1, 2010, the taxable cost of those marketable securities will be the 2009 year end quote price or the acquisition cost or the equity value, whichever is greater.

This rule is applicable for entities when the marketable securities will be disposed inside or outside of a centralized negotiation mechanism.

Also, when securities acquired or received by the tax person in different ways and opportunities are disposed, redeemed or rescued, the taxable cost will be the weighted average cost. It is important to mention that the weighted average cost will be equivalent to the result of the taxable cost, related to the acquired marketable security in a specific moment by the number of shares, divided by the total acquired shares.

(c) With the purpose of determining the income tax and the value added tax, the transfer prices among related parties and for transactions with companies domiciled in countries considered tax heavens, should be supported by documentation containing information about the valuation methods applied and criteria used in its determination. Based on an analysis of the Group's operations, Management and its legal advisors do not believe that the new regulations will result in significant contingencies for the Group as of December 31, 2012, 2011 and 2010.

(d) Tax authority is legally entitled to review, and if applicable, adjust the income tax and value added tax computed by the Group and the related parties absorbed by Lindley during the four subsequent years to the year of the related tax return filing. The income tax and value added tax returns of the Group and the related parties that are pending review by the Tax Authority are the followings:

	Years open to fiscal review	
Company	**Income tax**	**Value added tax**
Corporación Lindley S.A.	2008 a 2012	2008 a 2012
Embotelladora La Selva S.A.	2011 a 2012	2011 a 2012

(e) Due to various possible interpretations of current legislation, it is not possible to determine whether or not future reviews will result in tax liabilities for the Group. In the event that additional taxes payable, interest and surcharges result from Tax Authority reviews, they will be charged to expense in the period assessed and paid. However, in the Management's and its legal advisors' opinion, any additional tax assessment would not be significant to the consolidated financial statements as of December 31, 2012, 2011 and 2010.

(f) As of 31 December 2012, the Group is pursuing claims from the Tax Authority and other legal and labor processes amounting approximately to S/.51,000,000 and US$ 300,000 (approximately S/.62,000,000 and US$600,000 as of December 31, 2011 and approximately S/.78 million and US$1.7 million as of December 31, 2010) that are pending of final resolution. Management and its legal advisors consider that these processes will have a probable unfavorable result for the Group amounting approximately to S/.29,371,000 (S/.26,938,000 as of December 31, 2011 and 34,660,000 as of December 31, 2010), which has been recorded, see note 13(b); also estimate that the demands classified as remote or possible will be resolved favorable to the Group.

18. Sales, net

(a) This item is made up as follows:

	2012 S/.(000)	2011 S/.(000)	2010 S/.(000)
Sparkly soft drinks	1,692,508	1,642,975	1,457,363
Water	419,789	197,861	196,947
Still drinks	289,770	237,555	180,010
Others	8,833	6,322	31,218
	2,410,900	2,084,713	1,865,538
Less discounts	(359,847)	(316,901)	(327,489)
	2,051,053	1,767,812	1,538,049

(b) As of 31 December 2012, 2011 and 2010, it was sold 274, 259, and 236 million units, respectively (Unaudited).

19. Costs and expenses by nature of expense

The classification of the expenses by nature of the expense for the years ended as of December 31, 2012, 2011 and 2010

	Cost of sales		
	2012 S/.(000)	2011 S/.(000)	201 S/.(0
Opening balance of finished goods, product in process and goods, note 7	49,629	48,319	32,5
Consumption of raw materials and consumables and purchase of goods	1,141,277	1,036,438	893,0
Labor expenses	105,670	96,630	83,1
Third party services provided	83,880	72,686	65,5
Advertising and promotion	-	-	
Taxes and others	1,524	1,421	1,4
Depreciation, note 10(d)	69,307	59,308	50,1
Amortization, note 11(b)	-	16	
Other provisions	6,107	5,463	5,2
Less: Ending balance of finished goods, product in process and goods, note 7	(63,155)	(49,629)	(48,3
	1,394,239	1,270,652	1,082,8

20. Other operating income and expenses

These items are made as follows:

	2012 S/.(000)	2011 S/.(000)	2010 S/.(000)
Income			
Sale of services, raw materials, advertising material and others	38,365	27,838	10,529
Sale of bottles and cases	25,604	26,572	34,641
Rentals	717	912	945
Sale of property, plant and equipment	701	5,989	22,791
Various	9,314	5,163	5,909
	74,701	66,474	74,815
Expenses			
Provisions for contingencies, termination of personnel and others	43,412	14,957	25,549
Retirements of inventories, bottles and cases	30,750	26,616	27,252
Cost of sale of bottles and cases	25,092	26,643	35,889
Cost of sale of services, raw materials, advertising material and others	8,415	5,867	2,775
Depreciation of packaging and others, note 10(d)	5,047	2,654	3,338
Net cost of disposal of properties, plant and equipment	3,327	3,038	15,605
	116,043	79,775	110,408

21. Financial income and expenses

This item is made up as follows:

	2012 S/.(000)	2011 S/.(000)	2010 S/.(000)
Income			
Interest on investments held for sale	5,851	-	-
Income from deposits in bank and others	5,170	2,223	2,440
Interests from loans from related parties, note 22	941	2,392	2,439
Income from forward contracts	744	2,133	-
Exchange rate gain	110,269	53,171	21,064
	122,975	59,919	25,943
Expenses			
Interests and expenses from long term financial obligations	68,988	50,644	28,825
Interests from loans and others	26,186	19,495	14,718
Exchange rate loss	53,469	36,695	15,756
	148,643	106,834	59,299

22. Transactions with related parties

(a) During the years 2012, 2011 and 2010, the Group has mainly performed the following transactions with related parties:

	2012 S/.(000)	2011 S/.(000)	2010 S/.(000)
Income			
Recovery of expenses related to marketing and advertising cooperative agreement (e)	39,414	25,771	29,836
Interests	-	2,374	2,439
Sale of finished goods, goods and others	628	1,029	522
Income from concentrates incidency	-	11,545	7,603
Others	39	2,500	5945
	40,081	43,219	46,345
Costs and expenses			
Purchase of concentrates (f)	445,230	346,964	344,930
Advertising expenses	2,717	-	338
Security services	227	2,738	2,311
Consulting	-	677	772
Other	2,751	2,878	2361
	450,925	353,257	350,712

The Group performs its operations with related parties under the same conditions as those performed with third parties, and therefore, no difference exists in pricing policies or the settlement of tax base. Forms of payment also not differ from policies applied to third parties.

(b) Accounts receivable and accounts payable balances from related parties are presented below:

	2012 S/.(000)	2011 S/.(000)	2010 S/.(000)
Accounts receivable:			
Trade accounts receivable			
Embotelladora Bagua S.A.	-	-	319
Coca Cola Servicios del Perú S.A.	56	559	23
	56	559	342
Other accounts receivable -			
Corporación Inca Kola Perú S.R.L. (e)	18,491	2,106	24,219
Coca Cola Servicios del Perú S.A. (e)	24,965	13,216	8,571
Latin American Finance LLC (d)	-	38,839	38,043
Other	412	139	134
	43,868	54,300	70,967
Total	43,924	54,859	71,309
Accounts payable			
Corporación Inca Kola Perú S.R.L. (f)	46,294	23,479	19,182
Coca Cola Servicios del Perú S.A. (f)	27,175	15,929	14,199
Coca Cola Chile S.A. (f)	22,789	53,073	38,715
Other	603	1,838	102
Total	96,861	94,319	72,198

(c) The salary expenses of the Board members and key Management of the Group were S/.12,749,000, S/.10,037,000, and S/.9,600,000 during the years 2012, 2011 and 2010, respectively.

(d) The item corresponds to US$12,550,000 loan to Latin American Finance LLC (a company incorporated in the United States of America), according to the contract signed in November 2009. The loan bears an annual interest rate of 7 percent and matures in the short term. The legal representative of the related parties has become a guarantor of the obligations.

In May 2012, according to the CIPSA share sales agreement by Latin American Finance LLC (see note 1 (c)), for the cancellation of the shares sale price, the US$12,550,000 owed by Latin American Finance LLC were offset and the remaining balance was paid in cash, less withholding taxes. Interest receivable loan was in accordance with an agreement between the parties.

(e) The item corresponds to the support provided by Coca Cola Servicios del Perú S.A. and Corporación Inca Kola Peru S.R.L. through cooperative agreements for the promotion and marketing activities carried out by the Group in order to increase the market share of the brands. Includes primarily purchases of packaging, exhibiting and advertising campaigns.

(f) The item corresponds to the purchase of bases and concentrates used in the production of drinks of the different brands that the related parties represent and the Group sells.

23. Fair value of financial instruments

The comparison between the carrying value and fair value of financial assets and liabilities presented in the consolidated fi
December 31, 2012, 2011 and 2010 is as follows:

	Book value			Fair va	
	2012 S/.(000)	2011 S/.(000)	2010 S/.(000)	2012 S/.(000)	2011 S/.(00
Financial assets					
Cash and cash equivalents	41,039	357,355	42,345	41,039	357,35
Net accounts receivable	178,526	152,770	96,717	178,526	152,77
Accounts receivable from related parties	43,924	54,859	71,309	43,924	54,85
Other accounts receivable and Net other financial assets	52,362	56,319	59,108	52,362	56,31
Available-for-sale financial assets	228,916	-	-	228,916	
	544,767	621,303	269,479	544,767	621,30
Financial liabilities					
Trade accounts payable	334,604	256,242	228,707	334,604	256,24
Accounts payable to related parties	96,861	94,319	72,198	96,861	94,31
Other accounts payable	152,412	134,527	114,876	152,412	134,52
Corporate bonds	816,320	863,040	249,004	917,075	882,95
Financial instruments	10,925	8,238	10,763	10,925	8,23
Financial leasing	186,199	194,476	126,181	158,562	151,04
Bank loan	51,020	-	139,154	51,020	
Other financial liabilities	36,421	43,353	2,039	36,424	43,35
	1,684,762	1,594,195	942,922	1,757,883	1,570,68

The fair value of financial liabilities is the amount by which the instruments can be exchanged between concerned parties or willing parties conducting an arm's length transaction without deduction of transaction costs on its possible sale, not in forced, urgent, or involuntary liquidation.

Based on the criteria described above, management believes that there are not significant differences between the carrying value and fair value of financial instruments of the Group as of December 31, 2012, 2011and 2010.

The methodologies and assumptions used to determine fair value depend on the terms and risk characteristics of the various financial instruments and include the following:

- The cash and cash equivalents have short-term maturity and do not have significant credit or interest, for that reason the fair value of cash and cash equivalents approximate their book value.

- Fair value of trade accounts receivable is similar to their book value due to the fact that these accounts are mainly in short-term and are presented net of its allowance of doubtful accounts.

- In the case of current financial obligations, trade and other accounts payable are similar to their book value due to these accounts have current maturities.

- In the case of the long-term loans, since their conditions and the interest rates that accrued are market based, Management believes that their carrying values do not differ significantly from their respective market fair values.

- In the case of derivatives financial instruments, these are recognized at fair value, and therefore, are not different from their respective book values.

Based in the aforementioned analysis, Management estimates that the book values of the financial instruments do not differ significantly from their estimated market value as of December 31, 2012, 2011 and 2010.

Fair value hierarchy
The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

► Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As of December 31, 2012, 2011 and 2010, the Group maintains the following financial instruments measured at fair value:

	2012 S/.(000)	2011 S/.(000)	2010 S/.(000)
Assets measured at fair value			
Level 1			
Local debt instruments	109,759	-	-
Foreign debt instruments	41,237	-	-
	150,996	-	-
Assets measured at fair value:			
Level 2			
Future sugar buy contracts and others	1,166	-	34,342
	152,162	-	34,342
Liabilities measured at fair value			
Level 2			
Future contracts	-	-	1,472
Cross currency swap	4,812	5,095	5,249
Interest rate swap	-	1,298	4042
Sugar price swap	1,915	1,845	-
Cross Currency Principal only Swap	4,198	-	-
	10,925	8,238	10,763

During the years 2012, 2011 and 2010, there were no transfers between hierarchy levels from level 1 and 2 to other levels. The Group does not maintain assets or liabilities measured at level 3.

24. Earning per share

During the years 2012, 2011 and 2010 there have been no equity transactions in the capital account and equity investments, so the number of common and investment shares outstanding and the weighted average at closing date of both years is as follows:

Common shares	580,981,459
Investment shares	71,965,514
Total	652,946,973

The calculation of the earnings per shares as of December 31, 2012, 2011 and 2010 is presented below:

	Net income (numerator) S/.(000)	Shares in thousands (denominator)	Earnings per share S/.
As of December 31, 2012			
Basic and diluted profit per shares of the common and investment shares	75,296	652,947	0.115
As of December 31, 2011			
Basic and diluted profit per shares of the common and investment shares	45,711	652,947	0.070
As of 31 December 2010			
Basic and diluted profit per shares of the common and investment shares	44,045	652,947	0.0675

25. Financial risk management

In the normal course of its operations, the Group is exposed to financial risks that include the effects of variations in interest rates, exchange rates, credit and liquidity. The managing risk program of the Group tries to minimize the potential effects that affect its financial development.

The Management knows the existing conditions of the market, and based in its knowledge and experience, controls the liquidity, exchange and credit risk, following the approved policies by the Board. The most significant aspects for managing these risks are the following:

(i) Market risk -

Market risk is the risk that the fair values of the future cash flows of a financial instrument will fluctuate because of changes in market prices. The market prices comprise three types of risks: interest rate risk, currency risk and share investment risk. In the case of the Group, the financial instruments affected by the market risks include deposits and obligations with financial entities and third parties in short and long term, which are exposed to currency and interest rate risk.

The sensitivity analysis in the following section is as of December 31, 2012, 2011 and 2010, and was prepared considering that the net debt amount, the fixed interest rate of debt, and the financial instruments' proportion in foreign currency are constant.

The sensitivity calculations assumed the following:

- Sensitivity in equity is related to the hedge derivatives financial instruments.

- Sensitivity in the consolidated income statement is the effect of the changes assumed in the respective market risk. This assumption was based on the financial assets and liabilities as of December 31, 2012, 2011 and 2010, including the effect of the hedge derivatives financial instruments.

(ii) Interest rate risk -
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk through obtaining fixed interest rate debt and by matching interest rates on active and passive instruments. In addition, when it is necessary, the Group enters into hedge agreements (cross currency swaps) to exchange variable interest rates for fixed rates, see note 26.

The table below shows the effect on the income before income tax, due to a reasonable variation of the interest rate, with all other variables held constant:

	Increase (decrease) in point basis	**Effect on profit before income tax** S/.(000)
2012	+100 point basis	393
2011	+100 point basis	172
2012	-100 point basis	(393)
2011	-100 point basis	(172)

(iii) Currency risk -
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to exchange rate risk is mainly related to operative activities.

Management controls this risk through the analysis of the macroeconomics variables of the country. The Group has entered into forward currency contracts to hedge the mismatch between asset and liability positions in foreign currency in times of high volatility of exchange rates, see note 26.

The table below shows the effect on the income before income taxes, due to a reasonable variation of the exchange rate, with all other variables described in note 3, held constant.

	Increase (decrease) of the exchange rate	Effect on profit before income tax S/.(000)
2012	+10%	(96,208)
2011	+10%	(74,835)
2012	- 10%	96,208
2011	- 10%	74,835

(iv) Credit risk -

Credit risk is the risk that counterparty fails to meet its obligations in relation to a financial instrument or sale contract, producing a financial loss. The Group is exposed to credit risk originated by operating activities (mainly accounts receivable and loans) and financing activities, including deposits in banks and transactions with derivatives and other financial instruments.

Credit risk arises from the inability of debtors of the Group to comply with its payment obligations as they fall due (without taking into account the fair value of any collateral or other securities as collateral); the failure of counterparties transactions in cash and cash equivalent if any, is limited to balances in bank accounts and accounts receivable as of the date of the consolidated statement of financial position. Thus, the Group deposits their surplus funds in first class financial institutions, provides conservative credit policies, and continuously evaluates market conditions in which it operates. Accordingly, the Group expects not to incur in significant losses for credit risk, see notes 4, 5 and 6.

(v) Liquidity risk -

The Group controls its liquidity risk using a projected cash flow at short and long term.

The objective of the Group is to maintain a balance between continuity of funding and flexibility through an appropriate number of credit sources and the capacity to settle and repay debts. The Group has sufficient credit capacity that allows access to credit in first class financial institutions on reasonable terms.

The table below summarizes the maturity profile of the Group's financial assets and liabilities as of December 31, 2 undiscounted payments.

	Less than 1 year S/.(000)	Between 1 and 2 years S/.(000)	Between 2 years S/.(00
As of December 31, 2012			
Cash and cash equivalents	41,039	-	
Financial obligations and derivative financial instruments, notes 14 and 26	(142,375)	(39,891)	(63,9
Trade accounts payable and other financial liabilities, notes 12 and 13	(487,015)	-	
Accounts payable from related parties, note 22	(96,861)	-	
	(685,212)	(39,891)	(63,9
As of December 31, 2011			
Cash and cash equivalents	357,355	-	
Financial obligations and derivative financial instruments, notes 14 and 26	(58,362)	(8,784)	(979,0
Trade accounts payable and other financial liabilities, notes 12 and 13	(390,769)	-	
Accounts payable from related parties, note 22	(94,319)	-	
	(186,095)	(8,784)	(979,0
As of 31 December 2010			
Cash and cash equivalents	42,345	-	
Financial obligations and derivative financial instruments, notes 14 and 26	(129,170)	(69,187)	(211,8
Trade accounts payable and other financial liabilities, notes 12 and 13	(343,583)	-	
Accounts payable from related parties, note 22	(72,198)	-	
	(502,606)	(69,187)	(211,8

(vi) Capital management -

The Group's objective when managing capital is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value, accomplish its administrative and financial obligations and restrictions agreed with financial creditors and bondholders.

The Group manages its capital structure and makes the necessary adjustments, in accordance with the changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in objectives, policies and processes during the years ending as of December 31, 2012, 2011 and 2010.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to maintain a gearing ratio of no more than 60 percent. Within the net debt calculation, the Group includes obligations with banks and financial institutions and trade and other account payables, less cash and cash equivalents balance. The capital includes capital stocks, reserves and retained earnings.

The table below shows the calculation of gearing ratio as of December 31, 2012, 2011 and 2010:

	2012 S/.(000)	2011 S/.(000)	2010 S/.(000)
Financial obligations	1,089,961	1,100,870	527,141
Trade accounts payable and other	486,407	390,769	427,675
Less – cash and cash equivalents	(41,039)	(357,355)	(42,345)
Net debt (a)	1,535,329	1,134,284	912,471
Shareholders' equity	772,269	710,257	688,363
Shareholders' equity and net debt (b)	2,307,598	1,844,541	1,600,834
Gearing ratio (a / b)	67%	61%	57%

(vii) Commodity price risk -

The Group is exposed to the volatility of certain commodities, such as sugar, which is the main raw material for the soft drinks production. The Group has developed a strategy for manage and mitigate this risk; the Group has signed futures contracts to buy sugar to hedge the risk of price volatility in the London and New York markets and a swap of sugar price. See note 26.

26. Hedge and derivatives activities

The Group uses swap contracts, futures, forward contracts and cross currency swap to manage certain exposures in their transactions. These contracts, with the exception of the swap, have been designated as a hedge for cash flow and fair value. The characteristics and effects of such contracts are described as follows:

Cash flow hedge

(i) Cross currency principal only swap

In May and November 2012, the Group entered into two cross currency only swap contracts with local and foreign financial institutions for an amount of US$50MM and US$30MM with maturities in 2021. Their fair value as of December 31, 2012 amounted to US$1,646,000.

The cross currency principal only swap hedges volatility of future flows resulting from foreign exchange fluctuations to pay the principal of the international bond in their respective redemption dates from May 2020.

(ii) Cross currency swap

In April 2009, the Group entered into a cross currency swap contract with BBVA Banco Continental amounting US$17,600,000 with a maturity in 2014.

The cross currency swap was used to hedge exposure to changes in fair value of the syndicated loan to 3-month Libor plus a margin of 2.25 percent and its initial recognition was designated as cash flows hedge in accordance with IAS 39, thus on August 2011 the Group made the prepayment of the syndicated loan related, and since that date recognised the fair value variations and the accumulated gains and losses previously maintain in equity, directly to the consolidated income statements.

In year 2012, the Group has recognised a finance expense related to these contracts amounting to S/.2,420,000 (S/.7,910,000 in year 2011 and S/.3,111,000 in year 2010) and is presented in the caption "Changes in the fair value of derivative financial instruments" in the consolidated income statement. The fair value of these contracts as of 31 December 2012, 2011 and 2010 was S/.4,812,000, S/.5,095,000 and S/.5,249,000, respectively.

(iii) Forward contracts

The existing forward contracts as of December 31, 2011 have been designated to hedge the future liability positions in foreign currencies mainly resulting from the existing contracts with suppliers. The Group has recognized the fair value of these contracts as a liability, taking as counterpart the caption "Unrealised results of derivatives cash flows hedge" in the consolidated statement of changes in equity. The fair value of these contracts was S/.232,000. In 2012, the Group has recorded a greater financial income from these contracts amounting to S/.744,000 (financial expense for S/.2,133,000 as of December 31,2011 and S/.1,397,000 as of 31 December 2010) which is presented in the caption "Financial income and expenses" of the consolidated income statement, see note 21.

The critical periods of the forward contracts have been negotiated to coincide with the timing of their obligations. The effectiveness of these contracts has not been observed since it has been no significant element of ineffectiveness at the date of the consolidated statement of financial position.

(iv) Future contracts

In July 2008, the Group began hedging operations related to the volatility of the price of sugar, the main raw material used for their products. The Group acquired futures sugar contracts in recognized markets (London and New York). These contracts have maturities between March 2012 and May 2014. This activity required that the Group has a credit line of US$4.5 million in the BNP Paribas - Panama for a period of 2 years to cover open positions and market price changes. In addition, the Group signed a contract with BNP Paribas Commodity Futures Inc., a company incorporated in New York, to act as a broker, who settled and recorded periodically the contracts (revolving). The funds used as credit for the derivative options are given as collateral. See note 6.

As of December 31, 2012, the Group maintains open positions in 1,506 contracts of 50 MT and 798 contracts of 1,120 pounds each, with a market value of approximately US$167,000 recognising a gain amounting to S/.427,000 in the consolidated income statement related to the cash liquidations of open positions obtained from the difference between the agreed and market price (open positions in 2,162 contracts of 50 MT and 245 contracts of 1,120 pounds each, at fair value of approximately US$2,077,000 recognising a total loss amount of S/.5,601,000 in the consolidated income statement as of 31 December 2011) (open positions in 1,031 contracts of 50 MT and 627 contracts of 1,120 pounds each, at fair value by approximately US$10,489,000 recognising a total loss amount of S/.29,464,000 in the consolidated statement of income as of 31 December 2010).

In year 2012, the Group has recognised as part of operating costs the gains and losses obtained from these contracts amounting to S/.10,652,000 (S/.46,796,000 in year 2011, S/.12,759,000 in year 2010) presented in the caption "Cost of sales" in the consolidated income statement.

As of December 31, 2012, the open positions are as follows:

Maturity	Metric tones	Quantity of contracts	Fair value US$ / TM
London			
March 2013	50	368	523.70
May 2013	50	83	527.80
August 2013	50	124	530.40
October 2013	50	540	533.40
December 2013	50	269	540.40
March 2014	50	80	547,80
May 2014	50	42	547.80

Maturity	Pounds (Thousands)	Quantity of contracts	Fair value US$/Lb
New York			
May 2013	1,120	37	19.60
October 2013	1,120	58	20.06
March 2014	1,120	54	20.58
May 2014	1,120	78	20.44
October 2014	1,120	301	20.38
March 2015	1,120	145	20.57
May 2015	1,120	83	20.47
October 2015	1,120	42	20.46

Derivatives not designated as hedging instruments

These contracts are not designated as cash flow or fair value and do not qualify for hedge accounting. During April 2006, Group's Management entered into two swap agreements for interest rate insurance to cover the loan interest rate indicate in note 26(ii). Related to these contracts the Group has recognised net gain and losses amounting to S/.11,000 (S/.77,000 in year 2011, and S/.1,486,000 in year 2010) presented in the caption "Changes of the fair value of derivative financial instruments" in the consolidated income statement. The fair value of these contracts as of December 31, 2011 and 2010 was S/.1,298,000 and S/.4,042,000, respectively.

Summary of derivatives designated and not designated as hedging instruments

The table below summarizes the fair value of derivative financial instruments of the Group as of December 31, 2012, 201

		Current		
	Maturity	2012 S/.(000)	2011 S/.(000)	2010 S/.(000)
Derivatives financial instruments				
Cash flow hedge				
Cross Currency Swap	2014	3,039	3,256	3,300
Cross Currency Principal Only Swap	2021	4,198	-	-
Sugar Swap	2012	1,915	1,845	-
Currency forward	2011	-	-	1,472
Derivatives financial instruments not designated as hedge				
Interest rate swap	2013	-	1,039	1796
		9,152	6,140	6,568

27. Commitment

In previous years, the Group signed private agreements without a defined term with Peruvian banks to guarantee financial obligations of certain customers related to the acquisition of trucks. Those guarantees will become in obligations for the Group in case any of them (customers) do not pay its obligations to the bank. In case this event occurs, said private agreements will transfer to the Group the whole rights and obligations pending related to those leasing agreements signed between the customers and the banks. As of December 31, 2012, customers' obligations amount approximately to S/.26,715,000 (unaudited) for this concept (S/.30,639,000 (unaudited) as of December 31, 2011; S/.42,067,000 (unaudited) as of December 31, 2010).

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Corporación Lindley S.A.

4.625% Notes due 2023

Offering Memorandum

April 12, 2013

Joint Lead Managers

Citi **J.P. Morgan**