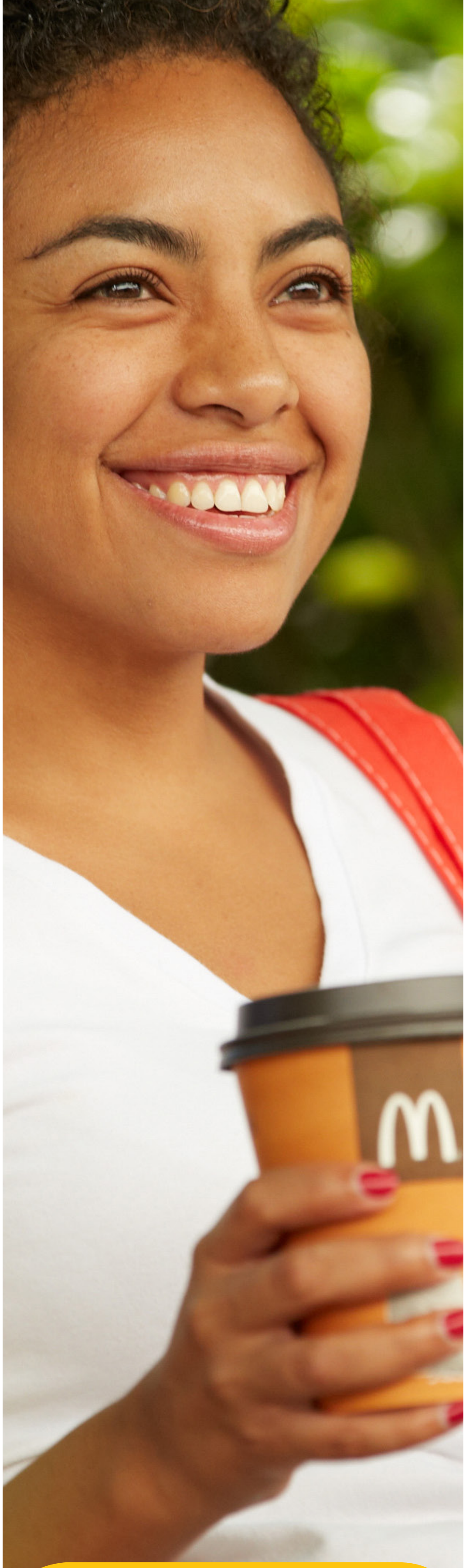
2015 ANUAL REPORT

To Our Valued Shareholders:

As one of the world's most iconic brands operating in an underserved region, the long-term potential of the McDonald's brand in Latin America is indisputable. In 2015, we took important actions to solidify our position and capture this long-term opportunity, while navigating short-term challenges.

Early in the year we put forward a roadmap to strengthen Arcos Dorados' leadership position and lay the foundation for sustained, profitable growth. The key elements of this strategy are seeking out efficiencies, reducing costs, extracting the value of certain assets and reducing net debt. In the first year of the plan's implementation, I am pleased to report solid progress against our three-year strategic goals.



We remain committed to delivering the very best customer experience in each of our restaurants. Delivering outstanding food and beverages in the inviting environment our customers expect are hallmarks of the McDonald's brand. In 2015, our customers got to experience firsthand the high quality, safety and cleanliness measures in place while their favorite meals are prepared. More than one million guests toured McDonald's kitchens across Latin America as part of our Open Doors program, and saw for themselves the care that goes into every burger, french fry and McFlurry.

By leveraging the strengths of the McDonald's brand in our marketing initiatives and supporting our customers with affordable options across our menu, we achieved comparable sales growth of 9.9% and delivered 11.3% organic revenue growth in 2015 despite facing significant headwinds, including a weak economic environment, softer consumer spending and continued currency depreciation in our largest markets.

Our three-year strategy addresses these near-term challenges, while seizing the longer-term growth opportunities in our industry. As part of our ongoing commitment to build long-term shareholder value, we took some difficult, yet necessary measures in 2015 to strengthen our financial situation.

We created a more efficient and nimble organization by streamlining our corporate, divisional and country level cost structures. When we first laid out our plan to reduce costs in March 2015, we set ourselves a three-year timeline to achieve a 10% reduction in General and Administrative (G&A) expenses. We began 2016 with a lower year-over-year cost base and expect to achieve our G&A reduction target well ahead of schedule.

We are also seeing initial improvements in operational efficiency and restaurant level margins. During 2015 we rolled out a new forecasting and scheduling system in Brazil, which improves our restaurant-level efficiency. This, combined with our initiatives to stimulate traffic and topline growth as well as a streamlined fixed cost structure, should lead to EBITDA margin improvement over the next several years.

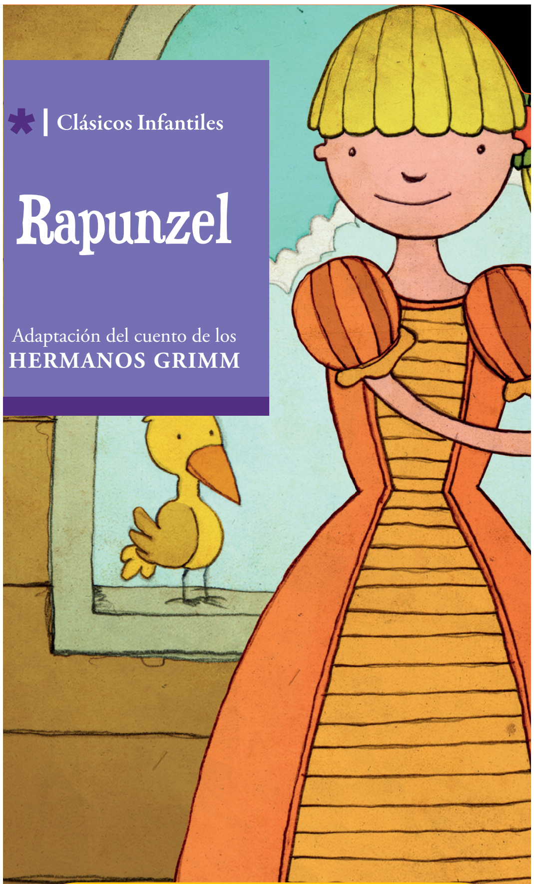
With the largest footprint of any Quick Service Restaurant brand in Latin America, Arcos Dorados has a significant portfolio of real estate assets. In 2015, we began to redevelop a small number of real estate properties as part of a strategy to monetize the value of certain assets. We also began negotiating agreements to transfer the operation of some of our restaurants to our sub-franchisees. Importantly, the agreements to date were all with existing franchisee-operators, which underscores their conviction in the long-term opportunity for the McDonald's brand in the region.

So far, we have signed agreements representing over half of our target and we expect these initiatives to strengthen our financial position as we reduce our net debt and dedicate proceeds to other purposes that enhance shareholder value.

Given the current environment and our focus on a financially disciplined approach to growth, we have slowed down new store openings and capital expenditures in the short term. By shifting some of our restaurant openings to sub-franchisees, we have instead been able modernize many of our existing restaurants.

I have been a part of the McDonald's system for nearly 30 years and am proud to have been appointed Chief Executive Officer, effective October 2015. I am honored to lead this network of outstanding employees, suppliers and franchisees, all committed to delivering the best McDonald's experience possible to our customers.

Our employees are the face of the Arcos Dorados family and we are thrilled that 26 of our restaurant managers across 10 Latin American countries won the prestigious Ray Kroc Award, which recognizes the top performing McDonald's restaurant managers globally.



Whether we're giving a teenager their first job or a new manager the skills required to run one of our more than 2,100 restaurants, we are committed to providing learning, training and development opportunities to the more than 90,000 employees in our company-owned and franchised restaurants.

Likewise, we are also focused on fostering deep connections in the communities where we operate. In 2015, we distributed approximately eight million books alongside Happy Meal orders, making Arcos Dorados the largest children's book distributor in Latin America. Families are at the heart of our business, and so we are pleased to combine the fun of the Happy Meal with more family reading time.

Our broad experience in every type of operating environment and tested marketing strategies equip us for near-term challenges.

There is much more potential we can capture in Latin America and we have a clear plan for growth. We began 2016 in a stronger positon and I am confident the continued execution of our long-term strategy will result in sustained, profitable growth for our company and its shareholders.

Thank you for your continued support.

Sincerely,

Sergio Alonso
Chief Executive Officer

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

(Mark One)

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2015

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
Date of event requiring this shell company report
For the transition period from ________________ to ________________

Commission file number: 001-35129

ARCOS DORADOS HOLDINGS INC.

(Exact name of Registrant as specified in its charter)

British Virgin Islands

(Jurisdiction of incorporation or organization)

Dr. Luis Bonavita 1294, Office 501
Montevideo, Uruguay, 11300 WTC Free Zone

(Address of principal executive offices)

Juan David Bastidas
Chief Legal Officer
Arcos Dorados Holdings Inc.
Dr. Luis Bonavita 1294, 5th floor, Office 501, WTC Free Zone
Montevideo, Uruguay 11300
Telephone: +598 2626-3000
Fax: +598 2626-3018

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Class A shares, no par value	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act:
None
(Title of Class)
Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:
None
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital stock or common stock as of the close of the period covered by the annual report.

Class A shares: 130,538,896
Class B shares: 80,000,000

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
☐ Yes ☒ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.
☐ Yes ☒ No

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☒ International Financial Reporting Standards as issued by the International Accounting Standards Board ☐ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.
☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
☐ Yes ☒ No

ARCOS DORADOS HOLDINGS INC.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references to "U.S. dollars," "dollars," "U.S.$" or "$" are to the U.S. dollar. All references to "Argentine *pesos*" or "ARS$" are to the Argentine *peso*. All references to "Brazilian *reais*" or "R$" are to the Brazilian *real*. All references to "Mexican *pesos*" or "Ps." are to the Mexican *peso*. All references to "Venezuelan *bolívares*" or "Bs." are to the Venezuelan *bolívar*, the legal currency of Venezuela. See "Item 3. Key Information—A. Selected Financial Data—Exchange Rates and Exchange Controls" for information regarding exchange rates for the Argentine, Brazilian, Mexican and Venezuelan currencies since January 1, 2011.

Definitions

In this annual report, unless the context otherwise requires, all references to "Arcos Dorados," the "Company," "we," "our," "ours," "us" or similar terms refer to Arcos Dorados Holdings Inc., together with its subsidiaries. All references to "systemwide" refer only to the system of McDonald's-branded restaurants operated by us or our franchisees in 20 countries and territories in Latin America and the Caribbean, including Argentina, Aruba, Brazil, Chile, Colombia, Costa Rica, Curaçao, Ecuador, French Guiana, Guadeloupe, Martinique, Mexico, Panama, Peru, Puerto Rico, Trinidad and Tobago, Uruguay, the U.S. Virgin Islands of St. Croix and St. Thomas, and Venezuela, which we refer to as the "Territories," and do not refer to the system of McDonald's-branded restaurants operated by McDonald's Corporation, its affiliates or its franchisees (other than us).

We own our McDonald's franchise rights pursuant to a Master Franchise Agreement for all of the Territories, except Brazil, which we refer to as the MFA, and a separate, but substantially identical, Master Franchise Agreement for Brazil, which we refer to as the Brazilian MFA. We refer to the MFA and the Brazilian MFA, as amended or otherwise modified to date, collectively as the MFAs. We commenced operations on August 3, 2007, as a result of our purchase of McDonald's operations and real estate in the Territories (except for Trinidad and Tobago), which we refer to collectively as the "McDonald's LatAm" business, and the acquisition of McDonald's franchise rights pursuant to the MFAs, which together with the purchase of the McDonald's LatAm business, we refer to as the "Acquisition."

Financial Statements

We maintain our books and records in U.S. dollars and prepare our financial statements in accordance with accounting principles and standards generally accepted in the United States, or "U.S. GAAP."

The financial information contained in this annual report includes our consolidated financial statements at December 31, 2015 and 2014 and for the years ended December 31, 2015, 2014 and 2013, which have been audited by Pistrelli, Henry Martin y Asociados S.R.L., member firm of Ernst & Young Global, as stated in their report included elsewhere in this annual report.

We were incorporated on December 9, 2010 as a direct, wholly owned subsidiary of Arcos Dorados Limited, the prior holding company for the Arcos Dorados business. On December 13, 2010, Arcos Dorados Limited effected a downstream merger into and with us, with us as the surviving entity. The merger was accounted for as a reorganization of entities under common control in a manner similar to a pooling of interest and the consolidated financial statements reflect the historical consolidated operations of Arcos Dorados Limited as if the reorganization structure had existed since Arcos Dorados Limited was incorporated in July 2006.

Our fiscal year ends December 31. References in this annual report to a fiscal year, such as "fiscal year 2015," relate to our fiscal year ended on December 31 of that calendar year.

Operating Data

In January 2013, we made certain organizational changes in the structure of our geographical divisions in order to balance their relative weight in terms of number of restaurants and revenues. As a result of the reorganization effective January 1, 2013, Colombia and Venezuela, which were part of the South Latin America division, or "SLAD," became part of the Caribbean division with headquarters located in Colombia. Therefore, from the beginning of 2013, SLAD is comprised of Argentina, Chile, Ecuador, Peru and Uruguay, and the Caribbean division is comprised of Aruba, Colombia, Curaçao, French Guiana, Guadeloupe, Martinique, Puerto Rico, Trinidad and Tobago, the U.S. Virgin Islands of St. Croix and St. Thomas, and Venezuela. Our other geographical divisions are

Brazil and the North Latin America division, or "NOLAD," consisting of Costa Rica, Mexico and Panama. In accordance with ASC 280, Segment Reporting, we began reporting the results of the revised structure of our geographical divisions on our segment financial reporting in the first quarter of fiscal year 2013. In accordance with ASC 280, Segment Reporting, we have restated our comparative segment information as of and for the years ended December 31, 2012 and 2011 based on the structure prevailing since January 1, 2013.

We operate McDonald's-branded restaurants under two different operating formats: those directly operated by us, or "Company-operated" restaurants, and those operated by franchisees, or "franchised" restaurants. All references to "restaurants" are to our freestanding, food court, in-store and mall store restaurants and do not refer to our McCafé locations or Dessert Centers. Systemwide data represents measures for both our Company-operated restaurants and our franchised restaurants.

We are the majority stakeholder in three joint ventures with third parties that collectively own 18 restaurants. We consider these restaurants to be Company-operated restaurants. We also have granted developmental licenses to 11 restaurants. Developmental licensees own or lease the land and buildings on which their restaurants are located and pay a franchise fee to us in addition to the continuing franchise fee due to McDonald's. We consider these restaurants to be franchised restaurants.

Other Financial Measures

We disclose in this annual report a financial measure titled Adjusted EBITDA. We use Adjusted EBITDA to facilitate operating performance comparisons from period to period. Adjusted EBITDA is defined as our operating income plus depreciation and amortization plus/minus the following losses/gains included within other operating expenses, net, and within general and administrative expenses in our statement of income: compensation expense related to a special award granted to our CEO; incremental compensation expense, including the compensation related to the extension of our 2008 long-term incentive plan; gains from sale or insurance recovery of property and equipment; write-offs and related contingencies of property and equipment; impairment of long-lived assets and goodwill; stock-based compensation related to the special awards under the 2011 Equity Incentive Plan; bonuses granted in connection with our initial public offering; reorganization and optimization plan expenses.

We believe Adjusted EBITDA facilitates company-to-company operating performance comparisons by backing out potential differences caused by variations such as capital structures (affecting net interest expense and other financial charges), taxation (affecting income tax expense) and the age and book depreciation of facilities and equipment (affecting relative depreciation expense), which may vary for different companies for reasons unrelated to operating performance. In addition, we exclude gains from sale or insurance recovery of property and equipment not related to our core business; write-offs and related contingencies of property and equipment and impairment of long-lived assets and goodwill that do not result in cash payments; compensation expense related to the award granted to our CEO; stock-based compensation related to the special awards under the 2011 Equity Incentive Plan; incremental compensation expense related to the extension of our 2008 long-term incentive plan, reorganization and optimization plan expenses; and bonuses granted in connection with our initial public offering due to its special nature. In addition, in 2011 we excluded the incremental compensation expense that resulted from the remeasurement of our liability under our 2008 long-term incentive plan because of our decision in 2011 to replace the existing formula for determining the current value of the award with the quoted market price of our shares. While a GAAP measure for purposes of our segment reporting, Adjusted EBITDA is a non-GAAP measure for reporting our total Company performance. Our management believes, however, that disclosure of Adjusted EBITDA provides useful information to investors, financial analysts and the public in their evaluation of our operating performance.

Market Share and Other Information

Market data and certain industry forecast data used in this annual report were obtained from internal reports and studies, where appropriate, as well as estimates, market research, publicly available information (including information available from the United States Securities and Exchange Commission, or the SEC, website) and industry publications, including Millward Brown Optimor, the United Nations Economic Commission for Latin America and the Caribbean and the CIA World Factbook. Industry publications generally state that the information they include has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal reports and studies, estimates and market research, which we believe to be reliable and accurately extracted by us for use in this annual report, have not been independently verified. However, we believe such data is accurate and agree that we are responsible for the accurate extraction of such information from such sources and its correct reproduction in this annual report.

Basis of Consolidation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and include the accounts of the Company and its subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Rounding

We have made rounding adjustments to some of the figures included in this annual report. Accordingly, numerical figures shown as totals in some tables may not be an arithmetic aggregation of the figures that preceded them.

FORWARD-LOOKING STATEMENTS

This annual report contains statements that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Many of the forward-looking statements contained in this annual report can be identified by the use of forward-looking words such as "anticipate," "believe," "could," "expect," "should," "plan," "intend," "estimate" and "potential," among others.

Forward-looking statements appear in a number of places in this annual report and include, but are not limited to, statements regarding our intent, belief or current expectations. Forward-looking statements are based on our management's beliefs and assumptions and on information currently available to our management. Such statements are subject to risks and uncertainties, and actual results may differ materially from those expressed or implied in the forward-looking statements due to of various factors, including, but not limited to, those identified in "Item 3. Key Information—D. Risk Factors" in this annual report. These risks and uncertainties include factors relating to:

- general economic, political, demographic and business conditions in Latin America and the Caribbean;
- fluctuations in inflation and exchange rates in Latin America and the Caribbean;
- our ability to implement our growth strategy;
- the success of operating initiatives, including advertising and promotional efforts and new product and concept development by us and our competitors;
- our ability to compete and conduct our business in the future;
- changes in consumer tastes and preferences, including changes resulting from concerns over nutritional or safety aspects of beef, poultry, french fries or other foods or the effects of health pandemics and food-borne illnesses such as "mad cow" disease and avian influenza or "bird flu," and changes in spending patterns and demographic trends, such as the extent to which consumers eat meals away from home;
- the availability, location and lease terms for restaurant development;
- our intention to focus on our restaurant reimaging plan;
- our franchisees, including their business and financial viability and the timely payment of our franchisees' obligations due to us and to McDonald's;
- our ability to comply with the requirements of the MFAs, including McDonald's standards;
- our decision to own and operate restaurants or to operate under franchise agreements;
- the availability of qualified restaurant personnel for us and for our franchisees, and the ability to retain such personnel;

- changes in commodity costs, labor, supply, fuel, utilities, distribution and other operating costs;
- our ability, if necessary, to secure alternative distribution of supplies of food, equipment and other products to our restaurants at competitive rates and in adequate amounts, and the potential financial impact of any interruptions in such distribution;
- changes in government regulation;
- material changes in tax legislation;
- other factors that may affect our financial condition, liquidity and results of operations; and
- other risk factors discussed under "Item 3. Key Information—D. Risk Factors."

Forward-looking statements speak only as of the date they are made, and we do not undertake any obligation to update them in light of new information or future developments or to release publicly any revisions to these statements in order to reflect later events or circumstances or to reflect the occurrence of unanticipated events.

ENFORCEMENT OF JUDGMENTS

We are incorporated under the laws of the British Virgin Islands with limited liability. We are incorporated in the British Virgin Islands because of certain benefits associated with being a British Virgin Islands company, such as political and economic stability, an effective judicial system, a favorable tax system, the absence of exchange control or currency restrictions, and the availability of professional and support services. However, the British Virgin Islands has a less developed body of securities laws as compared to the United States and provides protections for investors to a significantly lesser extent. In addition, British Virgin Islands companies may not have standing to sue before the federal courts of the United States.

A majority of our directors and officers, as well as certain of the experts named herein, reside outside of the United States. A substantial portion of our assets and several of such directors, officers and experts are located principally in Argentina, Brazil and Uruguay. As a result, it may not be possible for investors to effect service of process outside Argentina, Brazil and Uruguay upon such directors or officers, or to enforce against us or such parties in courts outside Argentina, Brazil and Uruguay judgments predicated solely upon the civil liability provisions of the federal securities laws of the United States or other non-Argentine, Brazilian or Uruguayan regulations, as applicable. In addition, local counsel to the Company have advised that there is doubt as to whether the courts of Argentina, Brazil or Uruguay would enforce in all respects, to the same extent and in as timely a manner as a U.S. court or non-Argentine, Brazilian or Uruguayan court, an original action predicated solely upon the civil liability provisions of the U.S. federal securities laws or other non-Argentine, Brazilian or Uruguayan regulations, as applicable; and that the enforceability in Argentine, Brazilian or Uruguayan courts of judgments of U.S. courts or non-Argentine, Brazilian or Uruguayan courts predicated upon the civil liability provisions of the U.S. federal securities laws or other non-Argentine, Brazilian or Uruguayan regulations, as applicable, will be subject to compliance with certain requirements under Argentine, Brazilian or Uruguayan law, including the condition that any such judgment does not violate Argentine, Brazilian or Uruguayan public policy.

We have been advised by Maples and Calder, our counsel as to British Virgin Islands law, that the United States and the British Virgin Islands do not have a treaty providing for reciprocal recognition and enforcement of judgments of courts of the United States in civil and commercial matters and that a final judgment for the payment of money rendered by any general or state court in the United States based on civil liability, whether or not predicated solely upon the U.S. federal securities laws, would not be automatically enforceable in the British Virgin Islands. We have been advised by Maples and Calder that a final and conclusive judgment obtained in U.S. federal or state courts under which a sum of money is payable (*i.e.*, not being a sum claimed by a revenue authority for taxes or other charges of a similar nature by a governmental authority, or in respect of a fine or penalty or multiple or punitive damages) may be the subject of an action on a debt in the court of the British Virgin Islands under British Virgin Islands common law.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

A. Directors and Senior Management

Not applicable.

B. Advisers

Not applicable.

C. Auditors

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

A. Offer Statistics

Not applicable.

B. Method and Expected Timetable

Not applicable.

ITEM 3. KEY INFORMATION

A. Selected Financial Data

The selected balance sheet data as of December 31, 2015 and 2014 and the income statement data for the years ended December 31, 2015, 2014 and 2013 of Arcos Dorados Holdings Inc. are derived from the consolidated financial statements included elsewhere in this annual report, which have been audited by Pistrelli, Henry Martin y Asociados S.R.L., member firm of Ernst & Young Global. The selected balance sheet data as of December 31, 2013, 2012 and 2011 and the income statement data for the years ended December 31, 2012 and 2011 of Arcos Dorados Holdings Inc. are derived from consolidated financial statements audited by Pistrelli, Henry Martin y Asociados S.R.L., which are not included herein.

In January 2013, we made certain organizational changes in the structure of our geographical divisions in order to balance their relative weight in terms of number of restaurants and revenues. As a result of the reorganization effective January 1, 2013, Colombia and Venezuela, which were part of SLAD, became part of the Caribbean division with headquarters located in Colombia. Therefore, from the beginning of 2013, SLAD is comprised of Argentina, Chile, Ecuador, Peru and Uruguay, and the Caribbean division is comprised of Aruba, Colombia, Curaçao, French Guiana, Guadeloupe, Martinique, Puerto Rico, Trinidad and Tobago, the U.S. Virgin Islands of St. Croix and St. Thomas, and Venezuela. Our other geographical divisions are Brazil and NOLAD, consisting of Costa Rica, Mexico and Panama. In accordance with ASC 280 Segment Reporting, we began reporting the results of the revised structure of our geographical divisions on our segment financial reporting in the first quarter of fiscal year 2013. In accordance with ASC 280, Segment Reporting, we have restated our comparative segment information as of and for the years ended December 31, 2012 and 2011 based on the structure prevailing since January 1, 2013.

We were incorporated on December 9, 2010 as a direct, wholly owned subsidiary of Arcos Dorados Limited, the prior holding company for the Arcos Dorados business. On December 13, 2010, Arcos Dorados Limited effected a downstream merger into and with us, with us as the surviving entity. The merger was accounted for as a reorganization of entities under common control in a manner similar to a pooling of interest and the consolidated financial statements reflect the historical consolidated operations of Arcos Dorados Limited as if the reorganization structure had existed since Arcos Dorados Limited was incorporated in July 2006. We did not commence operations until the Acquisition on August 3, 2007.

We maintain our books and records in U.S. dollars and prepare our consolidated financial statements in accordance with U.S. GAAP. This financial information should be read in conjunction with “Presentation of Financial and Other Information,” “Item 5. Operating and Financial Review and Prospects” and our consolidated financial statements, including the notes thereto, included elsewhere in this annual report.

	For the Years Ended December 31,				
	2015	2014	2013	2012	2011
	(in thousands of U.S. dollars, except for share data)				
Income Statement Data:					
Sales by Company-operated restaurants	$ 2,930,379	$ 3,504,302	$ 3,859,883	$ 3,634,371	$ 3,504,12
Revenues from franchised restaurants	122,361	146,763	173,427	163,023	153,521
Total revenues	**3,052,740**	**3,651,065**	**4,033,310**	**3,797,394**	**3,657,649**
Company-operated restaurant expenses:					
Food and paper	(1,037,487)	(1,243,907)	(1,350,515)	(1,269,146)	(1,216,141)
Payroll and employee benefits	(616,358)	(734,093)	(814,112)	(753,120)	(701,278)
Occupancy and other operating	(838,037)	(997,065)	(1,055,188)	(984,004)	(918,102)
Royalty fees	(149,089)	(173,663)	(188,885)	(180,547)	(170,400)
Franchised restaurants—occupancy	(54,242)	(63,939)	(63,273)	(56,057)	(51,396)
General and administrative expenses	(270,680)	(272,065)	(317,745)	(314,619)	(334,914)
Other operating income (expenses), net	6,560	(95,476)	(15,070)	(3,261)	(14,665)
Total operating costs and expenses	**(2,959,333)**	**(3,580,208)**	**(3,804,788)**	**(3,560,754)**	**(3,406,896)**
Operating income	**93,407**	**70,857**	**228,522**	**236,640)**	**250,753**
Net interest expense	(64,407)	(72,750)	(88,156)	(54,247)	(60,749)
Loss from derivative instruments	(2,894)	(685)	(4,141)	(891)	(9,237)
Foreign currency exchange results	(54,032)	(74,117)	(38,783)	(18,420)	(23,926)
Other non-operating (expenses)	(627	146	(848)	(2,119)	3,562
(Loss) income before income taxes	**(28,553)**	**(76,549)**	**96,594**	**160,963**	**160,403**
Income tax expense	22,816	(32,479)	(42,722)	(46,375)	(44,603)
Net (loss) income	**(51,369)**	**(109,028)**	**53,872**	**114,588**	**115,800**
Less: Net income attributable to non-controlling interests	(264)	(305)	(18)	(256)	(271)
Net (loss) income attributable to Arcos Dorados Holdings Inc.	**(51,633)**	**(109,333)**	**53,854**	**114,332**	**115,529**
(Loss) earnings per share:					
Basic net (loss) income per common share attributable to Arcos Dorados	$ (0.25)	$ (0.52)	$ 0.26	$ 0.55	$ 0.54
Diluted net (loss) income per common share attributable to Arcos Dorados	$ (0.25)	$ (0.52)	$ 0.26	$ 0.55	$ 0.54

	As of December 31,				
	2015	2014	2013	2012	2011
	(in thousands of U.S. dollars, except for share data)				
Balance Sheet Data:					
Cash and cash equivalent	$ 112,519	$ 139,030	$ 175,648	$ 184,851	$ 176,301
Total current assets	378,996	447,196	666,451	601,498	588,614
Property and equipment, net	833,357	1,092,994	1,244,311	1,176,350	1,023,180
Total non-current assets	**1,027,981**	**1,347,584**	**1,513,808**	**1,447,665**	**1,286,792**
Total assets	**1,406,977**	**1,794,780**	**2,180,259**	**2,049,163**	**1,875,406**
Accounts payable	187,685	220,337	311,060	244,365	220,941
Short-term debt and current portion of long-term debt	164,099	38,684	12,276	2,202	3,811
Total current liabilities	**577,673**	**542,066**	**659,156**	**578,278**	**589,292**
Long-term debt, excluding current portion	494,743	761,080	771,171	649,968	525,951
Total non-current liabilities	**542,414**	**795,127**	**825,804**	**724,579**	**606,485**
Total liabilities	**1,120,087**	**1,337,193**	**1,484,960**	**1,302,853**	**1,195,777**
Total common stock	504,772	498,616	491,735	484,569	484,569
Total equity	**286,890**	**457,587**	**695,299**	**746,310**	**679,629**
Total liabilities and equity	**1,406,977**	**1,794,780**	**2,180,259**	**2,049,163**	**1,875,406**
Shares outstanding	210,538,896	210,216,043	209,867,426	209,529,412	209,529,412

	For the Years Ended December 31,				
	2015	2014	2013(1)	2012(1)	2011(1)
	(in thousands of U.S. dollars, except percentages)				
Other Data:					
Total Revenues					
Brazil	$ 1,361,989	$ 1,816,049	$ 1,842,324	$ 1,797,556	$ 1,890,824
Caribbean division(2)	398,144	594,220	830,447	754,730	663,981
NOLAD	367,364	385,114	407,772	384,041	355,265
SLAD	925,243	855,685	952,767	861,067	747,579
Total	**3,052,740**	**3,651,065**	**4,033,310**	**3,797,394**	**3,657,649**
Operating Income					
Brazil	$ 135,657	$ 172,787	$ 188,445	$ 193,339	$ 246,926
Caribbean division(2)	(36,482)	(88,711)	37,837	40,692	32,475
NOLAD	11,775	(6,484)	(5,314)	(5,557)	(8,709)
SLAD	83,906	67,885	84,324	74,824	62,094
Corporate and others and purchase price allocation	(101,449)	(74,620)	(76,770)	(66,658)	(82,033)
Total	**93,407**	**70,857**	**228,522**	**236,640**	**250,753**
Operating Margin(3)					
Brazil	10.0%	9.5%	10.2%	10.8%	13.1%
Caribbean division(2)	(9.2)	(14.9)	4.6	5.4	4.9
NOLAD	3.2	(1.7)	(1.3)	(1.4)	(2.5)
SLAD	9.1	7.9	8.9	8.7	8.3
Total	**3.1%**	**1.9%**	**5.7%**	**6.2%**	**6.9%**
Adjusted EBITDA(4)					
Brazil	$ 192,939	$ 237,699	$ 245,957	$ 240,954	$ 289,462
Caribbean division(2)	5,679	(8,136)	67,180	69,109	53,754
NOLAD	34,489	27,701	27,397	26,738	19,551
SLAD	106,602	87,976	105,495	93,756	77,214
Corporate and others	(109,538)	(93,566)	(101,562)	(89,996)	(100,193)
Total	**230,171**	**251,674**	**344,467**	**340,561**	**339,788**
Adjusted EBITDA Margin(5)					
Brazil	14.2%	13.1%	13.4%	13.4%	15.3%
Caribbean division(2)	1.4	(1.4)	8.1	9.2	8.1
NOLAD	9.4	7.2	6.7	7.0	5.5
SLAD	11.5	10.3	11.1	10.9	10.3
Total	**7.5%**	**6.9%**	**8.5%**	**9.0%**	**9.3%**
Other Financial Data:					
Working capital(6)	$ (198,677)	$ (94,870)	$ 7,295	$ 23,224	$ (678)
Capital expenditures(7)	92,055	170,638	313,786	300,482	325,852
Dividends declared per common share	0.24	0.24	0.24	0.24	0.17
Other Operating Data:					
Systemwide comparable sales growth(8)(9)	9.9%	10.0%	11.2%	9.2%	13.7%
Brazil	1.9	1.8	6.6	5.2	9.3
Caribbean division(2)	25.0	24.7	19.6	13.3	14.5
NOLAD	1.2	(4.6)	(0.9)	4.4	8.5
SLAD	23.2	21.1	20.8	19.9	30.6
Systemwide average restaurant sales(9)(10)	**$ 1,832**	**$ 2,268**	**$ 2,611**	**$ 2,603**	**$ 2,648**
Systemwide sales growth(9)(11)	**(17.7)%**	**(9.4)%**	**6.2%**	**3.6%**	**21.1%**
Brazil	(24.2)	—	3.0	(4.6)	19.2
Caribbean division	(38.3)	(31.9)	10.3	14.2	22.4
NOLAD	(6.5)	(5.6)	4.7	5.9	14.9
SLAD	9.8	(9.3)	10.4	15.4	30.4

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	As of December 31,				
	2015	2014	2013	2012	2011
Number of systemwide restaurants	**2,141**	**2,121**	**2,062**	**1,948**	**1,840**
Brazil	883	866	812	731	662
Caribbean division	356	359	365	353	351
NOLAD	518	513	507	503	484
SLAD	384	383	378	361	343
Number of Company-operated restaurants	**1,588**	**1,577**	**1,538**	**1,453**	**1,358**
Brazil	615	614	583	533	488
Caribbean division	267	270	270	259	249
NOLAD	364	352	344	335	314
SLAD	342	341	341	326	307
Number of franchised restaurants	**553**	**544**	**524**	**495**	**482**
Brazil	268	252	229	198	174
Caribbean division	89	89	95	94	102
NOLAD	154	161	163	168	170
SLAD	42	42	37	35	36

(1) Segment information as of and for the years ended December 31, 2012 and 2011 is presented based on the segment structure prevailing as of and from January 1, 2013. See "Presentation of Financial and Other Information—Operating Data."

(2) Currency devaluations in Venezuela have had a significant effect on our results of operations and have impacted the comparability of our results of operations in 2015 and 2014 as compared to 2013, 2012 and 2011. See "—Exchange Rates and Exchange Controls."

(3) Operating margin is operating income divided by total revenues, expressed as a percentage.

(4) Adjusted EBITDA is a measure of our performance that is reviewed by our management. Adjusted EBITDA does not have a standardized meaning and, accordingly, our definition of Adjusted EBITDA may not be comparable to Adjusted EBITDA as used by other companies. Total Adjusted EBITDA is a non-GAAP measure. For our definition of Adjusted EBITDA, see "Presentation of Financial and Other Information—Other Financial Measures."

Presented below is the reconciliation between net income and Adjusted EBITDA on a consolidated basis:

	For the Years Ended December 31,				
Consolidated Adjusted EBITDA Reconciliation	2015	2014	2013	2012	2011
	(in thousands of U.S. dollars)				
Net (loss) income attributable to Arcos Dorados Holdings Inc.	**$ (51,633)**	**$ (109,333)**	**$ 53,854**	**$ 114,332**	**$ 115,529**
Plus (Less):					
Net interest expense	64,407	72,750	88,156	54,247	60,749
Loss from derivative instruments	2,894	685	4,141	891	9,237
Foreign currency exchange results	54,032	74,117	38,783	18,420	23,926
Other non-operating expenses (income), net	627	(146)	848	2,119	(3,562)
Income tax expense	22,816	32,479	42,722	46,375	44,603
Net income attributable to non-controlling interests	264	305	18	256	271
Operating income	**93,407**	**70,857**	**228,522**	**236,640**	**250,753**
Plus (Less):					
Items excluded from computation that affect operating income:					
Depreciation and amortization	110,715	116,811	114,860	92,328	68,971
Compensation expense related to the award right granted to our CEO	—	—	—	—	2,214
Gains from sale or insurance recovery of property and equipment	(12,308)	(3,379)	(10,326)	(3,328)	(7,123)
Write-offs and related contingencies of property and equipment	6,038	7,111	6,489	4,259	3,570
Impairment of long-lived assets	12,343	50,886	2,958	1,982	1,715
Impairment of goodwill	679	2,029	—	683	2,077
Stock-based compensation related to the special awards in connection with the initial public offering under the 2011 Plan	210	2,503	1,964	7,997	5,703
Cash bonus related to the initial public offering	—	—	—	—	1,382
Reorganization and optimization plan expenses	18,346	4,707	—	—	—
Incremental compensation expense related to the 2008 Long-Term Incentive Plan	—	—	—	—	10,526
2008 Long-Term Incentive Plan incremental compensation from modification	741	149	—	—	—
Adjusted EBITDA	**230,171**	**251,674**	**344,467**	**340,561**	**339,788**

(5) Adjusted EBITDA margin is Adjusted EBITDA divided by total revenues, expressed as a percentage.

(6) Working capital equals current assets minus current liabilities.

(7) Includes property and equipment expenditures and purchase of restaurant businesses paid at the acquisition date.

(8) Systemwide comparable sales growth refers to the change in our restaurant sales in one period from a comparable period for restaurants that have been open for thirteen months or longer. Systemwide comparable sales growth is provided and analyzed on a constant currency basis, which means it is calculated using the same exchange rate over the periods under comparison to remove the effects of currency fluctuations from this trend analysis. We believe this constant currency measure provides a more meaningful analysis of our business by identifying the underlying business trend, without distortion from the effect of foreign currency movements.

(9) Systemwide comparable sales growth, systemwide average restaurant sales and systemwide sales growth are presented on a systemwide basis, which means they include sales by our Company-operated restaurants and our franchised restaurants. While sales by our franchisees are not recorded as revenues by us, we believe the information is important in understanding our financial performance because these sales are the basis on which we calculate and record franchised revenues and are indicative of the financial health of our franchisee base.

(10) Systemwide average restaurant sales is calculated by dividing our sales for the relevant period by the arithmetic mean of the number of our restaurants at the beginning and end of such period.

(11) Systemwide sales growth refers to the change in sales by all of our restaurants, whether operated by us or by our franchisees, from one period to another.

Exchange Rates and Exchange Controls

In 2015, 77.7% of our total revenues were derived from our restaurants in Argentina, Brazil, Mexico, Puerto Rico and Venezuela. While we maintain our books and records in U.S. dollars, our revenues are conducted in the local currency of the territories in which we operate, and as such may be affected by changes in the local exchange rate to the U.S. dollar. The exchange rates discussed in this section have been obtained from each country’s central bank or applicable ministry of finance. However, in most cases (except Venezuela), for consolidation purposes, we use a foreign currency to U.S. dollar exchange rate provided by Bloomberg that differs slightly from that reported by the aforementioned central banks and/or ministries of finance.

Argentina

On December 10, 2015, new president Mauricio Macri assumed office. Since then, the Macri Administration has announced several significant economic and policy reforms. Shortly after taking office, the Macri Administration devaluated the Argentine *peso* by 30% and eased currency controls existing in the country since 2001, when the country had implemented tightened restrictions on capital flows, imposed exchange controls, maintained an official U.S. dollar exchange rate and imposed transfer restrictions substantially limiting the ability of companies to retain foreign currency or make payments abroad. Exchange control restrictions impacted our ability to transfer funds abroad and prevented or delayed payments that our Argentine subsidiaries were required to make outside Argentina.

The Argentine *peso* depreciated 8.2% against the U.S. Dollar in 2011, 14.3% in 2012, 32.6% in 2013, 31.2% in 2014 and 52% in 2015.

The following table sets forth, for the periods indicated, the high, low, average and period-end exchange rates for the purchase of U.S. dollars expressed in Argentine *pesos* per U.S. dollar. The average rate is calculated by using the average of the Central Bank of Argentina's reported exchange rates on each day during a monthly period and on the last day of each month during an annual or interim period. As of 28, 2016, the exchange rate for the purchase of U.S. dollars as reported by the Central Bank of Argentina was ARS$14.170 per U.S. dollar.

	Period-End	Average for Period	Low	High
		(Argentine *pesos* per U.S. dollar)		
	ARS$	ARS$	ARS$	ARS$
Year Ended December 31:				
2011	4.303	4.130	3.972	4.304
2012	4.917	4.551	4.305	4.917
2013	6.518	5.479	4.923	6.518
2014	8.552	8.231	6.543	8.556
2015	12.9315	9.442	8.554	13.763
Quarter Ended:				
March 31, 2016	14.581	14.479	13.069	15.919
Month Ended:				
October 31, 2015	9.5111	9.490	9.427	9.546
November 30, 2015	9.688	9.627	9.427	9.688
December 31, 2015	12.9315	11.428	9.698	13.763
January 31, 2016	13.9515	13.654	13.069	13.941
February 29, 2016	15.8367	14.814	14.088	15.584
March 31, 2016	14.581	14.961	14.245	15.919
April 30, 2016 (through April 28, 2016)	14.170	14.417	14.140	14.779

Note: For consolidation purposes, we use an Argentine *peso* / U.S. dollar exchange rate provided by Bloomberg that differs slightly from that reported by the Central Bank of Argentina.

Exchange Controls

In June 2005, the Argentine government issued Decree 616/05, which established additional restrictions over all capital flows that could result in future payment obligations of foreign currency by residents to non-residents. Pursuant to the decree, all private sector indebtedness of physical persons or corporations in Argentina were required to be agreed upon and repaid not prior to 365 days from the date of entry of the funds into Argentina, regardless of the form of repayment. The decree outlined several types of transactions that were exempted from its requirements, including foreign trade financings and primary offerings of debt securities issued pursuant to a public offering and listed on an authorized market.

In addition, the decree stipulated that all capital inflows within the private sector to the local exchange market due to foreign indebtedness of physical persons or corporations within Argentina (excluding foreign trade financings and primary offerings of debt securities issued pursuant to a public offering and listed on an authorized market), as well as all capital inflows of non-residents received by the local exchange market destined for local money holdings, all kinds of financial assets or liabilities of the financial and non-financial private sector (excluding foreign direct investment and primary offerings of debt securities issued pursuant to a public offering and listed on an authorized market) and investments in securities issued by the public sector that are acquired in secondary markets, had to meet certain requirements described in section 4 of the decree, as outlined below:

- the funds could only be transferred outside the local exchange market after a 365-day period from the date of entry of the funds into Argentina (the "Minimum Stay Period") of 365 calendar days;
- any amounts resulting from the exchange of the funds had to be credited to an account within the Argentine banking system;
- a non-transferable, non-interest-bearing deposit had to be maintained for a term of 365 calendar days, in an amount equal to 30% of any inflow of funds to the local foreign exchange market (the "Deposit"); and
- the deposit shall be in U.S. dollars in any of the financial entities of Argentina and could not be used as collateral or guaranty for any credit transaction. Any breach of the provisions of Argentine foreign exchange regulations is subject to criminal penalties.

The requirements of Decree 616/2015 were subsequently eased by the new administration as detailed below.

On December 18, 2015, through Resolution No. 3/2015, the Ministry of Treasury and Public Finance amended Executive Decree No. 616/2005, stating that for new indebtedness incurred as of December 17, 2015, (i) there will be a Minimum Stay Period of 120 calendar days from the date of entry of the funds into Argentina (instead of a 365 Minimum Stay Period that was previously required) and that (ii) no deposits will be necessary.

Moreover, foreign loans received by Argentine residents are not required to be settled through the local market, however, settlement through the local market is required for the repayment of such foreign loans.

Regarding payment by local residents of services rendered to them, access to the local exchange market for payment of services rendered by non-residents is subject to filing with the intervening bank of documentation evidencing the nature of the service rendered, that it was indeed rendered by a non-resident to a local resident and the amounts due for such services that are to be transferred abroad. If the service rendered is not directly related to the activities of the local resident, an auditor's report must also be filed with the intervening bank, certifying that the service was in fact rendered and detailing the back-up information reviewed for such purpose. The new administration of the Central Bank of Argentina established a distinction between debt for services performed and/or accrued up to and including December 16, 2015 and those performed and/or accrued thereafter. For any services performed and/or accrued after December 16, 2015, any applicable payments may be made without an amount limitation and access will be allowed to the local foreign exchange market in accordance with the provisions of applicable regulations governing local foreign exchange market access for the payment of services provided by non-residents.

In respect of debt incurred for services performed and/or accrued up to and including December 16, 2015, except for certain exceptions, Communication "A" 5850 issued by the Central Bank of Argentina provided that payments could be performed and access to the local foreign exchange market was allowed, provided that applicable regulations were complied with and in accordance with a time schedule pursuant to which quantitative limitations were to be eliminated as of June 2016. Pursuant to Communication "A" 5955, the time schedule was reduced, and as of April 22, 2016, no quantitative limitations remained in effect.

Interest Payments. Access to the local exchange market for paying interest is allowed if it is related to unpaid debts or if settlement occurs simultaneously with the payment of capital. Foreign currency necessary to pay interest on foreign indebtedness may be purchased and transferred abroad:

(a) up to 10 business days in advance of the relevant interest payment date;

(b) to pay interest accrued as from the date of settlement of the disbursed funds through the local foreign exchange market; or

(c) to pay interest accrued during the period between the date of disbursement of the funds and the date of settlement of the disbursed funds through the local foreign exchange market; provided that the funds disbursed abroad were credited in correspondent accounts of entities authorized to settle such funds through the local exchange market, within 48 business hours as from the date of their disbursement.

In order to proceed with remittances abroad for debt interest payments of all types, the entities involved must first verify that the debtor has complied with the reporting requirements imposed under Communication "A" 3602, dated May 7, 2002, and under Communication "A" 4237, dated November 10, 2004, in case the lender is part of the debtor's economic group and meets all other requirements set forth in Communication "A" 5264 (as amended and supplemented).

Principal Repayments. Notwithstanding the fact that new foreign financial indebtedness incurred by the private non-financial sector, the financial sector and Argentine local governments as of December 17, 2015 are not subject to the requirement of having the proceeds from such indebtedness transferred and settled through the local foreign exchange market and therefore converted into Argentine *pesos*, the settlement of funds through the local foreign exchange market will be necessary for subsequent access and to acquire the foreign currency in order to repay principal and interest. In addition, foreign currency necessary to pay principal on foreign indebtedness owed by the private non-financial sector may only proceed after expiration of the Minimum Stay Period of 120 calendar days from the date of the transfer into Argentina of the relevant amount.

Furthermore, pursuant to Communication "A" 5899, issued by the Central Bank of Argentina, entities may grant Argentine residents access to the local foreign exchange market to make principal and interest payments, without any funds inflows into Argentina, in respect of foreign financial debts arising from financings granted by a non-resident seller for direct investment assets and/or non-financial, non-produced asset purchases within Argentina, provided that certain requirements are complied with.

Principal Prepayments. In the case of foreign financial indebtedness settled through the local foreign exchange market, as of December 17, 2015, debtors of the private non-financial sector will have access to the local foreign exchange market for prepayment of their foreign financial debt subject to compliance with the 120-calendar-day term of the Minimum Stay Period.

In the case of foreign financial indebtedness settled through the local foreign exchange market on or prior to December 16, 2015, access to the local foreign exchange market for the prepayment of principal under foreign indebtedness incurred by Argentine residents of the private non-financial sector is allowed: (i) at any time within 10 business days prior to maturity, to the extent the applicable Minimum Stay Period has been complied with; (ii) with the necessary operational anticipation for the payment of principal installments, whose payment depends on the enforcement of specific contractual conditions; (iii) before such 10-business-day term prior to maturity, whether in whole or in part, if the payment is entirely financed with external funds destined to capital contributions to the extent the applicable Minimum Stay Period has been complied with; or (iv) before such 10-business-day term prior to maturity, whether in whole or in part, to the extent the applicable Minimum Stay Period has been complied with, and the payment is entirely financed with new foreign debts settled through the local foreign exchange market and/or through the issuance of bonds or other debt instruments that meet the conditions of being considered foreign debt issuance. Argentine companies that belong to the same economic group may use this benefit, provided that such condition is met at a consolidated level.

In all cases of anticipated principal payments, the payment must be to the creditor or the payment agent of the obligation for its immediate payment to the lender. The obligation stops bearing interest for the pre-canceled portion from the date of the payment to the lender.

Foreclosure of Local Guarantees. Access to the local foreign exchange market for payment of foreign indebtedness is limited to the resident debtor. In such sense, any guarantor of any cross-border financing that is an Argentine resident shall not have access to the local foreign exchange market in order to make payments or transfer funds abroad pursuant to the guarantee, or may be subject to maximum thresholds for any such payment or transfer abroad. However, as of the date hereof, subject to the satisfaction of certain conditions, resident individuals, legal entities from the private sector organized in Argentina and not authorized to deal in foreign exchange, certain trusts and other estates domiciled in Argentina, as well as Argentine local governments will be allowed access to the local foreign exchange market without the prior authorization of the Central Bank of Argentina to purchase foreign currency without specific allocation (*atesoramiento*) for up to U.S.$2.0 million per calendar month.

Dividends. Additionally, access to the local foreign exchange market is permitted for remittances abroad to pay earnings and dividends in so far as they arise from closed and audited financial statements (Communication "A" 5264, as amended and supplemented).

Notwithstanding the above, although the purchase of foreign currency to pay dividends abroad is legally permitted, during the last few years under the Cristina Fernández de Kirchner administration, the payment of dividends abroad was being delayed or denied as a result of factual restrictions by the Central Bank of Argentina. This limitation was part of several informal foreign exchange measures implemented by the former Argentine government with the purpose of restricting the outflow of foreign currency in order to obtain a favorable balance between the inflows and outflows of foreign currency. Notwithstanding the measures recently adopted by the new administration, the Central Bank of Argentina and the federal government in the future may impose additional exchange controls that impact our ability to transfer funds abroad and may prevent or delay payments that our Argentine subsidiaries are required to make outside Argentina.

Brazil

Brazilian Resolution 3,568 establishes that, without prejudice to the duty of identifying customers, operations of foreign currency purchase or sale up to $3,000 or its equivalent in other currencies are not required to submit documentation relating to legal transactions underlying these foreign exchange operations. According to Resolution 3,568, the Central Bank of Brazil may define simplified forms to record operations of foreign currency purchases and sales of up to $3,000 or its equivalent in other currencies.

The Brazilian Monetary Council may issue further regulations in relation to foreign exchange transactions, as well as on payments and transfers of Brazilian currency between Brazilian residents and non-residents (such transfers being commonly known as the international transfer of *reais*), including those made through so-called non-resident accounts.

Brazilian law also imposes a tax on foreign exchange transactions, or "IOF/Exchange," on the conversion of *reais* into foreign currency and on the conversion of foreign currency into *reais*. As of October 7, 2014, the general IOF/Exchange rate applicable to almost all foreign currency exchange transactions was increased from zero to 0.38%, although other rates may apply in particular operations, such as the below transactions which are currently not taxed:

- inflow related to transactions carried out in the Brazilian financial and capital markets, including investments in our common shares by investors which register their investment under Resolution No. 4,373;
- outflow related to the return of the investment mentioned under the first bulleted item above; and
- outflow related to the payment of dividends and interest on shareholders' equity in connection with the investment mentioned under the first bulleted item above.

Notwithstanding these rates of the IOF/Exchange, in force as of the date hereof, the Minister of Finance is legally entitled to increase the rate of the IOF/Exchange to a maximum of 25% of the amount of the currency exchange transaction, but only on a prospective basis.

The Brazilian *real* depreciated 21.6% against the U.S. dollar in 2011, 9.0% in 2012, 14.6% in 2013, 13.4% in 2014, 47.0% in 2015 and 10.9% in the first quarter of 2016.

Although the Central Bank of Brazil has intervened occasionally to control movements in the foreign exchange rates, the exchange market may continue to be volatile as a result of capital movements or other factors, and, therefore, the Brazilian *real* may substantially decline or appreciate in value in relation to the U.S. dollar in the future.

Brazilian law further provides that whenever there is a significant imbalance in Brazil's balance of payments or reasons to foresee such a significant imbalance, the Brazilian government may, and has done so in the past, impose temporary restrictions on the remittance of funds to foreign investors of the proceeds of their investments in Brazil. The likelihood that the Brazilian government would impose such restricting measures may be affected by the extent of Brazil's foreign currency reserves, the availability of foreign currency in the foreign exchange markets on the date a payment is due, the size of Brazil's debt service burden relative to the economy as a whole and other factors. We cannot assure you that the Central Bank will not modify its policies or that the Brazilian government will not institute restrictions or delays on cross-border remittances in respect of securities issued in the international capital markets.

The following table sets forth, for the periods indicated, the high, low, average and period-end exchange rates for the purchase of U.S. dollars expressed in Brazilian *reais* per U.S. dollar as reported by the Central Bank of Brazil. As of April 28, 2015, the exchange rate for the purchase of U.S. dollars as reported by the Central Bank of Brazil was R$3.499 per U.S. dollar.

	Period-End	Average for Period	Low	High
	(Brazilian *reais* per U.S. dollar)			
	R$	R$	R$	R$
Year Ended December 31:				
2011	1.876	1.675	1.535	1.902
2012	2.044	1.959	1.702	2.112
2013	2.343	2.160	1.953	2.446
2014	2.656	2.358	2.197	2.740
2015	3.905	3.388	2.569	4.195
Quarter Ended:				
March 31, 2016	3.559	3.902	3.559	4.156
Month Ended:				
October 31, 2015	3.859	3.880	3.739	4.001
November 30, 2015	3.851	3.776	3.701	3.851
December 31, 2015	3.905	3.871	3.748	3.983
January 31, 2016	4.042	4.052	3.986	4.155
February 29, 2016	3.979	3.973	3.865	4.049
March 31, 2016	3.558	3.703	3.558	3.991
April 30, 2016 (through April 28, 2016)	3.499	3.572	3.499	3.692

Note: For consolidation purposes, we use a Brazilian *reais* / U.S. dollar exchange rate provided by Bloomberg that differs slightly from that reported by the Central Bank of Brazil.

Mexico

For the last few years, the Mexican government has maintained a policy of non-intervention in the foreign exchange markets, other than conducting periodic auctions for the purchase of U.S. dollars, and has not had in effect any exchange controls (although these controls have existed and have been in effect in the past). We cannot assure you that the Mexican government will maintain its current policies with regard to the Mexican *peso* or that the Mexican *peso* will not further depreciate or appreciate significantly in the future.

The following table sets forth, for the periods indicated, the high, low, average and period-end free-market exchange rate for the purchase of U.S. dollars, expressed in nominal Mexican *pesos* per U.S. dollar, as reported by the Central Bank of Mexico in the Federal Official Gazette. All amounts are stated in Mexican *pesos* per U.S. dollar. The annual and interim average rates reflect the average of month-end rates, and monthly average rates reflect the average of daily rates. As of April 28, 2015, the free-market exchange rate for the purchase of U.S. dollars as reported by the Central Bank of Mexico in the Federal Official Gazette as the rate of payment of obligations denominated in non-Mexican currency payable in Mexico was Ps.17.40 per U.S. dollar.

	Period End	Average for Period	Low	High
	(Mexican *pesos* per U.S. dollar)			
	Ps.	Ps.	Ps.	Ps.
Year Ended December 31:				
2011	13.98	12.48	11.50	14.24
2012	12.99	13.17	12.63	14.39
2013	13.07	12.84	11.98	13.44
2014	14.73	13.36	12.85	14.79
2015	17.34	15.87	14.56	17.38
Quarter Ended:				
March 31, 2016	17.25	18.07	17.25	19.18
Month Ended:				
October 31, 2015	16.62	16.58	16.40	16.91
November 30, 2015	16.58	16.63	16.42	16.87
December 31, 2015	17.34	17.04	16.51	17.38
January 31, 2016	18.29	18.03	17.25	18.61
February 29, 2016	18.17	18.48	18.06	19.18
March 31, 2016	17.25	17.69	17.25	18.10
April 30, 2016 (through April 28, 2016)	17.40	17.50	17.24	17.89

Note: For consolidation purposes, we use a Mexican *peso*/U.S. dollar exchange rate provided by Bloomberg that differs slightly from that reported by the Central Bank of Mexico.

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Our business, financial condition and results of operations could be materially and adversely affected if any of the risks described below occur. As a result, the market price of our class A shares could decline, and you could lose all or part of your investment. This annual report also contains forward-looking statements that involve risks and uncertainties. See "Forward-Looking Statements." Our actual results could differ materially and adversely from those anticipated in these forward-looking statements as a result of certain factors, including the risks facing our company or investments in Latin America and the Caribbean described below and elsewhere in this annual report.

Certain Factors Relating to Our Business

Our rights to operate and franchise McDonald's-branded restaurants are dependent on the MFAs, the expiration of which would adversely affect our business, results of operations, financial condition and prospects.

Our rights to operate and franchise McDonald's-branded restaurants in the Territories, and therefore our ability to conduct our business, derive exclusively from the rights granted to us by McDonald's in two MFAs through 2027. The initial term of the franchise for French Guiana, Guadeloupe and Martinique expires in 2017, which we may extend for an additional 10-year term at our sole discretion. As a result, our ability to continue operating in our current capacity following the initial term of the MFAs is dependent on the renewal of our contractual relationship with McDonald's.

McDonald's has the right, in its reasonable business judgment based on our satisfaction of certain criteria set forth in the MFAs, to grant us an option to extend the term of the MFAs with respect to all Territories for an additional period of 10 years after the expiration of the initial term of the MFAs upon such terms as McDonald's may determine. Pursuant to the MFAs, McDonald's will determine whether to grant us the option to renew between August 2020 and August 2024. If McDonald's grants us the option to renew and we elect to exercise the option, then we and McDonald's will amend the MFAs to reflect the terms of such renewal option, as appropriate. We cannot assure you that McDonald's will grant us an option to extend the term of the MFAs or that the terms of any renewal option will be acceptable to us, will be similar to those contained in the MFAs or will not be less favorable to us than those contained in the MFAs.

If McDonald's elects not to grant us the renewal option or we elect not to exercise the renewal option, we will have a three-year period in which to solicit offers for our business, which offers would be subject to McDonald's approval. Upon the expiration of the MFAs, McDonald's has the option to acquire all of our non-public shares and all of the equity interests of our wholly owned subsidiary Arcos Dourados Comercio de Alimentos Ltda., the master franchisee of McDonald's for Brazil, at their fair market value.

In the event McDonald's does not exercise its option to acquire LatAm, LLC and Arcos Dourados Comercio de Alimentos Ltda., the MFAs would expire and we would be required to cease operating McDonald's-branded restaurants, identifying our business with McDonald's and using any of McDonald's intellectual property. Although we would retain our real estate and infrastructure, the MFAs prohibit us from engaging in certain competitive businesses, including Burger King, Subway, KFC or any other quick-service restaurant, or QSR, business, or duplicating the McDonald's system at another restaurant or business during the two-year period following the expiration of the MFAs. As the McDonald's brand and our relationship with McDonald's are among our primary competitive strengths, the expiration of the MFAs for any of the reasons described above would materially and adversely affect our business, results of operations, financial condition and prospects.

Our business depends on our relationship with McDonald's and changes in this relationship may adversely affect our business, results of operations and financial condition.

Our rights to operate and franchise McDonald's-branded restaurants in the Territories, and therefore our ability to conduct our business, derive exclusively from the rights granted to us by McDonald's in the MFAs. As a result, our revenues are dependent on the continued existence of our contractual relationship with McDonald's.

Pursuant to the MFAs, McDonald's has the ability to exercise substantial influence over the conduct of our business. For example, under the MFAs, we are not permitted to operate any other QSR chains, we must comply with McDonald's high-quality standards, we must own and operate at least 50% of all McDonald's-branded restaurants in the Territories, we must maintain certain guarantees in favor of McDonald's, including a standby letter of credit (or other similar financial guarantee acceptable to McDonald's) in an amount of $80.0 million, to secure our payment obligations under the MFAs and related credit documents, we cannot incur debt above certain financial ratios, we cannot transfer the equity interests of our subsidiaries, any significant portion of their assets or any of the real estate properties we own without McDonald's consent, and McDonald's has the right to approve the appointment of our chief executive officer and chief operating officer. In addition, the MFAs require us to reinvest a significant amount of money, including through reimaging our existing restaurants, opening new restaurants and advertising, which plans McDonald's has the right to approve. Under the 2014-2016 restaurant opening and reinvestment plan, we were required to open 250 restaurants and spend $180 million from 2014 through 2016. On August 10, 2015, however, we reached an agreement with McDonald's to amend the 2014-2016 opening plan, mainly in order to adjust this plan to the current economic realities of the region. Under the revised plan, we committed to opening a minimum of 150 new restaurants over the three-year period, down from the original 250. The Company is also committed to executing at least 140 reimages over the three-year period. We estimate that the cost to comply with our restaurant opening commitments under the MFAs from 2014 through 2016 will be between $151 million and $181 million, depending on, among other factors, the type and location of the restaurants we open. We cannot assure you that we will have available the funds necessary to finance these commitments, and their satisfaction may require us to incur additional indebtedness, which could adversely affect our financial condition. Moreover, we may not be able to obtain additional indebtedness on favorable terms, or at all. Failure to comply with these commitments could constitute a material breach of the MFAs and may lead to a termination by McDonald's of the MFAs.

Notwithstanding the foregoing, McDonald's has no obligation to fund our operations. In addition, McDonald's does not guarantee any of our financial obligations, including trade payables or outstanding indebtedness, and has no obligation to do so.

If the terms of the MFAs excessively restrict our ability to operate our business or if we are unable to satisfy our restaurant opening and reinvestment commitments under the MFAs, our business, results of operations and financial condition would be materially and adversely affected.

For certain periods of 2014, 2015 and 2016, McDonald's Corporation granted us limited waivers for our non-compliance with certain quarterly financial ratios specified in the MFA; a failure to extend such waiver or comply with our original commitments could result in a material breach of the MFA.

During certain periods of 2014, 2015 and 2016, we were not in compliance with certain quarterly financial ratios specified in the MFA. We have obtained a limited waiver from McDonald's Corporation through and including March 31, 2016. During the waiver period we were not required to maintain these quarterly financial ratios; however, we will need to obtain an extension of the MFA waiver to avoid breaching our commitments under the MFA. If we are unable to obtain an extension of the waiver or to comply with our original commitments under the MFA, we could be in material breach. Our breach of the MFA would give McDonald's certain rights, including the ability to acquire all or portions of our business. See "Item 10. Additional Information—C. Material Contracts—The MFAs."

McDonald's has the right to acquire all or portions of our business upon the occurrence of certain events and, in the case of a material breach of the MFAs, may acquire our non-public shares or our interests in one or more Territories at 80% of their fair market value.

Pursuant to the MFAs, McDonald's has the right to acquire our non-public shares or our interests in one or more Territories upon the occurrence of certain events, including the death or permanent incapacity of our controlling shareholder or a material breach of the MFAs. In the event McDonald's were to exercise its right to acquire all of our non-public shares, McDonald's would become our controlling shareholder.

McDonald's has the option to acquire all, but not less than all, of our non-public shares at 100% of their fair market value during the twelve-month period following the eighteen-month anniversary of the death or permanent incapacity of Mr. Staton, our Executive Chairman and controlling shareholder. In addition, if there is a material breach that relates to one or more Territories in which there are at least 100 restaurants in operation, McDonald's has the right either to acquire all of our non-public shares or our interests in our subsidiaries in such Territory or Territories. By contrast, if the initial material breach of the MFAs affects or is attributable to any of the Territories in which there are less than 100 restaurants in operation, McDonald's only has the right to acquire the equity interests of any of our subsidiaries in the relevant Territory. For example, since we have more than 100 restaurants in Mexico, if a Mexican subsidiary were to materially breach the MFA, McDonald's would have the right either to acquire our entire business throughout Latin America and the Caribbean or just our Mexican operations, whereas upon a similar breach by our Ecuadorean subsidiary, McDonald's would only have the right to acquire our interests in our operations in Ecuador.

McDonald's was granted a perfected security interest in the equity interests of LatAm, LLC, Arcos Dourados Comercio de Alimentos Ltda. and certain of their subsidiaries to protect this right. In the event this right is exercised as a result of a material breach of the MFAs, the amount to be paid by McDonald's would be equal to 80% of the fair market value of the acquired equity interests. If McDonald's exercises its right to acquire our interests in one or more Territories as a result of a material breach, our business, results of operations and financial condition would be materially and adversely affected. See "Item 10. Additional Information—C. Material Contracts—The MFAs—Termination" for more details about fair market value calculation.

The failure to successfully manage our future growth may adversely affect our results of operations.

Our business has grown significantly since the Acquisition, largely due to the opening of new restaurants in existing and new markets within the Territories, and also from an increase in comparable store sales. Our total number of restaurant locations has increased from 1,569 at the date of the Acquisition to 2,141 as of December 31, 2015. However, during 2014 and 2015, our rate of restaurant openings slowed. This was mainly due to a shift in capital allocation strategy to increase our focus on existing restaurants over continued expansion.

Our growth is, to a certain extent, dependent on new restaurant openings and therefore may not be constant from period to period; it may accelerate or decelerate in response to certain factors. There are many obstacles to opening new restaurants, including determining the availability of desirable locations, securing reliable suppliers, hiring and training new personnel and negotiating acceptable lease terms, and, in times of adverse economic conditions, franchisees may be more reluctant to provide the investment required to open new restaurants and may have difficulty obtaining sufficient financing. In addition, our growth in comparable store sales is dependent on continued economic growth in the countries in which we operate as well as our ability to continue to predict and satisfy changing consumer preferences.

We plan our capital expenditures on an annual basis, taking into account historical information, regional economic trends, restaurant opening and reimaging plans, site availability and the investment requirements of the MFAs in order to maximize our returns on invested capital. The success of our investment plan may, however, be harmed by factors outside our control, such as changes in macroeconomic conditions, changes in demand and construction difficulties that could jeopardize our investment returns and our future results and financial condition.

We depend on oral agreements with third-party suppliers and distributors for the provision of products that are necessary for our operations.

Supply chain management is an important element of our success and a crucial factor in optimizing our profitability. We use McDonald’s centralized supply chain management model, which relies on approved third-party suppliers and distributors for goods, and we generally use several suppliers to satisfy our needs for goods. This system encompasses selecting and developing suppliers of core products—beef, chicken, buns, produce, cheese, dairy mixes, beverages and toppings—who are able to comply with McDonald’s high-quality standards, and establishing sustainable relationships with these suppliers. McDonald’s standards include cleanliness, product consistency, timeliness, following internationally recognized manufacturing practices, meeting or exceeding all local food regulations and compliance with our Hazard Analysis Critical Control Plan, a systematic approach to food safety that emphasizes protection within the processing facility, rather than detection, through analysis, inspection and follow-up.

Our 35 largest suppliers account for approximately 80% of our purchases. Very few of our suppliers have entered into written contracts with us as we only have oral agreements with a vast majority of them. Our supplier approval process is thorough and lengthy in order to ensure compliance with McDonald’s high-quality standards. We therefore tend to develop strong relationships with approved suppliers and, given our importance to them, have found that oral agreements with them are generally sufficient to ensure a reliable supply of quality products. While we source our supplies from many approved suppliers in Latin America and the Caribbean, thereby reducing our dependence on any one supplier, the informal nature of the majority of our relationships with suppliers means that we may not be assured of long-term or reliable supplies of products from those suppliers.

In addition, certain supplies, such as beef, must often be locally sourced due to restrictions on their importation. In light of these restrictions, as well as the MFAs’ requirement to purchase certain core supplies from approved suppliers, we may not be able to quickly find alternate or additional supplies in the event a supplier is unable to meet our orders.

If our suppliers fail to provide us with products in a timely manner due to unanticipated demand, production or distribution problems, financial distress or shortages, if our suppliers decide to terminate their relationship with us or if McDonald’s determines that any product or service offered by an approved supplier is not in compliance with its standards and we are obligated to terminate our relationship with such supplier, we may have difficulty finding appropriate or compliant replacement suppliers. As a result, we may face inventory shortages that could negatively affect our operations.

Our financial condition and results of operations depend, to a certain extent, on the financial condition of our franchisees and their ability to fulfill their obligations under their franchise agreements.

As of December 31, 2015, 25.83% of our restaurants were franchised. Under our franchise agreements, we receive monthly payments which are, in most cases, the greater of a fixed rent or a certain percentage of the franchisee’s gross sales. Franchisees are independent operators over whom we exercise control through the franchise agreements, by owning or leasing the real estate upon which their restaurants are located and through our operating manual that specifies items such as menu choices, permitted advertising, equipment, food handling procedures, product quality and approved suppliers. Our operating results depend to a certain extent on the restaurant profitability and financial viability of our franchisees. The concurrent failure by a significant number of franchisees to meet their financial obligations to us could jeopardize our ability to meet our obligations.

In addition, we are liable for our franchisees’ monthly payment of a continuing franchise fee to McDonald’s, which represents a percentage of those franchised restaurants’ gross sales. To the extent that our franchisees fail to pay this fee in full, we are responsible for any shortfall. As such, the concurrent failure by a significant number of franchisees to pay their continuing franchise fees could have a material adverse effect on our results of operations and financial condition.

We do not have full operational control over the businesses of our franchisees.

We are dependent on franchisees to maintain McDonald's quality, service and cleanliness standards, and their failure to do so could materially affect the McDonald's brand and harm our future growth. Although we exercise significant control over franchisees through the franchise agreements, franchisees have some flexibility in their operations, including the ability to set prices for our products in their restaurants, hire employees and select certain service providers. In addition, it is possible that some franchisees may not operate their restaurants in accordance with our quality, service, cleanliness, health or product standards. Although we take corrective measures if franchisees fail to maintain McDonald's quality, service and cleanliness standards, we may not be able to identify and rectify problems with sufficient speed and, as a result, our image and operating results may be negatively affected.

Ownership and leasing of a broad portfolio of real estate exposes us to potential losses and liabilities.

As of December 31, 2015, we owned the land for 501 of our 2,141 restaurants and the buildings for all but 11 of our restaurants. The value of these assets could decrease or rental costs could increase due to changes in local demographics, the investment climate and increases in taxes.

The majority of our restaurant locations, or those operated by our franchisees, are subject to long-term leases. We may not be able to renew leases on acceptable terms or at all, in which case we would have to find new locations to lease or be forced to close the restaurants. If we are able to negotiate a new lease at an existing location, we may be subject to a rent increase. In addition, current restaurant locations may become unattractive due to changes in neighborhood demographics or economic conditions, which may result in reduced sales at these locations.

The success of our business is dependent on the effectiveness of our marketing strategy.

Market awareness is essential to our continued growth and financial success. Pursuant to the MFAs, we create, develop and coordinate marketing plans and promotional activities throughout the Territories, and franchisees contribute a percentage of their gross sales to our marketing plan. In addition, we are required under the MFAs to spend at least 5% of our sales on advertising and promotional activities. Pursuant to the MFAs, McDonald's has the right to review and approve our marketing plans in advance and may request that we cease using the materials or promotional activities at any time if McDonald's determines that they are detrimental to its brand image. We also participate in global and regional marketing activities undertaken by McDonald's and pay McDonald's up to 0.2% of our sales in order to fund such activities.

If our advertising programs are not effective, or if our competitors begin spending significantly more on advertising than we do, we may be unable to attract new customers or existing customers may not return to our restaurants and our operating results may be negatively affected.

We use non-committed lines of credit to partially finance our working capital needs.

We use non-committed lines of credit to partially finance our working capital needs. Given the nature of these lines of credit, they could be withdrawn and no longer be available to us, or their terms, including the interest rate, could change to make the terms no longer acceptable to us. The availability of these lines of credit depends on the level of liquidity in financial markets, which can vary based on events outside of our control, including financial or credit crises. Any inability to draw upon our non-committed lines of credit could have an adverse effect on our working capital, financial condition and results of operations.

Covenants and events of default in the agreements governing our outstanding indebtedness could limit our ability to undertake certain types of transactions and adversely affect our liquidity.

As of December 31, 2015, we had $654.2 million in total outstanding indebtedness, consisting of $2.5 million in short-term debt and $656.3 million in long-term debt, partially offset by $4.6 million related to the fair market value of our outstanding derivative instruments. The agreements governing our outstanding indebtedness contain covenants and events of default that may limit our financial flexibility and ability to undertake certain types of transactions. For instance, we are subject to negative covenants that restrict some of our activities, including restrictions on:

- creating liens;
- paying dividends;
- maintaining certain leverage ratios;
- entering into sale and lease-back transactions; and
- consolidating, merging or transferring assets.

During certain periods of 2014, we were not in compliance with certain quarterly financial ratios specified in our revolving credit facility with Bank of America, N.A. and our 2012 total return equity swap with Goldman Sachs International. We were able to successfully negotiate an amendment to each of the revolving credit facility and the total return equity swap to increase these financial ratios. We are currently in compliance with the revised ratios in our credit facility, and the total return equity swap matured on September 12, 2015. Effective as of October 1, 2015, the Company entered into a revolving credit facility with JPMorgan Chase Bank, N.A., for up to $25 million maturing on October 1, 2016, with the same covenants. On March 29, 2016, we entered into a secured loan agreement with Citibank N.A., Bank of America N.A., Itau BBA International plc, JPMorgan Chase Bank N.A. and Banco Santander (Brasil) S.A., Cayman Islands Branch for R$613.9 million ($167.3 million as of the signing date). See "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Net Cash (used in) Financing Activities—Revolving Credit Facilities"; "Item 10. Additional Information—C. Material Contracts—The 2012 Swap Transaction"; and "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Net Cash (used in) Financing Activities—The 2016 Secured Loan Agreement."

If we fail to satisfy the covenants set forth in these agreements or another event of default occurs under the agreements, our outstanding indebtedness under the agreements could become immediately due and payable. If our outstanding indebtedness becomes immediately due and payable and we do not have sufficient cash on hand to pay all amounts due, we could be required to sell assets, to refinance all or a portion of our indebtedness or to obtain additional financing. Refinancing may not be possible and additional financing may not be available on commercially acceptable terms, or at all.

Our inability to attract and retain qualified personnel may affect our growth and results of operations.

We have a strong management team with broad experience in product development, supply chain management, operations, finance, marketing and training. Our growth plans place substantial demands on our management team, and future growth could increase those demands. In addition, pursuant to the MFAs, McDonald's is entitled to approve the appointment of our chief executive officer and chief operating officer. Our ability to manage future growth will depend on the adequacy of our resources and our ability to continue to identify, attract and retain qualified personnel. Failure to do so could have a material adverse effect on our business, financial condition and results of operations.

Also, the success of our operations depends in part on our ability to attract and retain qualified regional and restaurant managers and general staff. If we are unable to recruit and retain our employees, or fail to motivate them to provide quality food and service, our image, operations and growth could be adversely affected.

The resignation, termination, permanent incapacity or death of our Executive Chairman could adversely affect our business, results of operations, financial condition and prospects.

Due to Mr. Staton's unique experience and leadership capabilities, it would be difficult to find a suitable successor for him if he were to cease serving as Executive Chairman for any reason. In the event of Mr. Staton's death or permanent incapacity, pursuant to the MFA, McDonald's has the right to acquire all of our non-public shares during the twelve-month period beginning on the eighteenth-month anniversary of his death or incapacity.

Pursuant to the MFA, McDonald's is entitled to approve the appointment of our chief executive officer.

In the event that we need to appoint a new CEO, we must submit to McDonald's the name of such proposed successor for McDonald's approval. If we and McDonald's have not agreed upon a successor CEO after six months, McDonald's may designate a temporary CEO in its sole discretion pending our submission of information relating to a further candidate and McDonald's approval of that candidate. A delay in finding a suitable successor CEO could adversely affect our business, results of operations, financial condition and prospects.

Labor shortages or increased labor costs could harm our results of operations.

Our operations depend in part on our ability to attract and retain qualified restaurant managers and crew. While the turnover rate varies significantly among categories of employees, due to the nature of our business we traditionally experience a high rate of turnover among our crew and we may not be able to replace departing crew with equally qualified or motivated staff.

As of December 31, 2015, we had 83,348 employees. Controlling labor costs is critical to our results of operations, and we closely monitor those costs. Some of our employees are paid minimum wages; any increases in minimum wages or changes to labor regulations in the Territories could increase our labor costs. For example, in January 2015, Venezuela announced a 20% increase in the minimum wage. In Argentina, a law enacted in November 2010 requires companies to pay overtime to all employees (except directors and managers). In addition, recently proposed bills have attempted to implement additional payments for weekends and mandatory employee profit-sharing, but none of those have been enacted by Congress. In Brazil, during 2012, we decided to transition all of our employees to a fixed hourly schedule. Under the new schedule, employees work between 180 and 220 hours per month, with proportional wages based on the number of hours set forth in the employment contract. In 2013, pursuant to the Pernambuco Labor Court ruling, we completed the transition to a fixed hourly schedule according to the time frame agreed to in the ruling. See "Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal Proceedings—Brazilian Labor Litigation." These or similar regulations, if adopted, may have an adverse impact on our results of operations. Competition for employees could also cause us to pay higher wages.

A failure by McDonald's to protect its intellectual property rights, including its brand image, could harm our results of operations.

The profitability of our business depends in part on consumers' perception of the strength of the McDonald's brand. Under the terms of the MFAs, we are required to assist McDonald's with protecting its intellectual property rights in the Territories. Nevertheless, any failure by McDonald's to protect its proprietary rights in the Territories or elsewhere could harm its brand image, which could affect our competitive position and our results of operations.

Under the MFAs, we may use, and grant rights to franchisees to use, McDonald's intellectual property in connection with the development, operation, promotion, marketing and management of our restaurants. McDonald's has reserved the right to use, or grant licenses to use, its intellectual property in Latin America and the Caribbean for all other purposes, including to sell, promote or license the sale of products using its intellectual property. If we or McDonald's fail to identify unauthorized filings of McDonald's trademarks and imitations thereof, and we or McDonald's do not adequately protect McDonald's trademarks and copyrights, the infringement of McDonald's intellectual property rights by others may cause harm to McDonald's brand image and decrease our sales.

Any tax increase or change in tax legislation may adversely affect our results of operations.

Since we conduct our business in many countries in Latin America and the Caribbean, we are subject to the application of multiple tax laws and multinational tax conventions. Our effective tax rate therefore depends on these tax laws and multinational tax conventions, as well as on the effectiveness of our tax planning abilities. Our income tax position and effective tax rate are subject to uncertainty as our income tax position for each year depends on the profitability of Company-operated restaurants and on the profitability of franchised restaurants operated by our franchisees in tax jurisdictions that levy a broad range of income tax rates. It is also dependent on changes in the valuation of deferred tax assets and liabilities, the impact of various accounting rules, changes to these rules and tax laws and examinations by various tax authorities. If our actual tax rate differs significantly from our estimated tax rate, this could have a material impact on our financial condition. In addition, any increase in the rates of taxes, such as income taxes, excise taxes, value added taxes, import and export duties, and tariff barriers or enhanced economic protectionism could negatively affect our business. Fiscal measures that target either QSRs or any of our products could also be taken.

We cannot assure you that any governmental authority in any country in which we operate will not increase taxes or impose new taxes on our operations or products in the future.

Tax assessments in any of the jurisdictions in which we operate may negatively affect our business and results of operations.

As part of the ordinary course of business, we are subject to inspections by federal, municipal and state tax authorities in Latin America. These inspections may generate tax assessments which, depending on their results, may have an adverse effect on our financial results. See "Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal Proceedings."

Litigation and other pressure tactics could expose our business to financial and reputational risk.

Given that we conduct our business in many countries, we may be subject to multi-jurisdictional private and governmental lawsuits, including but not limited to lawsuits relating to labor and employment practices, taxes, trade and business practices, franchising, intellectual property, consumer, real property, landlord/tenant, environmental, advertising, nutrition and antitrust matters. In the past, QSR chains have been subject to class-action lawsuits claiming that their food products and promotional strategies have contributed to the obesity of some customers. We cannot guarantee that we will not be subject to these types of lawsuits in the future. We may also be the target of pressure tactics such as strikes, boycotts and negative publicity from government officials, suppliers, distributors, employees, unions, special interest groups and customers that may negatively affect our reputation.

Information technology system failures or interruptions or breaches of our network security may interrupt our operations, subject us to increased operating costs and expose us to litigation.

We rely heavily on our computer systems and network infrastructure across our operations including, but not limited to, point-of-sale processing at our restaurants. As of the date of this annual report, we have not experienced any information security problems. However, despite our implementation of security measures and controls that provide reasonable assurance regarding our security posture, there remains the risk that our technology systems are vulnerable to damage, disability or failures due to physical theft, fire, power loss, telecommunications failure or other catastrophic events, as well as from internal and external security breaches, denial of service attacks, viruses, worms and other disruptive problems caused by hackers. If our technology systems were to fail, and we were unable to recover in a timely way, we could experience an interruption in our operations which could have a material adverse effect on our financial condition and results of operations.

Certain Factors Relating to Our Industry

The food services industry is intensely competitive and we may not be able to continue to compete successfully.

Although competitive conditions in the QSR industry vary in each of the countries in which we conduct our operations, we compete with many well-established restaurant companies on price, brand image, quality, sales promotions, new product development and restaurant locations. Since the restaurant industry has few barriers to entry, our competitors are diverse and range from national and international restaurant chains to individual, local restaurant operators. Our largest competitors include Burger King, Yum! Brands (which operates KFC restaurants and Pizza Hut and Pizza Hut Express restaurants), Carl’s Junior and Subway. In Brazil, we also compete with Habib’s, a Brazilian QSR chain that focuses on Middle Eastern food, and Bob’s, a primarily Brazilian QSR chain that focuses on hamburger product offerings. We also face strong competition from street vendors of limited product offerings, including hamburgers, hot dogs, pizzas and other local food items. We expect competition to increase as our competitors continue to expand their operations, introduce new products and aggressively market their brands.

If any of our competitors offers products that are better priced or more appealing to the tastes of consumers, increases its number of restaurants, obtains more desirable restaurant locations, provides more attractive financial incentives to management personnel, franchisees or hourly employees or has more effective marketing initiatives than we do in any of the markets in which we operate, this could have a material adverse effect on our results of operations.

Increases in commodity prices or other operating costs could harm our operating results.

Food and paper costs represented 34.0% of our total revenues in 2015, and we import approximately 25% of our food and paper raw materials (excluding toys) and 100% of our Happy Meal toys. We rely on, among other commodities, beef, chicken, produce, dairy mixes, beverages and toppings. The cost of food and supplies depends on several factors, including global supply and demand, new product offerings, weather conditions, fluctuations in energy costs and tax incentives, all of which makes us susceptible to substantial price and currency fluctuations and other increased operating costs. Due to the competitive nature of the restaurant industry, we may be unable to pass increased operating costs on to our customers, which could have an adverse effect on our results of operations.

Demand for our products may decrease due to changes in consumer preferences or other factors.

Our competitive position depends on our continued ability to offer items that have a strong appeal to consumers. If consumer dining preferences change due to dietary inclinations and our consumers begin to seek out alternative restaurant options, our financial results might be adversely affected. In addition, negative publicity surrounding our products could also materially affect our business and results of operations.

Our success in responding to consumer demands depends in part on our ability to anticipate consumer preferences and introduce new items to address these preferences in a timely fashion.

Our business activity may be negatively affected by disruptions, catastrophic events or health pandemics.

Unpredictable events beyond our control, including war, terrorist activities, political and social unrest and natural disasters, could disrupt our operations and those of our franchisees, suppliers or customers, have a negative effect on consumer spending or result in political or economic instability. These events could reduce demand for our products or make it difficult to ensure the regular supply of products through our distribution chain.

In addition, incidents of health pandemics, food-borne illnesses or food tampering could reduce sales in our restaurants. Widespread illnesses such as avian influenza, the H1N1 influenza virus, e-coli, bovine spongiform encephalopathy (or “mad cow” disease), hepatitis A or salmonella could cause customers to avoid meat or fish products. For example, the H1N1 influenza virus outbreak in Argentina and Mexico in 2009 significantly impacted our sales in those countries. Furthermore, our reliance on third-party food suppliers and distributors increases the risk of food-borne illness incidents being caused by third-party food suppliers and distributors who operate outside of our control and/or multiple locations being affected rather than a single restaurant. The recent events in our region related to the Dengue and Zika viruses has resulted in heightened health concerns in the region, which could reduce the visits to our restaurants if these cases are not controlled. The last reports of the Panamerican Health Association related to Processed and Ultra Processed Foods put our products on the list of their recommendations to avoid the consumption of or to apply additional taxes or restrictions to media ads.

Food safety events involving McDonald's outside of Latin America or other well-known QSR chains could negatively impact our business industry. Another extended issue in our region is the use of social media to post complaints against the QSR segment and the use of mobile phones to capture any deviation in our processes, products or facilities. Media reports of health pandemics or food-borne illnesses found in the general public or in any QSR could dramatically affect restaurant sales in one or several countries in which we operate, or could force us to temporarily close an undetermined number of restaurants. As a restaurant company, we depend on consumer confidence in the quality and safety of our food. Any illness or death related to food that we serve could substantially harm our operations. While we maintain extremely high standards for the quality of our food products and dedicate substantial resources to ensure that these standards are met, the spread of these illnesses is often beyond our control and we cannot assure you that new illnesses resistant to any precautions we may take will not develop in the future.

In addition, our industry has long been subject to the threat of food tampering by suppliers, employees or customers, such as the addition of foreign objects to the food that we sell. Reports, whether true or not, of injuries caused by food tampering have in the past negatively affected the reputations of QSR chains and could affect us in the future. Instances of food tampering, even those occurring solely at competitor restaurants, could, by causing negative publicity about the restaurant industry, adversely affect our sales on a local, regional, national or system-wide basis. A decrease in customer traffic as a result of public health concerns or negative publicity could materially affect our business, results of operations and financial condition.

Restrictions on promotions and advertisements directed at families with children and regulations regarding the nutritional content of children's meals may harm McDonald's brand image and our results of operations.

A significant portion of our business depends on our ability to make our product offerings appealing to families with children. Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, Peru and Uruguay are considering imposing, or have already imposed, restrictions on the ways in which we market our products, including proposals restricting our ability to advertise directly to children through the use of toys and to sell toys in conjunction with food.

In June 2012, Chile passed a law banning the inclusion of toys in children's meals with certain nutritional characteristics. This law will go into effect on June 26, 2016. The ban in Chile also restricts advertisements to children under the age of 14. A bill currently under discussion proposes to restrict advertisements on television and radio between 6:00 p.m. and 10:00 p.m. This bill will affect food products that exceed the limits of nutrient content set by the Chilean authorities. While it is difficult to predict how the Chilean authorities will determine the scope of the law, we currently do not expect that these Chilean regulations will have a material impact on our consolidated results.

Similar to law in Chile, Peru passed a law in 2013 restricting our ability to advertise our food to children under the age of 16 and banning the inclusion of toys in children's meals. However, the law will not be enforced until the Peruvian regulatory authorities issue regulations to determine the scope of the law. Such regulations have not yet been issued. While it is difficult to predict how the Peruvian authorities will enforce or interpret this law, we currently do not expect that the law will have a material impact on our consolidated results.

Since 2014, the Mexican Ministry of Health empowered the Federal Commission for Prevention of Sanitary Risks (*Comisión Federal para la Protección contra Riesgos Sanitarios* or COFEPRIS) to regulate advertising directed at families with children. On April 15, 2014, COFEPRIS issued certain regulations which establish the maximum contents of fat, sodium and sugars that every meal advertised to children on television and in cinemas may contain. In February of 2015, COFEPRIS ordered us to stop advertising Happy Meals on television until we disclosed all the nutritional information for Happy Meals to COFEPRIS. We provided this information to COFEPRIS, but we have not yet received any legal authorization to advertise Happy Meals either during the general times when children may be watching television or during any programming geared towards children. Generally, we are prohibited from advertising Happy Meals from 2:30 p.m. to 7:30 p.m., Monday through Friday, and from 7:00 a.m. to 7:00 p.m. on Saturday and Sunday.

In Brazil, the Federal Prosecutor's Office filed suit in 2009 seeking to enjoin various QSRs, including us, from selling toys. The Lower Federal Court in São Paulo ruled that the lawsuit was without merit. The Prosecutor's Office filed an appeal against this decision, which will be adjudicated by the Regional Federal Court in São Paulo. As of the date of this annual report, this appeal is still pending and the outcome remains uncertain. In addition, the number of proposed laws seeking to restrict the sale of toys with meals increased significantly in Brazil at the federal, state and municipal levels. In April 2013, a consumer protection agency in Brazil fined us $1.6 million for a 2010 advertising campaign relating to our offering of meals with toys from the motion picture *Avatar*. We filed a lawsuit seeking to annul the fine. The Lower Civil Court granted an injunction, suspending the fine. The consumer protection agency subsequently appealed and the Appellate Court in São Paulo upheld the decision. The lower court ruled there was no basis for the penalty and the consumer protection agency appealed this decision. The Appellate Court in São Paulo ruled the case groundless and the consumer protection agency filed a special appeal against this decision. As of the date of this annual report, this special appeal is still pending and the outcome remains uncertain. Although similar fines relating to our current and previous advertising campaigns involving the sale of toys may be possible in the future, as of the date of this annual report, we are unaware of any other such fines.

On July 28, 2014, Colombia enacted Decree 975 of 2014, which sets forth certain directives regarding advertising directed at children. These directives include, (i) limiting any insinuation that the food and beverage being advertised is a substitute for any of the principal daily meals; (ii) any advertising directed at children or adolescents, during certain times of the day when children and adolescents are more likely to be consuming such advertising, must include disclosure that the advertisement is not part of the actual program; and (iii) requiring parental approval for any advertisement through a child/adolescent digital platform that requests any download or purchase.

Certain jurisdictions in the United States are also considering curtailing or have curtailed food retailers' ability to sell meals to children including free toys if these meals do not meet certain nutritional criteria. Similar restrictions, if imposed in the Territories, may have a negative impact on our results of operations. In general, regulatory developments that adversely impact our ability to promote and advertise our business and communicate effectively with our target customers, including restrictions on the use of licensed characters, may have a negative impact on our results of operations.

Environmental laws and regulations may affect our business.

We are subject to various environmental laws and regulations. These laws and regulations govern, among other things, discharges of pollutants into the air and water and the presence, handling, release and disposal of, and exposure to, hazardous substances. These laws and regulations provide for significant fines and penalties for noncompliance. Third parties may also assert personal injury, property damage or other claims against owners or operators of properties associated with release of, or actual or alleged exposure to, hazardous substances at, on or from our properties.

Liability from environmental conditions relating to prior, existing or future restaurants or restaurant sites, including franchised restaurant sites, may have a material adverse effect on us. Moreover, the adoption of new or more stringent environmental laws or regulations could result in a material environmental liability to us.

We may be adversely affected by legal actions, claims or damaging publicity with respect to our business.

We could be adversely affected by legal actions and claims brought by consumers or regulatory authorities in relation to the quality of our products and eventual health problems or other consequences caused by our products or by any of their ingredients. We could also be affected by legal actions and claims brought against us for products made in a jurisdiction outside the jurisdictions where we are operating. An array of legal actions, claims or damaging publicity may affect our reputation as well as have a material adverse effect on our revenues and businesses.

Similarly, adverse publicity about us or our brand regarding health concerns, legal or regulatory proceedings, perceptions of the QSR category, management or suppliers whether or not deserved, could jeopardize our reputation. In recent years the use of social media as a complaint mechanism has increased substantially. Negative posts or comments about us on any social media forum could harm our reputation. Damage to our reputation or loss of consumer confidence in our products for any of these reasons could adversely affect our business, results of operations, cash flows and financial condition, as well as require resources to rebuild our reputation.

Certain Factors Relating to Latin America and the Caribbean

Our business is subject to the risks generally associated with international business operations.

We engage in business activities throughout Latin America and the Caribbean. In 2015, 77.7% of our revenues were derived from Brazil, Argentina, Mexico, Puerto Rico and Venezuela. As a result, our business is and will continue to be subject to the risks generally associated with international business operations, including:

- governmental regulations applicable to food services operations;
- changes in social, political and economic conditions;

- transportation delays;
- power, water and other utility shutdowns or shortages;
- limitations on foreign investment;
- restrictions on currency convertibility and volatility of foreign exchange markets;
- inflation;
- import-export quotas and restrictions on importation;
- changes in local labor conditions;
- changes in tax and other laws and regulations;
- expropriation and nationalization of our assets in a particular jurisdiction; and
- restrictions on repatriation of dividends or profits.

Some of the Territories have been subject to social and political instability in the past, and interruptions in operations could occur in the future. Our business, financial condition and results of operations could be adversely affected by any of the foregoing factors.

For example, we have been and continue to be impacted by developments in Venezuela, including the significant devaluations of the Venezuelan *bolívar* that occurred in 2010, 2013 and 2014 and 2015. The political and economic conditions in Venezuela remain unstable, with the economy being considered hyperinflationary under U.S. GAAP since 2010. Going forward, we cannot predict with any certainty whether additional government actions, including in the form of further currency devaluations, continued worsening import authorization controls, foreign exchange, price or profit controls, expropriation or other forms of government takeovers, will occur. The continuation or deterioration of the challenging political and economic conditions in Venezuela could have further adverse impacts on our business, results of operations and financial condition.

Changes in governmental policies in the Territories could adversely affect our business, results of operations, financial condition and prospects.

Governments throughout Latin America and the Caribbean have exercised, and continue to exercise, significant influence over the economies of their respective countries. Accordingly, the governmental actions, political developments, regulatory and legal changes or administrative practices in the Territories concerning the economy in general and the food services industry in particular could have a significant impact on us. We cannot assure you that changes in the governmental policies of the Territories will not adversely affect our business, results of operations, financial condition and prospects.

Latin America has experienced, and may continue to experience, adverse economic conditions that have impacted, and may continue to impact, our business, financial condition and results of operations.

The success of our business is dependent on discretionary consumer spending, which is influenced by general economic conditions, consumer confidence and the availability of discretionary income in the countries in which we operate. Latin American countries have historically experienced uneven periods of economic growth, recessions, periods of high inflation and economic instability. Currently, the economic growth rates of the economies of many Latin American countries have slowed and some have entered recessions. Any prolonged economic downturn could result in a decline in discretionary consumer spending. This may reduce the number of consumers who are willing and able to dine in our restaurants, or consumers may make more value-driven and price-sensitive purchasing choices, eschewing our core menu items for our entry-level food options. We may also be unable to increase prices of our menu items, which may negatively affect our financial condition.

In addition, a prolonged economic downturn may lead to higher interest rates, significant changes in the rate of inflation or an inability to access capital on acceptable terms. Our suppliers could experience cash flow problems, credit defaults or other financial hardships. If our franchisees cannot adequately access the financial resources required to open new restaurants, this could have a material effect on our growth strategy.

Inflation and government measures to curb inflation may adversely affect the economies in the countries where we operate, our business and results of operations.

Many of the countries in which we operate, including Brazil and Argentina, have experienced, or are currently experiencing, high rates of inflation. In addition, Venezuela has been considered hyperinflationary under U.S. GAAP since 2010. Although inflation rates in many of the other countries in which we operate have been relatively low in the recent past, we cannot assure you that this trend will continue. The measures taken by the governments of these countries to control inflation have often included maintaining a tight monetary policy with high interest rates, thereby restricting the availability of credit and retarding economic growth. Inflation, measures to combat inflation and public speculation about possible additional actions have also contributed materially to economic uncertainty in many of these countries and to heightened volatility in their securities markets. Periods of higher inflation may also slow the growth rate of local economies that could lead to reduced demand for our core products and decreased sales. Inflation is also likely to increase some of our costs and expenses, which we may not be able to fully pass on to our customers, which could adversely affect our operating margins and operating income.

Exchange rate fluctuations against the U.S. dollar in the countries in which we operate have negatively affected, and could continue to negatively affect, our results of operations.

We are exposed to exchange rate risk in relation to the United States dollar. While substantially all of our income is denominated in the local currencies of the countries in which we operate, our supply chain management involves the importation of various products, and some of our imports, as well as some of our capital expenditures, are denominated in U.S. dollars. As a result, the decrease in the value of the local currencies of the countries in which we operate as compared to the U.S. dollar has increased our costs, and any further decrease in the value of such currencies will further increase our costs. In addition, 71.6% of our outstanding long-term debt was denominated in U.S. dollars as of December 31, 2015. Although we maintain a hedging strategy to attempt to mitigate some of our exchange rate risk, our hedging strategy may not be successful or may not fully offset our losses relating to exchange rate fluctuations.

As a result, fluctuations in the value of the U.S. dollar with respect to the various currencies of the countries in which we operate or in U.S. dollar interest rates could adversely impact our net income, results of operations and financial condition.

Price controls and other similar regulations in certain countries have affected and may continue to affect our results of operations.

Certain countries in which we conduct operations have imposed price controls that restrict our ability, and the ability of our franchisees, to adjust the prices of our products. This places downward pressure on the prices at which our products are sold and may limit the growth of our revenue. We cannot assure you that the negative effects of the previously imposed price controls will not continue in the future, or that new controls will not be imposed. Our inability to control the prices of our products could have an adverse effect on our results of operations.

For example, in September 2014, Argentina passed: (i) Law No. 26,991, the "New Regulation on Production and Consumption Relationships Act," which reformed a 1974 Act (Law on Supply of Goods and Services); and (ii) Law No. 26,992, the "Creation of the Observatory of Prices and Availability of Inputs, Goods and Services Act."

The New Regulation on Production and Consumption Relationships Act, or the Act, empowers the Secretary of Commerce to, among others, establish profit margins and set price levels (setting maximum, minimum and benchmark prices); issue regulations on commerce, intermediation, distribution or production of goods and services; impose the continuance of production, industrialization, commercialization, transport, distribution or rendering of services; and impose the production of goods and set subsidies. In addition, pursuant to the Act, the Secretary of Commerce is entitled to impose certain penalties for failure to comply with the Act, including fines and temporary closure of businesses.

The Creation of the Observatory of Prices and Availability of Inputs, Goods and Services Act created a technical agency under the Secretary of Commerce, the Observatory of Prices and Availability of Inputs, Goods and Services to control and systematize prices and availability of inputs, goods and services produced, traded or rendered in Argentina. Currently, this agency has not had an adverse impact on us, but we cannot assure you that it will not impact our business and results of operations in the future.

We could be subject to expropriation or nationalization of our assets and government interference with our business in certain countries in which we operate.

We face a risk of expropriation or nationalization of our assets and government interference with our business in several of the countries in which we do business. These risks are particularly acute in Venezuela. The current Venezuelan government has promoted a model of increased state participation in the economy through welfare programs, exchange and price controls and the promotion of state-owned companies. We can provide no assurance that Company-operated or franchised restaurants will not be threatened with expropriation and that our operations will not be transformed into state-owned enterprises. In addition, the Venezuelan government may pass laws, rules or regulations which may directly or indirectly interfere with our ability to operate our business in Venezuela which could result in a material breach of the MFAs, in particular if we are unable to comply with McDonald's operations system and standards. A material breach of the MFAs would trigger McDonald's option to acquire our non-public shares or our interests in Venezuela. See "—Certain Factors Relating to Our Business—McDonald's has the right to acquire all or portions of our business upon the occurrence of certain events and, in the case of a material breach of the MFAs, may acquire our non-public shares or our interests in one or more Territories at 80% of their fair market value."

We are subject to significant foreign currency exchange controls and depreciation in certain countries in which we operate.

Certain Latin American economies have experienced shortages in foreign currency reserves and their respective governments have adopted restrictions on the ability to transfer funds out of the country and convert local currencies into U.S. dollars. This may increase our costs and limit our ability to convert local currency into U.S. dollars and transfer funds out of certain countries, including for the purchase of dollar-denominated inputs, the payment of dividends or the payment of interest or principal on our outstanding debt. In the event that any of our subsidiaries are unable to transfer funds to us due to currency restrictions, we are responsible for any resulting shortfall.

In 2015, our subsidiaries in Argentina represented 21.4% of our total revenues. Since 2001, and until President Mauricio Macri assumed office in December 2015, Argentina had tightened restrictions on capital flows and imposed exchange controls. The Macri Administration has begun easing these exchange controls and restrictions. Exchange control restrictions impact our ability to transfer funds outside of Argentina and may prevent or delay payments that our Argentine subsidiaries are required to make outside Argentina. In particular, regulations issued by the Central Bank of Argentina currently in place do not grant non-debtors, such as any Argentine subsidiary guarantor, access to the foreign exchange market for the purpose of transferring currency outside Argentina in order to make payments under any subsidiary guarantee granted by it.

The devaluation of the Argentine *peso* during 2015 has had a negative impact on the ability of Argentine businesses and the national and provincial governments to honor their foreign currency denominated debt, has led to higher inflation levels and significantly reduced real wages, and has had a negative impact on businesses whose success is dependent on domestic market demand and supplies payable in foreign currency.

We are subject to exchange control regulations in Argentina, which may restrict our ability to convert local currencies into foreign currencies and carry out other foreign exchange transactions. For example, since 2001, Argentina has imposed exchange controls and transfer restrictions substantially limiting the ability of companies to retain foreign currency or make payments outside Argentina. Since 2011, and until President Mauricio Macri assumed office in December 2015, the Argentine government had implemented certain additional measures that control and restrict the ability of companies and individuals to exchange Argentine *pesos* for foreign currencies and carry out other foreign exchange transactions. Furthermore, new regulations were issued from 2012 until President Mauricio Macri assumed office on December 2015 pursuant to which certain foreign exchange transactions were subject to prior approval by Argentine tax authorities. During the Cristina Fernández de Kirchner administration, through a combination of foreign exchange and tax regulations, the Argentine authorities, including the Central Bank of Argentina, significantly curtailed access to the foreign exchange market by individuals and private-sector entities. Furthermore, during the last few years, the Central Bank of Argentina had exercised a *de facto* prior approval power for certain foreign exchange transactions otherwise authorized to be carried out under the applicable regulations, such as dividend payments or repayment of principal of inter-company loans as well as the import of goods, by means of regulating the amount of foreign currency available to financial institutions to conduct such transactions. Since assuming office on December 10, 2015, the Macri Administration has announced several significant economic and policy reforms, including certain reforms to the foreign exchange market that eased access to the foreign exchange market. The principal measures adopted as of the date hereof include (i) the elimination of the requirement to register foreign exchange transactions in the Argentine tax authority (*Administración Federal de Ingresos Públicos*, or AFIP) Exchange Transactions Consultation Program, (ii) the elimination of the requirement to transfer the proceeds of new financial indebtedness transactions into Argentina and settle such proceeds through the local foreign exchange market, (iii) the reestablishment of the U.S.$2.0 million monthly limit per resident on the creation of offshore assets, (iv) a decrease to 0% (from 30%) of the registered, non-transferable and non-interest-bearing deposit required in connection with certain transactions involving foreign currency inflows, (v) the reduction of the required period that the proceeds of any new financial indebtedness incurred by residents, held by foreign creditors and transferred through the local foreign exchange market must be kept in Argentina from 365 calendar days to 120 calendar days from the date of the transfer of the relevant amount into Argentina, and (vi) the elimination for purchases and subsequent sales of securities of the required minimum holding period (72 business hours) from the deposit of the securities on the seller's account and the subsequent transfer into accounts of foreign securities depositaries held at applicable entities.

Notwithstanding the measures recently adopted by the Macri Administration, the Central Bank of Argentina and the federal government in the future may impose new exchange controls and restrictions on transfers abroad, or may tighten existing controls to prevent capital flight, counter a significant depreciation of the Argentine *peso* or address other unforeseen circumstances.

There can be no assurance that the Central Bank of Argentina or other government agencies will not increase the existing controls or restrictions, establish more severe restrictions on currency exchange, payments to foreign creditors or providers, dividend payments to foreign shareholders or require prior authorization for such purposes. As a result, if we are further prohibited from transferring funds out of Argentina, or if we become subject to similar restrictions in other countries in which we operate, our results of operations and financial condition could be materially adversely affected.

If we fail to comply with, or if we become subject to, more onerous government regulations, our business could be adversely affected.

We are subject to various federal, state and municipal laws and regulations in the countries in which we operate, including those related to the food services industry, health and safety standards, importation of goods and services, marketing and promotional activities, nutritional labeling, zoning and land use, environmental standards and consumer protection. We strive to abide by and maintain compliance with these laws and regulations. The imposition of new laws or regulations, including potential trade barriers, may increase our operating costs or impose restrictions on our operations, which could have an adverse impact on our financial condition.

For example, Argentine regulations require us to seek permission from the Argentine authorities in order to import goods and to file a statement with the Argentine authorities prior to rendering services to, or receiving services from, foreign residents if the services are valued above a threshold amount. These regulations may prevent or delay the receipt of goods or services that we require for our operations, or increase the costs associated with obtaining those goods and services, and therefore have an adverse impact on our business, results of operations or financial condition. Additionally, in 2014, Venezuela enacted a Foreign Investments Law that increases requirements and limitations for the transfer of dividends and repatriation of foreign investments.

Regulations governing the food services industry have become more restrictive. We cannot assure you that new and stricter standards will not be adopted or become applicable to us, or that stricter interpretations of existing laws and regulations will not occur. Any of these events may require us to spend additional funds to gain compliance with the new rules, if possible, and therefore increase our cost of operation.

Certain Factors Relating to Our Class A Shares

Mr. Staton, our Executive Chairman, controls all matters submitted to a shareholder vote, which will limit your ability to influence corporate activities and may adversely affect the market price of our class A shares.

Mr. Staton, our Executive Chairman, owns or controls common stock representing 41.6% and 76.8%, respectively, of our economic and voting interests. As a result, Mr. Staton is and will be able to strongly influence or effectively control the election of our directors, determine the outcome of substantially all actions requiring shareholder approval and shape our corporate and management policies. The MFAs' requirement that Mr. Staton at all times hold at least 51% of our voting interests likely will have the effect of preventing a change in control of us and discouraging others from making tender offers for our shares, which could prevent shareholders from receiving a premium for their shares. Moreover, this concentration of share ownership may make it difficult for shareholders to replace management and may adversely affect the trading price for our class A shares because investors often perceive disadvantages in owning shares in companies with controlling shareholders. This concentration of control could be disadvantageous to other shareholders with interests different from those of Mr. Staton and the trading price of our class A shares could be adversely affected. See "Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders" for a more detailed description of our share ownership.

Furthermore, the MFAs contemplate instances where McDonald's could be entitled to purchase the shares of Arcos Dorados Holdings Inc. held by Mr. Staton. However, our publicly held class A shares will not be similarly subject to acquisition by McDonald's.

Sales of substantial amounts of our class A shares in the public market, or the perception that these sales may occur, could cause the market price of our class A shares to decline.

Sales of substantial amounts of our class A shares in the public market, or the perception that these sales may occur, could cause the market price of our Class A shares to decline. This could also impair our ability to raise additional capital through the sale of our equity securities. Under our articles of association, we are authorized to issue up to 420,000,000 class A shares, of which 130,538,896 class A shares were outstanding as of December 31, 2015. We cannot predict the size of future issuances of our shares or the effect, if any, that future sales and issuances of shares would have on the market price of our class A shares.

As a foreign private issuer, we are permitted to, and we will, rely on exemptions from certain NYSE corporate governance standards applicable to U.S. issuers, including the requirement that a majority of an issuer's directors consist of independent directors. This may afford less protection to holders of our Class A shares.

Section 303A of the New York Stock Exchange, or NYSE, Listed Company Manual requires listed companies to have, among other things, a majority of their board members be independent, and to have independent director oversight of executive compensation, nomination of directors and corporate governance matters. As a foreign private issuer, however, we are permitted to, and we will, follow home country practice in lieu of the above requirements. British Virgin Islands law, the law of our country of incorporation, does not require a majority of our board to consist of independent directors or the implementation of a nominating and corporate governance committee, and our board thus may not include, or may include fewer, independent directors than would be required if we were subject to these NYSE requirements. Since a majority of our board of directors may not consist of independent directors as long as we rely on the foreign private issuer exemption to these NYSE requirements, our board's approach may, therefore, be different from that of a board with a majority of independent directors, and as a result, the management oversight of our Company may be more limited than if we were subject to these NYSE requirements.

Certain Risks Relating to Investing in a British Virgin Islands Company

We are a British Virgin Islands company and it may be difficult for you to obtain or enforce judgments against us or our executive officers and directors in the United States.

We are incorporated under the laws of the British Virgin Islands. Most of our assets are located outside the United States. Furthermore, most of our directors and officers reside outside the United States, and most of their assets are located outside the United States. As a result, you may find it difficult to effect service of process within the United States upon these persons or to enforce outside the United States judgments obtained against us or these persons in U.S. courts, including judgments in actions predicated upon the civil liability provisions of the U.S. federal securities laws. Likewise, it may also be difficult for you to enforce in U.S. courts judgments obtained against us or these persons in courts located in jurisdictions outside the United States, including actions predicated upon the civil liability provisions of the U.S. federal securities laws. It may also be difficult for an investor to bring an action against us or these persons in a British Virgin Islands court predicated upon the civil liability provisions of the U.S. federal securities laws.

As there is no treaty in force on the reciprocal recognition and enforcement of judgments in civil and commercial matters between the United States and the British Virgin Islands, courts in the British Virgin Islands will not automatically recognize and enforce a final judgment rendered by a U.S. court.

Any final and conclusive monetary judgment obtained against us in U.S. courts, for a definite sum, may be treated by the courts of the British Virgin Islands as a cause of action in itself so that no retrial of the issue would be necessary, provided that in respect of the U.S. judgment:

- the U.S. court issuing the judgment had jurisdiction in the matter and we either submitted to such jurisdiction or were resident or carrying on business within such jurisdiction and were duly served with process;
- the judgment given by the U.S. court was not in respect of penalties, taxes, fines or similar fiscal or revenue obligations of ours;
- in obtaining judgment there was no fraud on the part of the person in whose favor judgment was given or on the part of the court;
- recognition or enforcement of the judgment in the British Virgin Islands would not be contrary to public policy; and
- the proceedings pursuant to which judgment was obtained were not contrary to public policy.

Under our articles of association, we indemnify and hold our directors harmless against all claims and suits brought against them, subject to limited exceptions.

You may have more difficulty protecting your interests than you would as a shareholder of a U.S. corporation.

Our affairs are governed by the provisions of our memorandum of association and articles of association, as amended and restated from time to time, and by the provisions of applicable British Virgin Islands law. The rights of our shareholders and the responsibilities of our directors and officers under the British Virgin Islands law are different from those applicable to a corporation incorporated in the United States. There may be less publicly available information about us than is regularly published by or about U.S. issuers. Also, the British Virgin Islands regulations governing the securities of British Virgin

Islands companies may not be as extensive as those in effect in the United States, and the British Virgin Islands law and regulations in respect of corporate governance matters may not be as protective of minority shareholders as state corporation laws in the United States. Therefore, you may have more difficulty protecting your interests in connection with actions taken by our directors and officers or our principal shareholders than you would as a shareholder of a corporation incorporated in the United States.

You may not be able to participate in future equity offerings, and you may not receive any value for rights that we may grant.

Under our memorandum and articles of association, existing shareholders are entitled to preemptive subscription rights in the event of capital increases. However, our articles of association also provide that such preemptive subscription rights do not apply to certain issuances of securities by us, including (i) pursuant to any employee compensation plans; (ii) as consideration for (a) any merger, consolidation or purchase of assets or (b) recapitalization or reorganization; (iii) in connection with a pro rata division of shares or dividend in specie or distribution; or (iv) in a bona fide public offering that has been registered with the SEC.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

Overview

We were incorporated as Arcos Dorados Holdings Inc. on December 9, 2010 under the laws of the British Virgin Islands as a direct, wholly owned subsidiary of Arcos Dorados Limited, the prior holding company for the Arcos Dorados business. On December 13, 2010, Arcos Dorados Limited effected a downstream merger into and with us, with us as the surviving entity. Following the merger, we replaced Arcos Dorados Limited in the corporate structure and replicated its governance structure.

We are a British Virgin Islands company incorporated with limited liability and our affairs are governed by the provisions of our memorandum and articles of association, as amended and restated from time to time, and by the provisions of applicable British Virgin Islands law, including the BVI Business Companies Act, 2004, or the BVI Act. Our company number in the British Virgin Islands is 1619553. As provided in sub-regulation 4.1 of our memorandum of association, subject to British Virgin Islands law, we have full capacity to carry on or undertake any business or activity, do any act or enter into any transaction and, for such purposes, full rights, powers and privileges.

Our principal executive offices are located at Dr. Luis Bonavita 1294, Office 501, WTC Free Zone, Montevideo, Uruguay (CP 11300). Our telephone number at this address is +598 2626-3000. Our registered office in the British Virgin Islands is Maples Corporate Services (BVI) Limited, Kingston Chambers, P.O. Box 173, Road Town, Tortola, British Virgin Islands.

Important Events

The Acquisition

McDonald’s Corporation has a longstanding history in Latin America and the Caribbean, dating to the opening of its first restaurant in Puerto Rico in 1967. Since then, McDonald’s expanded its presence across the region as consumer markets and opportunities arose, opening its first stores in Brazil in 1979, in Mexico and Venezuela in 1985 and in Argentina in 1986.

We commenced operations on August 3, 2007, as a result of the Acquisition of McDonald’s LatAm business. Woods Staton, our Executive Chairman and controlling shareholder, was the joint venture partner of McDonald’s Corporation in Argentina for over 20 years prior to the Acquisition and also served as President of McDonald’s South Latin America division from 2004 until the Acquisition. Our senior management team includes executives who had previously worked in McDonald’s LatAm business or with Mr. Staton.

We hold our McDonald’s franchise rights pursuant to the MFA for all of the Territories except Brazil, executed on August 3, 2007, as amended and restated on November 10, 2008 and as further amended on August 31, 2010 and June 3, 2011, entered into by us, our wholly owned subsidiary Arcos Dorados Coöperatieve U.A., Arcos Dorados B.V. (these two entities together with us, collectively, the Owner Entities), LatAm, LLC, or the Master Franchisee, certain subsidiaries of the Master Franchisee, Los Laureles, Ltd. and McDonald’s. On August 3, 2007, our subsidiary Arcos Dourados Comercio de Alimentos Ltda., or the Brazilian Master Franchisee, and McDonald’s entered into the separate, but substantially identical, Brazilian MFA, which was amended and restated on November 10, 2008. See “Item 10. Additional Information—C. Material Contracts—The MFAs.”

The Axionlog Split-off

We used to own and operate some of the distribution centers in the Territories, which operations and related properties we refer to as Axionlog (formerly known as Axis). Axionlog operated in Argentina, Chile, Mexico and Venezuela, and its main third-party customers were Sodexho, Eurest, Sadia, WalMart, Carrefour, Subway and Dairy Queen. We effected a split-off of Axionlog to our existing shareholders in March 2011. The split-off was effected through the redemption of 41,882,966 shares (25,129,780 class A shares and 16,753,186 class B shares). As consideration for the redemption, the Company transferred to its shareholders its equity interests in the operating subsidiaries of the Axionlog business totaling a net book value of $15.4 million and an equity contribution that was made to the Axionlog holding company amounting to $29.8 million. The split-off of Axionlog did not have a material effect on our results of operations or financial condition. Following the split-off, Los Laureles Ltd. acquired the Axionlog shares held by Gavea Investment AD, L.P. and investment funds controlled by Capital International, Inc. and DLJ South American Partners L.L.C. (through its affiliates).

In 2011, we entered into a master commercial agreement with Axionlog on arm’s-length terms pursuant to which Axionlog provides us with distribution inventory, storage (dry, frozen and chilled) and transportation services in Argentina, Chile, Colombia, Mexico, Perú, Uruguay and Venezuela. Pricing under the agreement is determined pursuant to an agreed-upon formula that is considered standard in the distribution services industry. Axionlog must also comply with McDonald’s quality program, the Distributor Quality Management System (DQMP). The pricing formula considers certain variables to determine the applicable fees, including (i) cost inputs (i.e., Fuel, transportation expenses and salaries); (ii) time required for completion, (iii) storage requirements; (iv) merchandise volume; and (v) inflation and exchange rate adjustments. We use similar pricing formulas with our other distribution service providers in the territories not covered by Axionlog. Under the terms of the agreement, the pricing formula is reviewed on a yearly basis. In addition, we or Axionlog may request a renegotiation of the pricing formula in the event that, due to factors outside of our or their control, the formula is substantially altered based on changes to its variable inputs. During renegotiations, we share information in order to find potential cost efficiencies and savings.

On November 9, 2011, we entered into a revolving loan agreement with Axionlog B.V. (formerly known as Axis Distribution B.V.), a holding company of the Axionlog business, pursuant to which we agreed to lend Axionlog up to a total sum of $12.0 million at an interest rate of LIBOR plus 6%, in line with the interest rates prevailing in the market, at the time of the agreement. This revolving loan facility will mature on November 7, 2016. As of December 31, 2015 and 2014, Axionlog B.V. had borrowed $1.8 million and $11.5 million, respectively, from us in connection with this revolving loan facility. See Note 24 to our consolidated financial statements for details of related-party balances and transactions with Axionlog.

During 2015, we incurred $44.2 million in total distribution fees payable to Axionlog, which accounted for approximately 4.3% of our total food and paper costs.

Capital Expenditures and Divestitures

Under the MFAs, we are required to agree with McDonald’s on a restaurant opening plan and a reinvestment plan for each three-year period during the term of the MFAs. The restaurant opening plan specifies the number and type of new restaurants to be opened in the Territories during the applicable three-year period, while the reinvestment plan specifies the amount we must spend reimaging or upgrading restaurants in the Territories during the applicable three-year period. Prior to the expiration of the then-applicable three-year period we must agree with McDonald’s on a subsequent restaurant opening plan and reinvestment plan. In the event that we are unable to reach an agreement on subsequent plans prior to the expiration of the then-existing plan, the MFAs provide for an automatic increase of 20% in the required amount of reinvestments as compared to the then-existing plan and a number of new restaurants no less than 210 multiplied by a factor that increases each period during the subsequent three-year restaurant opening plan. We may also propose, subject to McDonald’s prior written consent, amendments to any restaurant opening plan or reinvestment plan to adapt to changes in economic or political conditions.

Under the 2014-2016 restaurant opening and reinvestment plan, we were required to open 250 restaurants and to spend $180 million from 2014 through 2016. On August 10, 2015, however, we reached an agreement with McDonald’s to amend the 2014-2016 opening plan, mainly in order to adjust this plan to the current economic realities of the region. Under the revised plan, we committed to opening a minimum of 150 new restaurants over the three-year period, down from the original 250. The Company is also committed to executing at least 140 reimages over the three-year period. We estimate that the cost to comply with our restaurant opening commitments under the MFAs from 2014 through 2016 will be between $151 million and $181 million, depending on, among other factors, the type and location of the restaurants we open.

As a result of our previous reinvestment and reopening plans, property and equipment expenditures were $91.0 million, $169.8 million and $313.5 million in 2015, 2014 and 2013, respectively. In 2015, we opened 36 restaurants, reimaged 53 existing restaurants and opened two McCafé locations and 153 Dessert Centers (see “—B. Business Overview—Our

Operations—McCafé Locations and Dessert Centers”). In 2014, we opened 82 restaurants, reimaged 46 existing restaurants and opened nine McCafé locations and 273 Dessert Centers (see “—B. Business Overview—Our Operations—McCafé Locations and Dessert Centers”). In 2015 and 2014, we closed 16 and 23 restaurants, respectively.

In addition, outflows related to purchases of restaurant businesses paid at acquisition date totaled $1.1 million, $0.8 million and $0.3 million in 2015, 2014 and 2013, respectively.

Proceeds from the sale of property and equipment and related prepayments and sales of restaurant businesses totaled $23.6 million, $5.2 million and $14.2 million in 2015, 2014 and 2013, respectively.

Capital expenditures for 2016 are expected to be between $90 million and $120 million (including development and non-development capital expenditures), considering at least 32 gross restaurant openings.

During the next two years, we plan to monetize certain real estate assets in our portfolio that are either non-core (such as office buildings and other facilities) or operating assets where the value significantly exceeds the operating potential of the asset. The MFAs define certain of our properties as “restricted” and our ability to transfer these properties is subject to McDonald’s prior written consent. We have many long-standing assets across our region that have appreciated due to the significant development around those properties. As of the date of this Annual Report on Form 20-F, we have sold one property in Colombia and two in Mexico, and have entered into agreements to sell an additional three properties in Mexico. In addition, we believe that there is an opportunity to shift the mix of company-operated and sub-franchisee-operated restaurants to enhance our liquidity and consolidated margin.

B. Business Overview

Overview

We are the world’s largest McDonald’s franchisee in terms of system-wide sales and number of restaurants, according to McDonald’s, representing 4.7% of McDonald’s global sales in 2015. We have the exclusive right to own, operate and grant franchises of McDonald’s restaurants in 20 countries and territories in Latin America and the Caribbean, including Argentina, Aruba, Brazil, Chile, Colombia, Costa Rica, Curaçao, Ecuador, French Guiana, Guadeloupe, Martinique, Mexico, Panama, Peru, Puerto Rico, Trinidad and Tobago, Uruguay, the U.S. Virgin Islands of St. Croix and St. Thomas, and Venezuela, which we refer to as the Territories. As of December 31, 2015, we operated or franchised 2,141 McDonald’s-branded restaurants, which represented 7.1% of McDonald’s total franchised restaurants worldwide. In 2015 and 2014, we accrued $149.1 million and $173.7 million, respectively, in royalties to McDonald’s (not including royalties on behalf of our franchisees).

We operate in the QSR sub-segment of the fast food segment of the Latin American and Caribbean food service industry. In Latin America and the Caribbean, the fast food segment has benefited from the region’s increasing modernization, as people in more densely populated areas adopt lifestyles that increasingly seek convenience, speed and value.

We commenced operations on August 3, 2007, as a result of the Acquisition. We operate McDonald’s-branded restaurants under two different operating formats, Company-operated restaurants and franchised restaurants. As of December 31, 2015, of our 2,141 McDonald’s-branded restaurants in the Territories, 1,588 (or 74.2%) were Company-operated restaurants and 553 (or 25.8%) were franchised restaurants. We generate revenues primarily from two sources: sales by Company-operated restaurants and revenues from franchised restaurants that primarily consist of rental income, which is generally based on the greater of a flat fee or a percentage of sales reported by franchised restaurants. We own the land for 501 of our restaurants (totaling approximately 1.1 million square meters) and the buildings for all but 11 of our restaurants.

Our business has grown significantly since the Acquisition: we have increased our presence in existing and new markets in the Territories by opening a net total of 573 restaurants (711 total restaurants opened, including 514 Company-operated and 197 franchised, while 138 closed), 229 McCafé locations and 1,710 Dessert Centers (see “—Our Operations—McCafé Locations and Dessert Centers”).

We divide our operations into four geographical divisions: Brazil; the Caribbean division, consisting of Aruba, Colombia, Curaçao, French Guiana, Guadeloupe, Martinique, Puerto Rico, Trinidad and Tobago, the U.S. Virgin Islands of St. Croix and St. Thomas, and Venezuela; NOLAD, consisting of Costa Rica, Mexico and Panama; and SLAD, consisting of Argentina, Chile, Ecuador, Peru and Uruguay.

As of December 31, 2015, 41.2% of our restaurants were located in Brazil, 17.9% in SLAD, 24.2% in NOLAD and 16.6% in the Caribbean division. We believe our diversified market presence reduces our dependence on any one market and helps stabilize the impact of individual countries’ economic cycles on our revenues. We focus on our customers by managing operations at the local level, including marketing campaigns and special offers, menu management and monitoring customer satisfaction, while leveraging our size by conducting administrative and strategic functions at the divisional or corporate level, as appropriate.

See "Item 5. Operating and Financial Review and Prospects—A. Operating Results—Segment Presentation" for a description of changes we have made in the structure of our geographical divisions effective January 1, 2013.

The following table presents certain operating results and data by operating segment:

	As of and for the Years Ended December 31,				
	2015	2014	2013	2012(1)	2011(1)
	(in thousands of U.S. dollars, except percentages)				
Total Revenues					
Brazil	$ 1,361,989	$ 1,816,046	$ 1,842,324	$ 1,797,556	$ 1,890,824
Caribbean division(2)	398,144	594,220	830,447	754,730	663,981
NOLAD	367,364	385,114	407,772	384,041	355,265
SLAD	925,243	855,685	952,767	861,067	747,579
Total	**3,052,740**	**3,651,065**	**4,033,310**	**3,797,394**	**3,657,649**

	As of and for the Years Ended December 31,				
	2015	2014	2013	2012(1)	2011(1)
	(in thousands of U.S. dollars, except percentages)				
Adjusted EBITDA(3)					
Brazil	$ 192,939	$ 237,699	$ 245,957	$ 240,954	$ 289,462
Caribbean division(2)	5,679	(8,136)	67,180	69,109	53,754
NOLAD	34,489	27,701	27,397	26,738	19,551
SLAD	106,602	87,976	105,495	93,756	77,214
Corporate and others	(109,538)	(93,566)	(101,562)	(89,996)	(100,193)
Total	**230,171**	**251,674**	**344,467**	**340,561**	**339,788**
Adjusted EBITDA Margin(4)					
Brazil	14.2%	13.1%	13.4%	13.4%	15.3%
Caribbean division(2)	1.4	(1.4)	8.1	9.2	8.1
NOLAD	9.4	7.2	6.7	7.0	5.5
SLAD	11.5	10.3	11.1	10.9	10.3
Total	**7.5**	**6.9**	**8.5**	**9.0**	**9.3**
Systemwide Comparable Sales Growth(5)(6)	**9.9%**	**10.0%**	**11.2%**	**9.2%**	**13.7%**
Brazil	1.9	1.8	6.6	5.2	9.3
Caribbean division	25.0	24.7	19.6	13.3	14.5
NOLAD	1.2	(4.6)	(0.9)	4.4	8.5
SLAD	23.2%	21.1	20.8	19.9	30.6

(1) Segment information as of and for the years ended December 31, 2012 and 2011 has been restated based on the segment structure prevailing as of and from January 1, 2013. See "Presentation of Financial and Other Information—Operating Data."

(2) Currency devaluations in Venezuela have had a significant effect on our results of operations and have impacted the comparability of our results of operations in 2015 and 2014 as compared to 2013, 2012 and 2011. See "Item 3. Key Information—A. Selected Financial Data—Exchange Rates and Exchange Controls."

(3) Adjusted EBITDA is a measure of our performance that is reviewed by our management. Adjusted EBITDA does not have a standardized meaning and, accordingly, our definition of Adjusted EBITDA may not be comparable to Adjusted EBITDA as used by other companies. Total Adjusted EBITDA is a non-GAAP measure. For our definition of Adjusted EBITDA and a reconciliation thereof, see "Presentation of Financial and Other Information—Other Financial Measures" and "Item 3. Key Information—A. Selected Financial Data."

(4) Adjusted EBITDA margin is Adjusted EBITDA divided by total revenues, expressed as a percentage.

(5) Systemwide comparable sales growth refers to the change in our restaurant sales in one period as compared to another period for restaurants that have been open for thirteen months or longer. Systemwide comparable sales growth is provided and analyzed on a constant-currency basis, which means it is calculated using the same exchange rate over the periods under comparison to remove the effects of currency fluctuations from this trend analysis. We believe this constant-currency measure provides a more meaningful analysis of our business by identifying the underlying business trend, without distortion from the effect of foreign currency movements.

(6) Systemwide comparable sales growth is presented on a systemwide basis, which means it includes sales by our Company-operated restaurants and our franchised restaurants. While sales by our franchisees are not recorded as revenues by us, we believe the information is important in understanding our financial performance because these sales are the basis on which we calculate and record franchised revenues and are indicative of the financial health of our franchisee base.

Our Operations

Company-Operated and Franchised Restaurants

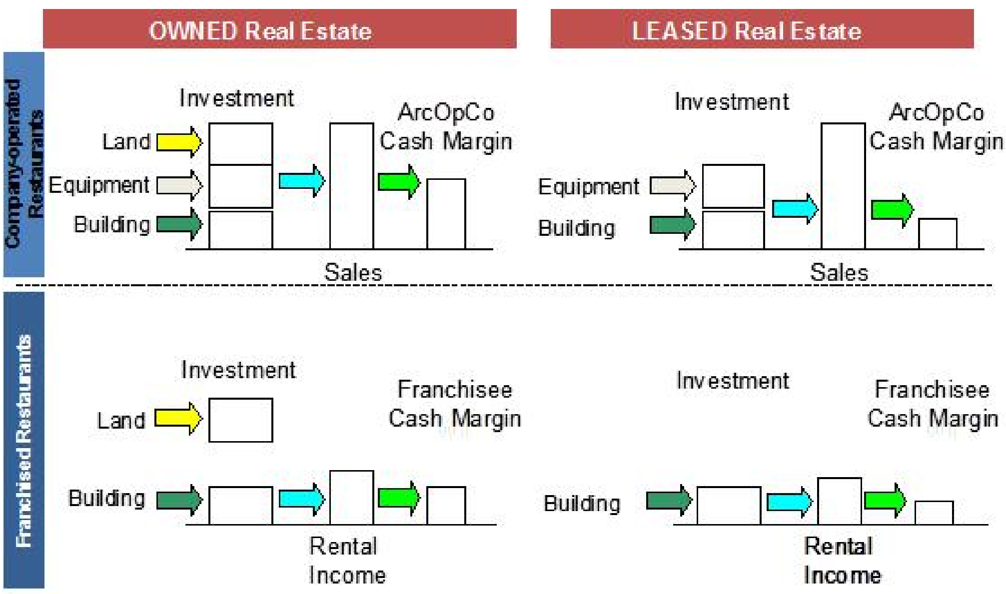
We operate our McDonald's-branded restaurants under two basic structures: (i) Company-operated restaurants operated by us and (ii) franchised restaurants operated by franchisees. Under both operating alternatives, the real estate location may either be owned or leased by us.

We own, fully manage and operate Company-operated restaurants and retain any operating profits generated by such restaurants, after paying operating expenses and the franchise and other fees owed to McDonald's under the MFAs. In Company-operated restaurants, we assume the capital expenditures for the building and equipment of the restaurant and, if we own the real estate location, for the land as well.

In contrast to Company-operated restaurants, franchised restaurants are operated and managed by the franchisee with technical and operational support from us as master franchisee, including training programs, operations manuals, access to our supply and distribution network and marketing assistance. Under our conventional franchise arrangements, franchisees provide a portion of the capital required by initially investing in the equipment, signs, seating and decor of their restaurants, and by reinvesting in the business over time. We are required by the MFAs to own the real estate or to secure long-term leases for franchised restaurant sites. We subsequently lease or sublease the property to franchisees. This arrangement allows for long-term occupancy of the property and assists in the alignment of our franchisees' interests with our own.

In exchange for the lease and services, franchisees pay a monthly rent to us, generally based on the greater of a fixed rent or a certain percentage of gross sales. In addition to this monthly rent, we collect the monthly continuing franchise fee, which generally is 5% of the U.S. dollar equivalent of the restaurant's gross sales, and pay these fees to McDonald's pursuant to the MFAs. However, if a franchisee fails to pay its monthly continuing franchise fee, we remain liable for payment in full of these fees to McDonald's. Pursuant to the MFAs, franchisees pay an initial franchise fee in connection with the opening of a new franchised restaurant and a transfer fee upon transfer of a franchised restaurant, both of which are subsequently shared by McDonald's and us. See "Item 10. Additional Information—C. Material Contracts—The MFAs—Franchise Fees."

The chart below illustrates the economics for Company-operated restaurants and franchised restaurants in the case of owned and leased real estate:



Source: Arcos Dorados

In addition, we are the majority stakeholder in several joint ventures that collectively own 18 restaurants in Argentina and Chile. We have also granted developmental licenses to 11 restaurants. Pursuant to the developmental licenses, the developmental licensees own or lease the land on and building in which the restaurant is located and pay a franchise fee to us in addition to the continuing franchise fee due to McDonald's. All of our joint ventures and developmental licenses were in existence at the time of the Acquisition.

Restaurant Categories

We classify our restaurants into one of four categories: (i) freestanding, (ii) food court, (iii) in-store and (iv) mall stores. Freestanding restaurants are the largest type of restaurant, have ample indoor seating and include a drive-thru area and parking lot. Food court restaurants are located in malls and consist primarily of a front counter and kitchen and do not have their own seating area. In-store restaurants are part of a larger building, but they do not have a drive-thru area or a parking lot. Mall stores are located in malls like food court restaurants, but have their own seating areas. As of December 31, 2015, 1,006 (or 47%) of our restaurants were freestanding, 496 (or 23%) were food courts, 297 (or 14%) were in-stores and 342 (or 16%) were mall stores. These percentages vary by country, and may shift as opportunities in malls and more densely populated areas become available in some of the Territories.

Below are examples of each of our restaurant categories:

Freestanding

In-store

Mall Store

Food Court

Source: Arcos Dorados

Returns on investment in each type of restaurant vary significantly due to the different capital expenditures required and their different sales potential; mall stores generally provide the highest return on investment while freestanding restaurants generally provide the lowest. Moreover, returns vary significantly on a country-by-country basis.

Reimaging

An important component of our development plan is the reimaging of existing restaurants. As of December 31, 2015, we had completed the reimaging of 593 of the 1,569 restaurants we purchased in the Acquisition, an increase of 44 restaurants as compared to December 31, 2014. Our restaurants that have undergone reimaging during the past three years have experienced an additional increase in sales per restaurant over the comparable sales growth experienced by restaurants which have not been reimaged in the same period. Both we and McDonald’s are committed to maintaining an image for our restaurants that creates a contemporary dining experience. Over the last few years, we have invested substantially in the reimaging of our restaurants, and we, pursuant to the MFAs, have committed to a significant reimaging plan. See “Item 10. Additional Information—C. Material Contracts.” Many of the reimaging projects include the addition of McCafé locations to the restaurant.

Objectives of the reimaging include elevating the customer’s perception of McDonald’s and creating a more sophisticated and highly aspirational environment. We have developed systemwide guidelines for the interior and exterior design of reimaged restaurants. When carrying out a reimaging project, we minimize the impact on the operations and sales of the restaurants by keeping the restaurants open and operating during the renovations and working in specific areas of the location at particular times.

Below are images of the exterior of a few of our restaurants that have benefited from reimaging:

Source: Arcos Dorados

McCafé Locations and Dessert Centers

Our brand extension efforts focus on the development of additional McCafé locations and Dessert Centers. McCafé locations are stylish, separate areas within restaurants where customers can purchase a variety of customizable beverages, including lattes, cappuccinos, mochas, hot and iced premium coffees and hot chocolate. McCafé locations have been very successful in creating a different customer experience, optimizing the use of our restaurants at all hours of operation and providing a higher profit margin than our regular restaurant operations. We believe the primary benefit of McCafé locations is that they attract new customers by increasing the variety of our product offerings and improving our image.

With an average return on investment from McCafé locations of 45% in 2015, the McCafé concept is well-suited for restaurants in large-scale shopping centers and commercial areas. McCafé locations have been a key factor in adding value to our customers' experience and represented 9.3% of the total transactions and 6.3% of total sales of the restaurants in which they were located in 2015. As of December 31, 2015, there were 321 McCafé locations in the Territories, of which 13.4% were operated by franchisees. Argentina and Brazil, with 87 and 92 locations, respectively, have the greatest number of McCafé locations. The first McCafé in Latin America was opened in Argentina in 1999. Pursuant to the MFAs, we have the right to add McCafé locations to the premises of our restaurants.

Below are images of the interior of two of our McCafé locations:

Source: Arcos Dorados

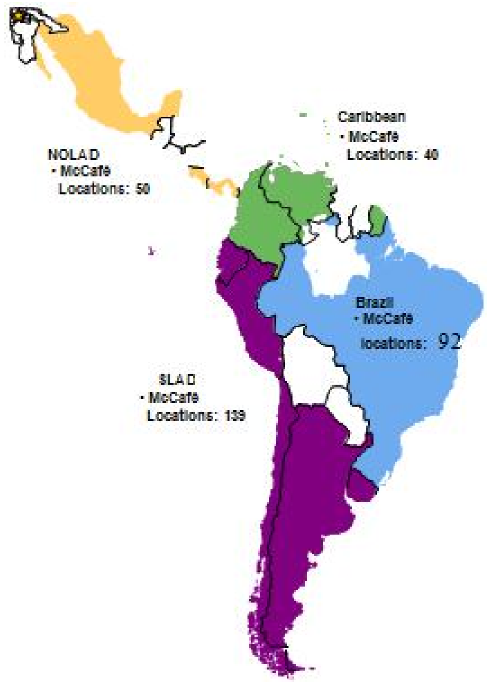
In addition to McCafé locations, Dessert Centers have been a very successful brand extension. Dessert Centers operate separately from existing restaurants, but depend on them for supplies and operational support. For example, a mall store restaurant can provide support for several Dessert Centers located in different locations throughout the same mall. Our Dessert Centers are conveniently located to attract customers, thereby serving as important transaction generators and providing an effective method of extending our band presence to non-traditional areas. At Dessert Centers, customers can purchase a variety of dessert items, including the McFlurry and soft-serve ice cream. Dessert Centers require low capital expenditures and provide returns on investment and operating margins that are significantly higher than our regular restaurant operations. As such, we believe they are an important driver in increasing our market penetration.

Dessert Centers represented 31.1% of our transactions and 10.1% of our total sales in 2015 and, with a return on investment of 139% in 2015, provide a low-risk investment alternative. As of December 31, 2015, there were 2,618 Dessert Centers in the Territories. Dessert Centers are highly successful in Brazil, where we have 1,434 locations. The first Dessert Center was created in Brazil in 1979.

The following maps set forth our McCafé locations and Dessert Centers in each of the Territories as of December 31, 2015:

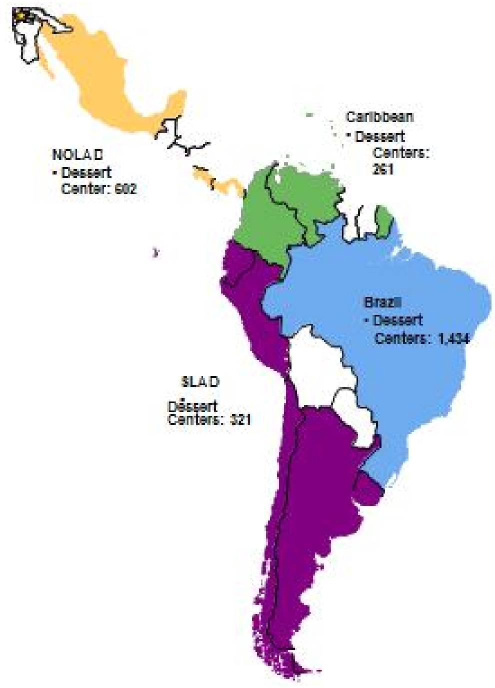
Network of McCafé Locations

321 total McCafé locations



Network of Dessert Centers

2,618 total Dessert Centers



Source: Arcos Dorados

The McDonald's Brand

Interbrand, a brand consulting firm, ranked McDonald's among the top ten global brands in 2015. In addition, we believe that in Latin America and the Caribbean, the McDonald's brand benefits from an aspirational cachet as a "destination" restaurant with a reputation for safe, fresh and good-tasting food in an attractive setting. McDonald's strong brand equity stems from the dedicated execution of its brand promise and its ability to associate with the local community where it operates. McDonald's sets the standard in the restaurant industry worldwide for brand stewardship and marketing leadership.

Product Offerings

A crucial part of delivering the brand to clients depends on our product offerings, or more specifically, our menu strategy and management. The key objective of our menu strategy is the development and offering of quality food choices that attract customers to our restaurants on a regular basis. The elements we utilize to achieve this goal include offering McDonald's core menu, our product innovation initiatives and our focus on food safety.

Our menus feature three tiers of products: affordable entry-level options, such as our Big Pleasures, Small Prices offerings and *Almuerzos Colombianos* (Colombian Lunches) in Colombia, core menu options, such as the Big Mac, Happy Meal and Quarter Pounder, and premium options, such as Big Tasty or Angus premium hamburgers and chicken sandwiches and low-calorie or low-sodium products that are marketed through common platforms rather than as individual items. These platforms can be based on the type of products, such as beef, chicken, salads or desserts, or on the type of customer targeted, such as the children's menu. We have offered a new menu with fewer calories and less sugar and sodium in the majority of our Territories since 2011. Since 2013, we have offered dairy products, fresh fruits or vegetables with our Happy Meals in all of the Territories except Venezuela.

Our core menu is the most important element of our menu strategy and includes well-recognized food choices that have global customer acceptance and are what customers repeatedly order at McDonald's-branded restaurants worldwide.

Product Development

We have been very innovative in our product development in Latin America and the Caribbean. In key countries, our understanding of the local market has enabled us to successfully introduce new items to appeal to local tastes and to provide our customers with additional food options. Our chicken-based offerings include bone-in chicken in markets such as Colombia, Peru, Panama and Costa Rica. We also provide Angus burgers with innovative flavors and premium offerings, such as Grand Big Mac and Big Cheddar McMelt in Brazil. Also, we carefully monitor the sales of our products and are able to quickly modify them if necessary. For instance, although we always offer the McFlurry dessert product, we include in this product platform a promotional topping that is offered for a limited period of time, followed by a new promotional topping to maintain the sales momentum.

In 2011 we began the rollout of Made For You, or MFY, a new kitchen operating platform that we believe will allow us to improve the quality and freshness of our products, provide faster service and diversify our offerings. MFY's implementation is funded by cutting waste, and productivity gains. As of December 31, 2013, we had implemented MFY in almost all of our Company-operated restaurants in Argentina, Aruba, Brazil, Curaçao, French Guiana, Mexico, Puerto Rico, Trinidad and Tobago, and the U.S. Virgin Islands. During 2014, we implemented MFY in Costa Rica, Panama, seven restaurants in Uruguay and 23 of our new restaurants in Colombia. During 2015, we completed MFY in Martinique, four restaurants in Guadalupe and 32 additional restaurants in Colombia. During the first half of 2016, we plan to continue MFY's implementation in Guadeloupe and French Guiana, to complete implementation in the French West Indies.

We work closely with McDonald's to develop new product offerings and McDonald's considers our recommendations regarding regional tastes and preferences and works with us to accommodate such tastes and preferences. We continue to benefit from McDonald's product development efforts following the Acquisition and have access to a library of products developed globally for the McDonald's system. In addition, we continue to benefit from the Hamburger Universities in the United States and Brazil and the food studio located in Brazil that aims to develop locally relevant products for the region. The Hamburger Universities and the food studio models have been McDonald's main global source of people and product development. The Hamburger Universities provide restaurant managers, mid-managers and owner/operators with training on best practices in different aspects of the business, like restaurant and people management, sales and accounting, while emphasizing consistent restaurant operations procedures, service, quality and cleanliness. The food studios across the globe have been responsible for some of McDonald's most innovative food concepts and play a crucial role in developing new menu options that cater to the local tastes.

Product and Pricing Strategy

Value perceptions change significantly between markets and even between areas within a single market. In order to adjust pricing to meet customers' expectations in each market, we have developed local expertise aimed at understanding the dynamics of the local marketplace and the characteristics of its customers. We also examine trends in the pricing of raw materials, packaging, product-related operating costs as well as individual item sales volumes to fully understand profitability by item. In addition, we use international consultants with particular experience in this area to understand marketplace dynamics and consumer characteristics. These insights feed into the local markets' menu and pricing strategy as well as the marketing plan that is disseminated to both Company-operated and franchised restaurants. Restaurants may then adjust pricing and/or item offerings as they choose in an attempt to optimize sales, profitability and local preferences. This cycle is part of an overall revenue management philosophy and is part of our business management practices utilized throughout the region.

Advertisement & Promotion

We believe that sales in the QSR sub-segment can be significantly affected by the frequency and quality of our advertising and promotional programs. In particular, we benefit from the strength of McDonald's global resources, including its global alliances with some of the largest multinational conglomerates and sponsorship of sporting events such as the Olympic Games and the World Cup and participation in various movie promotions, which provides us with important advertising and promotion opportunities.

We promote the McDonald's brand and our products by advertising in all of the Territories. We create, develop and coordinate marketing plans and promotional activities throughout the Territories; however, pursuant to the MFAs, McDonald's reserves the right to review and approve any advertising materials and related promotional activities and may request that we cease using the materials or promotional activities at any time if McDonald's determines that they are detrimental to its brand image. We are required under the MFAs to spend at least 5% of our gross sales, and our franchisees generally are required to pay us 5% of their gross sales for the portion of advertising expenditures related to their restaurants, on advertisement and promotion activities. The only exception to this policy is in Mexico, where both we and our franchisees contribute funds to a cooperative that is responsible for advertisement and promotion activities for Mexico.

Our advertisement and promotion activities are guided by our overall marketing plan, which identifies the key strategic platforms that we aim to leverage to drive sales. The advertisement and promotion program is formulated based on the amount of advertisement and promotion support needed for each strategic platform for the year. During 2015, our key strategic platforms included menu relevance, by introducing premium products and extending core product lines, convenience and strengthening the kids and family experience. In terms of pricing, we understand that our customers seek great-tasting food at affordable prices and that their perception of value while at the restaurant is a significant factor in determining overall satisfaction and frequency of visits. Our Big Pleasures, Small Prices, which are based on best practices and experience in the United States and Europe, have been successful in addressing a broad range of value expectations in our restaurants. We continue leveraging these platforms to increase penetration and grow market share.

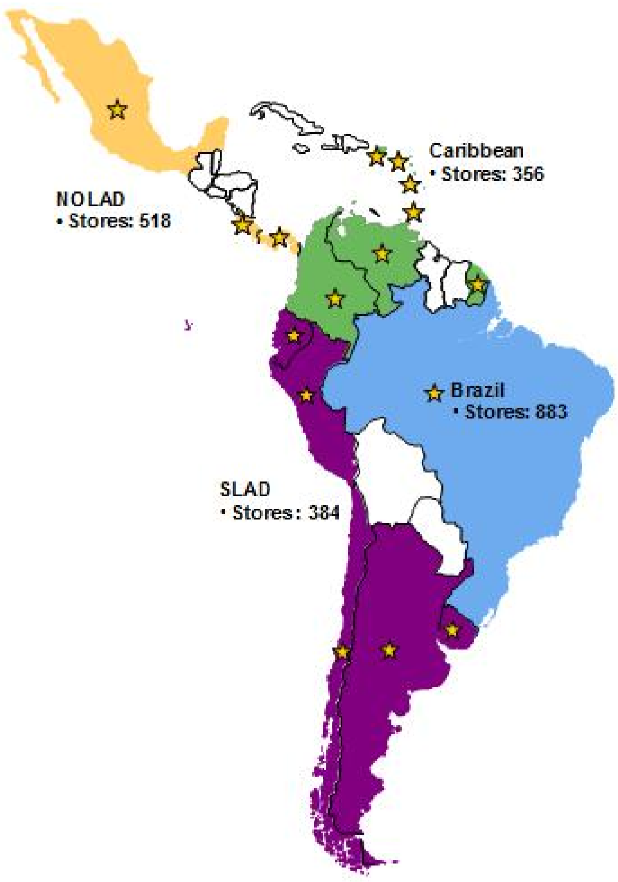
To promote increased traffic in our restaurants, we execute unique promotions such as Monopoly and certain other games in some of our key markets.

Through the execution of these initiatives, we work to enhance the McDonald's experience for customers throughout the Territories, and increase our sales and customer counts. We aim to position ourselves as a "forever young" brand by delivering a youthfully energetic, distinctly casual, personally engaging and delightful dining/brand experience.

Regional Operations

The Company is divided into four geographical divisions: Brazil, the Caribbean division, NOLAD and SLAD. Except for Brazil, the divisions are subsequently divided into sub-groups comprised of individual Territories. The presidents of the divisions report directly to our chief operating officer.

The following map sets forth the number of our restaurants in each of our operating divisions as of December 31, 2015:



Source: Arcos Dorados

We remain close to customers by managing operations at the local level, including implementing recruiting centers, conducting marketing campaigns and promotions, monitoring consumer perception and managing menu offerings. We conduct administrative and strategic activities at either the divisional level or at our headquarters, as appropriate. We provide services such as accounts payable, accounts receivable and payroll through our centralized shared service center located in Buenos Aires, Argentina. In addition, we have designed standardized crew recruiting manuals and have implemented an online communication platform for crew and managers. These centralized operations help us maintain consistent procedures, quality control and brand management across all of our markets.

Set forth below is a summary of our restaurant portfolio as of December 31, 2015. Due to the reorganization of our segments effective January 1, 2013, the segment information below is not directly comparable to the segment information presented in our annual report on Form 20-F for years prior to 2013. See "Presentation of Financial and Other Information—Operating Data."

	Ownership					Store Type						Building/ Land(1)	
Portfolio by Division	Company-Operated	Joint Venture	Franchised	Developmental License	Total	Freestanding	Food Court	In-Store	Mall Store	Dessert Centers	McCafé Locations	Owned	Leased
Brazil	615	-	268	-	883	379	272	88	144	1,434	92	108	775
Caribbean Division	267	–	88	1	356	235	25	40	56	261	40	129	227
NOLAD	364	-	144	10	518	275	136	53	54	602	50	167	351
SLAD	324	18	42	–	384	117	63	116	88	321	139	97	287
Total	1,570	18	542	11	2,141	1,006	496	297	342	2,618	321	501	1,640

(1) Developmental licenses and mobile stores are not included in these figures.

Brazil

Brazil is our largest division in terms of restaurants, with 883 restaurants as of December 31, 2015 and $1,362.0 million in revenues in 2015, representing 41.2% and 44.6% of our total restaurants and revenues, respectively. Our operations in Brazil are based in Sao Paulo and McDonald's has been present in Brazil since opening its first restaurant in Rio de Janeiro in 1979.

Caribbean Division

The Caribbean division includes eleven territories with 356 restaurants as of December 31, 2015 and $398.1 million in revenues in 2015, representing 16.6% and 13.0% of our total restaurants and revenues, respectively. Its primary market, in terms of number of restaurants, is Venezuela. McDonald's has been present in Venezuela since opening its first restaurant in Caracas in 1985. Venezuela represents 37.6% of the Caribbean division's restaurants and 10.3% of the Caribbean division's revenues. Venezuela is our fourth-largest market in terms of restaurants.

NOLAD

NOLAD includes three countries with 518 restaurants as of December 31, 2015 and $367.4 million in revenues in 2015, representing 24.2% and 12.0% of our total restaurants and revenues, respectively. Its primary market is Mexico, where the division's management is based. McDonald's has been present in Mexico since opening its first restaurant in Mexico City in 1985. Mexico represents 76.3% of NOLAD's restaurants and 48.0% of NOLAD's revenues, and Mexico is our second-largest market in terms of restaurants.

Our operations in Mexico differ from those in our other Territories (with the exception of Venezuela) in that the percentage of franchised restaurants is significantly higher than our systemwide average because some of McDonald's previous joint venture partners were converted into franchisees immediately prior to the Acquisition. Since the Acquisition, we have been adjusting our business model in Mexico as several factors had significantly eroded that market's profitability and, as a result, we have acquired 86 franchised restaurants. As of December 31, 2015, 32.9% of our restaurants in Mexico were franchised, while 25.8% of our restaurants overall were franchised.

SLAD

SLAD includes five countries with 384 restaurants as of December 31, 2015 and $925.2 million in revenues in 2015, representing 17.9% and 30.3% of our total restaurants and revenues, respectively. Its primary market is Argentina, where the division's management is based. McDonald's has been present in Argentina since opening its first restaurant in Buenos Aires in 1986. As of December 31, 2015, Argentina represented 58.3% of SLAD's restaurants and 70.5% of SLAD's revenues in 2015. Argentina is our third-largest market in terms of restaurants.

Seasonality

Our sales and revenues are generally greater in the second half of the year than in the first half. Although the impact on our results of operations is relatively small, this impact is due to increased consumption of our products during the winter and summer holiday seasons, affecting July and December, respectively.

Supply and Distribution

Supply chain management is an important element of our success and a crucial factor in optimizing our profitability. Currently, we have an integrated and centralized supply chain management system that focuses on (i) the highest possible quality and food safety, (ii) competitive market pricing that is predictable and sustainable over time, and (iii) leveraging of local, regional and global sourcing strategies to obtain a competitive advantage. This system consists of the selection and development of suppliers that are able to comply with McDonald's high quality standards and the establishment of the appropriate type of relationships with these suppliers. These standards, which are based on the highest industry standards, such as International Organization for Standardization (ISO) standards, British Retail Consortium (BRC) standards and others, include cleanliness, product consistency and timeliness, meeting or exceeding all local food regulations and compliance with our Hazard Analysis Critical Control Plan, or HACCP, a systematic approach to food safety that emphasizes protection within the processing facility, rather than detection, through analysis, inspection and follow-up. Due to our supply chain management and high quality standards, we believe our products have a competitive advantage because they have many attributes that make them appealing to our customers. For instance, our McNuggets are made of 100% white meat; our frying oil is 100% free of trans fatty acids; the dairy mix for our sundaes and the McFlurry undergo aseptic processes to rid them of bacteria; our vegetables are washed and sanitized; and our hamburger patties are made with 100% beef and do not contain additives.

Pursuant to the MFAs, we purchase core products and services, such as beef, chicken, buns, produce, cheese, dairy mixes and toppings, from approved suppliers and distributors who satisfy the above requirements. If McDonald's determines that any product or service offered by an approved supplier is not in compliance with its standards, it may terminate the supplier's approved status. Beyond the purchase of core products and services, we have no restrictions on which suppliers or distributors we may use. We have largely continued the supply relationships that McDonald's had established prior to the Acquisition, and we develop relationships with new suppliers in accordance with McDonald's Supplier Quality Management System, or SQMS.

Since the process to become an approved supplier is lengthy, expensive and requires proof of compliance with McDonald's high quality standards, we have found that oral agreements with our approved suppliers generally are sufficient to ensure a reliable supply of quality food products, and we have developed long-term relationships with many of our suppliers. In addition, we enter into written agreements with most of our suppliers regarding the cost of such goods, which can be based on pricing protocols, formula costing, benchmarking or open bidding, as appropriate. Our 35 largest suppliers account for approximately 80% of our supplies, and no single supplier or group of related suppliers account for more than 12% of our total food and paper costs. Among our main suppliers are JBS S.A., McCain Foods Limited, The Coca-Cola Company, Bimbo SA and Arytza SA.

Our integrated supply chain management optimizes value as we work with suppliers to develop pricing protocols, inventory, planning and product quality. As of December 31, 2015, approximately 25% of the food and paper products used in our restaurants were imported, primarily from countries within Latin America, while the remaining amount were locally sourced. This percentage varies among the Territories; for example, 16% of the products consumed in Mexico are imported, while 19% and 90% of the products consumed in Brazil and the Caribbean division, respectively, are imported. This includes the toys distributed in our restaurants, which are imported from China. Certain supplies, such as beef, must often be locally sourced due to restrictions on their importation. Combined with the MFAs' requirement to purchase certain core supplies from approved suppliers, although we maintain contingency plans to back up restaurant supplies, we may not be able to quickly find alternate or additional supplies in the event a supplier is unable to meet our orders. See "Item 3. Key Information—D. Risk Factors—Certain Factors Relating to Our Business—We depend on oral agreements with third-party suppliers and distributors for the provision of products that are necessary for our operations." The suppliers send all of their products to distribution centers that are in charge of transportation, warehousing, financial administration, demand and inventory planning and customer service. The distribution centers interact directly with our Company-operated and franchised restaurants.

Until March 16, 2011, we owned and operated some of the distribution centers in the Territories, which operations and related properties we refer to as Axionlog (formerly known as Axis). See "—A. History and Development of the Company—Important Events—The Axionlog Split-off." In 2011, we entered into a master commercial agreement with Axionlog on arm's-length terms pursuant to which Axionlog provides us with distribution inventory, storage (dry, frozen and chilled) and transportation services in Argentina, Chile, Colombia, Mexico, Uruguay, Perú and Venezuela. For additional information about our transactions with Axionlog, see "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Axionlog Split-off."

Supply Chain Management and Quality Assurance

All products that we sell meet McDonald's specifications, including new products and promotions. We work with our suppliers to implement key standards testing at each stage of our supply chain, including raw materials, processing and distribution. With respect to raw materials, we verify that produce suppliers undergo verification audits. All protein suppliers also undergo Animal Welfare Policy, "mad cow" disease and HACCP audits. At the processing stage, we implement a supplier quality management system that encourages continuous improvement in each key product category. We conduct seminars annually with all key suppliers on topics such as standards calibration, product sensory evaluation and best practices, and all suppliers are audited annually by a third party for compliance with McDonalds's SQMS. As members of the Global Food Safety Initiative (GFSI), we encourage our suppliers to adopt any norm under the umbrella of GFSI that is recognized globally. We measure compliance through visits to processing plants, supplier summits, regularly scheduled audits and sensory testing that is achieved through a combination of product, equipment and operational procedures. At the distribution stage, we have implemented the Distribution Quality Management Program, which includes a shelf-life management system, strict temperature controls for receiving and storage of food products, a sophisticated stock recovery program and a quality inspection program.

Our quality testing extends to restaurant operations. The Quality Program that includes Across The Counter Quality (ATCQ), Behind The Counter Quality (BTCQ) and Field Service Support is designed for restaurant improvement and food safety verification processes that allow us to track the implementation of changes in restaurant operations, new products, procedures and equipment. We participate in the restaurant operations improvement process designed by McDonald's, under which Company-operated and franchised restaurants are visited at least three times in any 21-month cycle to identify system opportunities to continuously improve our operations. Visits are conducted by our operation consultants, who assess restaurants based on food quality, service and cleanliness. We also participate in the worldwide mystery shopper program designed by McDonald's, where all restaurants are visited twice a month by a third-party vendor who provides us with feedback from a customer perspective. This feedback, called customer satisfaction opportunity reports, is sent to a centralized monitoring system that evaluates key operations indicators. Our multidisciplinary teams, which include members of our Supply Chain and Marketing and Operations teams, work to improve quality and efficiency at the restaurant level throughout the Territories.

Our Competition

We compete with international, national, regional and local retailers of food products. We compete on the basis of price, convenience, service, menu variety and product quality. Our competition in the broadest perspective includes restaurants, quick-service eating establishments, pizza parlors, coffee shops, street vendors, ice cream vendors, convenience food stores, delicatessens and supermarkets.

Our Customers

We aim to provide our customers with safe, fresh and good-tasting food at a good value and a favorable dining experience in the family friendly environment demanded by our target demographic of young adults and families with children. Based on data from the United Nations Economic Commission for Latin America and the Caribbean, the Territories represented a market of approximately 641 million people in 2015—equivalent to the combined population of the United States, Germany, France, the United Kingdom and Italy—of which approximately 26.5% are under 14 years old and 44.3% are under 25 years old. As a business focused on young adults in the 14 to 35 age range and families with children, our operations have benefited, and we expect to continue to benefit, from our Territories' population size, age profile when compared to more developed markets and improving socio-economic conditions. In addition, our McCafé brand extension has successfully targeted a more adult customer base.

Despite variations in economic development throughout the Territories, including reduced GDP expected for Brazil, continued foreign currency exchange controls in Venezuela and Argentina (despite the structural changes made by the Macri Administration to the Argentine foreign exchange regime, which eased access to the foreign exchange market) and the general political instability in Venezuela, Latin America and the Caribbean in general have presented very compelling growth prospects given their improving macroeconomic conditions, expanding buying power of the consumer sector in general and the rapidly growing QSR markets in particular. In addition, improvements in macroeconomic conditions in the Territories have led to a modernization of consumption patterns and increased affordability of our products across socio-economic segments, and we believe we are well placed to capitalize on these trends. In Brazil alone, distribution of national income significantly improved between 2003 and 2013. In 2003, 60% of population accounted for 17% of the total national income, while in 2013 60% of the population accounted for 23.3% of the total national income, according to the Economic Commission for Latin America and the Caribbean. According to the same source, the percentage of the Brazilian population living in poverty decreased from 38.7% in 2003 to 18% in 2013.

Despite ongoing risks generally associated with international business operations, the confluence of favorable factors throughout many of the Territories, including growth in our target demographic markets, offer an opportunity of profitable growth and the ability to serve an ever-increasing number of customers.

Regulation

We are subject to various multi-jurisdictional federal, regional and local laws in the countries in which we operate affecting the operation of our business, as are our franchisees and suppliers. Each restaurant is subject to licensing and regulation by a number of governmental authorities, which include zoning, health, safety, sanitation, tax, operating, building and fire agencies in the jurisdiction in which the restaurant is located. Difficulties in obtaining, or the failure to obtain, required licenses or approvals can delay or prevent the opening of a new restaurant in a particular area. Restaurant operations are also subject to federal and local laws governing matters such as wages, working conditions and overtime. We are also subject to tariffs and regulations on imported commodities and equipment and laws regulating foreign investment.

Substantive laws that regulate the franchisor/franchisee relationship presently exist in several of the countries in which we operate, including Brazil. These laws often limit, among other things, the duration and scope of non-competition provisions, the ability of a franchisor to terminate or refuse to renew a franchise and the ability of a franchisor to designate sources of supply and regulate franchise sales communications.

Certain countries in which we conduct operations have imposed price controls that restrict our ability, and the ability of our franchisees, to adjust the prices of our products. For example, in November 2013 (effective January 23, 2014), Venezuela announced the Fair Price Act seeking to lower high inflation by controlling prices and costs in the chain of production. The Fair Price Act generally sets forth a profit cap of 30% on the cost structure of goods and services, thus reducing management's ability to freely determine final prices. According to regulations passed under the Fair Price Act, to determine a final and fair price, management must observe and consider all the costs of production, including (i) acquisition costs of raw materials, the determination of which shall comply with existing regulations on transfer pricing (i.e., price, freight, primary storage, non-recoverable taxes and other costs directly attributable to the acquisition of raw materials), (ii) labor costs, and (iii) indirect costs of production.

The Fair Price Act empowers the National Agency for the Defense of Socio-economic Rights (*Sundde*) to implement provisions and regulations on "fair pricing" and to oversee and audit businesses in Venezuela. Breaches of the Fair Price Act could result in criminal charges against merchants or business people. In January 2014, Venezuelan authorities inspected our operations in Venezuela and required us to reduce our prices for different menu items by amounts ranging from 7% to 10%. In a similar attempt to control and reduce inflation, the Venezuelan government established a transitional protection regime for tenants of property used for commercial, industrial or production activities, which regulates the leasing relations and stipulates that the price of the monthly rent may not exceed an amount equal to 250 *bolívares* per square meter. The Commercial Leases Law superseded this transitional regime in May 2014. See "Item 3. Key Information—D. Risk Factors—Certain Factors Relating to Latin America and the Caribbean—Price controls and other similar regulations in certain countries have affected and may continue to affect our results of operations."

In addition, in September 2014, Argentina passed: (i) Law No. 26,991, the "New Regulation on Production and Consumption Relationships Act," which reformed a 1974 Act (Law on Supply of Goods and Services); and (ii) Law No. 26,992, the "Creation of the Observatory of Prices and Availability of Inputs, Goods and Services Act."

The New Regulation on Production and Consumption Relationships Act empowers the Secretary of Commerce to, among other things: (i) establish profit margins and set price levels (setting maximum, minimum and benchmark prices); (ii) issue regulations on commerce, intermediation, distribution or production of goods and services; (iii) impose the continuance of production, industrialization, commercialization, transport, distribution or rendering of services or impose the production of goods; (iv) set subsidies; (v) request any kind of documentation and correspondence related to commercial activities or the management of the businesses and impose the publication of prices and availability of goods and services and seize such documentation for up to 30 working days; (vi) impose registration and recordkeeping requirements; and (vii) impose licensing regimes for commercial activities.

In order to enforce its provisions, the Secretary of Commerce is granted the power to impose penalties for non-compliance including, among others: (i) fines of AR$500 to AR$10,000,000 or up to three times the economic profit obtained by offenders (the amounts can double in case of second-time offenders); (ii) temporary shutting down of businesses for up to 90 days; (iii) seizure of goods and products and their sale to consumers in case of an administratively determined shortage of said goods and products; and (iv) loss of governmental or fiscal benefits. Under the New Regulation on Production and Consumption Relationships Act, companies would be forced to pay any fine issued immediately and then litigate before the courts to have the penalty revoked and the money refunded. The Secretary of Commerce may waive the advance payment of the fine in cases in which, at its discretion, such payment may cause irreparable harm to the party challenging the fine.

The Creation of the Observatory of Prices and Availability of Inputs, Goods and Services Act created a technical agency under the Secretary of Commerce, the Observatory of Prices and Availability of Inputs, Goods and Services, to control and systematize prices and availability of inputs, goods and services produced, traded or rendered in Argentina.

We are also subject to the labor laws applicable in the countries in which we operate. The adoption of new or more stringent labor laws or regulations could result in a material liability to us. For example, in January 2015, Venezuela announced a 20% increase in the minimum wage, resulting in a new minimum wage of 5,622.48 *bolivares*; and in May 2015, Venezuela announced further increases to the minimum wage of 20% and 10%, to become effective in May and July 2015, respectively. In Argentina, a law enacted in November 2010 requires companies to pay overtime to all employees (except directors and managers). In addition, recently proposed bills have attempted to implement additional payments for weekends and mandatory employee profit-sharing, but none of those have been enacted by Congress. See "Item 3. Key Information—D. Risk Factors—Certain Factors Relating to Our Business—Labor shortages or increased labor costs could harm our results of operations." New interpretations or unexpected applications of existing labor laws or regulations may also affect our business practices or results of operations. In August 2012, the Public Labor Ministry of the State of Pernambuco (*Ministério Público do Trabalho do Estado de Pernambuco*) in Brazil filed a civil complaint against us in the Labor Court of Pernambuco (*Justiça do Trabalho de Pernambuco*) regarding alleged noncompliance with certain labor laws. Several of these cases have already been resolved successfully, either by a judicial decision or a cash settlement. The remaining retained cases are pending a final decision. In March and November 2015, the Public Labor Ministry requested documents in order to analyze our compliance with the labor laws, which we provided. All such information and documentation provided is currently being reviewed by the Labor Prosecutor and we have yet to be informed of the final results. Therefore, we currently cannot accurately assess out total potential exposure.

In August 2015, UGT (*União Geral dos Trabalhadores*), a labor Union, filed a complaint before the Federal Prosecutor's Office claiming that we breached tax, labor, franchise and antitrust laws. The Prosecutor's Office dismissed the complaint relating to labor law, as there is already an open investigation relating to the same complaint. The Prosecutor's Office then ordered the investigation to be split between the tax and franchise and antitrust law accusations. As of the date of this annual report on Form 20-F, the Prosecutor's Office has not summoned us or revealed the specifics of the potential investigation.

See "Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal Proceedings—Retained Lawsuits and Contingent Liabilities."

In addition, we may become subject to legislation or regulation seeking to regulate high-fat and/or high-sodium foods, particularly in Argentina, Brazil, Chile, Puerto Rico and Venezuela. Moreover, restrictions on advertising by food retailers and QSRs have been proposed or adopted in Argentina, Brazil, Chile, Colombia, Mexico, Peru, Uruguay and Venezuela, including proposals to restrict our ability to sell toys in conjunction with food. Certain jurisdictions in the United States are considering curtailing or have curtailed McDonald's ability to sell children's meals including free toys if these meals do not meet certain nutritional criteria. Similar restrictions, if imposed in the Latin American countries where we do business, may have a negative impact on our results of operations. We will comply with any laws or regulations that may be enacted, and we can provide no assurance of the effect that any possible future laws and regulations will have on our operating results. See "Item 3. Key Information—D. Risk Factors—Certain Factors Relating to Our Industry—Restrictions on promotions and advertisements directed at families with children and regulations regarding the nutritional content of children's meals may harm McDonald's brand image and our results of operations."

Environmental Issues

To the best of our knowledge, there are currently no international, federal, state or local environmental laws, rules or regulations that we expect will materially affect our results of operations or our position with respect to our competitors. However, we can provide no assurance of the effect that any possible future environmental laws will have on our operating results.

Insurance

We maintain insurance policies in accordance with the requirements of the MFAs and as appropriate beyond those requirements, to the extent we believe additional coverage is necessary. Our insurance policies include commercial general liability, workers compensation, "all risk" property and business interruption insurance, among others. See "Item 10. Additional Information—C. Material Contracts—The MFAs—Insurance."

Charitable Activities and Social Initiatives

The McDonald's brand is enhanced through McDonald's and our social responsibility initiatives, which include a wide range of programs focused on positively impacting our employees, customers and the communities in which we operate. The following discussion summarizes some of our principal programs and contributions:

Employment Experience

We are an important employer in Latin America and the Caribbean and are creating new economic opportunities for Latin America's next generation. With more than 83,000 employees as of December 31, 2015, we are one of the largest employers in Latin America. For many of our employees, we are their first employer, providing formal jobs that include benefits, medical coverage, training and flexibility. We provide a strong foundation and teach them valuable customer service and leadership skills that can be applied to a wide range of career paths in the future.

We have been recognized by many independent organizations for being a "great place to work." In 2015, the Great Place to Work Institute ranked us fifth among the top multinational employers in Latin America with more than 3,000 employees. The table below shows the good-employer recognitions that we received in 2015:

Country	Award	Ranking
Argentina	"Best Companies to Work for" in Argentina	11th
Argentina, Costa Rica and Panama	"Work and Life Balance" Certification	—
Brazil	"Best Companies to Work for" in Brazil	13th
Costa Rica	"Best Companies to Work for" in Costa Rica	9th
Chile	"Best Companies to Work for" in Chile	16th
Ecuador	"Best Companies to Work for" in Ecuador	10th
Mexico	"Top Companies" in Mexico	6th
Panama	"Best Companies to Work for" in Panama	6th
Peru	"Best Companies to Work for" in Peru	9th
Uruguay	"Best Companies to Work for" in Uruguay	3rd
Venezuela	"Best Companies to Work for" in Venezuela	6th

We pride ourselves on principles such as integrity, trust, honesty, hospitality and the importance of team work. To that end, we offer extensive training and continuing education opportunities for crew and corporate employees, and provide a collegial work environment that fosters teamwork and advancement. Each year, we dedicate resources to training and development in our restaurants, Regional Training Centers and McDonald's University in order to provide our employees with the tools necessary to advance within our Company and help positively impact business results.

In April 2012, we became one of the first companies to join the New Employment Opportunities (NEO) Program. Developed by the Inter-American Development Bank and the International Youth Foundation, the program helps to increase the employability of the region's youth. We strengthened that commitment in December 2013 as part of the Clinton Global Initiative.

Community

The wellbeing of the communities where we operate is of considerable importance to us. One of our major charitable causes is the Ronald McDonald House Charities, which is dedicated to creating, finding and supporting programs that directly improve the health and well-being of children, including by combating pediatric cancer, one of the leading causes of death for children in Latin America.

As of December 31, 2015, there were 54 Ronald McDonald House Charities programs in 14 countries in Latin America and the Caribbean, including 27 Ronald McDonald Houses, 26 Ronald McDonald Family Rooms, which provide "a home away from home" to children undergoing serious medical treatment in hospitals and their families, and one Ronald McDonald Care Mobile, which was built to deliver pediatric care services to remote locations.

One of our biggest charitable events is McHappy Day, when McDonald's restaurants across Latin America raise money for various children's causes, including the Ronald McDonald House Charities foundation, by donating the proceeds generated from the sales of Big Macs on that day. McHappy Day has grown from being a "marketing" campaign to becoming a community-wide effort. In 2015, McHappy Day was celebrated in all of the Territories, involving more than 35,000 community volunteers and our franchisees and suppliers. In 2015, our McHappy Day activities raised over $9.1 million. McHappy Day has become one of the most important campaigns, supporting children in Latin America and is the biggest source of revenue for the Ronald McDonald House Charities foundation.

Nutrition and Well-Being

As part of our commitment to offering nutritious and high-quality products to our customers, we are dedicated to actively promoting a balanced lifestyle. This includes providing reliable, accessible information to guide educated nutritional decisions. We were the first restaurant chain in Latin America to provide full nutritional and calorie information about our menu on our websites in every country, as well as giving consumers within the restaurants full printed nutritional information on every tray liner. In 2014 we added a nutritional calculator on our websites to complement nutritional transparency with a personalized tool to enable our customers to make the right nutritional choices for their lifestyle.

From a safety and quality perspective, we only use products that have passed strict quality and hygiene controls throughout the production chain, inside our restaurants and up to the moment they are served to our customers. These products are sourced from our approved supplier network for all McDonald's restaurants.

We participate in several educational, sports and well-being programs throughout Latin America and the Caribbean, promoting our brand and encouraging our employees and customers to participate. One such event is the McDonald's 5K Women's Run (*Las Mujeres Corremos*), a regional race held annually since 2010 that brought together nearly 60,000 women in 2015, running in 14 countries in Latin America.

Environmental Responsibility

We are committed to the continuous improvement of our environmental sustainability efforts, including frequently assessing our strengths and areas of improvement. We have made many positive strides, including publishing sustainability reports in Brazil, Argentina and Colombia, during 2015, to help us benchmark and set direct and measurable goals to pursue and achieve in the years ahead.

We strive to be an environmental steward dedicated to conserving natural resources and minimizing waste. We monitor and implement operational measures focused on reducing water consumption, energy utilization and waste production at our restaurants. We are committed to increasing our energy efficiency in restaurants by 20% by 2020 (using 2012 as the baseline). We execute paper and waste recycling campaigns at our restaurants, whenever possible. Our goal is to reduce in-restaurant waste by 50% by 2020, with 2012 as the baseline. We are also exploring ways to recycle cooking oil from our restaurants, including an innovative program in Brazil that would power our delivery trucks with our recycled cooking oil.

We survey our key suppliers in Latin America and the Caribbean to ensure their operations meet the highest standards possible and partner with them in reducing our impact on the environment. This includes implementing and sharing best practices throughout the supply chain for sustainable sourcing, transportation, resource use, residue disposal and energy consumption, among other matters.

We strive to source from suppliers with strong standards of animal welfare. In April 2014, we committed to ensuring that by the end of 2016 all pork procured by Arcos Dorados will be sourced by producers that can demonstrate documented plans to promote group housing for their pigs.

The responsible use of antibiotics is important for animal health, as well as to ensure the future effectiveness of antimicrobial medicines. In March 2015, Arcos Dorados announced that it will only source from suppliers who can guarantee that their animals (i) are raised without growth-stimulating antibiotics; (ii) have only received antibiotics to cure or prevent disease under veterinary supervision; (iii) are only administered antibiotics approved for veterinary use; and (iv) are raised in environments that encourage healthy animal welfare and husbandry conditions to help reduce the need for antibiotic use.

Protecting the Amazon—one of Latin America's greatest environmental treasures—is a top priority. One hundred percent of our suppliers have committed to ending procurement of any goods from the Amazon. In October 2011, McDonald's signed a global moratorium against harvesting soy from the Amazon region and has maintained this commitment every year since, including actively supporting the 2014 renewal of the Brazilian Soy Moratorium, with validity until May 2016.

As of December 31, 2015, we had five ecological restaurants and one LEED-certified corporate university, which are more environmentally responsible and resource-efficient buildings throughout their life-cycle. In December 2008, we opened the first ecological restaurant in Latin America in Bertioga on the coast of São Paulo, Brazil. This restaurant received Leadership in Energy & Environmental Design, or LEED, certification, in September 2009, becoming the first McDonald's restaurant in Latin America to be so certified. In August 2009, we opened our second ecological restaurant in Lindora, Costa Rica, which was the first of its kind in Central America. In August 2010, we opened our third ecological restaurant in Pilar, Argentina. In July 2011, we re-inaugurated the McDonald's at Parque Hundido, in Mexico DF as our fourth ecological restaurant. This restaurant was awarded LEED certification by the US Green Building Council. In January 2013, we opened the fifth ecological restaurant in Guaynabo, Puerto Rico. In November 2013, it was awarded LEED certification by the US Green Building Council and verified by the Green Building Certification Institute.

The McDonald's University in São Paulo, Brazil, was remodeled and reopened in April 2011 as an ecological, LEED-certified building. This McDonald's University, one of seven such units in the world, is the corporate training center for employees from all over Latin America and the Caribbean. Among the programs offered at the McDonald's University in São Paulo is an MBA in Sustainability.

The know-how accumulated in the construction of these ecological buildings is being used for the development of new McDonald’s restaurants and the reimaging of certain existing ones in the Territories.

Sustainable Supply Chain

Our deep relationship with our suppliers is an important strategic asset for our sustainable development. We work with more than 500 suppliers across Latin America who serve as strategic partners. Many of our suppliers have worked with McDonald’s since it first entered the Latin American market in the 1970s. All suppliers are evaluated for and must comply with global McDonald’s standards on core products such as beef, chicken, cheese, bread, beverages and others. This ensures a consistent customer experience throughout Latin America.

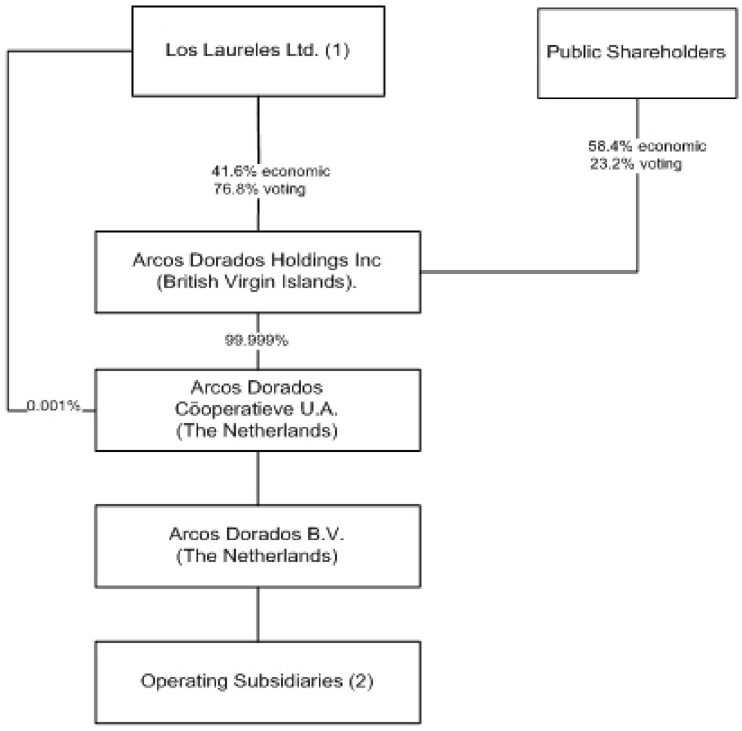
We hope to further strengthen our supply chain by developing local initiatives that meet our demand for goods while promoting the well-being and success of the farmers and suppliers we rely on. For example, we spearheaded a local community farming pilot program involving 22 farms with the Qorichacra lettuce growing venture in Cusco, launched together with the Syngenta Foundation. The learnings from Qorichacra have encouraged us to develop more local farming initiatives to supply our lettuce and tomatoes locally in a few cities in Brazil, Puerto Rico and Argentina. Our hope is that more such initiatives will flourish with our leadership as a provider of training, quality control and standards, and as a significant local buyer of lettuce and tomato. As another example, in Brazil we work with suppliers to educate local farmers about sustainable agriculture. To date, 26 farms have been created in Brazil and/or expanded to produce lettuce, tomatoes and other produce for McDonald’s restaurants in the region. This enables us to source produce from sustainable farms, while also contributing to the local economy through the creation of jobs.

By working very closely and sharing best practices across Latin America with our suppliers, we are reducing our carbon footprint and greenhouse gas (GHG) emissions in our operations.

C. Organizational Structure

We conduct substantially all of our business through our indirect, wholly owned Dutch subsidiary Arcos Dorados B.V. Our controlling shareholder is Los Laureles Ltd., a British Virgin Islands company, which is beneficially owned by Mr. Staton, our Executive Chairman. Under the MFAs, Los Laureles Ltd. is required to hold at all times at least 51% of our voting interests, which is accomplished through its ownership of 100% of the class B shares of Arcos Dorados Holdings Inc., each having five votes per share. Los Laureles Ltd. has established a voting trust with respect to the voting interests in us held by Los Laureles Ltd. Los Laureles Ltd. is the beneficiary of the voting trust. See “Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders—Los Laureles Ltd.” Arcos Dorados B.V. owns all the equity interests of LatAm, LLC, the master franchisee, and owns, directly or indirectly, all the equity interests of the subsidiaries operating our restaurants in the Territories.

The following chart shows our corporate structure as of April 29, 2016.



(1) Includes class A shares and class B shares beneficially owned by Mr. Staton, our Executive Chairman. Los Laureles Ltd. is beneficially owned by Mr. Staton. See "Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders—Los Laureles Ltd." Mr. Staton directly owns 0.001% of the shares of Arcos Dorados Cöoperatieve U.A.

(2) Includes operating subsidiaries held directly and, in some cases, indirectly through certain intermediate subsidiaries.

Other than as described above, all of our significant subsidiaries are wholly owned by us, except Arcos Dorados Argentina S.A., of which Mr. Staton owns 0.003%.

D. Property, Plants and Equipment

Property Operations

Our long-standing presence in Latin America and the Caribbean has allowed us to build a significant property portfolio with hard-to-replicate locations in key markets across the region that enhance our customers' experience and ultimately support our brand and market position. As of December 31, 2015, we owned the land for 501 of our 2,141 restaurants (totaling approximately 1.1 million square meters). We owned the buildings for all but 11 of our stand-alone restaurants, all of which are under developmental licenses, whereby the licensees own or lease the land on and buildings in which the restaurants are located. We lease the remaining real estate property where we operate. Accordingly, we are able to charge rent on the real estate that we own and lease to our franchisees. The rental payments generally are based on the greater of a flat fee or a percentage of sales reported by franchised restaurants. When we lease land, we match the term of our sublease to the term of the franchise. We may charge a higher rent to franchisees than that which we pay on our leases, therefore deriving additional rental income.

The selection, construction and maintenance of restaurant locations and other related real estate assets, which is a key element of our performance, is determined based on an evaluation of expected returns on investment and the most efficient allocation of our capital expenditures. In addition to our restaurant property, we have (i) corporate offices in Montevideo, Uruguay; Buenos Aires, Argentina; and Sao Paulo, Brazil; and regional offices in Mexico City, Mexico and Bogota, Colombia; (ii) manufacturing and logistics centers in Sao Paulo, Brazil; and (iii) training centers in Sao Paulo, Brazil and Buenos Aires, Argentina.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

A. Operating Results

The following discussion of our financial condition and results of operations should be read in conjunction with the audited consolidated financial statements as of December 31, 2015 and 2014 and for the years ended December 31, 2015, 2014 and 2013, and the notes thereto, included elsewhere in this annual report, as well as the information presented under "Presentation of Financial and Other Information" and "Item 3. Key Information—A. Selected Financial Data."

The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including those set forth in "Forward-Looking Statements" and "Item 3. Key Information—D. Risk Factors."

Segment Presentation

We divide our operations into four geographical divisions: Brazil; the Caribbean division, consisting of Aruba, Colombia, Curaçao, French Guiana, Guadeloupe, Martinique, Puerto Rico, Trinidad and Tobago, the U.S. Virgin Islands of St. Croix and St. Thomas, and Venezuela; the North Latin America division, or NOLAD, consisting of Costa Rica, Mexico and Panama; and the South Latin America division, or SLAD, consisting of Argentina, Chile, Ecuador, Peru and Uruguay. As of December 31, 2015, 41.2% of our restaurants were located in Brazil, 17.9% in SLAD, 24.2% in NOLAD and 16.6% in the Caribbean division. We focus on our customers by managing operations at the local level, including marketing campaigns and special offers, menu management and monitoring customer satisfaction, while leveraging our size by conducting administrative and strategic functions at the divisional or corporate level, as appropriate.

We are required to report information about operating segments in our financial statements in accordance with ASC 280. Operating segments are components of a company about which separate financial information is available that is regularly evaluated by the chief operating decision maker(s) in deciding how to allocate resources and assess performance. We have determined that our reportable segments are those that are based on our method of internal reporting, and we manage our business and operations through our four geographical divisions (Brazil, the Caribbean division, NOLAD and SLAD). The accounting policies of the segments are the same as those for the Company on a consolidated basis.

Principal Income Statement Line Items

Revenues

We generate revenues primarily from two sources: sales by Company-operated restaurants and revenue from franchised restaurants, which primarily consists of rental income, typically based on the greater of a flat fee or a percentage of sales reported by our franchised restaurants. This rent, along with occupancy and operating rights, is stipulated in our franchise agreements. These agreements typically have a 20-year term but may be shorter if necessary to mirror the term of the real estate lease. In 2015 and 2014, sales by Company-operated restaurants and revenues from franchised restaurants represented 96.0% and 4.0% of our total revenues, respectively. In 2013, sales by Company-operated restaurants and revenues from franchised restaurants represented 95.7% and 4.3% of our total revenues, respectively.

Operating Costs & Expenses

Our sales are heavily influenced by brand advertising, menu selection and initiatives to improve restaurant operations. Sales are also affected by the timing of restaurant openings and closures. We do not record sales from our franchised restaurants as revenues.

Company-operated restaurants incur four types of operating costs and expenses:

- food and paper costs, which represent the costs of the products that we sell to customers in Company-operated restaurants;
- payroll and employee benefit costs, which represent the wages paid to Company-operated restaurant managers and crew, as well as the costs of benefits and training, and which tend to increase as we increase sales;

- occupancy and other operating expenses, which represent all other direct costs of our Company-operated restaurants, including advertising and promotional expenses, the costs of outside rent, which are generally tied to sales and therefore increase as we increase our sales, outside services, such as security and cash collection, building and leasehold improvement depreciation, depreciation on equipment, repairs and maintenance, insurance, restaurant operating supplies and utilities; and

- royalty fees, representing the continuing franchise fees we pay to McDonald's pursuant to the MFAs, which are determined as a percentage of gross product sales.

Franchised restaurant occupancy expenses include mainly, as applicable, the costs of depreciating and maintaining the land and buildings upon which franchised restaurants are situated or the cost of leasing that property. A significant portion of our leases establish that rent payments are based on the greater of a flat fee or a specified percentage of the restaurant's sales.

We promote the McDonald's brand and our products by advertising in all of the Territories. Pursuant to the MFAs, we are required to spend at least 5% of our sales on advertisement and promotion activities annually. These activities are guided by our overall marketing plan, which identifies the key strategic platforms that we leverage to drive sales. Our franchisees are generally required to pay us 5% of their sales to cover advertising expenditures related to their restaurants. We account for these payments as a deduction to our advertising expenses. As a result, our advertising expenses only reflect the expenditures related to Company-operated restaurants. Advertising expenses are recorded within the "Occupancy and other operating expenses" line item in our consolidated income statement. The only exception to this policy is in Mexico, where both we and our franchisees contribute funds to a cooperative that is responsible for advertisement and promotion activities for Mexico.

General and administrative expenses include the cost of overhead, including salaries and facilities, travel expenses, depreciation of office equipment, buildings and vehicles, amortization of intangible assets, occupancy costs, professional services and the cost of field management for Company-operated and franchised restaurants, among others.

Other operating income (expenses), net, include gains and losses on asset acquisitions and dispositions, write-offs and related contingencies of property and equipment, insurance recovery, impairment charges, rental income and depreciation expenses of excess properties, results from distribution centers (until March 16, 2011), the equity awards granted to our CEO until 2011, accrual for contingencies, write-offs and write-downs of inventory, recovery of taxes and other miscellaneous items.

Other Line Items

Net interest expense primarily includes interest expense on our short-term and long-term debt as well as the amortization of deferred financing costs. Loss from derivative instruments relates to the negative change in the fair market value of certain of our derivatives not designated as hedging instruments, which are used to help mitigate some of our foreign currency exchange rate risk.

Foreign currency exchange results relate to the impact of remeasuring monetary assets and liabilities denominated in currencies other than our functional currencies. See "—Foreign Currency Translation."

Other non-operating income (expenses), net, primarily include certain results related to tax credits, asset taxes and income tax adjustments related to prior years that we are required to pay in certain countries and other non-operating charges.

Income tax expense includes both current and deferred income taxes. Current income taxes represents the amount accrued during the period to be paid to the tax authorities while deferred income taxes represent the earnings impact of the change in deferred tax assets and liabilities that are recognized in our balance sheet for future income tax consequences.

Net income attributable to non-controlling interests relate to the participation of non-controlling interests in the net income of certain subsidiaries that collectively owned 18 restaurants at December 31, 2015 (18 restaurants at December 31, 2014).

Impact of Inflation and Changing Prices

Some of the countries in which we operate have experienced, or are currently experiencing, high rates of inflation. In general, we believe that, over time, we have demonstrated the ability to manage inflationary environments effectively. During 2015, our revenues were favorably impacted by our pricing strategy in many of these inflationary environments, as we were able to increase average check to keep pace with inflation.

The Venezuelan market is also subject to price controls, which limit our ability to increase prices to offset the impact of continuing high inflation on our operating costs. As part of the January 2014 announcements, the Venezuelan government also issued a new regulation (further amended in November 2014), establishing a maximum profit margin for companies and maximum prices for certain goods and services. Although we managed to navigate the negative impact of this regulation on our operations during 2014 and 2015, the existence of such laws and regulations continues to present a risk to our business. We continue to closely monitor developments in this dynamic environment.

Key Business Measures

We track our results of operations and manage our business by using three key business measures: comparable sales growth, average restaurant sales and sales growth. In addition, we use Adjusted EBITDA to facilitate operating performance comparisons from period to period. See "Presentation of Financial and Other Information—Other Financial Measures" and "Item 3. Key Information—A. Selected Financial Data." Systemwide results are driven primarily by our Company-operated restaurants, as 74.2% of our systemwide restaurants are Company-operated as of December 31, 2015. Systemwide data represents measures for both Company-operated and franchised restaurants. While sales by franchisees are not recorded as revenues by us, management believes the information is important in understanding our financial performance because these sales are the basis on which we calculate and record franchised restaurant revenues and are indicative of the financial health of our franchisee base. Unless otherwise stated, comparable sales growth, average restaurant sales and sales growth are presented on a systemwide basis.

Comparable Sales

Comparable sales is a key performance indicator used within the retail industry and is indicative of the success of our initiatives as well as local economic, competitive and consumer trends. Comparable sales are driven by changes in traffic and average check, which is affected by changes in pricing and product mix. Increases or decreases in comparable sales represent the percent change in sales from the prior year for all restaurants in operation for at least thirteen months, including those temporarily closed. Some of the reasons restaurants may close temporarily include reimaging or remodeling, rebuilding, road construction and natural disasters. With respect to restaurants where there are changes in ownership, all previous months' sales are reclassified according to the new ownership category when reporting comparable sales. As a result, there will be discrepancies between the sales figures used to calculate comparable sales and our results of operations. We report on a calendar basis, and therefore the comparability of the same month, quarter and year with the corresponding period for the prior year is impacted by the mix of days. The number of weekdays, weekend days and timing of holidays in a period can impact comparable sales positively or negatively. We refer to these impacts as calendar shift / trading day adjustments. These impacts vary geographically due to consumer spending patterns and have the greatest effect on monthly comparable sales while annual impacts are typically minimal.

We calculate and analyze comparable sales and average check in our divisions and systemwide on a constant-currency basis, which means they are calculated using the same exchange rate in the applicable division or systemwide, as applicable, over the periods under comparison to remove the effects of currency fluctuations from the analysis. We believe these constant-currency measures provide a more meaningful analysis of our business by identifying the underlying business trend, without distortion from the effect of foreign currency fluctuations.

Company-operated comparable sales growth refers to comparable sales growth for Company-operated restaurants and franchised comparable sales growth refers to comparable sales growth for franchised restaurants. We believe comparable sales growth is a key indicator of our performance, as influenced by our strategic initiatives and those of our competitors.

Average Restaurant Sales

Average restaurant sales, or ARS, is an important measure of the financial performance of our systemwide restaurants and changes in the overall direction and trends of sales. ARS is calculated by dividing the sales for the relevant period by the arithmetic mean of the number of restaurants at the beginning and end of such period. ARS is influenced mostly by comparable sales performance and restaurant openings and closures. As ARS is provided in nominal terms, it is affected by movements in foreign currency exchange rates.

Sales Growth

Sales growth refers to the change in sales by all restaurants, whether operated by us or by franchisees, from one period to another. We present sales growth both in nominal terms and on a constant-currency basis, which means the latter is calculated using the same exchange rate over the periods under comparison to remove the effects of currency fluctuations from the analysis.

Foreign Currency Translation

The financial statements of our foreign operating subsidiaries are translated in accordance with guidance in ASC 830, Foreign Currency Matters. See Note 3 to our consolidated financial statements. Except for our Venezuelan operations, the functional currencies of our foreign operating subsidiaries are the local currencies of the countries in which we conduct our operations. Therefore, the assets and liabilities of these subsidiaries are translated into U.S. dollars at the exchange rates as of the balance sheet date, and revenues and expenses are translated at the average exchange rates prevailing during the period. Translation adjustments are included in the “Accumulated other comprehensive loss” component of shareholders’ equity. We record foreign currency exchange results related to monetary assets and liabilities denominated in currencies other than our functional currencies in our consolidated income statement.

Venezuela

Effective January 1, 2010, Venezuela is considered to be highly inflationary. Under U.S. GAAP, an economy is considered to be highly inflationary when its three-year cumulative rate of inflation meets or exceeds 100%. Under the highly inflationary basis of accounting, the financial statements of our Venezuelan subsidiaries are remeasured as if their functional currency were our reporting currency (U.S. dollars), with remeasurement gains and losses recognized in earnings, rather than in the cumulative translation adjustment component of other comprehensive loss within shareholders’ equity.

On March 18, 2013, the Venezuelan government announced a new complementary foreign exchange system called the Supplementary System for the Administration of Foreign Currency (*Sistema Complementario de Adquisición de Divisas*), or SICAD. This new mechanism led to the definitive suspension of the regulated market for trading in foreign currency, known as the System for Transactions with Securities in Foreign Currency (*Sistema de Transacciones con Títulos en Moneda Extranjera*).

The SICAD mechanism is a former foreign currency exchange auction controlled by the Venezuelan government. The publication of the exchange rates of SICAD auctions started in December 2013 as required by the amended related regulation. The rate published for the last two weeks of 2013 was 11.3 *bolívares* per U.S. dollar.

On November 29, 2013, the government of Venezuela announced the creation of a new institution governing exchange rate control called the National Center of Foreign Trade (*Centro Nacional de Comercio Exterior*), or CENCOEX. Pursuant to Exchange Agreement N°26 published in the Venezuelan Official Gazette N° 6.125 Extr., dated of February 10, 2014, CENCOEX assumed the administration of the SICAD auctions. Based on announcements made by the Venezuelan government, there would only be access to U.S. dollars at a rate of 6.30 *bolívares* per U.S. dollar for the food industry and other industries deemed a priority, which as of today have not been fully defined.

On February 19, 2014, a new Exchange Regime Act was enacted to introduce flexibility into the exchange control system. These changes allowed the Government to create a new and different mechanism, called the alternative System for the Administration of Foreign Currency *(Sistema Cambiario Alternativo de Divisas*), or SICAD II. According to the Exchange Regime Act, the Central Bank of Venezuela no longer has exclusive control over buying and selling foreign currency. The new system was regulated through the Exchange Agreement N° 27 of March 10, 2014. This system was expected to serve as an additional source of U.S. dollars.

During January 2015, the Venezuelan government announced the unification of SICAD and SICAD II into a unitary foreign exchange mechanism called SICAD, an auction system controlled by the Venezuelan government with an initial exchange rate of 12.00 *bolívares* per U.S. dollar. The SICAD rate used by the Company for remeasurement purposes is 11.80 *bolívares* per U.S. dollar. On February 10, 2015, Exchange Agreement N°33 established a new open-market foreign exchange system called SIMADI (*Sistema Marginal de Divisas*). SIMADI functions on free-market principles with foreign currency offered either by PDVSA (Petróleos de Venezuela), the Central Bank of Venezuela or the private sector. SIMADI allows the settlement of transactions in cash and securities denominated in foreign currencies as well as transactions by foreign exchange intermediaries including banking institutions and brokerage houses. The Central Bank of Venezuela publishes the SIMADI referential exchange rate on its web page daily. This rate is the weighted average of the foreign exchange transactions conducted on the same day. As of April 18, 2016, the official SIMADI exchange rate is 341.0473 *bolívares* per U.S. dollar. SICAD II was suspended beginning on February 12, 2015. Pursuant to the public notice issued by the Ministry of Finance and the Central Bank of Venezuela, no further transactions were made through SICAD II after February 12, 2015. The SICAD II rate used by the Company for remeasurement purposes is 49.98 *bolívares* per U.S. dollar.

As a result of the foregoing, the acquisition of foreign currency at the official exchange rate by Venezuelan companies to honor foreign debt, pay dividends or otherwise move capital out of Venezuela is subject to the approval of the *Centro Nacional de Comercio Exterior* and to the availability of foreign currency within the SIMADI (or DICOM, as described below) mechanisms.

During February and March of 2016, the Venezuelan government announced new changes to the official exchange control system, which were published in the Official Gazette number 40,865 dated March 9, 2016, where the Venezuelan Central Bank and the Ministry for Banking and Finance issued Exchange Agreement N° 35, effective March 10, 2016. The new Exchange Agreement sets forth the new rules that will govern foreign exchange transactions carried out by public and private entities and individuals in Venezuela, eliminates SICAD and SIMADI, and creates a dual exchange system consisting of two new rates for the purchase and sale of foreign currency: the protected rate, or DIPRO, and the supplementary floating market rate, or DICOM.

The DIPRO rate was set at an initial exchange rate of 10.00 *bolívares* per U.S. dollar, which results in a further devaluation of the *bolívar*, from 6.30 *bolívares* per U.S. dollar to 10.00 *bolívares* per U.S. dollar, effective March 10, 2016. The DICOM rate starts at 215.3366 *bolívares* per U.S. dollar (the SIMADI rate as of March 10, 2016). The DIPRO rate will be used to settle transactions involving essential goods and services, while the DICOM rate will be used for other transactions, including the settlement for the purchase and sale of foreign currency. Until the DICOM rate is fully operational, SIMADI will remain in operation.

For more details about the Venezuelan exchange rate used for financial reporting, see Note 21 to our consolidated financial statements.

Factors Affecting Comparability of Results

Seasonality

Our sales and revenues are generally greater in the second half of the year than in the first half. Although the impact on our results of operations is relatively small, this impact is due to increased consumption of our products during the winter and summer holiday seasons, affecting July and December, respectively.

Critical Accounting Policies and Estimates

This management's discussion and analysis of financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses as well as related disclosures. On an ongoing basis, we evaluate our estimates and judgments based on historical experience and various other factors that we believe to be reasonable under the circumstances. Actual results may differ from these estimates under varying assumptions or conditions.

We consider an accounting estimate to be critical if:

- the nature of the estimates or assumptions is material due to the levels of subjectivity and judgment necessary to account for highly uncertain matters or the susceptibility of such matters to change; and
- the impact of the estimates and assumptions on our financial condition or operating performance is material.

We believe that of our significant accounting policies, the following encompass a higher degree of judgment and/or complexity.

Depreciation of Property and Equipment

Accounting for property and equipment involves the use of estimates for determining the useful lives of the assets over which they are to be depreciated. We believe that the estimates we make to determine an asset's useful life are critical accounting estimates because they require our management to make estimates about technological evolution and competitive uses of assets. We depreciate property and equipment on a straight-line basis over their useful lives based on management's estimates of the period over which these assets will generate revenue (not to exceed the lease term plus renewal options for leased property). The useful lives are estimated based on historical experience with similar assets, taking into account anticipated technological or other changes. We periodically review these lives relative to physical factors, economic considerations and industry trends. If there are changes in the planned use of property and equipment, or if technological changes occur more rapidly than anticipated, the useful lives assigned to these assets may need to be shortened, resulting in the recognition of increased depreciation and amortization expense or write-offs in future periods. No significant changes to useful lives have been recorded in the past. A significant change in the facts and circumstances that we relied upon in making our estimates may have a material impact on our operating results and financial condition.

Impairment of Long-Lived Assets and Goodwill

We review long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. We review goodwill for impairment annually in the fourth quarter. In assessing the recoverability of our long-lived assets and goodwill, we consider changes in economic conditions and make assumptions regarding, among other factors, estimated future cash flows by market and by restaurant, discount rates by country and the fair value of the assets. Estimates of future cash flows are highly subjective judgments based on our experience and knowledge of our operations. These estimates can be significantly impacted by many factors, including changes in global and local business and economic conditions, operating costs, inflation, competition, and consumer and demographic trends. A key assumption impacting estimated future cash flows is the estimated change in comparable sales.

During June 2014 and March 2015, we performed impairment testing on our long-lived assets in Venezuela considering the operating losses incurred in this market as a consequence of the currency exchange rate changes (indicator of potential impairment). As a result of this analysis, we recorded impairment charges of $7.8 and $45.2 million during fiscal years 2015 and 2014, respectively, using a fair-market-value approach. This change is primarily associated with an advanced payment for a real estate purchase, given during the fourth quarter of 2013 using a fair-market-value approach. The impairment charges also included certain restaurants with undiscounted future cash flows insufficient to recover their carrying value.

See Note 3 to our consolidated financial statements for a detail of markets for which we performed impairment tests of our long-lived assets and goodwill, as well as impairment charges recorded.

If our estimates or underlying assumptions change in the future, we may be required to record additional impairment charges.

Share-Based Compensation

We have share-based compensation plans outstanding pursuant to which we granted liability awards to certain employees under a long-term incentive plan. The accrued liability is remeasured at the end of each reporting period until settlement. The fair value of our liability awards is estimated using the Black-Scholes model. Accounting for our share-based compensation plans involves the use of estimates for determining: (a) the number of units that will vest based on the estimated completion of the requisite service period, and (b) the assumptions required by the closed-form pricing model (expected volatility, dividend yield, risk-free interest rate and expected term). These assumptions are estimated as follows:

- Expected volatility: based on implied volatility of our class A shares.
- Dividend yield: based on estimated annual dividends over the Company's market capitalization.
- Risk-free interest: prevailing implied interest rate of the U.S. Treasury zero-coupon strips with a remaining time to maturity similar to the expected term of the plan.
- Expected term: estimated as an average of the vesting term and the original contractual term of the plan.

All of these assumptions significantly impact the estimated fair value of the awards. We use historical data and estimates to determine these assumptions, and if these assumptions and/or the stock price change significantly in the future, our operating results and financial condition could be significantly impacted. See Note 16 to our consolidated financial statements for additional detail on the amounts involved.

In March 2011, we adopted our Equity Incentive Plan, or 2011 Plan, to attract and retain the most highly qualified and capable professionals and to promote the success of our business through an annual award program. The 2011 Plan permits grants of awards relating to our class A shares, including awards in the form of share (also referred to as stock) options, restricted shares, restricted share units, share appreciation rights, performance awards and other share-based awards as will be determined by our Board of Directors. The maximum number of shares that may be issued under the 2011 Plan is 5,238,235 class A shares, equal to 2.5% of our total outstanding class A and class B shares immediately following our initial public offering on April 14, 2011.

Restricted share units are measured at the grant-date market price of our class A shares. Stock options are accounted for at their grant-date fair value. Fair value of stock options is calculated using the Black-Scholes option pricing model. This calculation is affected by our stock price as well as assumptions regarding a number of highly complex and subjective variables (expected volatility, dividend yield, risk-free interest rate and expected term). These assumptions are estimated as was previously described for our liability awards. See Note 16 to our consolidated financial statements for additional detail on the assumptions used in our estimates and the amounts involved.

Accounting for Taxes

We record a valuation allowance to reduce the carrying value of deferred tax assets if it is more likely than not that some portion or all of our deferred assets will not be realized. Our valuation allowance as of December 31, 2015, 2014 and 2013 amounted to $297.9 million, $301.0 million and $270.1 million, respectively. We have considered future taxable income and ongoing prudent and feasible tax strategies in assessing the need for the valuation allowance. This assessment is carried out on the basis of internal projections, which are updated to reflect our most recent operating trends, such as the expiration date for tax loss carryforwards. Because of the imprecision inherent in any forward-looking data, the further into the future our estimates project, the less objectively verifiable they become. Therefore, we apply judgment to define the period of time to include projected future income to support the future realization of the tax benefit of an existing deductible temporary difference or carryforward and whether there is sufficient evidence to support the projections at a more-likely-than-not level for this period of time. Determining whether a valuation allowance for deferred tax assets is necessary often requires an extensive analysis of positive (e.g., a history of accurately projecting income) and negative evidence (e.g., historic operating losses) regarding realization of the deferred tax assets and inherent in that, an assessment of the likelihood of sufficient future taxable income. In 2015 and 2014, we recognized a loss amounting to $49.5 million and $71.7 million, respectively, related to tax loss carryforwards for which realization is not expected to occur. If these estimates and assumptions change in the future, we may be required to adjust the valuation allowance. This could result in a charge to, or an increase in, income in the period this determination is made.

In addition, the Company operates within multiple taxing jurisdictions and is subject to audit in these jurisdictions. The Company assesses the likelihood of any adverse judgments or outcomes on its tax positions, including income tax and other taxes, based on the technical merits of a tax position derived from authorities such as legislation and statutes, legislative intent, regulations, rulings and case law and their applicability to the facts and circumstances of the tax position. Such outcomes may change in the future due to new developments in each matter.

Provision for Contingencies

We have certain contingent liabilities with respect to existing or potential claims, lawsuits and other proceedings, including those involving labor, tax and other matters. Accounting for contingencies involves the use of estimates for determining the probability of each contingency and the estimated amount to settle the obligation, including related costs. We accrue liabilities when it is probable that future costs will be incurred and the costs can be reasonably estimated. The accruals are based on all the information available at the issuance date of the financial statements, including our estimates of the outcomes of these matters and our lawyers' experience in contesting, litigating and settling similar matters. If we are unable to reliably measure the obligation, no provision is recorded and information is then presented in the notes to our consolidated financial statements. As the scope of the liabilities becomes better defined, there may be changes in the estimates of future costs. Because of the inherent uncertainties in this estimation, actual expenditures may be different from the originally estimated amount recognized. See "Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal Proceedings" for a description of significant claims, lawsuits and other proceedings.

See Note 17 to our consolidated financial statements.

Results of Operations

We have based the following discussion on our consolidated financial statements. You should read it along with these financial statements, and it is qualified in its entirety by reference to them.

In a number of places in this annual report, in order to analyze changes in our business from period to period, we present our results of operations and financial condition on a constant-currency basis, which isolates the effects of foreign exchange rates on our results of operations and financial condition. In particular, we have isolated the effects of appreciation and depreciation of local currencies in the Territories against the U.S. dollar because we believe that doing so is useful in understanding the development of our business. For these purposes, we eliminate the effect of movements in the exchange rates by converting the balances for both periods being compared from their local currencies to the U.S. dollar using the same exchange rate.

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Set forth below are our results of operations for the years ended December 31, 2015 and 2014.

	For the Years Ended December 31,		% Increase
	2015	2014	(Decrease)
	(in thousands of U.S. dollars)		
Sales by Company-operated restaurants	$ 2,930,379	$ 3,504,302	(16.4)%
Revenues from franchised restaurants	122,361	146,763	(16.6)
Total revenues	**3,052,740**	**3,651,065**	**(16.4)**
Company-operated restaurant expenses:			
Food and paper	(1,037,487)	(1,243,907)	(16.6)
Payroll and employee benefits	(616,358)	(734,093)	(16.0)
Occupancy and other operating expenses	(838,037)	(997,065)	(15.9)
Royalty fees	(149,089)	(173,663)	(14.2)
Franchised restaurants – occupancy expenses	(54,242)	(63,939)	(15.2)
General and administrative expenses	(270,680)	(272,065)	(0.5)
Other operating income (expenses), net	6,560	(95,476)	(106.9)
Total operating costs and expenses	**(2,959,333)**	**(3,580,208)**	**(17.3)**
Operating income	**93,407**	**70,857**	**31.8**
Net interest expense	(64,407)	(72,750)	(11.5)
Loss from derivative instruments	(2,894)	(685)	322.5
Foreign currency exchange results	(54,032)	(74,117)	(27.1)
Other non-operating (expenses) income, net	(627)	146	(529.5)
Loss before income taxes	**(28,553)**	**(76,549)**	**(62.7)**
Income tax expense	(22,816)	(32,479)	(29.8)
Net loss	**(51,369)**	**(109,028)**	**(52.9)**
Less: Net income attributable to non-controlling interests	(264)	(305)	(13.4)
Net loss attributable to Arcos Dorados Holdings Inc.	**(51,633)**	**(109,333)**	**(52.8)**

Set forth below is a summary of changes to our systemwide, Company-operated and franchised restaurant portfolios in 2015 and 2014.

Systemwide Restaurants	For the Years Ended December 31, 2015	2014
Systemwide restaurants at beginning of period	2,121	2,062
Restaurant openings	36	82
Restaurant closings	(16)	(23)
Systemwide restaurants at end of period	2,141	2,121

Company-Operated Restaurants	For the Years Ended December 31, 2015	2014
Company-operated restaurants at beginning of period	1,577	1,538
Restaurant openings	18	56
Restaurant closings	(16)	(23)
Net conversions of franchised restaurants to Company-operated restaurants	5	2
Company-operated restaurants at end of period	1,588	1,577

Franchised Restaurants	For the Years Ended December 31, 2015	2014
Franchised restaurants at beginning of period	544	524
Restaurant openings	18	26
Restaurant closings	(4)	(4)
Net conversions of franchised restaurants to Company-operated restaurants	(5)	(2)
Franchised restaurants at end of period	553	544

Key Business Measures

We track our results of operations and manage our business by using three key business measures: comparable sales growth, average restaurant sales and sales growth. Unless otherwise stated, comparable sales growth, average restaurant sales and sales growth are presented on a systemwide basis.

Comparable Sales

	For the Year Ended December 31, 2015
Arcos Dorados	
Systemwide comparable sales growth	9.9%
Company-operated comparable sales growth	8.8
Franchised comparable sales growth	12.9
Systemwide comparable sales growth by division	
Brazil	1.9
Caribbean division	25.0
NOLAD	1.2
SLAD	23.2
Company-operated comparable sales growth by division	
Brazil	1.5
Caribbean division	16.1
NOLAD	1.2
SLAD	22.0

Franchised comparable sales growth by division	For the Year Ended December 31, 2015
Brazil	2.7%
Caribbean division	51.2
NOLAD	1.0
SLAD	31.1

Our comparable sales growth on a systemwide basis in 2015 was driven by the increase in average check, which resulted mainly from price increases.

Average Restaurant Sales

	For the Years Ended December 31,	
	2015	2014
	(in thousands of U.S. dollars)	
Systemwide average restaurant sales	$ 1,832	$ 2,268
Company-operated average restaurant sales	1,852	2,250
Franchised average restaurant sales	1,775	2,319

Our ARS decreased in 2015 because of the depreciation of most currencies in the Territories against the U.S. dollar, partially offset by comparable sales growth of 9.9%.

Sales Growth

	For the Years Ended December 31,	
	(in nominal terms)	(in constant currency)
Brazil	(24.2)%	6.1%
Caribbean division	(38.3)	24.2
NOLAD	(6.5)	2.8
SLAD	9.8	25.0
Total Systemwide Sales Growth	**(17.7)**	**12.5**

In nominal terms, sales decreased during 2015 due to the negative impact of the depreciation of most currencies in the Territories against the U.S. dollar. This was partially offset by comparable sales growth of 9.9% and the net addition of 79 restaurants systemwide since January 1, 2014. We had 1,588 Company-operated restaurants and 553 franchised restaurants as of December 31, 2015, compared to 1,577 Company-operated restaurants and 544 franchised restaurants as of December 31, 2014.

Revenues

	For the Years Ended December 31,		
	2015	2014	% Decrease
	(in thousands of U.S. dollars)		
Sales by company-operated restaurants			
Brazil	$ 1,289,543	$ 1,724,889	(25.2)%
Caribbean division	386,512	574,540	(32.7)
NOLAD	351,122	367,075	(4.3)
SLAD	903,202	837,798	7.8
Total	**2,930,379**	**3,504,302**	**(16.4)**
Revenues from franchised restaurants			
Brazil	72,446	91,157	(20.5%
Caribbean division	11,632	19,680	(40.9)
NOLAD	16,242	18,039	(10.0)
SLAD	22,041	17,887	23.2
Total	**122,361**	**146,763**	**(16.6)**
Total revenues			
Brazil	1,361,989	1,816,046	(25.0)%
Caribbean division	398,144	594,220	(33.0)
NOLAD	367,364	385,114	(4.6)
SLAD	925,243	855,685	8.1
Total	**3,052,740**	**3,651,065**	**(16.4)**

Sales by Company-operated Restaurants

Total sales by Company-operated restaurants decreased by $573.9 million, or 16.4%, from $3,504.3 million in 2014 to $2,930.4 million in 2015, mainly as a result of the depreciation of most currencies in the Territories against the U.S. dollar ($955.0 million). This was partially offset by 8.8% growth in comparable sales, due to a higher average check, which caused sales to increase by $305.0 million, coupled with a $76.1 million increase as a result of 44 net restaurant openings and the conversion of seven franchised restaurants into Company-operated restaurants since January 1, 2014. Sales were negatively affected by a worsening macroeconomic environment in our main countries.

In Brazil, sales by Company-operated restaurants decreased by $435.3 million, or 25.2%, to $1,289.5 million. This was a consequence of the depreciation of the real against the U.S. dollar, which caused sales to decrease by $517.3 million. This was partially offset by 36 net restaurant openings since January 1, 2014 which contributed $56.6 million to sales, even considering the conversion of four Company-operated restaurants into franchised restaurants since January 1, 2014. Comparable sales were affected by a worsening macroeconomic environment, nevertheless, growth of 1.5% contributed $25.4 million to sales increase.

In the Caribbean division, sales by Company-operated restaurants decreased by $188.0 million, or 32.7%, to $386.5 million. The main driver of this decrease was the adoption of SIMADI as the reporting exchange rate in Venezuela, which caused sales to decrease by $230.5 million. Depreciation of other currencies in the division, accounted for $52.1 million in sales decrease. This was partially offset by 16.1% growth in comparable sales, which contributed $92.2 million to increase in sales. Average check growth was the driver of comparable sales growth and resulted from price increases. In addition, the conversion of three franchised restaurants into Company-operated restaurants, partially offset by the net closing of six restaurants since January 1, 2014 contributed $2.3 million to sales increase.

In NOLAD, sales by Company-operated restaurants decreased by $16.0 million, or 4.3%, to $351.1 million. This was a consequence of the depreciation of local currencies, which caused sales to decrease by $31.3 million. This was partially offset by nine net restaurant openings and the conversion of 11 franchised restaurants into Company-operated restaurants since January 1, 2014, which resulted in a sales increase of $10.7 million. Average check growth was the driver of comparable sales growth by 1.5%, which contributed $4.6 million to the increase in sales.

In SLAD, sales by Company-operated restaurants increased by $65.4 million, or 7.8%, to $903.2 million. This was a consequence of a 22.0% growth in comparable sales, resulting from a higher average check due to price increases, which caused sales to increase by $182.8 million, coupled with the net opening of four restaurants, partially offset by the conversion of three Company-operated restaurants into franchised restaurants, since January 1, 2014, contributing $6.5 million to the increase in sales. The depreciation of most currencies in the region against the U.S. dollar caused sales to decrease by $123.8 million.

Revenues from Franchised Restaurants

Our total revenues from franchised restaurants decreased by $24.4 million, or 16.6%, from $146.8 million in 2014 to $122.4 million in 2015. The main contributor to this decrease was the depreciation of most currencies in the Territories against the U.S. dollar by $59.8 million. This was partially offset by comparable sales growth of 12.8%, which resulted in an increase in revenues of $18.0 million, higher rental income as a percentage of sales which increased from 11.9% in 2014 to 12.6% in 2015, amounting to $10.3 million, and the net opening of 36 franchised restaurants (partially offset by the conversion of 7 franchised restaurants into Company-operated restaurants) since January 1, 2014, which caused revenues from franchised restaurants to increase by $7.0 million. In 2015, 82.7% and 17.3% of revenues from franchised restaurants were earned on the basis of a percentage of sales and on a flat-fee basis, respectively. In 2014, 84.5% and 15.5% of revenues from franchised restaurants were earned on the basis of a percentage of sales and on a flat fee basis, respectively.

In Brazil, revenues from franchised restaurants decreased by $18.7 million, or 20.5%, to $72.4 million primarily as a result of the depreciation of the real against the U.S. dollar by $29.0 million, partially offset by the net opening of 35 franchised restaurants and the conversion of four Company-operated restaurants into franchised restaurants, since January 1, 2014, coupled with comparable sales growth of 2.7%, which explained $6.0 million and $2.5 million of the increase, respectively. In addition, increased rental income, resulted in increased revenues from franchised restaurants of $1.9 million.

In the Caribbean division, revenues from franchised restaurants decreased by $8.0 million, or 40.9%, to $11.6 million. This decrease was driven by the adoption of SIMADI as the reporting exchange rate in Venezuela and the net closing of three restaurants as well as the conversion of three franchised restaurants into Company-operated restaurants since January 1, 2014, negatively impacting revenues by $25.6 million and $0.6 million, respectively. This was partially offset by comparable sales growth of 51.2%, resulting in an $9.8 million increase in revenues. Rental income was negatively affected in 2014 by Venezuelan governmental regulations on rental contracts, which imposed a limit on the rent that we can charge to lessees since December 2013. Such restrictions were relaxed in 2015, positively impacting revenues by $8.4 million.

In NOLAD, revenues from franchised restaurants decreased by $1.8 million, or 10.0%, to $16.2 million. This decrease was a result of the depreciation of the Mexican *peso* against the U.S. dollar, contributing $2.0 million. In addition, the conversion of 11 franchised restaurants into Company-operated restaurants since January 1, 2014, partially offset by the net opening of two restaurants, caused revenues from franchised restaurants to decrease by $0.1 million. These effects were offset in part by higher rental income and a 0.5% increase in comparable sales, which resulted in a $0.3 million and $0.1 million increase in revenues, respectively.

In SLAD, revenues from franchised restaurants increased by $4.2 million, or 23.2%, to $22.0 million. This growth resulted mainly from comparable sales growth of 31.1%, which accounted for $5.7 million. In addition, coupled with the net openings of two restaurants, and the conversion of 3 Company-operated restaurants into franchised restaurants since January 1, 2014, caused revenues to increase by $1.8 million. This was partially offset by the depreciation of the local currencies in Argentina and Chile against the U.S. dollar and lower rental income, representing a decrease in revenues of $3.1 million and $0.2, respectively.

Operating Costs and Expenses

Food and Paper

Our total food and paper costs decreased by $206.4 million, or 16.6%, to $1,037.5 million in 2015, as compared to 2014. As a percentage of our total sales by Company-operated restaurants, food and paper costs decreased by 0.1

percentage points to 35.4%, primarily due to a higher level of inventories and higher currency depreciation in Venezuela in 2014 that, considering inventories are measured at their historical cost in U.S. dollars, generated a higher food and paper expense as a percentage of sales in 2014. In addition, higher price increases than cost increases in SLAD contributed to a decrease in food and paper costs as percentage of sales. This was partially offset by the impact of the depreciation of currencies over imported input costs, coupled with an unfavorable change in product mix in Brazil.

In Brazil, food and paper costs decreased by $131.4 million, to $421.8 million. As a percentage of the division's sales by Company-operated restaurants, food and paper costs increased by 0.6 percentage points to 32.7%, primarily as a result of an unfavorable change in product mix, derived from promotional activities carried out in an attempt to offset the unfavorable macroeconomic environment.

In the Caribbean division, food and paper costs decreased by $85.2 million, or 36.5%, to $148.2 million. As a percentage of the division's sales by Company-operated restaurants, food and paper costs decreased by 2.3 percentage points to 38.3%, primarily due to a higher level of inventories and higher currency depreciation in Venezuela in 2014 that, considering inventories are measured at their historical cost in U.S. dollars, generated a higher food and paper expense as a percentage of sales in 2014, partially offset by higher costs resulting from the depreciation of the Colombian Peso.

In NOLAD, food and paper costs decreased by $4.1 million, or 3.0%, to $135.3 million. As a percentage of the division's sales by Company-operated restaurants, food and paper costs increased by 0.5 percentage points to 38.5%, resulting primarily from higher input costs resulting from the devaluation of the Mexican *peso*.

In SLAD, food and paper costs increased by $13.4 million, or 4.4%, to $320.6 million. As a percentage of the division's sales by Company-operated restaurants, food and paper costs decreased by 1.2 percentage points to 35.5%, mostly as a result of higher price increases than costs increases in Argentina.

Payroll and Employee Benefits

Our total payroll and employee benefits costs decreased by $117.7 million, or 16.0%, to $616.4 million in 2015, as compared to 2014. As a percentage of our total sales by Company-operated restaurants, payroll and employee benefits costs increased 0.1 percentage points to 21.0%. This increase in payroll and employee benefits costs as a percentage of our total sales by Company-operated restaurants is mostly attributable to a tax credit related to salaries in Brazil in 2014, severances related with a reorganization plan in Brazil, partially offset by operational efficiencies in NOLAD and SLAD.

In Brazil, payroll and employee benefits costs decreased by $84.9 million, or 23.6%, to $274.8 million. As a percentage of the division's sales by Company-operated restaurants, payroll and employee benefits costs increased by 0.5 percentage points to 21.3% as a result of a tax over salaries credit in 2014 and severances related with headcount optimization in 2015.

In the Caribbean division, payroll and employee benefits costs decreased by $38.7 million, or 31.7%, to $83.3 million. As a percentage of the division's sales by Company-operated restaurants, payroll and employee benefits costs increased by 0.3 percentage points to 21.6%, mainly due to a change in Venezuela's relative weight in the Caribbean division´s payroll and employee benefits structure, related to the adoption of SIMADI as the reporting exchange rate, as Venezuela´s payroll and employee benefit costs as percentage of sales is lower than the rest of the countries in the Caribbean division.

In NOLAD, payroll and employee benefits costs decreased by $7.0 million, or 11.2%, to $56.1 million. As a percentage of the division's sales by Company-operated restaurants, payroll and employee benefits costs decreased 1.2 percentage points to 16.0%, resulting from an increase in operational efficiency.

In SLAD, payroll and employee benefits costs increased by $12.9 million, or 6.8%, to $202.1 million. As a percentage of the division's sales by Company-operated restaurants, payroll and employee benefits decreased by 0.2 percentage points to 22.4% as a result of a reduced number of restaurant managers as compared to the prior year.

Occupancy and Other Operating Expenses

Our total occupancy and other operating expenses decreased by $159.0 million, or 15.9%, to $838.0 million in 2015, as compared to 2014. As a percentage of our total sales by Company-operated restaurants, occupancy and other operating expenses increased 0.1 percentage points to 28.6%, mainly due to the adoption of SIMADI as reporting exchange rate in Venezuela, since certain costs are measured in U.S. dollars at historical exchange rates while sales are translated at the applicable SIMADI exchange rate; coupled with higher rents paid to third parties, mainly in Brazil.

In Brazil, occupancy and other operating expenses decreased by $117.6 million, or 23.7%, to $379.1 million. As a percentage of the division's sales by Company-operated restaurants, occupancy and other operating expenses increased by 0.6 percentage points to 29.4%, mainly as a result of higher rent expenses, due to a higher number of contracts paid based on the minimum value. Additionally, higher contingencies related to the increased efficiency of Brazilian courts in managing certain labor claims.

In the Caribbean division, occupancy and other operating expenses decreased by $52.7 million, or 29.1%, to $128.7 million. As a percentage of the division's sales by Company-operated restaurants, occupancy and other operating expenses increased 1.7 percentage points to 33.3% due to the adoption of SIMADI as the reporting exchange rate in Venezuela, since sales are translated at the applicable SIMADI exchange rate, while depreciation and amortization, insurances and certain operational inventories, are valued at historical U.S. dollar cost. This was partially offset by the lower cost of outside services in Colombia and the lower cost of utilities in Puerto Rico.

In NOLAD, occupancy and other operating expenses decreased by $11.1 million, or 8.6%, to $117.0 million. As a percentage of the division's sales by Company-operated restaurants, occupancy and other operating expenses decreased 1.6 percentage points to 33.3%, mainly due to savings in electricity consumption and other cost efficiencies related to utilities.

In SLAD, occupancy and other operating expenses increased by $16.7 million, or 7.8%, to $229.7 million. As a percentage of the division's sales by Company-operated restaurants, occupancy and other operating expenses remained unchanged at 25.4%.

Royalty Fees

Our total royalty fees decreased by $24.6 million, or 14.2%, to $149.1 million in 2015, as compared to 2014. As a percentage of sales, royalty fees increased by 0.1 percentage points to 5.1% due to a relief granted by McDonald's corporation in 2014 in Venezuela due to the economic environment prevailing in that country.

In Brazil, royalty fees decreased by $23.6 million, or 25.5%, to $69.1 million in 2015, as compared to 2014, in line with the increase in sales by Company-operated restaurants.

In the Caribbean division, royalty fees decreased by $3.2 million, or 14.6%, to $19.0 million in 2015, as compared to 2014. As a percentage of sales by Company-operated restaurants, royalty fees increased by 1.0 percentage point to 4.9% due to a relief granted by McDonald´s Corporation in Venezuela during 2014 due to the economic environment prevailing in that country.

In NOLAD, royalty fees decreased by $0.8 million, or 4.7%, to $17.0 million in 2015, as compared to 2014, in line with the increase in sales by Company-operated restaurants.

In SLAD, royalty fees increased by $3.1 million, or 7.7%, to $44.1 million in 2015, as compared to 2014. As a percentage of sales by Company-operated restaurants, royalty fees remained unchanged at 4.9%.

Franchised Restaurants—Occupancy Expenses

Occupancy expenses from franchised restaurants decreased by $9.7 million or 15.2%, to $54.2 million in 2015, as compared to 2014, mainly due to the depreciation of the Brazilian real, Mexican *peso* and the adoption of SIMADI as the reporting exchange rate in Venezuela. This was partially offset by higher rent expenses for leased properties, as a consequence of the increase in sales from franchised restaurants and store openings, coupled with higher depreciation and amortization expenses for owned properties.

In Brazil, occupancy expenses from franchised restaurants increased by $7.3 million, or 18.0%, to $33.4 million in 2015, as compared to 2014, primarily due to the depreciation of the Brazilian real. This was partially offset by higher rent expenses for leased properties, as a consequence of the increase in sales from franchised restaurants and store openings, coupled with higher depreciation and amortization expenses for owned properties.

In the Caribbean division, occupancy expenses from franchised restaurants decreased by $2.2 million, or 21.2% to $8.2 million. This was mainly due to the adoption of SIMADI as the reporting exchange rate in Venezuela, partially offset by higher rent expenses for leased properties, as a consequence of the increase in sales from franchised restaurants.

In NOLAD, occupancy expenses from franchised restaurants decreased by $1.9 million, or 16.9%, to $9.2 million in 2015, as compared to 2014, mainly due to the depreciation of the Mexican *peso* against the U.S. dollar, coupled with a reversal of allowances for doubtful accounts in Mexico in 2015.

In SLAD, occupancy expenses from franchised restaurants decreased by $1.1 million, or 27.7%, to $5.2 million in 2015, as compared to 2014, mainly due to higher rent expenses for leased properties, as a consequence of the increase in sales from franchised restaurants and store openings. This was partially offset the depreciation of local currencies against the U.S. dollar in Argentina and Chile.

Set forth below are the margins for our franchised restaurants in 2015, as compared to 2014. The margin for our franchised restaurants is expressed as a percentage and is equal to the difference between revenues from franchised restaurants and occupancy expenses from franchised restaurants, divided by revenues from franchised restaurants.

	For the Years Ended December 31,	
	2015	**2014**
Brazil	53.8%	55.3%
Caribbean Division	29.2	46.9
NOLAD	43.6	38.9
SLAD	76.5	77.3
Total	**55.7%**	**56.4%**

General and Administrative Expenses

General and administrative expenses decreased by $1.4 million, or 0.5%, to $270.7 million in 2015, as compared to 2014. This decrease was mostly due to the depreciation of most currencies in the Territories against the U.S. dollar, amounting to $67.7 million, and a decrease in payroll due to the reorganization and optimization plans carried out during the second quarter of 2014 and the last quarter of 2015, amounting to $8.2 million. This was partially offset by salary increases amounting to $28.0 million, mainly linked to the inflation in Argentina and Venezuela, increases in outsourced professional services amounting to $18.7 million, higher bonuses and other variable compensation provisions amounting to $14.7 million, and increases in severance payments as a consequence of the staff reorganization amounting to $13.3 million.

In Brazil, general and administrative expenses decreased by $11.5 million, or 13.3%, to $74.7 million in 2015, as compared to 2014. The decrease resulted primarily from the depreciation of the real against the U.S. dollar amounting to $30.3 million, coupled with a decrease in payroll due to the reorganization and optimization plans carried out during second quarter of 2014 and last quarter of 2015 amounting to $1.3 million. This was partially offset by salary increases amounting to $8.4 million and bonuses and other variable compensation provisions amounting to $4.4 million, coupled with severance payment which amounted to $3.2 million. In addition, this decrease was partially offset by an increase in software amortization amounting to $2.3 million and higher other general outside services amounting to $1.5 million.

In the Caribbean division, general and administrative expenses decreased by $11.2 million, or 26.0%, to $32.0 million in 2015, as compared to 2014. This decrease was mainly due to the adoption of SIMADI as the reporting exchange rate in Venezuela and to the depreciation of other currencies in the Caribbean division, amounting to $16.4 million, coupled with a decrease in payroll cost due to the reorganization and optimization plans carried out in the second quarter of 2014 and the last quarter of 2015 amounting to $2.3 million. This was partially offset by salary increases mainly due to Venezuela's inflation amounting to $3.7 million, higher bonuses and other variable compensation provisions amounting to $2.7 million and severance payments amounting to $1.2 million.

In NOLAD, general and administrative expenses decreased by $1.6 million, or 6.0%, to $25.3 million in 2015, as compared to 2014. The decrease was mostly due to the depreciation of the Mexican *peso* against the U.S. dollar amounting to $3.5 million, coupled with a decrease in payroll due to staff reorganizations carried out during the second quarter of 2014 and the last quarter of 2015 amounting to $ 0.9 million. This was partially offset by higher bonuses and other variable compensation provisions amounting to $1.8 million, salary increases and severance payments amounting to $0.6 million and $0.5 million, respectively.

In SLAD, general and administrative expenses increased by $4.2 million, or 13.6%, to $34.8 million in 2015, as compared to 2014. This increase is a result of salary increases linked to Argentina's inflation amounting to $4.5 million, increases in severance payments amounting to $2.9 million and bonus and other variable compensation provisions amounting to $1.4 million, coupled with increases in occupancy expenses and outside services amounting to $1.2 million and increase in other payroll-related expenses amounting to $0.5 million. In addition, the increase was due to the increases in travel expenses and employee meals to $0.3 million and $0.1 million, respectively. This increase was partially offset mainly by the depreciation of the Argentine *peso* and other currencies in the division against the U.S. dollar amounting to $4.3 million, coupled with a decrease in payroll costs due to staff reorganizations carried out during the second quarter of 2014 and the last quarter of 2015 amounting to $2.6 million.

General and administrative expenses for Corporate and others increased by $18.7 million, or 22.0%, to $103.9 million in 2015, as compared to 2014. This increase was mostly due to an increase in outsourced professional services amounting to $12.7 million and salary increases linked to Argentina's inflation, as a portion of our corporate expenses are located in Argentina, amounting to $10.9 million, coupled with an increase in severance payments amounting to $5.6 million and bonuses and other variable compensation provisions amounting to $4.4 million. This was partially offset by the depreciation of the Argentine p*eso* against the U.S. dollar, amounting to $13.2 million, coupled with a decrease in payroll due to staff reorganizations carried out during the second quarter of 2014 and the last quarter of 2015 amounting to $1.0 million.

Other Operating Income (Expenses), Net

Other operating income (expenses), net increased by $102.0 million, to $6.6 million in 2015, as compared to an expense of $95.5 million in 2014. This increase was primarily attributable to lower impairment of long-lived assets and write-down of certain inventories in Venezuela ($37.4 million and $15.8 million, respectively), a net tax recovery in Brazil amounting to $32.6 million and higher gain from sale and insurance recovery of property and equipment ($8.9 million).

Operating Income

	For the Years Ended December 31,		% Increase
	2015	2014	(Decrease)
	(in thousands of U.S. dollars)		
Brazil	$ 135,657	$ 172,787	(2.5)%
Caribbean division	(36,482)	(88,711)	(58.9)
NOLAD	11,775	(6,484)	(281.6)
SLAD	83,906	67,885	23.6
Corporate and other and purchase price allocation	(101,449)	(74,620)	36.0
Total	**93,407**	**70,857**	**31.8**

Operating income increased by $22.6 million, or 31.8%, to $93.4 million in 2015, as compared to 2014.

Net Interest Expense

Net interest expense decreased by $8.3 million, or 11.5%, to $64.4 million in 2015, as compared to 2014. The decrease was primarily attributable to lower interest on 2016 notes ($8.3 million), due to the depreciation of the Brazilian *reais*.

Loss from Derivative Instruments

Loss from derivative instruments increased by $2.2 million to $2.9 million in 2015, as compared to $0.7 million in 2014, primarily due to the amendment of the cross-currency interest rate swap agreement ($2.6 million).

Foreign Currency Exchange Results

Foreign currency exchange results decreased by $20.1 million, to a $54.0 million loss in 2015, from $74.1 million in 2014, mainly due to lower foreign currency exchange loss in Venezuela related to the reassessment of the exchange rate used for remeasurement purposes for $50.6 million, partially offset by the net impact of the Brazilian *reais* depreciation in intercompany balances and long-term debt ($25.8 million).

Other Non-operating Expenses, Net

Other non-operating expenses, net decreased by $0.8 million to a $0.6 million loss in 2015, as compared to a $0.1 million loss in 2014.

Income Tax Expense

Income tax expense decreased by $9.7 million, from $32.5 million in 2014 to $22.8 million in 2015, mainly explained by an increase in deferred income tax benefit. The resulting consolidated effective tax rate was (79.9)% in 2015, as compared to (42.4)% in 2014. See Note 15 to our consolidated financial statements for a reconciliation of income tax expense for fiscal years 2015 and 2014.

Net Income Attributable to Non-controlling Interests

Net income attributable to non-controlling interests for 2015 remained unchanged from 2014.

Net Loss Attributable to Arcos Dorados Holdings Inc.

As a result of the foregoing, net loss attributable to Arcos Dorados Holdings Inc. decreased by $57.7 million in 2015, or 52.8%, to a loss of $51.6 million, as compared to a loss of $109.3 million in 2014.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Set forth below are our results of operations for the years ended December 31, 2014 and 2013.

	For the Years Ended December 31,		% Increase (Decrease)
2014	**2013**	**2014**	
	(in thousands of U.S. dollars)		
Sales by Company-operated restaurants	$ 3,504,302	$ 3,859,883	(9.2)%
Revenues from franchised restaurants	146,763	173,427	(15.4)
Total revenues	**3,651,065**	**4,033,310**	**(9.5)**
Company-operated restaurant expenses:			
Food and paper	(1,243,907)	(1,350,515)	(7.9)
Payroll and employee benefits	(734,093)	(814,112)	(9.8)
Occupancy and other operating expenses	(997,065)	(1,055,188)	(5.5)
Royalty fees	(173,663)	(188,885)	(8.1)
Franchised restaurants – occupancy expenses	(63,939)	(63,273)	1.1
General and administrative expenses	(272,065)	(317,745)	(14.4)
Other operating expenses, net	(95,476)	(15,070)	533.6
Total operating costs and expenses	**(3,580,208)**	**(3,804,788)**	**(5.9)**
Operating income	**70,857**	**228,522**	**(69.0)**
Net interest expense	(72,750)	(88,156)	(17.5)
Loss from derivative instruments	(685)	(4,141)	(83.5)
Foreign currency exchange results	(74,117)	(38,783)	91.1
Other non-operating expenses, net	146	(848)	(117.2)
(Loss) income before income taxes	**(76,549)**	**96,594**	**(179.2)**
Income tax expense	(32,479)	(42,722)	(24.0)
Net (loss) income	**(109,028)**	**53,872**	**(302.4)**
Less: Net income attributable to non-controlling interests	(305)	(18)	1,594.4
Net (loss) income attributable to Arcos Dorados Holdings Inc.	**(109,333)**	**53,854**	**(303.0)**

Set forth below is a summary of changes to our systemwide, Company-operated and franchised restaurant portfolios in 2014 and 2013.

Systemwide Restaurants	For the Years Ended December 31, 2014	2013
Systemwide restaurants at beginning of period	2,062	1,948
Restaurant openings	82	130
Restaurant closings	(23)	(16)
Systemwide restaurants at end of period	2,121	2,062

Company-Operated Restaurants	For the Years Ended December 31, 2014	2013
Company-operated restaurants at beginning of period	1,538	1,453
Restaurant openings	56	95
Restaurant closings	(19)	(8)
Net conversions of franchised restaurants to Company-operated restaurants	2	(2)
Company-operated restaurants at end of period	1,577	1,538

Franchised Restaurants	For the Years Ended December 31, 2014	2013
Franchised restaurants at beginning of period	524	495
Restaurant openings	26	35
Restaurant closings	(4)	(8)
Net conversions of franchised restaurants to Company-operated restaurants	(2)	2
Franchised restaurants at end of period	544	524

Key Business Measures

We track our results of operations and manage our business by using three key business measures: comparable sales growth, average restaurant sales and sales growth. Unless otherwise stated, comparable sales growth, average restaurant sales and sales growth are presented on a systemwide basis.

Comparable Sales

	For the Year Ended December 31, 2014
Arcos Dorados	
Systemwide comparable sales growth	10.0%
Company-operated comparable sales growth	8.5
Franchised comparable sales growth	14.0
Systemwide Comparable Sales Growth by Division	
Brazil	1.8
Caribbean division	24.7
NOLAD	(4.6)
SLAD	21.1
Company-operated Comparable Sales Growth by Division	
Brazil	1.2
Caribbean division	18.5
NOLAD	(5.6)
SLAD	19.8
Franchised Comparable Sales Growth by Division	
Brazil	3.2%
Caribbean division	38.7
NOLAD	(2.6)
SLAD	30.4

Our comparable sales growth on a systemwide basis in 2014 was driven by the increase in average check, which resulted mainly from price increases.

Average Restaurant Sales

	For the Years Ended December 31, 2014	2013
	(in thousands of U.S. dollars)	
Systemwide average restaurant sales	$ 2,268	$ 2,611
Company-operated average restaurant sales	2,250	2,581
Franchised average restaurant sales	2,319	2,697

Our ARS decreased in 2014 because of the depreciation of most currencies in the Territories against the U.S. dollar, partially offset by comparable sales growth of 10.0%.

Sales Growth

	For the Year Ended December 31, 2014 (in nominal terms)	(in constant currency)
Brazil	—%	9.2%
Caribbean division	(31.9)	26.2
NOLAD	(5.6)	(1.8)
SLAD	(9.3)	24.2
Total Systemwide Sales Growth	**(9.4)**	**14.7**

In nominal terms, sales decreased during 2014 due to the negative impact of the depreciation of most currencies in the Territories against the U.S. dollar. This was partially offset by comparable sales growth of 10.0% and the net addition of 173 restaurants systemwide since January 1, 2013. We had 1,577 Company-operated restaurants and 544 franchised restaurants as of December 31, 2014, compared to 1,538 Company-operated restaurants and 524 franchised restaurants as of December 31, 2013.

Revenues

	For the Years Ended December 31, 2014	2013	% Decrease
	(in thousands of U.S. dollars)		
Sales by Company-operated Restaurants			
Brazil	$ 1,724,889	$ 1,755,716	(1.8)%
Caribbean division	574,540	780,675	(26.4)
NOLAD	367,075	388,246	(5.5)
SLAD	837,798	935,246	(10.4)
Total	**3,504,302**	**3,859,883**	**(9.2)**
Revenues from Franchised Restaurants			
Brazil	91,157	86,608	5.3%
Caribbean division	19,680	49,772	(60.5)
NOLAD	18,039	19,526	(7.6)
SLAD	17,887	17,521	2.1
Total	**146,763**	**173,427**	**(15.4)**
Total Revenues			
Brazil	1,816,046	1,842,324	(1.4)%
Caribbean division	594,220	830,447	(28.4)
NOLAD	385,114	407,772	(5.6)
SLAD	855,685	952,767	(10.2)
Total	**3,651,065**	**4,033,310**	**(9.5)**

Sales by Company-operated Restaurants

Total sales by Company-operated restaurants decreased by $355.6 million, or 9.2%, from $3,859.9 million in 2013 to $3,504.3 million in 2014, mainly as a result of the depreciation of most currencies in the Territories against the U.S. dollar ($852.3 million). This was partially offset by 8.5% growth in comparable sales, due to a higher average check, which caused sales to increase by $324.5 million, coupled with a $172.2 million increase as a result of 124 net restaurant openings since January 1, 2013. Sales were negatively affected by the Football World Cup held in Brazil in June and July 2014 and a worsening macroeconomic environment in our main countries.

In Brazil, sales by Company-operated restaurants decreased by $30.8 million, or 1.8%, to $1,724.9 million. This was a consequence of the depreciation of the real against the U.S. dollar, which caused sales to decrease by $157.2 million. This was partially offset by 80 net restaurant openings and the conversion of one franchised restaurant into a Company-operated restaurant after January 1, 2013, which contributed $104.7 million to the increase. Average check growth was the driver of comparable sales growth of 1.2%, which contributed $21.6 million to the increase in sales.

In the Caribbean division, sales by Company-operated restaurants decreased by $206.1 million, or 26.4%, to $574.5 million. The main driver of this decrease was the adoption of SICAD and SICAD II as the reporting exchange rate in Venezuela, which caused sales to decrease by $377.2 million. This was partially offset by 18.5% growth in comparable sales, which contributed $144.5 million to the increase in sales. Average check growth was the driver of comparable sales growth and resulted from price increases. In addition, the net opening of 10 restaurants and the conversion of one franchised restaurant into a Company-operated restaurant after January 1, 2013 contributed $26.5 million to the increase in sales.

In NOLAD, sales by Company-operated restaurants decreased by $21.2 million, or 5.5%, to $367.1 million. Decrease in comparable guest counts related to the unfavorable economic environment and tougher competitive environment coupled with a lower average check, resulting from a negative change in product mix, caused comparable sales to decrease by 5.6%, negatively impacting sales by $21.5 million. In addition, depreciation of local currencies caused sales to decrease by $16.1 million. This was partially offset by 14 net restaurant openings and the conversion of three franchised restaurants into Company-operated restaurants after January 1, 2013, which resulted in a sales increase of $16.4 million.

In SLAD, sales by Company-operated restaurants decreased by $97.4 million, or 10.4%, to $837.8 million. The depreciation of most currencies in the region against the U.S. dollar caused sales to decrease by $301.8 million. This was partially offset by 19.8% growth in comparable sales, resulting from a higher average check, which caused sales to increase by $179.9 million. In addition, the net opening of 20 restaurants, partially offset by the conversion of five Company-operated restaurants into franchised restaurants after January 1, 2013, contributed $24.5 million to the increase in sales.

Revenues from Franchised Restaurants

Our total revenues from franchised restaurants decreased by $26.7 million, or 15.4%, from $173.4 million in 2013 to $146.8 million in 2014. The main contributors to this decrease were the depreciation of most currencies in the Territories against the U.S. dollar by $44.6 million and lower rental income as a percentage of sales, which decreased from 12.6% in 2013 to 11.9% in 2014, amounting to $18.8 million. This was partially offset by comparable sales growth of 14.0%, which resulted in an increase in revenues of $26.7 million and the net opening of 49 franchised restaurants after January 1, 2013, which caused revenues from franchised restaurants to increase by $10.1 million. In 2014, 84.5% and 15.5% of revenues from franchised restaurants were earned on the basis of a percentage of sales and on a flat-fee basis, respectively. In 2013, 85% and 15% of revenues from franchised restaurants were earned on the basis of a percentage of sales and on a flat-fee basis, respectively.

In Brazil, revenues from franchised restaurants increased by $4.5 million, or 5.3%, to $91.2, million, primarily as a result of 55 net franchised restaurant openings, which was partly offset by the conversion of one franchised restaurant into a Company-operated restaurant, after January 1, 2013, and comparable sales growth of 3.2%, which explained $9.2 million and $2.8 million of the increase, respectively. In addition, increased rental income resulted in increased revenues from franchised restaurants of $0.9 million. This was partially offset by the depreciation of the *real* against the U.S. dollar by $8.4 million.

In the Caribbean division, revenues from franchised restaurants decreased by $30.1 million, or 60.5%, to $19.7 million. This decrease was driven by the adoption of SICAD and SICAD II as the reporting exchange rate in Venezuela, lower rental income, and the net closing of four restaurants as well as the conversion of one franchised restaurant into a Company-operated restaurant after January 1, 2013, impacting revenues by $28.0 million, $19.9 million and $0.8 million, respectively. This was partially offset by comparable sales growth of 38.7%, resulting in an $18.6 million increase in revenues. Rental income was negatively affected by new Venezuelan governmental regulations on rental contracts, which imposed a limit on the rent that we can charge to lessees after December 2013.

In NOLAD, revenues from franchised restaurants decreased by $1.5 million, or 7.6%, to $18.0 million. This decrease was a result of the depreciation of the Mexican *peso* against the U.S. dollar, contributing $0.6 million, coupled with a 2.6% decrease in comparable sales and lower rental income, amounting to $0.5 million and $0.3 million, respectively. In addition, the net closing of four restaurants and the conversion of three franchised restaurants into Company-operated restaurants after January 1, 2013 caused revenues from franchised restaurants to decrease by $0.1 million.

In SLAD, revenues from franchised restaurants increased by $0.4 million, or 2.1%, to $17.9 million. This growth mainly resulted from a comparable sales growth of 30.4%, which accounted for $5.8 million. In addition, the net openings of two restaurants, coupled with the conversion of five Company-operated restaurants into franchised restaurants after January 1, 2013 and higher rental income caused revenues to increase by $1.7 million and $0.6 million, respectively. The depreciation of the local currencies in Argentina and Chile against the U.S. dollar represented a decrease in revenues of $7.8 million.

Operating Costs and Expenses

Food and Paper

Our total food and paper costs decreased by $106.6 million, or 7.9%, to $1,243.9 million in 2014, as compared to 2013. As a percentage of our total sales by Company-operated restaurants, food and paper costs increased by 0.5 percentage points to 35.5%, primarily due to higher input costs in SLAD resulting from the devaluation of the Argentine *peso* and an increase in beef cost. In addition, an unfavorable change in product mix in Brazil and higher input costs in Brazil explain food and paper cost increases as a percentage of sales by Company-operated restaurants.

In Brazil, food and paper costs increased by $0.1 million, to $553.2 million. As a percentage of the division's sales by Company-operated restaurants, food and paper costs increased by 0.6 percentage points to 32.1%, primarily as a result of an unfavorable change in product mix and cost increases that were higher than the increase in sales prices.

In the Caribbean division, food and paper costs decreased by $84.9 million, or 26.7%, to $233.4 million. As a percentage of the division's sales by Company-operated restaurants, food and paper costs decreased by 0.1

percentage points to 40.6%, mainly due to a change in Venezuela's weight in the Caribbean division's food and paper cost structure related to the adoption of SICAD and SICAD II as the reporting exchange rate, as Venezuela's food and paper cost as percentage of sales is higher than the rest of the countries in the Caribbean division.

In NOLAD, food and paper costs decreased by $16.4 million, or 10.5%, to $139.5 million. As a percentage of the division's sales by Company-operated restaurants, food and paper costs decreased by 2.1 percentage points to 38.0%, resulting primarily from price increases that were higher than the increase in costs throughout all markets, coupled with favorable product mix changes in Mexico.

In SLAD, food and paper costs decreased by $15.9 million, or 4.9%, to $307.2 million. As a percentage of the division's sales by Company-operated restaurants, food and paper costs increased by 2.1 percentage points to 36.7%, mostly as a result of higher input costs resulting from the devaluation of the Argentine *peso* and an increase in beef cost.

Payroll and Employee Benefits

Our total payroll and employee benefits costs decreased by $80.0 million, or 9.8%, to $734.1 million in 2014, as compared to 2013. As a percentage of our total sales by Company-operated restaurants, payroll and employee benefits costs decreased 0.1 percentage points to 20.9%. This decrease in payroll and employee benefits costs as a percentage of our total sales by Company-operated restaurants is mostly attributable to a tax credit related to salaries in Brazil.

In Brazil, payroll and employee benefits costs decreased by $17.1 million, or 4.5%, to $359.7 million. As a percentage of the division's sales by Company-operated restaurants, payroll and employee benefits costs decreased by 0.6 percentage points to 20.9% as a result of a tax on salaries credit.

In the Caribbean division, payroll and employee benefits costs decreased by $35.0 million, or 22.3%, to $122.1 million. As a percentage of the division's sales by Company-operated restaurants, payroll and employee benefits costs increased by 1.1 percentage points to 21.2%, mainly due to a greater increase in salaries than in average check in Venezuela and Puerto Rico.

In NOLAD, payroll and employee benefits costs decreased by $2.2 million, or 3.4%, to $63.2 million. As a percentage of the division's sales by Company-operated restaurants, payroll and employee benefits costs increased 0.4 percentage points to 17.2%, resulting from negative comparable sales in all markets and the bi-annual increase in the government-mandated minimum wage in Panama.

In SLAD, payroll and employee benefits costs decreased by $25.7 million, or 12.0%, to $189.2 million. As a percentage of the division's sales by Company-operated restaurants, payroll and employee benefits decreased by 0.4 percentage points to 22.6% as a result of an increase in operational efficiency, primarily in Argentina.

Occupancy and Other Operating Expenses

Our total occupancy and other operating expenses decreased by $58.1 million, or 5.5%, to $997.1 million in 2014, as compared to 2013. As a percentage of our total sales by Company-operated restaurants, occupancy and other operating expenses increased 1.1 percentage points to 28.5%, mainly due to the adoption of SICAD and SICAD II as reporting exchange rates in Venezuela, since certain costs are measured in U.S. dollars at historical exchange rates while sales are translated at applicable SICAD or SICAD II exchange rates. In addition, negative comparable sales growth in NOLAD and higher depreciation and amortization and labor contingencies in Brazil, related to the increased efficiency of Brazilian courts in managing these types of claims, also contributed to the decrease in total occupancy and other operating expenses.

In Brazil, occupancy and other operating expenses increased by $0.4 million, or 0.1%, to $496.7 million. As a percentage of the division's sales by Company-operated restaurants, occupancy and other operating expenses increased by 0.5 percentage points to 28.8% as a result of an increase in depreciation and amortization expenses, and an increase in labor contingencies, due to the greater efficiency of the Brazilian courts in managing these types of claims.

In the Caribbean division, occupancy and other operating expenses decreased by $33.6 million, or 15.6%, to $181.4 million. As a percentage of the division's sales by Company-operated restaurants, occupancy and other operating expenses increased by 4.0 percentage points to 31.6% due to the adoption of SICAD and SICAD II as the reporting exchange rates in Venezuela, since sales are translated at the applicable SICAD or SICAD II exchange rates, while depreciation and amortization, insurance, and certain operational inventories, are valued at historical U.S. dollar cost.

In NOLAD, occupancy and other operating expenses decreased by $0.7 million, or 0.5%, to $128.1 million. As a percentage of the division's sales by Company-operated restaurants, occupancy and other operating expenses increased 1.7 percentage points to 34.9%, mainly due to the impact of the comparable sales decrease over fixed costs and higher rent expense related to store and dessert center openings.

In SLAD, occupancy and other operating expenses decreased by $26.5 million, or 11.1%, to $213.0 million. As a percentage of the division's sales by Company-operated restaurants, occupancy and other operating expenses decreased by 0.2 percentage points to 25.4%, mainly due to cost efficiencies.

Royalty Fees

Our total royalty fees decreased by $15.2 million, or 8.1%, to $173.7 million in 2014, as compared to 2013. As a percentage of sales, royalty fees increased by 0.1 percentage points to 5.0% due to the lower weight of Venezuela's royalty fees within the consolidated royalty fee structure, as Venezuela's royalty fees as a percentage of sales is lower than the rest of the Territories due to relief granted by the McDonald's Corporation.

In Brazil, royalty fees decreased by $1.6 million, or 1.7%, to $92.7 million in 2014, as compared to 2013, in line with the increase in sales by Company-operated restaurants.

In the Caribbean division, royalty fees decreased by $7.9 million, or 26.3%, to $22.2 million in 2014, as compared to 2013. As a percentage of sales by Company-operated restaurants, royalty fees remained unchanged at 3.9% due to a lower weight of Venezuela's royalty fees within the division's royalty fee structure, as Venezuela's royalty costs as a percentage of sales are lower than the rest of the Territories due to the relief granted by McDonald's Corporation. This is related to the adoption of SICAD and SICAD II as the reporting exchange rate.

In NOLAD, royalty fees decreased by $0.9 million, or 5.1%, to $17.8 million in 2014, as compared to 2013, in line with the increase in sales by Company-operated restaurants.

In SLAD, royalty fees decreased by $4.8 million, or 10.5%, to $40.9 million in 2014, as compared to 2013. As a percentage of sales by Company-operated restaurants, royalty fees remained unchanged at 4.9%.

Franchised Restaurants—Occupancy Expenses

Occupancy expenses from franchised restaurants increased by $0.7 million, or 1.1%, to $63.9 million in 2014, as compared to 2013, due to higher depreciation and amortization in Brazil and higher allowances for doubtful accounts in Puerto Rico, partially offset by lower rent expenses for leased properties in Venezuela.

In Brazil, occupancy expenses from franchised restaurants increased by $2.9 million, or 7.5%, to $40.8 million in 2014, as compared to 2013, primarily due to higher depreciation and amortization expenses for owned properties and increased rent expenses for leased properties, the latter as a consequence of the increase in sales from franchised restaurants and store openings. This was partially offset by the depreciation of the Brazilian *real*.

In the Caribbean division, occupancy expenses from franchised restaurants decreased by $1.9 million, or 15.7%, to $10.4 million. This was mainly due to a decrease in rent expenses for leased properties as a consequence of new Venezuelan governmental regulations on rental contracts in place since December 2013, coupled with the adoption of SICAD and SICAD II as the reporting exchange rate in Venezuela. This was partially offset by higher allowances for doubtful accounts in Puerto Rico and Venezuela.

In NOLAD, occupancy expenses from franchised restaurants decreased by $0.1 million, or 1.2%, to $11.0 million in 2014, as compared to 2013, mainly due to the depreciation of the Mexican *peso* against the U.S. dollar.

In SLAD, occupancy expenses from franchised restaurants decreased by $0.2 million, or 4.7%, to $4.1 million in 2014, as compared to 2013, mainly due to the depreciation of local currencies against the U.S. dollar in Argentina and Chile.

Set forth below are the margins for our franchised restaurants in 2014, as compared to 2013. The margin for our franchised restaurants is expressed as a percentage and is equal to the difference between revenues from franchised restaurants and occupancy expenses from franchised restaurants, divided by revenues from franchised restaurants.

	For the Years Ended December 31,	
	2014	2013
Brazil	55.3%	56.2%
Caribbean Division	46.9%	75.1%
NOLAD	38.9%	42.9%
SLAD	77.3%	75.7%
Total	**56.4%**	**63.5%**

General and Administrative Expenses

General and administrative expenses decreased by $45.7 million, or 14.4%, to $272.1 million in 2014, as compared to 2013. This decrease was mostly due to the depreciation of most currencies in the Territories against the U.S. dollar, amounting to $61.7 million, a decrease in payroll due to staff restructuring carried out during the last quarter of 2013 and the second quarter of 2014, amounting to $17.9 million, and lower bonuses and other variable compensation provisions, amounting to $7.7 million. This was partially offset by salary increases mainly linked to Argentina's and Venezuela's inflation, amounting to $22.9 million, and severance payments as a consequence of the restructuring of staff, amounting to $6.7 million. In addition, the decrease was partially offset by higher IT services, amounting to $8.9 million, coupled with lower capitalization of costs and increases in occupancy expenses, amounting to $1.6 million and $1.5 million, respectively.

In Brazil, general and administrative expenses decreased by $6.1 million, or 6.6%, to $86.2 million in 2014, as compared to 2013. The decrease resulted primarily from the depreciation of the *real* against the U.S. dollar, amounting to $8.1 million, coupled with a decrease in payroll due to staff restructuring carried out during the last quarter of 2013 and the second quarter of 2014, amounting to $5.7 million, and lower bonuses and other variable compensation provisions, amounting to $0.8 million. This was partially offset by salary increases, amounting to $5.0 million, coupled with severance payments, which amounted to $0.4 million. In addition, this decrease was partially offset by an increase in software amortization, amounting to $1.0 million, consulting services related to tax projects, amounting to $0.9 million, higher employee meal and other expenses of $0.6 million, lower capitalization costs, amounting to $0.4 million, and higher occupancy expenses, amounting to $0.2 million.

In the Caribbean division, general and administrative expenses decreased by $11.7 million, or 21.4%, to $43.2 million in 2014, as compared to 2013. This decrease was mainly due to the adoption of SICAD and SICAD II as the reporting exchange rates in Venezuela, amounting to $16.8 million, coupled with a decrease in payroll cost due to staff restructurings carried out in the last quarter of 2013 and the second quarter of 2014, amounting to $3.2 million, partially offset by salary increases, mainly due to Venezuela's inflation, amounting to $5.1 million, higher bonuses and other variable compensation provisions, amounting to $1.8 million, and severance payments of $1.5 million.

In NOLAD, general and administrative expenses decreased by $0.5 million, or 1.9%, to $26.9 million in 2014, as compared to 2013. The decrease was mostly due to the depreciation of the Mexican *peso* against the U.S. dollar, amounting to $1.1 million, coupled with a decrease in payroll due to staff restructurings carried out during the last quarter of 2013 and the second quarter of 2014, amounting to $1.4 million, partially offset by higher bonuses and other variable compensation provisions, amounting to $1.2 million, salary increases and severance payments, amounting to $0.8 million and $0.8 million, respectively. In addition, the decrease is a result of higher management fees charged by McDonald's Corporation for services rendered to other markets that do not belong to Arcos Dorados, amounting to $0.4 million, and a decrease in other payroll costs and shared service center fees, amounting to $0.2 and $0.1 million, respectively.

In SLAD, general and administrative expenses decreased by $8.6 million, or 21.9%, to $30.6 million in 2014, as compared to 2013. This decrease was mainly due to the depreciation of the Argentine *peso* against the U.S. dollar, amounting to $9.2 million, coupled with a decrease in payroll costs due to staff restructurings carried out during the fourth quarter of 2013 and the second quarter of 2014, amounting to $2.0 million, and lower bonus provisions, amounting to $1.9 million. This was partially offset by salary increases linked to Argentina's inflation, amounting to $2.2 million, and severance payments, amounting to $1.5 million. In addition, this decrease was offset by an increase in expatriate costs and travel expenses, amounting to $0.3 million and $0.3 million, respectively, and increases in occupancy expenses and outside services, amounting to $0.2 million.

General and administrative expenses for Corporate and others decreased by $18.8 million, or 18.0%, to $85.2 million in 2014, as compared to 2013. This decrease was mostly due to the depreciation of the Argentine *peso* against the U.S. dollar, as our corporate headquarters are located in Argentina, amounting to $26.5 million, coupled with a decrease in payroll due to staff restructurings carried out during the last quarter of 2013 and the second quarter of 2014, amounting to $5.6 million, and lower bonuses and other variable compensation provisions, amounting to $8.0 million. This was more than offset by salary increases linked to Argentina's inflation, amounting to $9.8 million, and severance payments, amounting to $2.6 million, coupled with higher IT services costs, amounting to $8.9 million.

Other Operating Expenses, Net

Other operating expenses, net increased by $80.4 million, to $95.5 million in 2014, as compared to 2013. This increase was primarily attributable to the impairment of long-lived assets in Venezuela ($45.2 million) and other countries ($2.7 million), impairment of goodwill in Puerto Rico ($2.0 million), write-down of certain inventories in Venezuela, amounting to $19.4 million, due to the impact of the currency exchange rate change on their net recoverable value (of which $17.5 million was due to the adoption of SICAD and SICAD II), lower gain related to property sales ($6.9 million) and lower gains resulting from the purchase of franchisee operated restaurants ($3.8 million).

Operating Income

	For the Years Ended December 31,		% Increase (Decrease)
	2014	2013	
	(in thousands of U.S. dollars)		
Brazil	$ 172,787	$ 188,445	(8.3)%
Caribbean division	(88,711)	37,837	(334.5)
NOLAD	(6,484)	(5,314)	22.0
SLAD	67,885	84,324	(19.5)
Corporate and others and purchase price allocation	(74,620)	(76,770)	(2.8)
Total	**70,857**	**228,522**	**(69.0)**

Operating income decreased by $157.7 million, or 69.0%, to $70.9 million in 2014, as compared to 2013.

Net Interest Expense

Net interest expense decreased by $15.4 million, or 17.5%, to $72.8 million in 2014, as compared to 2013, mainly due to the losses incurred in 2013 in connection with the purchase, exchange and redemption of the 2019 notes totaling $23.5 million, partially offset by a $3.9 million increase in interest payments due to higher average debt balances in 2014.

Loss from Derivative Instruments

Loss from derivative instruments decreased by $3.5 million to $0.7 million in 2014, as compared to $4.1 million in 2013, primarily due to the unwinding of our cross-currency interest rate swaps ($4.2 million) in 2013.

Foreign Currency Exchange Results

Foreign currency exchange results decreased by $35.3 million, to a $74.1 million loss in 2014, from $38.8 million in 2013, mainly due to the adoption of SICAD and SICAD II as the reporting exchange rates in Venezuela, partially offset by the remeasurement of our bond debt denominated in Brazilian *reais* due to the depreciation of the exchange rate.

Other Non-operating Expenses, Net

Other non-operating expenses, net decreased by $1.0 million to a $0.1 million loss in 2014, as compared to a $0.8 million loss in 2013.

Income Tax Expense

Income tax expense decreased by $10.2 million, from $42.7 million in 2013 to $32.5 million in 2014. Our consolidated effective tax rate decreased by 86.6 percentage points to (42.4)% in 2014, as compared to 2013, mainly due to the adoption of SICAD and SICAD II as the reporting exchange rates in Venezuela, neither of which had any related tax benefits.

Net Income Attributable to Non-controlling Interests

Net income attributable to non-controlling interests for 2014 increased by $0.3 million when compared to 2013.

Net Income Attributable to Arcos Dorados Holdings Inc.

As a result of the foregoing, net (loss) income attributable to Arcos Dorados Holdings Inc. decreased by $163.2 million, or 303.0%, to a loss of $109.3 million in 2014, as compared to 2013.

B. Liquidity and Capital Resources

Our financial condition and liquidity are and will continue to be influenced by a variety of factors, including:

- our ability to generate cash flows from our operations;
- the level of our outstanding indebtedness and the interest we pay on this indebtedness;
- our dividend policy;
- changes in exchange rates which will impact our generation of cash flows from operations when measured in U.S. dollars; and
- our capital expenditure requirements.

Under the MFAs, we are required to agree with McDonald’s on a restaurant opening plan and a reinvestment plan for each three-year period during the term of the MFAs. The restaurant opening plan specifies the number and type of new restaurants to be opened in the Territories during the applicable three-year period, while the reinvestment plan specifies the amount we must spend reimaging or upgrading restaurants during the applicable three-year period. Under the 2014-2016 restaurant opening and reinvestment plan, we were required to open 250 restaurants and to spend $180 million from 2014 through 2016. On August 10, 2015, however, we reached an agreement with McDonald’s to amend the 2014-2016 opening plan, mainly in order to adjust this plan to the current economic realities of the region. Under the revised opening plan, we committed to opening a minimum of 150 new restaurants over the three-year period, down from the original 250. The Company is also committed to executing at least 140 reimages over the three-year period. We estimate that the cost to comply with our restaurant opening commitments under the MFAs from 2014 through 2016 will be between $151 million and $181 million, depending on, among other factors, the type and location of the restaurants we open. We expect to fund these commitments using cash flow from operations.

Our management believes in our ability to obtain the sources of liquidity and capital resources that are necessary in this challenging economic environment and also believes that our liquidity and capital resources, including working capital, are adequate for our present requirements and business operations and will be adequate to satisfy our currently anticipated requirements during at least the next twelve months for working capital, capital expenditures and other corporate needs.

Overview

Net cash provided by operations was $112.7 million in 2015, compared to $193.1 million in 2014. Our investing activities program decreased by $108.8 million in 2015 to $60.1 million. Cash provided by financing activities decreased by $43.4 million, from an inflow of $1.2 million in 2014 to an outflow of $42.3 million in 2015. This was mainly as a result of the decrease in short-term borrowings and other long-term debt for $55.3 million and $33.3 million, respectively, and, the purchase of the 2016 notes in 2015 for $11.7 million. This was partially offset by lower dividend payments in 2015, amounting to $37.5 million, and the net collection of derivative instruments for $19.8 million.

Net cash provided by operations was $193.1 million in 2014, compared to $217.0 million in 2013. Our investing activities program decreased by $141.7 million in 2014 to $169.0 million. Cash provided by financing activities decreased by $101.1 million, from an inflow of $102.3 million in 2013 to an inflow of $1.2 million in 2014. This was mainly as a result of the issuance of the 2023 notes for $378.4 million in 2013 and higher dividend payments in 2014. This was partially offset by an increase related to the purchase and call of the 2019 notes of $237.0 million and net payment of derivative instruments of $10.0 million in 2013 and higher issuance of other long-term debt and short-term borrowings in 2014.

At December 31, 2015, our total financial debt was $654.2 million, consisting of $656.3 million in long-term debt (of which $469.5 million related to the 2023 notes, including the original issue discount, $158.8 million related to the 2016 notes, $22.5 million in other long-term borrowings and $5.6 million in capital lease obligations) and $2.5 million in short-term debt, partially offset by $4.6 million related to the fair market value of our outstanding derivative instruments (net of the liability portion amounting to $2.1 million).

At December 31, 2014, our total financial debt was $801.2 million, consisting of $32.5 million in short-term debt, $767.2 million in long-term debt (of which $469.0 million related to the 2023 notes, including the original issue discount, and $255.0 million related to the 2016 notes), and $1.4 million related to the fair market value of our outstanding derivative instruments (net of the asset portion amounting to $9.5 million).

Cash and cash equivalents were $112.5 million at December 31, 2015 and $139.0 million at December 31, 2014.

Comparative Cash Flows

The following table sets forth our cash flows for the periods indicated:

	For the Years Ended December 31,		
	2015	2014	2013
	(in thousands of U.S. dollars)		
Net cash provided by operating activities	$ 112,689	$ 193,091	$ 217,014
Net cash used in investing activities	(60,115)	(168,964)	(310,655)
Net cash provided by financing activities	(42,263)	1,184	102,302
Effect of exchange rate changes on cash and cash equivalents	(36,822)	(61,929)	(17,864)
Decrease in cash and cash equivalents	**(26,511)**	**(36,618)**	**(9,203)**

Operating Activities

	For the Years Ended December 31,		
	2015	2014	2013
	(in thousands of U.S. dollars)		
Net (loss) income attributable to Arcos Dorados Holdings Inc.	$ (51,633)	$ (109,333)	$ 53,854
Non-cash charges and credits	147,739	260,036	186,980
Changes in assets and liabilities	16,583	42,388	(23,820)
Net cash provided by operating activities	**112,689**	**193,091**	**217,014**

For the year ended December 31, 2015, net cash provided by operating activities was $112.7 million, compared to $193.1 million in 2014. The $80.4 million decrease is mainly attributable to lower net income adjusted for non-cash charges of $54.6 million and the negative change in assets and liabilities of $25.8 million.

For the year ended December 31, 2014, net cash provided by operating activities was $193.1 million, compared to $217.0 million in 2013. The $23.9 million decrease is mainly attributable to lower net income adjusted for non-cash charges ($90.1 million) partially offset by a positive change in assets and liabilities ($66.2 million).

Investing Activities

New restaurant investments are primarily concentrated in markets with opportunities for long-term growth and returns on investment above a pre-defined threshold that is significantly above our cost of capital. Average development costs vary widely by market depending on the types of restaurants built and the real estate and construction costs within each market and are affected by foreign currency fluctuations. These costs, which include land, buildings and equipment, are managed through the use of optimally sized restaurants, construction and design efficiencies and the leveraging of best practices.

The following table presents our cash used in investing activities by type:

	For the Years Ended December 31,		
	2015	2014	2013
	(in thousands of U.S. dollars)		
Property and equipment expenditures	$ (90,964)	$ (169,813)	$ (313,462)
Purchases of restaurant businesses paid at acquisition date	(1,091)	(825)	(324)
Proceeds from sales of property and equipment and related prepayments	19,738	3,237	7,751
Proceeds from sale of restaurant businesses	3,861	1,938	6,452
Loans collected from / (granted to) to related parties	9,702	(2,500)	(2,000)
Others, net	(1,361)	(1,001)	(9,072)
Net cash used in investing activities	**(60,115)**	**(168,964)**	**(310,655)**

The following table presents our property and equipment expenditures by type:

	For the Years Ended December 31,		
	2015	2014	2013
	(in thousands of U.S. dollars)		
New restaurant	$ 26,376	$ 96,798	$ 157,901
Existing restaurants	38,714	53,887	63,421
Other(1)	25,874	19,128	92,140
Total property and equipment expenditures	**90,964**	**169,813**	**313,462**

(1) Primarily corporate equipment and other office related expenditures. For 2013, includes a real estate purchase in Venezuela.

In 2015, net cash used in investing activities was $60.1 million, compared to $169.0 million in 2014. This $108.9 million decrease in net cash used was primarily attributable to lower property and equipment expenditures ($78.8 million), higher proceeds from sales of property and equipment and related prepayments ($16.5 million), higher proceeds from sale of restaurant businesses ($1.9 million) and the collection of loans of related parties ($12.2 million). This was partially offset by lower other investing activities ($0.4 million) and lower purchases of restaurant businesses ($0.3 million).

Property and equipment expenditures decreased by $78.8 million, from $169.8 million in 2014 to $91.0 million in 2015. The decrease in property and equipment expenditures is explained by a lower investment in new restaurants ($70.4 million), mainly due to the decrease in restaurants openings, as well as in existing restaurants ($15.2 million). In 2015, we opened 36 restaurants and closed 16 restaurants.

Proceeds from sales of restaurant businesses increased $1.9 million, mainly as a result of the conversion of company-operated restaurants into franchised restaurants in Brazil, Chile and Argentina.

Proceeds from sales of property and equipment and related payments increased by $16.5 million to $19.7 million in 2015, as compared to 2014, primarily as a consequence of advances received on property sales in Mexico, as part of the Company's asset monetization plans.

In addition, in 2015 and 2014 we used $1.1 million and $0.8 million, respectively, to convert franchised restaurants into Company-operated restaurants. We paid for purchases in Mexico ($0.5 million) and in Argentina ($0.6 million) in 2015 and a purchase in Puerto Rico in 2014 ($0.8 million). Payments were also made in 2015 and 2016 in connection with this sale.

In 2014, net cash used in investing activities was $169.0 million, compared to $310.7 million in 2013. This $141.7 million decrease was primarily attributable to lower property and equipment expenditures ($143.6 million) and lower other investing activities ($8.1 million), partially offset by lower proceeds from the sale of restaurant businesses and property and equipment (totaling $9.0 million), higher purchases of restaurant businesses ($0.5 million) and higher loans granted to related parties ($0.5 million).

Property and equipment expenditures decreased by $143.6 million, from $313.5 million in 2013 to $169.8 million in 2014. The decrease in property and equipment expenditures is explained by a decrease in other property and equipment expenditures totaling $73.0 million, primarily associated with an advance payment for a real estate purchase, given during the fourth quarter of 2013 and a lower investment in new restaurants ($61.1 million) as well as in existing restaurants ($9.5 million), mainly due to the depreciation of local currencies against the U.S. dollar. In 2014, we opened 82 restaurants and closed 23 restaurants.

Proceeds from sales of restaurant businesses decreased by $4.5 million. In 2013, there were several conversions of company-operated restaurants into franchised restaurants, mainly in Venezuela and Argentina.

Proceeds from sales of property and equipment decreased by $4.5 million to $3.2 million in 2014, as compared to 2013, primarily as a consequence of lower sales, mainly in Brazil, Mexico and Chile ($1.0 million, $1.3 million and $1.8 million, respectively).

In addition, in 2014 and 2013 we used $0.8 million and $0.3 million, respectively, to convert franchised restaurants into Company-operated restaurants. We paid for purchases in Puerto Rico in 2014 ($0.8 million) and a purchase in Chile in 2013 ($0.3 million).

Financing Activities

	For the Years Ended December 31,		
	2015	2014	2013
	(in thousands of U.S. dollars)		
Issuance of 2023 notes	$ —	$ —	$ 378,409
Distribution of dividends to our shareholders	(12,509)	(50,036)	(37,527)
Net collections (payments) of derivative instruments	19,817	—	(9,975)
Purchase and call of 2019 notes	—	—	(237,006)
Issuance of 2016 notes	(11,710)	—	—
Issuance of other long-term debt	—	33,267	8,483
Net short-term borrowings	(29,043)	26,296	8,743
Other financing activities	(8,818)	(8,343)	(8,825)
Net cash (used in) provided by financing activities	**(60,115)**	**(168,964)**	**(310,655)**

Net Cash Used in Financing Activities

Net cash used in financing activities was $42.3 million in 2015, compared to $1.2 million provided in 2014. The $43.4 million decrease in the amount of cash provided by financing activities was primarily attributable to the decrease in short-term borrowings and other long-term debt for $55.3 million and $33.3 million, respectively, and the purchase of the 2016 notes in 2015 for $11.7 million. This was partially offset by lower dividend payments in 2015 amounting to $37.5 million and the net collection of derivative instruments for $19.8 million.

Net cash provided by financing activities was $1.2 million in 2014, compared to $102.3 million provided in 2013. The $101.1 million decrease in the amount of cash provided by financing activities was primarily attributable to the issuance of the 2023 notes for $378.4 million in 2013 and higher dividend payments of $12.5 million, partially offset by the purchase and call of the 2019 notes in 2013 for $237.0 million, higher issuance of short-term debt for $17.6 million, higher issuance of long-term debt of $24.8 million, lower payments of derivative instruments for $10.0 million and lower other financing activities of $0.5 million.

The 2016 Secured Loan Agreement

On March 29, 2016, our Brazilian subsidiary, Arcos Dourados Comércio de Alimentos Ltda. ("Arcos Comércio"), entered into a secured loan agreement with Citibank N.A., Bank of America N.A., Itau BBA International plc, JPMorgan Chase Bank, N.A. and Banco Santander (Brasil) S.A., Cayman Islands Branch, as initial lenders, under which Arcos Comércio received total proceeds of $167.3 million (R$613.9 million as of the signing date). Each loan under the 2016 Secured Loan Agreement bears interest at the following annual interest rates:

Lender	Annual Interest Rate
Citibank N.A.	3M LIBOR + 2.439%
Itaú BBA International plc	5.26%
Banco Santander (Brasil) S.A., Cayman Islands Branch	4.7863%
Bank of America N.A.	3M LIBOR + 4.00%
JP Morgan Chase Bank, N.A.	3M LIBOR + 3.92%

In order to fully convert each loan under the second loan agreement into Brazilian *reais*, Arcos Comércio entered into five cross-currency interest rate swap agreements with the local subsidiaries of the same lenders, to fully hedge the principal and interest cash flows of each of the loans under the secured loan agreement. Consequently, the loan was fully converted into Brazilian *reais* at a rate of 3.67 *reais* per U.S. dollar, amounting to R$613.9 million. All the terms of the cross-currency interest rate swap agreements match the terms of the secured loan agreement.

Considering the cross currency interest rate swap agreements, the final interest rate of the secured loan agreement is the Interbank Market reference interest rate (or "CDI" in Brazil), plus 4.50% per year. Interest payments will be made quarterly, beginning June 2016 and principal payments will be made semi-annually, beginning September 2017. The secured loan matures on March 30, 2020 and periodic payments of principal are required: 10% of principal in September 2017; 15% in March and September 2018; and 20% in March and September 2019 and March 2020. There are no prepayment penalties.

The loan is fully and unconditionally guaranteed on a senior secured basis by certain subsidiaries, and secured by (i) certain credit and debit card receivables arising from sales in certain Brazilian restaurants operated by Arcos Comércio; and (ii) the positive mark to market of the cross currency interest rate swap agreements. The secured loan ranks at least *pari passu* in right of payment with all other unsubordinated and unsecured indebtedness of Arcos Comércio and the guarantors.

The loan proceeds will be used primarily to repay the Company's BRL-denominated notes maturing on July 13, 2016. The Company previously repurchased R$48.2 million of the outstanding R$675 million aggregate principal amount of 2016 notes. On April 8, 2016, the Company launched a cash tender offer for any and all of the outstanding 2016 notes. For more information on the tender offer see "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Financing Activities—2016 Notes." We incurred $3.3 million of financing costs related to the 2016 Secured Loan Agreement, which were capitalized as deferred financing costs.

The secured loan agreement includes customary covenants including, among others, restrictions on the ability of Arcos Comércio, the guarantors and certain material subsidiaries to: (i) pay dividends; (ii) create liens; (iii) sell certain real estate assets; (iv) enter into sale and lease-back transactions; (v) pay interest or principal on intercompany loans; and (vi) consolidate, merge or transfer assets. These covenants are subject to important qualifications and exceptions.

Under the secured loan agreement, we must maintain (i) a Consolidated Net Indebtedness to EBITDA ratio (as defined therein) lower than (a) 3.5 to 1 as of the last day of the fiscal quarter ended March 31 and June 30, 2016, (b)

3.25 to 1 as of the last day of the fiscal quarter ended September 30, 2016 and (c) 3.0 to 1 as of the last day of the fiscal quarter ended December 31, 2016 and thereafter; and (ii) an EBITDA to Consolidated Interest Expense Ratio (as defined therein) greater than 2.5 to 1 as of the last day of any fiscal quarter. Arcos Comércio must maintain an Adjusted Net Indebtedness to EBITDA Ratio lower than 2.0 to 1 as of the last day of any fiscal quarter. The calculation of Adjusted Net Indebtedness for Arcos Comércio shall exclude any intercompany indebtedness.

The secured loan agreement also provides for customary events of default, which, if any of them occurs, would permit or require the principal and interest on all of the outstanding amount to be due and payable immediately.

Revolving Credit Facilities

On August 3, 2011, our subsidiary, Arcos Dorados B.V., entered into a committed revolving credit facility with Bank of America, N.A., as lender, for $50 million. On August 31, 2013, Arcos Dorados B.V. renewed the revolving credit facility for $75 million maturing on August 3, 2015. On July 30, 2015, we renewed this facility for $50 million maturing on August 3, 2016. On March 16, the lender agreed to amend the aggregate commitment amount of the revolving credit facility to $25 million. The obligations of Arcos Dorados B.V. under the revolving credit facility are jointly and severally guaranteed by certain of our subsidiaries on an unconditional basis. This revolving credit facility will permit us to borrow money from time to time to cover our working capital needs and for other lawful general corporate purposes.

Each loan made to Arcos Dorados B.V. under the revolving credit facility will bear interest at an annual rate equal to LIBOR plus 2.75%. Interest on each loan will be payable on the date of any prepayment, at maturity and on a quarterly basis, beginning with the date that is three calendar months following the date the loan is made.

The revolving credit facility includes customary covenants including, among others, restrictions on the ability of Arcos Dorados B.V., the guarantors and certain material subsidiaries to: (i) incur liens, (ii) enter into any merger, consolidation or amalgamation; (iii) sell, assign, lease or transfer all or substantially all of the borrower's or guarantor's business or property; (iv) enter into transactions with affiliates; (v) engage in substantially different lines of business; (vi) engage in transactions that violate certain anti-terrorism laws; and (vii) permit the consolidated net indebtedness to EBITDA ratio to be greater than 3.5 to 1 on the last day of any fiscal quarter of the borrower. These covenants are subject to important qualifications and exceptions.

As a result of the Company's decision to change the exchange rates used for remeasurement of its bolivar-denominated assets and liabilities and operating results in Venezuela, we were not in compliance with the indebtedness to EBITDA ratio under the revolving credit facility as of June 30, 2014. At such date our consolidated indebtedness to EBITDA ratio was 2.73. However, on July 28, 2014, we reached an agreement with Bank of America, N.A. to change the consolidated net indebtedness to EBITDA ratio from 2.5 to 1 to 3.0 to 1. On July 30, 2015, we further amended the Revolving Credit Facility to change such ratio from 3.0 to 1 to 3.5 to 1. As of December, 31 2015, our net indebtedness to EBITDA ratio was 2.58 and thus we are currently in compliance with the revised covenant.

The revolving credit facility provides for customary events of default, which, if any of them occurs, would permit or require the lender to terminate its obligation to provide loans under the revolving credit facility and/or to declare all sums outstanding under the loan documents immediately due and payable.

On August 31, 2015, the Company entered into a revolving credit facility with JPMorgan Chase Bank, N.A., for up to $25 million maturing on October 1, 2016. The revolving credit facility includes customary covenants equivalent to those included in the revolving credit facility with Bank of America, N.A. Each loan made under this agreement will bear interest at an annual rate equal to LIBOR plus 2.25%. Under the agreement, the Company is required to comply with a Consolidated Net Indebtedness to EBITDA Ratio (as defined therein) no greater than 3.5 on the last day of any fiscal quarter.

On March 29, 2016, Arcos Comércio entered into the 2016 Secured Loan Agreement, which is secured by certain credit and debit card receivables derived from certain of its restaurants. As the assumption of liens is restricted under the revolving credit facilities, on March 16, 2016, the lenders granted us a waiver for any event of default that may occur in connection with these agreements solely due to this transaction.

As of December 31, 2015, Arcos Dorados B.V. had borrowed $2.5 million under the revolving credit facility with JPMorgan Chase Bank N.A. This loan matured in January 2016.

2016 Notes

In July 2011, we issued R$400 million aggregate principal amount of notes due 2016 bearing interest of 10.25% per year, payable in U.S. dollars, which we refer to as the 2016 notes. In addition, on April 24, 2012, we issued an additional R$275 million aggregate principal amount of the 2016 notes at a price of 102.529%. The 2016 notes are denominated in reais, but payment of principal and interest will be made in U.S. dollars. The 2016 notes mature on July 13, 2016. Interest is paid semiannually in arrears on January 13 and July 13 of each year.

The 2016 notes are fully and unconditionally guaranteed on a senior unsecured basis by certain of our subsidiaries. The 2016 notes and guarantees (i) are senior unsecured obligations and rank equal in right of payment with all of our and the guarantors' existing and future senior unsecured indebtedness; (ii) will be effectively junior to all of our and the guarantors' existing and future secured indebtedness to the extent of the value of our assets securing that indebtedness; and (iii) are structurally subordinated to all obligations of our subsidiaries that are not guarantors.

The indenture governing the 2016 notes limits our and our subsidiaries' ability to, among other things, (i) create liens; (ii) enter into sale and lease-back transactions; and (iii) consolidate, merge or transfer assets. These covenants are subject to important qualifications and exceptions. The indenture governing the 2016 notes also provides for events of default, which, if any of them occurs, would permit or require the principal, premium, if any, and interest on all of the then-outstanding 2016 notes to be due and payable immediately.

The 2016 notes are listed on the Luxembourg Stock Exchange and trade on the Euro MTF Market.

In November 2015 and January 2016, the Company repurchased 6.97% or R$47.0 million and 0.17% or R$1.2 million, respectively, of the outstanding principal amount of its 2016 Notes.

On April 8, 2016, we announced the commencement of a tender offer to purchase for cash any and all of the properly tendered (and not validly withdrawn) outstanding 2016 notes (the "2016 Tender Offer"). As a result of the early settlement of the 2016 Tender Offer, we repurchased R$421,765,000 of the 2016 notes on April 26, 2016. The 2016 Tender Offer is set to expire on May 5, 2016.

2019 Notes

In October 2009, our subsidiary, Arcos Dorados B.V., issued senior notes for an aggregate principal amount of $450 million under an indenture dated October 1, 2009, which we refer to as the 2019 notes. Prior to their redemption in December 2013, the 2019 notes were scheduled to mature on October 1, 2019 and bore interest of 7.5% per year. Interest was paid semiannually on April 1 and October 1.

The 2019 notes were redeemable at the option of Arcos Dorados B.V. at any time at the applicable redemption prices set forth in the indenture. On June 13, 2011, Arcos Dorados B.V. exercised its option to redeem on July 18, 2011 a total of $141.4 million aggregate principal amount of the 2019 notes at a redemption price of 107.5% of the principal amount plus accrued and unpaid interest from April 1, 2011 to the redemption date. Following the redemption, a total of $308.6 million of the aggregate principal amount of the 2019 notes remained outstanding.

On September 10, 2013, we announced the commencement of a tender offer, exchange offer and consent solicitation to purchase for cash any and all of the properly tendered (and not validly withdrawn) outstanding 2019 notes of Arcos Dorados B.V. (the "2013 Tender Offer") and to exchange for the 2023 notes (described below) any and all of Arcos Dorados B.V.'s properly tendered (and not validly withdrawn) 2019 notes (the "2013 Exchange Offer," and together with the 2013 Tender Offer, the "2013 Tender and Exchange Offer").

In conjunction with the 2013 Tender and Exchange Offer, Arcos Dorados B.V. solicited consents to certain proposed amendments to the indenture under which the 2019 notes were issued. The proposed amendments eliminated Arcos Dorados B.V.'s obligations to comply with substantially all of the restrictive covenants contained in the indenture governing the 2019 notes. Adoption of the proposed amendments required the consent of holders of 2019 notes representing at least a majority in aggregate principal amount of the outstanding 2019 notes held by persons other than Arcos Dorados B.V. and its affiliates. Each holder tendering 2019 notes that were not validly withdrawn was deemed to have consented to the proposed amendments.

As a result of the 2013 Tender and Exchange Offer, we repurchased $118.4 million of the 2019 notes pursuant to the 2013 Tender Offer and $90.0 million of the 2019 notes pursuant to the 2013 Exchange Offer on September 27, 2013. We subsequently repurchased $0.5 million of the 2019 notes pursuant to the 2013 Exchange Offer on October 9, 2013.

On December 17, 2013, Arcos Dorados B.V. exercised its option to redeem all ($99.8 million) of the outstanding principal amount of the 2019 notes at a redemption price of 109.129% of the principal amount plus accrued and unpaid interest to the redemption date. The aggregate amount paid to redeem the notes was $108.9 million, plus accrued and unpaid interest to the redemption date. Following the redemption, there are no 2019 notes outstanding.

See Note 11 to our consolidated financial statements for details about the impact of the aforementioned transaction on our income statement.

2023 Notes

In September 2013, we issued senior notes for an aggregate principal amount of $473.8 million under an indenture dated September 27, 2013, which we refer to as the 2023 notes. The total aggregate principal amount of the 2023 notes consists of $375 million issued for cash and $98.8 million issued in exchange for 2019 notes. The 2023 notes mature on September 27, 2023 and bear interest of 6.625% per year. Interest is paid semiannually on March 27 and September 27. The proceeds from the issuance of the 2023 notes were used to pay the principal and premium on the 2019 notes in connection with the 2013 Tender and Exchange Offer, to repay certain of the short-term indebtedness we had with Banco Itaú BBA S.A., to unwind a cross-currency interest rate swap with Bank of America, N.A. and for general corporate purposes.

The 2023 notes are redeemable at our option at any time at the applicable redemption price set forth in the indenture.

The 2023 notes are fully and unconditionally guaranteed on a senior unsecured basis by certain of our subsidiaries. The 2023 notes and guarantees (i) are senior unsecured obligations and rank equal in right of payment with all of our and the guarantors' existing and future senior unsecured indebtedness; (ii) will be effectively junior to all of our and the guarantors' existing and future secured indebtedness to the extent of the value of our assets securing that indebtedness; and (iii) are structurally subordinated to all obligations of our subsidiaries that are not guarantors.

The indenture governing the 2023 notes limits our and our subsidiaries' ability to, among other things, (i) create certain liens; (ii) enter into sale and lease-back transactions; and (iii) consolidate, merge or transfer assets. These covenants are subject to important qualifications and exceptions. The indenture governing the 2023 notes also provides for events of default, which, if any of them occurs, would permit or require the principal, premium, if any, and interest on all of the then-outstanding 2023 notes to be due and payable immediately.

The 2023 notes are listed on the Luxembourg Stock Exchange and trade on the Euro MTF Market.

We may issue additional 2023 notes from time to time pursuant to the indenture governing the 2023 notes.

C. Research and Development, Patents and Licenses, etc.

We have not had significant research and development activities for the past three years because we rely primarily on McDonald's research and development. McDonald's operates research and development facilities in the United States, Europe and Asia, and independent suppliers also conduct research activities that benefit McDonald's and us. Nevertheless, we have developed certain menu items, such as Almuerzos Colombianos in Colombia, to better tailor our product offerings to local tastes and to provide our customers with additional food options.

D. Trend Information

Our business and results of operations have recently experienced the following trends, which we expect will continue in the near term:

- *Social upward mobility in Latin America and the Caribbean:* Historically, our sales have benefited, and we expect to continue to benefit, from our Territories' population size, younger age profile and improving socio-economic conditions when compared to more developed markets. This has led to a modernization of consumption patterns and increased affordability of our products across socio-economic segments, leading to greater demand for our products. While consumer behavior will continue to be cyclical and dependent on macroeconomic activity, we expect to continue to benefit from this trend in the long term.

- *Decline in free time:* More single-parent and dual-earner households have increased the demand for the convenience offered by eating out and takeout food.

- *Product offerings:* Our beverages, core meals, desserts, breakfast, reduced calorie and sodium products, and value menu item offerings have been popular among customers and—combined with our revenue management—have helped us remain relevant with our customers.

- *Increased competition in some markets:* The popularity of the QSR concept in Latin America has attracted new competitors. Even though we have been able to maintain market share in these markets, we have seen a reduction in pricing flexibility and have increased the focus of our marketing efforts on value offerings.

- *Macroeconomic deterioration and increasing uncertainty in Latin America and the Caribbean:* Our business and results of operations have been impacted by increasingly negative macroeconomic and consumer trends in some of our main markets. The lower rate of economic growth and reduced rates of consumption are expected to continue in the short term.

- *Inflationary environment:* Over the last few years, we have been able through our revenue management strategy to partially mitigate cost increase tied to inflation. However, inflation has been, and will continue to be, an important factor affecting our results of operations, specifically impacting our labor costs, food and paper costs, occupancy and other operating expenses and general administrative expenses.

- *Increased volatility of foreign exchange rates and impact of currency controls:* Our results of operations have been impacted by increased volatility in foreign exchange rates in many of the Territories, particularly the significant devaluation of local currencies against the U.S. dollar. We expect that foreign exchange rates will continue to be an important factor affecting our foreign currency exchange results and the "Accumulated other comprehensive loss" component of shareholders' equity and, consequently, our results of operations and financial condition.

E. Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

F. Tabular Disclosure of Contractual Obligations

The following table presents information relating to our contractual obligations as of December 31, 2015.

	Payment Due by Period						
Contractual Obligations	**Total**	**2016**	**2017**	**2018**	**2019**	**2020**	**Thereafter**
	(in thousands of U.S. dollars)						
Capital lease obligations(1)	$ 7,184	$ 1,498	$ 1,003	$ 957	$ 955	$ 502	$ 2,269
Operating lease obligations	841,757	122,373	111,334	97,351	84,333	74,475	351,891
Contractual purchase obligations (2)	131,811	110,657	13,934	4,955	1,722	543	—
2016 notes(1)	171,208	171,208	—	—	—	—	—
2023 notes(1)	724,863	31,387	31,387	31,387	31,387	31,387	567,928
Other long-term borrowings(1)	32,450	3,655	3,910	4,468	4,212	3,931	12,274
Derivative instruments	(4,615)	2,126	1,729	1,390	1,099	847	(11,806)
Total	**$ 1,904,658**	**$ 442,904**	**$ 163,297**	**$ 140,508**	**$ 123,708**	**$ 111,685**	**$ 922,556**

(1) Includes interest payments.

(2) Includes automatic annual renewals, which contains only enforceable and legally binding unconditional obligations corresponding to prevailing agreements without considering future undefined renewals when the agreement is cancellable by us. This type of purchase obligation represents $48.5 million of contractual obligations for 2016 only.

The table set forth above excludes projected payments on our restaurant opening and reinvestment plans pursuant to the MFAs in respect of which we do not yet have any contractual commitments.

G. Safe Harbor

See "Forward-Looking Statements."

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

Board of Directors

Our Board of Directors currently consists of seven members, three of whom are independent directors. We have three additional seats on the Board of Directors which are currently vacant, as further described below. In case of a tie vote by the Board of Directors, the Executive Chairman will have the deciding vote. Our memorandum and articles of association authorize us to have eight members, and the number of authorized members may be increased or decreased by a resolution of shareholders or by a resolution of directors. On November 1, 2012 and August 2, 2013, respectively, our Board of Directors passed resolutions increasing the number of authorized members of our Board of Directors to nine and ten, respectively.

Pursuant to our articles of association, our Board of Directors is divided into three classes. There is no distinction in the voting or other powers and authorities of directors of different classes. The members of each class serve staggered, three-year terms. Upon the expiration of the term of a class of directors, directors in that class will be elected for three-year terms at the annual meeting of shareholders in the year in which their term expires. At our most recent annual general meeting of shareholders, held on April 25, 2016, our shareholders re-elected Mr. Hernández-Artigas and Mrs. Franqui to serve as Class II directors.

The classes are currently composed as follows:

- Mr. Alonso, Mr. Chu, Mr. Veléz and Mr. Fernández are Class III directors, whose term will expire at the annual meeting of shareholders to be held in 2017;

- Mr. Staton is a Class I director, whose term will expire at the annual meeting of shareholders to be held in 2018; and

- Mr. Hernández-Artigas and Mrs. Franqui are Class II directors, whose term will expire at the annual meeting of shareholders to be held in 2019;

Any additional directorships resulting from an increase in the number of directors and any directors elected to fill vacancies on the board will be distributed among the three classes so that, as nearly as possible, each class will consist of one third of our directors. This classification of our Board of Directors may have the effect of delaying or preventing changes in control of our company. Any director may be removed, with or without cause, by a resolution of shareholders or a resolution of directors. Our directors do not have a retirement age requirement under our memorandum and articles of association.

The following table presents the names of the members of our Board of Directors:

Name	Position	Age
Woods Staton	Executive Chairman	66
Sergio Alonso	CEO	53
Annette Franqui	Director	54
Carlos Hernández-Artigas	Director	52
Michael Chu	Director	67
José Alberto Vélez	Director	66
José Fernández	Director	54
Alejandro Ramírez Magaña*	Director	43

(*) Served as a member of the Board of Directors until April 25, 2016. Did not stand for reelection to our Board of Directors at the general meeting of shareholders held on April 25, 2016.

The following is a brief summary of the business experience of our directors. Unless otherwise indicated, the current business addresses for our directors is Dr. Luis Bonavita 1294, Office 501, WTC Free Zone, Montevideo, Uruguay (CP 11300) and Roque Saenz Peña 432, Olivos, Buenos Aires, Argentina (B1636 FFB).

Woods Staton. Mr. Staton is the Executive Chairman of the Board. Mr. Staton was our Chief Executive Officer from 2007 through October 2015. Mr. Staton holds an MBA from IMD in Switzerland and a Bachelor´s degree in economics from Emory University. He was McDonald’s joint venture partner in Argentina for over 20 years and served as the President of SLAD beginning in 2004. Mr. Staton is also a member of the founding family and served as the CEO and Chairman of the board of directors of Panamerican Beverages, Inc., or Panamco, which was Coca-Cola’s largest bottler in Latin America. Mr. Staton is cofounder of Endeavor Argentina, an organization for promoting entrepreneurship, as well as a founding partner of Ashoka Argentina, a global organization committed to investing in innovative solutions through social entrepreneurship. He was recently elected as a Board Member of the IMD Foundation in Lausanne, Switzerland. He is on the Global Board of Advisors of the Council on Foreign Relations in Washington D.C., serves as Chair of the Advisory Board of the Latin American Program at the Woodrow Wilson International Center for Scholars, as well as on the Chairman’s International Advisory Council of the Americas Society/Council of the Americas.

Sergio Alonso. Mr. Alonso is our Chief Executive Officer since 2015 and was, prior to his appointment as such, our Chief Operating Officer. Prior to that, he was McDonald’s Divisional President in Brazil. He graduated with a degree in Accounting from Universidad de Buenos Aires in 1986. He began his career at McDonald’s as Accounting Manager and subsequently moved to the operations area, eventually being promoted to Vice President of Operations in six years. From 1999 until 2003, Mr. Alonso was involved in the development of the Aroma Café brand in Argentina.

Annette Franqui. Mrs. Franqui has been a member of our board of directors since 2007 and is a member of the Compensation and Nomination Committee. She graduated with a Bachelor of Science degree in Economics from the Wharton School of the University of Pennsylvania in 1984 and an MBA from the Stanford Graduate School of Business in 1986. She is also a Chartered Financial Analyst. Mrs. Franqui began her career in 1986 with J.P. Morgan and joined Goldman Sachs in 1989. In 1994, she returned to J.P. Morgan where she became a Managing Director and the Head of the Latin America Research Department. Mrs. Franqui joined Panamco in 2001 as Vice President of Corporate Finance and became the Chief Financial Officer in 2002. She is one of the founding partners of Forrestal Capital and is currently a board member of Axionlog Cold Solutions, Latam LLC, and, on a volunteer basis, AARP.

Carlos Hernández-Artigas. Mr. Hernández-Artigas has been a member of our board of directors since 2007 and is a member of the Compensation and Nomination Committee. He graduated from Universidad Panamericana, Escuela de Derecho in 1987 and University of Texas at Austin, School of Law in 1988. He received an MBA from IPADE in Mexico City in 1996. Mr. Hernández-Artigas worked as a lawyer for several years in Mexico and as a foreign attorney in Dallas, Texas and New York. He served as the General Counsel, Chief Legal Officer and Secretary of Panamco for ten years. He is an advisor at Big Sir Partners in Miami, Florida and is currently a board member of Wireless WERX Inc., and dba inside, a technology company in Anaheim, California.

Michael Chu. Mr. Chu has been an independent member of our board of directors since April 2011 and is a member of our Audit Committee. He graduated with honors from Dartmouth College in 1968 and received an M.B.A. with highest distinction from the Harvard Business School in 1976. From 1989 to 1993, Mr. Chu served as an executive and limited partner in the New York office of the private equity fund Kohlberg Kravis Roberts& Co. From 1993 to 2000, Mr. Chu was with ACCION International, a nonprofit corporation dedicated to microfinance, where he served as President and CEO. Mr. Chu currently holds an appointment as Senior Lecturer at the Harvard Business School and is Managing Director and cofounder of the IGNIA Fund, an investment firm dedicated to investing in commercial enterprises serving low-income populations in Mexico. He was a founding partner of, and continues to serve as Senior Advisor to, Pegasus Group, a private equity firm in Buenos Aires.

José Alberto Vélez. Mr. Vélez has been an independent member of our board of directors since June 2011 and is a member of our Audit Committee. Mr. Vélez received a Master of Science in Engineering degree from the University of California, Los Angeles, and a degree in Administrative Engineering from Universidad Nacional de Colombia. Mr. Vélez previously served as the CEO of Suramericana de Seguros, the leading insurance company in Colombia, and also as the CEO of Inversura, a holding company that integrates the leading insurance and social security companies in Colombia. He was the Chief Executive Officer of Cementos Argos S.A. between 2003 and 2012. From 2012 until March, 2016, he was the President of Grupo Argos, a holding group with investments in cement, energy, mining, ports and real estate. He is currently a member of the Boards of Directors of Grupo Suramericana de Inversiones S.A., Bancolombia, Situm, Celsia, Cementos Argos and Calcetinas Crystal. He also is a member of the Board of Trustees of the Universidad EAFIT, Proantioquia, Codesarrollo, Fundación Suramericana, Fundación Fraternidad Medellín and Chairman of CECODES, the Colombian Chapter of the World Business Council for Sustainable Development. In addition, he sits on the advisory board of the Council of the Americas, based in New York.

José Fernández. Mr. Fernandez is an independent member of our board of directors (since April 25, 2016) and has served on our board of directors since October 1, 2013. Mr. Fernández was the Divisional President of operations for SLAD until 2013. Mr. Fernández is a Mechanical Engineer from Instituto Tecnológico Buenos Aires and began his career at McDonald's in 1986. He held the positions of Development Director, Development Vice President and Managing Director of McDonald's Argentina before becoming the Divisional President of operations of SLAD.

Alejandro Ramírez Magaña. Mr. Ramírez was an independent member of our board of directors from November 1, 2012 to April 26, 2016. He also served as a member of our Audit Committee. Mr. Ramírez holds an MBA from Harvard Business School, a Master of Sciences in Development Economics from the University of Oxford and a Bachelor of Arts in Economics from Harvard University. Mr. Ramírez is the General Director of Cinépolis, the largest cineplex chain in Latin America and the fourth largest in the world. He recently co-chaired the 2012 Annual Meeting of the World Economic Forum and was also appointed by former Mexican President Calderón as Chair of the G20's Business Summit (B20), in Mexico in June 2012. He has worked for the World Bank, the United Nations Development Programme (UNDP), and was Mexico's Permanent Representative to the Organization for Economic Cooperation and Development. In 2005, he was also appointed as "Young Global Leader" by the Davos World Economic Forum in Switzerland.

Executive Officers

Our executive officers are responsible for the management and representation of our company. We have a strong centralized management team led by Mr. Alonso, our CEO, with broad experience in development, revenue, supply chain management, operations, finance, marketing, legal affairs, human resources, communications and training. Most of our executive officers have worked in the food service industry for several years. Many of the members of the management team have a long history with McDonald's operations in Latin America and the Caribbean and with Mr. Alonso, and have worked together as a team for many years. Our executive officers were appointed by our Board of Directors for an indefinite term.

The following table lists our current executive officers:

Name	Position	Initial Year of Appointment
Sergio Alonso	Chief Executive Officer	2015
Marcelo Rabach	Chief Operating Officer	2015
José Carlos Alcantara	Chief Financial Officer	2015
Juan David Bastidas	Chief Legal Counsel	2010
Paulo Camargo	Divisional President—Brazil	2015
Alejandro Yapur	Divisional President—SLAD	2013
Rogério Barreira	Divisional President—NOLAD	2015
Luis Raganato	Divisional President—Caribbean	2014
Sebastian Magnasco	Vice President of Development	2007
Raul Mandía	Vice President of Marketing	2007
Diego Benenzon	Vice President of Human Resources	2014
José Valledor Rojo	Vice President of Supply Chain	2015
Marlene Fernandez del Granado	Vice President of Government Relations	2011

The following is a brief summary of the business experience of our executive officers who are not also directors. Unless otherwise indicated, the current business addresses for our executive officers is Roque Saenz Peña 432, Olivos, Buenos Aires, Argentina (B1636 FFB) and Juncal 1408, Oficina 404, CP 11000, Montevideo, Uruguay.

Marcelo Rabach. Mr. Rabach, 45, is our Chief Operating Officer, and prior to his appointment as such in August 2015, Divisional President for NOLAD since 2013, Vice President of Operations Development since 2012 and Divisional President in Brazil since 2008. He graduated with a degree in Business Administration from Universidad Argentina de la Empresa in 2002. He began his career at McDonald’s Argentina in 1990 and has over 17 years of line operations experience, starting as a crew employee and steadily advancing into larger operational roles. From 1999 until his appointment as McDonald’s Chief Operating Officer in Venezuela in 2005, Mr. Rabach was responsible for the operations, real estate, construction, human resources, local store marketing, and training and franchising of a region within Argentina, holding the positions of Operations Manager and Operations Director. He was the Chief Operating Officer in Venezuela from 2005 until 2008.

José Carlos Alcantara. Mr. Alcantara, 45, is our Chief Financial Officer. He attended Escola Superior de Propaganda e Marketing in Brazil, where he received a Bachelor’s Degree, and Northwestern University’s Kellogg School of Management, where he earned an MBA. Mr. Alcantara has worked as a consultant and as a senior auditor at Ernst & Young and Price Waterhouse Coopers, respectively. Mr. Alcantara has held senior finance positions within PepsiCo’s Quaker Oats and International (LAR Foods & Beverages) businesses both in Brazil and in the United States. Most recently, Mr. Alcantara served as the Managing Director Spanish Latin America at Experian, where he was previously CFO Latin America.

Juan David Bastidas. Mr. Bastidas, 48, is our Chief Legal Counsel. He attended Universidad Pontificia Bolivariana in Colombia, where he received a Law Degree. He graduated as a Business Law Specialist from the same university. He has post-graduate studies in International Business, Business Administration and Senior Management. Mr. Bastidas worked from 1994 to 1995 as an international operations lawyer for Banco Industrial Colombiano (Bancolombia). He served as General Counsel and Secretary of the board of directors of Interconexión Electrica S.A. E.S.P.–ISA from 1995 to 2010 before joining us in July 2010.

Paulo Camargo. Mr. Camargo, 47, was appointed Divisional President for Brazil in October 2015. Prior to Mr. Camargo’s promotion, he served as Vice President of Operations for the Brazil Division for four years. Mr. Camargo has over 20 years of experience in the consumer, retail and services industry. He has worked for companies such as PepsiCo, FASA Corporation and Iron Mountain across a variety of geographies. Before joining Arcos Dorados in 2011, he was President of the Spain Division at Iron Mountain. Mr. Camargo has a postgraduate degree in Business Administration from Mackenzie University in São Paulo, and also holds an MBA from IEDE Business School in Spain. He has undertaken executive training at Harvard Business School in the United States, Henley Business School in England and the IESE Business School in Spain.

Alejandro Yapur. Mr. Yapur, 47, was appointed Divisional President of SLAD in July 2013. He began his career in 1986 as a crew member at the first McDonald’s restaurant in Argentina and had the opportunity to serve as Manager in the Marketing, Operations and Corporate Communications areas of Arcos Dorados in Argentina. In 2005 he was promoted to Managing Director of Uruguay and in 2007 became responsible for the Company’s Chilean operations. In 2011, Mr. Yapur became Regional Managing Director for the Southern Cone Region (Argentina, Chile and Uruguay) until 2013 when he was promoted to his current position. He graduated from the Universidad de Estudios Empresariales in Buenos Aires and subsequently went on to earn a Master’s degree in Communications from Universidad Austral.

Rogério Barreira. Mr. Barreira, 47, was appointed Divisional President for NOLAD in October 2015. Prior to Mr. Barreira´s promotion, he served as Vice President of Operations for the Brazil Division for four years. Mr. Barreira has over 32 years of experience in Arcos Dorados, acting in different key positions role in Brazil. Mr. Barreira has a Master in Business Administration from Foundation Getulio Vargas in Brazil and, and also holds a degree in Marketing and Business Planning from Anhembi-Morumbi University in Brazil.

Luis Raganato. Mr. Raganato, 51, is our Divisional President for the Caribbean. Prior to his appointment as such, he was the General Director of Arcos Dorados in Peru. Mr. Raganato began his career at Arcos Dorados in 1991 as a Trainee in the Nuevocentro Shopping location in the province of Córdoba, Argentina and has held various positions in Operations Management over the years. Mr. Raganato holds a Bachelor’s degree in Business Administration from Instituto Aeronáutico de Argentina and a Master’s degree in Marketing and Business Development from Escuela Superior de Estudios de Marketing de Madrid.

Sebastian Magnasco. Mr. Magnasco, 46, is our Vice President of Development and served, prior to his appointment as such, in the same capacity in SLAD. He graduated with a degree in Engineering from Instituto

Tecnológico Buenos Aires, in 1990. He began his career at McDonald's in 1994 and held the positions of Real Estate & Equipment Director of Argentina and IT, Real Estate and Equipment Director of Argentina until his appointment as Vice President of Development of SLAD in 2005.

Raul Mandía. Mr. Mandía, 54, is our Vice President of Marketing and served, prior to his appointment as such, in the same capacity in SLAD. He graduated with an associate degree in Accounting from Northern Virginia Community College, Virginia in 1988. Mr. Mandía also holds a Bachelor's degree in accounting from Strayer College in Washington D.C. and a Master's degree in taxation from Southeastern University in Washington D.C. He has also completed postgraduate coursework from The Garvin School of International Management in Arizona and The Wharton School in Pennsylvania. He began his career at McDonald's in 1991 as Finance Manager in Uruguay. In 2000, he became Director of Operations, Learning and Development in the Latin American group of McDonald's corporate headquarters, and in 2002 he returned to McDonald's Uruguay as Managing Director until he was appointed as Vice President of Marketing of SLAD in 2005.

Diego Benenzon. Mr. Benenzon, 49, is our Vice President for Human Resources. He joined the Company in April 2008 as a SLAD HR Talent and Development Director and has over ten years' experience in leadership positions at Citibank where he was Vice President of Human Resources before joining the Company. Prior to Citibank Mr. Benenzon was a human resources consultant at Roland Berger International. He has also served as a senior consultant to various large companies and NGOs and has teaching experience. Mr. Benenzon graduated with a degree in psychology from Universidad John F. Kennedy and holds a postgraduate degree from the Universidad de Buenos Aires.

José Valledor. Mr. Valledor, 49, is our Vice President of Supply Chain. Prior to his appointment as such, he was Divisional President in Brazil. He joined us in 1990 as an assistant in the accounting department, and four years later he became Manager of that department. In 2005, he became Regional Operations Director, responsible for the markets of Uruguay, Paraguay and Argentina. Two years later, he became Argentina's General Director while continuing to supervise the market operations in Uruguay, Chile and Paraguay. Mr. Valledor Rojo has a degree in Business Administration and a postgraduate degree from the Instituto de Altos Estudios (IAE) in Buenos Aires, Argentina.

Marlene Fernandez. Ms. Fernandez, 54, is Vice President of Government Relations. Prior to joining us in 2009, she served as Executive Director of the Gallup Organization in Latin America and held various governmental positions, including member of Bolivia's Chamber of Deputies, Bolivian Ambassador to the United States and Permanent Representative to the Organization of American States in Washington, D.C., the European Union and Italy. Ms. Fernandez graduated with a degree in Communications and Public Relations from Universidad John F. Kennedy in Buenos Aires. She holds a Master of Science with a specialization in broadcast journalism from Boston University and has completed doctorate courses at Harvard University in Law and Diplomacy, Strategic Communications, Conflict Resolution and Negotiations in Conflict Areas.

B. Compensation

Long-term and Equity Incentive Plans

Long-term Incentive Plan

We implemented a long-term incentive plan in 2008 to reward certain employees for the success of our business. In accordance with this plan, we historically granted phantom equity units, called CADs, annually to certain employees, pursuant to which such employees are entitled to receive, upon vesting, a cash payment equal to the appreciation in the fair value of the award over the base value of the award. In 2011, our Board approved the use of the Company's market capitalization following our initial public offering as the metric used to determine the Company's fair market value under this incentive plan in place of the existing formula used to determine the current value of the awards. The CADs vest over a five-year period, subject to continued employment with us, as follows: 40% on the second anniversary of the date of grant and 20% on each of the following three anniversaries. The right is cumulative and, once it has become exercisable, it may be exercised during a quarterly window period in whole or in part until the date of termination, which occurs two months after the fifth anniversary of the grant date. Any outstanding CADs at the date of termination will be automatically settled by us. In April 2014, we communicated to our employees the three-year extension of the right to exercise outstanding options under the long-term incentive plan without any change in the vesting period. Pursuant to the three-year extension, units for which its exercise right was originally scheduled to expire in May 2014 will expire in May 2017, and units for which its exercise right was originally scheduled to expire in May 2015 will expire in May 2018. There were 84 employees affected by this resolution.

As of December 31, 2015, 664,775 CADs were outstanding, as compared to 873,538 CADs as of December 31, 2014. During 2015, 28,186 CADs were exercised, and the total amount paid for these exercises was $0.1 million. A total of $180,577 CADs was forfeited during 2015. At December 31, 2015, we maintain a current payable of $0.2 million related to these exercises that is presented within “accrued payroll and other liabilities” in our balance sheet. See Note 16 to our consolidated financial statements for additional information.

Equity Incentive Plan

In March 2011, we adopted our Equity Incentive Plan, or 2011 Plan, to attract and retain the most highly qualified and capable professionals and to promote the success of our business. This plan replaces our 2008 long-term incentive plan discussed above, although the CADs that have already been granted will remain outstanding until their respective termination dates. Like our 2008 long-term incentive plan, the 2011 Plan is being used to reward certain employees for the success of our business through an annual award program. The 2011 Plan permits grants of awards relating to class A shares, including awards in the form of share (also referred to as stock) options, restricted shares, restricted share units, share appreciation rights, performance awards and other share-based awards as will be determined by our Board.

Pursuant to the 2011 Plan, on April 14, 2011, the first trading day of our class A shares on the NYSE, we made the annual grants for 2011 to certain of our executive officers and other employees. The grants included 231,455 restricted share units and 833,388 stock options that will vest as follows: 40% on the second anniversary of the date of grant and 20% on each of the following three anniversaries. In addition, on April 14, 2011, we granted special awards of restricted share units and stock options to certain of our executive officers and other employees in connection with our initial public offering. The special grant included 782,137 restricted share units and 1,046,459 stock options that will vest one-third on each of the second, third and fourth anniversaries of the grant date. With respect to all of the grants made on April 14, 2011, each stock option represents the right to acquire one class A share at a strike price of $21.20 (the closing price on the date of grant), while each restricted share unit represents the right to receive one class A share, when vested.

On May 10, 2012, we made the annual grants for 2012 to certain of our executive officers and other employees. The grants include 211,169 restricted share units and 584,587 stock options that will vest as follows: 40% on the second anniversary of the grant date and 20% on each of the following three anniversaries. Each stock option granted represents the right to acquire one class A share at a strike price of $14.35 (the closing price on the grant date), while each restricted share unit represents the right to receive one class A share when vested.

On May 10, 2013, we made the annual grants for 2013 to certain of our executive officers and other employees. The grants include 213,600 restricted share units and 431,726 stock options that will vest as follows: 40% on the second anniversary of the grant date and 20% on each of the following three anniversaries. Each stock option granted represents the right to acquire one class A share at a strike price of $14.31 (the closing price on the grant date), while each restricted share unit represents the right to receive one class A share when vested.

On May 10, 2014 we made the annual grants for 2014 to certain of our executive officers and other employees. The grants include 317,351 restricted share units and 247,475 stock options that will vest as follows: 40% on the second anniversary of the grant date and 20% on each of the following three anniversaries. Each stock option granted represents the right to acquire one class A share at a strike price of $8.58 (the closing price on the grant date), while each restricted share unit represents the right to receive one class A share when vested.

On May 8, 2015 we made the annual grants for 2015 to certain of our executive officers and other employees. The grants include 923,213 restricted share units that will vest as follows: 40% on the second anniversary of the grant date and 20% on each of the following three anniversaries. Each restricted share unit represents the right to receive one class A share when vested.

The maximum number of shares that may be issued under the 2011 Plan is 5,238,235 class A shares, equal to 2.5% of our total outstanding class A and class B shares immediately following our initial public offering on April 14, 2011. We issued 322,853 class A shares during 2015 in connection with the partial vesting of outstanding restricted share units.

See Note 16 to our consolidated financial statements for additional information.

We intend to make the 2016 annual grant under the 2011 Plan during the second quarter of 2016.

Compensation of Directors and Officers

General

The approximate aggregate annual total cash compensation for our 14 officers was $8.6 million in 2015. In 2015, we approved annual compensation for our non-executive directors of $140,000 each, payable 100% in cash. The cash payments corresponding to services performed in 2015 were paid $70,000 each in 2015 and $70,000 each in 2016. We have not entered into any service contracts with our directors to provide for benefits upon termination of employment.

C. Board Practices

Our Committees

Audit Committee

Until April 25, 2016, our audit committee consisted of three directors, Mr. Chu, Mr. Vélez and Mr. Ramírez Magaña, who are independent within the meaning of the SEC and NYSE corporate governance rules applicable to foreign private issuers. Our Board of Directors has determined that Mr. Chu, Mr. Vélez and Mr. Ramírez Magaña are also "audit committee financial experts" as defined by the SEC. Mr. Ramírez Magaña served on our audit committee until April 25, 2016. He did not stand for reelection to our Board of Directors at the general meeting of shareholders held on such date.

The charter of the audit committee states that the purpose of the audit committee is to assist the Board of Directors in its oversight of:

- the integrity of our financial statements;
- the annual independent audit of our financial statements, the engagement of the independent auditor and the evaluation of the qualifications, independence and performance of our independent auditor;
- the performance of our internal audit function; and
- our compliance with legal and regulatory requirements.

Compensation and Nomination Committee

Our compensation and nomination committee consists of Mr. Hernández-Artigas and Ms. Franqui. Pursuant to its charter, the compensation and nomination committee is responsible for, among other things:

- approving corporate goals and objectives relevant to compensation, evaluating the performance of executives in light of such goals and objectives and recommending compensation based on such evaluation, recommending any long-term incentive component of compensation and approving the compensation of our executive officers;
- reviewing and reporting to the board of directors on our management succession plan and on compensation for directors;
- evaluating our compensation and benefits policies;
- evaluating the structure of our board of directors;
- nominating candidates to executive positions and to the board of directors; and
- reporting to the board periodically.

D. Employees

Our employees are a crucial component of our customers' restaurant service experience. As such, we consistently train our employees to deliver fast and friendly service through a series of training programs. We support our McDonald's-based training programs with an extensive set of quality controls throughout production, processing and distribution and also in our restaurants, where we monitor restaurant managers' performance and use ongoing external customer satisfaction opportunity reports that analyze key operating indicators.

Our employees can be divided into three different categories: crew, restaurant managers and professional staff. Due to the different tasks of each of these categories of employees, turnover rates differ significantly. Crew turnover is considerably higher than turnover for managers and professional staff.

As of December 31, 2015, we had a total of approximately 83,348 employees throughout the Territories. Of this number, 83% were crew, 15% were restaurant managers and the remainder were professional staff. Approximately 42% of our employees were located in Brazil.

We have various types of employment arrangements with our employees in Brazil. Some of our employees receive monthly wages whereas others are paid by the hour, and some of our employees have fixed work schedules. Most of our employees in Brazil, in particular students and minors, work schedules of less than 180 hours per month. Brazilian law requires that employers provide a minimum monthly wage, which, in the case of employees who are paid by the hour, is prorated in terms of wages per hour.

In the beginning of 2012, we decided to transition to fixed work schedules and hourly wages for our employees in Brazil. Our employees will work between 180 and 220 hours per month, with proportional wages based on the quantity of hours fixed in their employment agreements. In 2013, pursuant to the Pernambuco Labor Court ruling, we began the transition to a fixed hourly schedule according to the timeframe agreed to in the ruling. See "Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal Proceedings—Brazilian Labor Litigation."

In August 2012, the Public Labor Ministry of the State of Pernambuco (*Ministério Público do Trabalho do Estado de Pernambuco*) filed a civil complaint against us in the Labor Court of Pernambuco (*Justiça do Trabalho de Pernambuco*) regarding alleged noncompliance with certain labor laws. See "Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal Proceedings—Brazilian Labor Litigation."

The following table illustrates the distribution of our employees by division and employee category as of December 31, 2015. Due to the reorganization of our segments effective January 1, 2013, the segment information below is not directly comparable to the segment information presented in our annual reports on Form 20-F for the years prior to 2013. See "Presentation of Financial and Other Information—Operating Data."

Division	Crew	Restaurant Managers	Professional Staff	Total
Brazil	28,148	6,263	440	34,851
Caribbean division	9,176	1,697	303	11,176
NOLAD	8,210	1,798	253	10,261
SLAD	23,408	2,984	274	26,666
Corporate and other	0	0	394	394
Total	**68,942**	**12,742**	**1,664**	**83,348**

Restaurant managers are responsible for the daily management of our restaurants. As such, we have a comprehensive training program for them that is focused on customer management practices, food preparation and other operational procedures. Standards are taught and continuously reinforced through the use of such training programs. We also use performance measurements on a continual basis, both internally and externally in connection with all our restaurants. Our internal on-site visit restaurant operations improvement process evaluates operational standards, which are compared globally to assure continuous improvement. We also contract third parties, which we refer to as third-party shoppers, to visit our restaurants anonymously and report on our performance. Our external third-party shopper measurements and customer satisfaction opportunity reports help maintain our competitiveness. In addition, Hamburger University provides restaurant managers, mid-managers and owner/operators with training on best practices in different aspects of our business. In 2015, approximately 1,274 people attended different courses or events organized by Hamburger University in areas such as restaurant and customer management, sales and accounting.

The role performed by our crew is of critical importance in our interactions with our customers. Employee relations are thus key to maintaining the level of motivation and enthusiasm on the part of our crew that help differentiate our restaurants from those of our competitors. We have been recognized by many independent organizations for being a "great place to work." In 2015, the Great Place to Work Institute ranked us fifth among the top 25 best multinational employers in Latin America, and we led the "*Súper Empresas*" (Super Companies) ranking by the *Expansión/CNN magazine*.

Although we have unions in some of our most important markets, including Brazil, Argentina and Mexico, the unions only have an active role in our Brazil restaurants. In these markets, the restaurant industry is unionized by law. However, in Brazil every employee and company are necessarily represented by unions. Workers unions can negotiate directly with companies through Collective Bargaining Agreements, or CBAs, or with the company's union through Collective Convention. Under Brazilian law, employees or groups of employees cannot opt-out of the terms under union agreements, which integrate the employment contract for all legal purposes. In Brazil, the CBA or the Collective Convention should provide, on a yearly basis, the salary adjustment to be afforded by all employees, and may also provide certain additional guarantees or rights, to be applicable to all employees, regardless of their unit or position in the company, during a certain term (maximum of two years). All collective agreements are mandatory in Brazil.

E. Share Ownership

The following table presents the beneficial ownership of our shares owned by our directors and officers as of the date of this annual report. Other than those persons listed below, none of our directors or officers beneficially own any of our shares.

Shareholder	Class A Shares	Percentage of Outstanding Class A Shares	Class B Shares	Percentage of Outstanding Class B Shares	Total Economic Interest	Total Voting Interest(1)
Los Laureles Ltd.(2)(3)	—	—	80,000,000	100.0%	38.0%	75.4%
Woods Staton(3)	7,565,668	5.8%	—	—	3.6%	1.4%
Sergio Alonso	*	*	—	—	*	*
Annette Franqui	*	*	—	—	*	*
Carlos Hernández-Artigas	*	*	—	—	*	*
Juan David Bastidas	*	*	—	—	*	*
José Valledor Rojo	*	*	—	—	*	*
José Fernandez	*	*	—	—	*	*
Marcelo Rabach	*	*	—	—	*	*
Sebastian Magnasco	*	*	—	—	*	*
Raul Mandía	*	*	—	—	*	*
Diego Benenzon	*	*	—	—	*	*
Marlene Fernandez	*	*	—	—	*	*

* Each of these directors and officers beneficially owns less than 1% of the total number of outstanding class A shares.

(1) Class A shares are entitled to one vote per share and class B shares are entitled to five votes per share.

(2) Los Laureles Ltd. is beneficially owned by Mr. Staton, our Executive Chairman. See "Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders—Los Laureles Ltd."

(3) In addition to the class B shares he beneficially owns through Los Laureles Ltd., Mr. Staton beneficially owns 7,565,668 class A shares (includes 153,302 shares of common stock issuable upon exercise of stock options and 177,093 restricted share units) directly, and indirectly through Chablais Investments S.A. ("Chablais"). Mr. Staton and Chablais filed with the SEC a schedule 13D dated March 11, 2016. Based solely on the disclosure set forth in such Schedule 13D, (i) Mr. Staton has sole voting power with respect to 580,444 Class A shares and sole dispositive power with respect to 580,444 Class A shares; and (ii) Chablais has shared voting power with respect to 6,985,223 Class A shares and shared dispositive power with respect to 6,985,223 Class A shares. On a combined basis, Mr. Staton is the beneficial owner of an aggregate of 41.6% of the total economic interests of Arcos Dorados and 76.8% of its total voting interests. The address of Mr. Staton is Mantua No. 6575 (esquina Potosí), Montevideo, Uruguay 11500. The address of Chablais is Level 1, Palm Grove House, Wickham's Cay 1, Road Town, Tortola, BVI.

As of the date of this annual report, our 13 officers had been granted (i) a total of 606,596 restricted share units, 719,768 options at an exercise price of $21.20 per share, 257,238 stock options at an exercise price of $14.35 per share and 114,330 stock options at an exercise price of $14.31 per share pursuant to the 2011 Plan. For more information, see "—B. Compensation—Long-term and Equity Incentive Plans" above. Our non-executive directors had been granted a total of 53,652 stock options at an exercise price of $14.35 per share, 100,332 stock options at an exercise price of $14.31 and 247,478 stock options at an exercise price of $8.58 per share per share pursuant to the 2011 Plan.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

As of the date of this annual report, under our memorandum and articles of association, we are authorized to issue a maximum of 420,000,000 class A shares, no par value per share, and 80,000,000 class B shares, no par value per share. Each of our class A shares entitles its holder to one vote. Each of our class B shares entitles its holder to five votes. Los Laureles Ltd., our controlling shareholder, owns 38.00% of our issued and outstanding share capital, and 75.40% of our voting power by virtue of its ownership of 100% of our class B shares. The following table presents the beneficial ownership of our shares as of the date of this annual report:

Shareholder	Class A Shares	% of Outstanding Class A Shares	Class B Shares	% of Outstanding Class B Shares	Total Economic Interest	Total Voting Interest(1)
Los Laureles Ltd(2)(3)	—	—	80,000,000	100.0%	38.00%	75.40%
Woods Staton(3)	7,565,668	5.80%	—	—	3.59%	1.43%
Brandes Investment Partners, L.P. (4)	15,654,067	11.99%			7.44%	2.95%
Coronation Asset Management (Pty) Ltd.(5)	11,170,774	8.56%	—	—	5.31%	2.11%
William H. Gates III(6)	11,641,400	8.92%	—	—	5.53%	2.19%
Macquarie Group Limited(7)	6,637,654	5.08%	—	—	3.15%	1.25%
Black Creek Investment Management Inc.(8)	11,031,042	8.45%	—	—	5.24%	2.08%
Invesco Ltd.(9)	7,107,505	5.44%			3.38%	1.34%
Public	59,730,786	45.76%	—	—	28.37%	11.26%
Total	**130,538,896**	**100.0%**	**80,000,000**	**100.0%**	**100.0%**	**100.0%**

(1) Class A shares are entitled to one vote per share and class B shares are entitled to five votes per share.

(2) The address of Los Laureles Ltd. is 325 Waterfront Drive, Omar Hodge Building, 2nd Floor, Wickham's Cay 1, Road Town, Tortola, British Virgin Islands. Los Laureles Ltd. is beneficially owned by Mr. Staton, our Executive Chairman. Los Laureles Ltd. established a voting trust with respect to the voting interests in us held by Los Laureles Ltd. Los Laureles Ltd. is the beneficiary of the voting trust. See "—Los Laureles Ltd."

(3) In addition to the class B shares he beneficially owns through Los Laureles Ltd., Mr. Staton beneficially owns 7,565,668 class A shares (includes 153,302 shares of common stock issuable upon exercise of stock options and 177,093 restricted share units) directly, and indirectly through Chablais Investments S.A. ("Chablais"). Mr. Staton and Chablais filed with the SEC a schedule 13D dated March 11, 2016. Based solely on the disclosure set forth in such Schedule 13D, (i) Mr. Staton has sole voting power with respect to 580,444 Class A shares and sole dispositive power with respect to 580,444 Class A shares; and (ii) Chablais has shared voting power with respect to 6,985,223 Class A shares and shared dispositive power with respect to 6,985,223 Class A shares. On a combined basis, Mr. Staton is the beneficial owner of an aggregate of 41.59% of the total economic interests of Arcos Dorados and 76.83% of its total voting interests. The address of Mr. Staton is Mantua No. 6575 (esquina Potosí), Montevideo, Uruguay 11500. The address of Chablais is Level 1, Palm Grove House, Wickham's Cay 1, Road Town, Tortola, BVI.

(4) Brandes Investment Partners, L.P. and its control persons filed with the SEC a Schedule 13G dated February 3, 2016. Based solely on the disclosure set forth in such Schedule 13G, Brandes Investment Partners, L.P. has shared voting power with respect to 15,320,087 class A shares and shared dispositive power with respect to 15,654,067 class A shares. The address of Brandes Investment Partners, L.P. is 11988 El Camino Real, Suite 600, San Diego, CA 92130.

(5) Coronation Asset Management (Pty) Ltd. filed with the SEC a Schedule 13G/A dated February 11, 2016. Based solely on the disclosure set forth in such Schedule 13G/A, Coronation Asset Management (Pty) Ltd. has sole voting power with respect to 11,170,774 class A shares and sole dispositive power with respect to 11,170,774 class A shares. The address of Coronation Asset Management (Pty) Ltd. is 7th Fl. Montclare Centre, CNR Main and Campground Rd., Claremont, Cape Town T3 7708, South Africa.

(6) William H. Gates III ("Mr. Gates") indirectly owns Class A shares through Cascade Investment, LLC ("Cascade") and the Bill & Melinda Gates Foundation Trust (the "Trust"). Cascade, the Trust, Mr. Gates and Melinda French Gates ("Mrs. Gates") filed with the SEC a Schedule 13G/A dated February 13, 2015. Based solely on the disclosure set forth in such Schedule 13G/A, (i) Cascade has sole voting power with respect to 8,580,900 class A shares and sole dispositive power with respect to 8,580,900 class A shares; (ii) the Trust has shared voting power with respect to 3,060,500 class A shares and shared dispositive power with respect to 3,060,500 class A shares; (iii) Mr. Gates has shared voting power with respect to 11,641,400 class A shares and shared dispositive power with respect to 11,641,400 class A shares; and (iv) Mrs. Gates has shared voting power with respect to 3,060,500 class A shares and shared dispositive power with respect to 3,060,500 class A shares. The address of Cascade Investment, LLC is 2365 Carillon Point, Kirkland, Washington 98033. The address of the Trust and Mrs. Gates is 500 Fifth Avenue North, Seattle, Washington 98119. The address of Mr. Gates is One Microsoft Way, Redmond, Washington 98052.

(7) The Macquarie Group Limited filed with the SEC a Schedule 13G/A dated February 16, 2016. Based solely on the disclosure set forth in such Schedule 13G/A, (i) The Macquarie Group Limited has sole voting power with respect to 0 class A shares and sole dispositive power with respect to 0 class A shares, (ii) The Macquarie Bank Limited has sole voting power with respect to 0 class A shares and sole dispositive power with respect to 0 class A shares, (iii) Delaware Management Holdings, Inc. has sole voting power with respect to 6,637,654 class A shares and sole dispositive power with respect to 6,637,654 class A shares and (iv) Delaware Management Business Trust

has sole voting power with respect to 6,637,654 class A shares and sole dispositive power with respect to 6,637,654 class A shares. The principal business address of Macquarie Group Limited, Macquarie Bank Limited and Macquarie Investment Management Ltd. is No. 1 Martin Place, Sydney, New South Wales, Australia. The principal business address of Delaware Management Holdings Inc. and Delaware Management Business Trust is 2005 Market Street, Philadelphia, PA 19103.

(8) Black Creek Investment Management Inc. filed with the SEC a Schedule 13G dated February 16, 2016. Based solely on the disclosure set forth in such Schedule 13G, Black Creek Investment Management Inc. has sole voting power with respect to 11,031,042 class A shares and sole dispositive power with respect to 11,031,042 class A shares. The address of Black Creek Investment Management Inc. is 212 .King Street West, Toronto, Ontario, M5H 1K5, Canada.

(9) Invesco Ltd. filed with the SEC a Schedule 13G dated February 10, 2016. Based solely on the disclosure set forth in such Schedule 13G, Invesco Ltd. has sole voting power with respect to 7,107,505 class A shares and sole dispositive power with respect to 7,107,505 class A shares. The address of Invesco Ltd. is 1555 Peachtree Street NE, Suite 1800, Atlanta, GA 30309.

Los Laureles Ltd.

Los Laureles Ltd. is our controlling shareholder and is beneficially owned by Mr. Staton, our Executive Chairman. Los Laureles Ltd. currently owns 38.0% of the economic interests of Arcos Dorados and 75.4% of its voting interests. Los Laureles Ltd. has established a voting trust with respect to the voting interests in us held by Los Laureles Ltd. Los Laureles Ltd. is the beneficiary of the voting trust. The voting trust exercises the vote of the class B shares through a voting committee, which consists of only Mr. Staton. The decision of the voting committee must be approved by Los Laureles (PTC) Limited, a British Virgin Islands company that is a wholly owned subsidiary of Los Laureles Limited. Mr. Staton is the sole director of Los Laureles (PTC) Limited. Without the consent of McDonald’s, Mr. Staton may add any one or more of his descendants, certain other relatives, any board member of Arcos Dorados and the chief executive officer, chief operating officer or chief financial officer of Arcos Dorados to the committee.

Following Mr. Staton’s death or during Mr. Staton’s incapacity, the voting committee will consist of (1) certain officers or directors of Arcos Dorados, (2) certain descendants of Mr. Staton or their representatives, and (3) other persons appointed by Los Laureles (PTC) Limited, subject to McDonald’s consent if such person is not one of Mr. Staton’s descendants and is not the chief executive officer, chief operating officer or chief financial officer of Arcos Dorados. For the first five years from the date of the execution of the voting trust, the officers and directors of Arcos Dorados on the voting committee will have the tie-breaking vote (if any). Thereafter, Mr. Staton’s descendants will have the tie-breaking vote.

Significant Changes in Ownership by Major Shareholders

We have experienced significant changes in the percentage ownership held by major shareholders as a result of our initial public offering and follow-on offering. Prior to our initial public offering in April 2011, our principal shareholders were Los Laureles Ltd. (40.0% economic, 76.9% voting), Gavea Investment AD, L.P. (26.1% economic, 10.0% voting) and investment funds controlled by Capital International, Inc. (20.4% economic, 7.9% voting) and DLJ South American Partners L.L.C. (through its affiliates) (13.2% economic, 5.1% voting).

On April 19, 2011, we completed our initial public offering and listed our class A shares on the NYSE. In the initial public offering, we sold 9,529,412 class A shares and Gavea Investment AD, L.P. and investment funds controlled by Capital International, Inc. and DLJ South American Partners L.L.C. (through its affiliates) sold 74,977,376 class A shares, including 11,022,624 class A shares sold to the underwriters pursuant to the underwriters’ over-allotment option. On October 25, 2011, we completed a follow-on offering in which Gavea Investment AD, L.P. and investment funds controlled by Capital International, Inc. and DLJ South American Partners L.L.C. (through its affiliates) sold the remainder of their shareholdings.

As of April 25, 2016, there were eight class A shareholders of record. We believe the number of beneficial owners is substantially greater than the number of record holders because a large portion of class A shares is held in “street name” by brokers.

B. Related Party Transactions

Our Board of Directors has created and adopted a related party transactions policy for the purpose of assisting the Board of Directors in reviewing, approving and ratifying related party transactions. This Policy is intended to supplement, and not to supersede, our other policies that may be applicable to or involve transactions with related parties, such as our Standards of Business Conduct.

Axionlog Split-off

In March 2011, we effected a split-off of Axionlog (formerly known as Axis) to our principal shareholders. The split-off was effected through the redemption of 41,882,966 shares (25,129,780 class A shares and 16,753,186 class B shares). As consideration for the redemption, the Company transferred to its principal shareholders its equity interests in the operating subsidiaries of the Axionlog business totaling a net book value of $15.4 million and an equity contribution that was made to the Axionlog holding company amounting to $29.8 million. Following the redemption, Los Laureles Ltd. acquired the Axionlog shares held by Gavea Investment AD, L.P. and investment funds controlled by Capital International, Inc. and DLJ South American Partners L.L.C. (through its affiliates). The split-off of Axionlog did not have a material effect on our results of operations or financial condition.

In 2011, we entered into a master commercial agreement with Axionlog on arm's-length terms pursuant to which Axionlog provides us with distribution inventory, storage (dry, frozen and chilled) and transportation services in Argentina, Chile, Colombia, Mexico, Venezuela, Uruguay and Perú. Pricing under the agreement is determined pursuant to an agreed upon formula that is considered standard in the distribution services industry. The pricing formula considers certain variables to determine the applicable fees, including (i) cost inputs (i.e., transportation expenses and salaries); (ii) time required for completion; (iii) storage requirements; (iv) merchandise volume; and (v) inflation and exchange rate adjustments. We use similar pricing formulas with our other distribution service providers in the territories not covered by Axionlog. Under the terms of the agreement, the pricing formula is reviewed on a yearly basis. In addition, we or Axionlog may request a renegotiation of the pricing formula in the event that, due to factors outside of our or their control, the formula is substantially altered based on changes to its variable inputs.

On November 9, 2011, we entered into a revolving loan agreement as a creditor with Axionlog B.V. (formerly known as Axis Distribution B.V.), a holding company of the Axionlog business, pursuant to which we agreed to lend Axionlog up to a total amount of $12.0 million at an interest rate of LIBOR plus 6%, in line with the interest rates prevailing in the market at the time of the agreement, the loan facility will mature on November 7, 2016. As of December 31, 2015 and 2014, Axionlog B.V. had borrowed $1.8 million and $11.5 million, respectively, from us in connection with this revolving loan facility.

During 2015, we incurred $44.2 million in total distribution fees payable to Axionlog, which accounted for approximately 4.3% of our total food and paper costs.

See Note 24 to our consolidated financial statements for details of the outstanding balances and transactions with related parties as of December 31, 2015 and 2014 and for the fiscal years ended December 31, 2015, 2014 and 2013.

Employment of Francisco Staton

Mr. Francisco Staton, Woods Staton's son, leads our operations in Colombia, serving as the managing director for Arcos Dorados Colombia. In this position, Francisco Staton reports to Luis Raganato, President of the Caribbean Division. He has a bachelor's degree from Columbia University in New York, where he also completed a Master's in Business Administration. Prior to working at Arcos Dorados, he worked as a consultant for the Boston Consulting Group. At Arcos Dorados, Francisco Staton has completed the Company's operational training programs in São Paulo and Bogotá, and has also held other positions at the Company, including serving as a restaurant manager as well as serving as a Senior Development Manager for new business projects in the NOLAD Division, in Mexico. For his services as managing director in Colombia, Francisco Staton receives customary compensation and benefits commensurate with his level of responsibility within the Company. His compensation package is aligned with the compensation packages of similar positions in other companies in Colombia, according to external compensation surveys. Francisco Staton is not an executive officer of the Company.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

Financial statements

See “Item 18. Financial Statements,” which contains our financial statements prepared in accordance with U.S. GAAP.

Legal Proceedings

Puerto Rican Franchisees

In January 2007, several Puerto Rican franchisees filed a lawsuit against McDonald’s Corporation and certain subsidiaries, which the Company purchased during the acquisition of the LatAm business (the “Puerto Rican franchisees lawsuit”). The lawsuit originally sought declaratory judgment and damages in the amount of $11 million plus plaintiffs’ attorney’s fees. In January 2008, the plaintiffs filed an amended complaint that increased the amount of damages sought to $66.7 million plus plaintiffs’ attorney’s fees. The complaint, as amended, requests that the court declare that the plaintiffs’ respective franchise agreements and contractual relationships with McDonald’s Corporation, which agreements and relationships were assigned or otherwise transferred to the Company as part of the Acquisition of the LatAm business, are governed by the Dealers’ Act of Puerto Rico, or “Law 75”, a Puerto Rican law that limits the grounds under which a principal may refuse to renew or terminate a distribution contract. The complaint also seeks preliminary and permanent injunctions to restrict the Company from declining to renew the plaintiffs’ agreements except for just cause, and to prohibit the Company from opening restaurants or kiosks within a three-mile radius of a franchisee’s restaurant. In September 2008, the Company filed a counter-suit requesting the termination of the franchise agreements with these franchisees due to several material breaches. On December 23, 2010, the Commissioner assigned by the Court of First Instance to this case issued a resolution holding that Law 75 applies to the parties’ commercial relationship. On July 20, 2011, the Court of First Instance adopted the Commissioner’s determination with respect to the application of Law 75. This determination is an interlocutory determination that defines the legislation applicable to the franchisee rights and obligations. Law 75 will be the applicable law during the trial process. After the trial conclusion, the Company can still reiterate in appeal the position that Law 75 does not apply to the franchised agreements. The franchisees will still need to demonstrate and prove that the franchisor has breached their respective contracts. Therefore, no provision has been recorded regarding this lawsuit because the Company believes that a final negative outcome has a low probability of occurrence.

Both parties have concluded discovery and the pretrial hearing was held on August 30, 2012. The trial commenced on September 10, 2012 and was heard by the court-assigned commissioner. At the end of 2014, plaintiffs finished their presentation of evidence and we have not yet started our presentation of evidence. We anticipate that the Commissioner will issue a recommendation of resolution to the Court of First Instance during 2016.

During 2014, another franchisee filed a complaint (the “related Puerto Rican franchisee lawsuit”) against us and McDonald’s USA, LLC (a wholly owned subsidiary of McDonald’s Corporation), asserting a very similar claim to the one filed in the Puerto Rican franchisees lawsuit. The claim seeks declaratory judgment and damages in the amount of $30 million plus plaintiff’s attorney’s fees. Although this case is in its early stages, we believe that a final negative resolution has a low probability of occurrence, since its close resemblance to the Puerto Rican franchisees lawsuit.

Furthermore, on March 26, 2010, we filed a collection claim against Puerto Rico Owner Operator’s Association (“PROA”), an association integrated by our franchisees that meets periodically to coordinate the development of promotional and marketing campaigns, for the reimbursement of the monetary contribution made during August 2007. On June 15, 2010, PROA, also known as the cooperative, filed a third party complaint and counterclaim (the “PROA claim”) against us and other third party defendants, in the amount of $31 million. At that time, the association was formed solely by franchisees that are plaintiffs in the Puerto Rican franchisees lawsuit, described above. PROA’s complaint requests breach of contract for withdrawing from the association (PROA’s position is that we cannot resign to the cooperative) and collection of past contributions, among others. On June 9, 2014, after several motions for summary judgment duly filed and opposed by the parties, the Court entered a “Partial Summary Judgment and Resolution” in favor of PROA, before initiating the discovery phase, finding that we must participate and contribute funds to the association. However, the Court did not specify any amount for which we should be held liable, due to its preliminary and interlocutory nature, and the lack of discovery conducted regarding the amounts claimed by the plaintiffs. We are opposing this claim vigorously because we believe that there is no legal basis for it considering: (i) the obligation to contribute is not directed towards a cooperative, (ii) the franchise agreement does not contain a provision that makes it mandatory to participate in the cooperative, and (iii) PROA's by-laws state that participation in the cooperative is voluntary, among other arguments.

Pursuant to Section 9.3 of the Stock Purchase Agreement, McDonald's Corporation indemnifies the Company for certain Brazilian claims as well as for specific and limited claims arising from the Puerto Rican franchisees lawsuit. Pursuant to the MFA, the Company indemnifies McDonald's for the related Puerto Rican franchisee lawsuit and the PROA claim.

Brazilian Labor Litigation

In August 2012, the Public Labor Ministry of the State of Pernambuco (*Ministério Público do Trabalho do Estado de Pernambuco*) in Brazil filed a civil complaint against us in the Labor Court of Pernambuco (*Justiça do Trabalho de Pernambuco*) in order to (i) compel us to change the variable work schedule applicable to our 14 restaurants in Pernambuco, which is a state in northeastern Brazil, to a fixed work schedule, (ii) seek fines of R$3,000 per employee per month for alleged noncompliance with labor laws related to, for example, overtime payment, breaks between workdays, night shift premiums, duration of breaks and weekly rest time, (iii) seek a penalty of R$20,000 related to the non-exhibition of documentation relating to audit labor inspections and (iv) seek collective damages of R$30,000,000 related to the variable work schedule practices in Pernambuco in recent years. The first hearing was scheduled for March 21, 2013.

On February 22, 2013, the Public Labor Ministry of the State of Pernambuco filed an additional petition seeking the extension of the original complaint throughout Brazil and increasing the amount of collective damages requested from R$30,000,000 to R$50,000,000. The Public Labor Ministry of the State of Pernambuco also added a demand that all employees should be allowed to bring their own meals for consumption during breaks in our restaurants.

On March 19, 2013, the Labor Court of Pernambuco ruled that we are required to implement a fixed work schedule for all of our employees in Brazil, with the exception of the regions (which represent approximately 80% of our employees in Brazil) where we have already signed a commitment or have obtained favorable legal decisions. The Labor Court of Pernambuco also held that our employees should be allowed to bring their own meals and approved the fine of R$3,000 for alleged noncompliance with labor laws, as described above, and the penalty of R$20,000 related to the non-exhibition of documentation relating to audit labor inspections.

On March 21, 2013, at a hearing before the Labor Court of Pernambuco, we agreed with the Public Labor Ministry of the State of Pernambuco to the following terms:

- our commitment to implement a fixed work schedule in the states of Sergipe, Espírito Santo, Bahia, Santa Catarina and Rio Grande do Sul;
- our commitment to comply with overtime payment, breaks between workdays, night shift premiums, duration of breaks, and weekly rest time requirements, among others requirements;
- a reduction of the fine for proved alleged noncompliance with the abovementioned items from R$3,000 to R$2,000 per employee per month;
- a reduction of the penalty for the non-exhibition of documentation relating to audit labor inspections from R$20,000 to R$2,000;
- the temporary stay for 60 days of the requirement to allow employees to bring their own meals;
- non-recognition of collective damages, provided that we will pay an amount of R$1.5 million in cash to the states of Pernambuco, Rio de Janeiro and Paraná (R$0.5 million each) on June 21, 2013 and we will incur an aggregate amount of R$6.0 million over the course of four years (R$1.5 million in January of each of 2014, 2015, 2016 and 2017) in advertising as part of a national communications campaign for educational or health purposes to be determined by the Public Labor Ministry of the State of Pernambuco by June 2013.

The claim to guarantee the payment of the minimum wage independently of working hours is currently on hold but will continue to be subject to legal discussion. No provision has been recorded regarding this claim because we believe that a final negative resolution has a low probability based on the fact that this labor practice complies with prevailing laws and regulations. The Labor Prosecutor has begun audits in order to confirm compliance with the terms of the settlement. Pursuant to the terms of the settlement, on June 21, 2013 we paid an aggregate amount of R$1.5 million in cash to the states of Pernambuco, Rio de Janeiro and Paraná (R$0.5 million each). On February 24, 2014, we and the Labor Prosecutor agreed on the schedule and terms relating to the payment of up to an aggregate amount of R$1.5 million throughout 2014 to fund communications campaigns for the Public Labor Ministry of the State of Pernambuco. On March 3, 2015 we and the Labor Prosecutor also came to an agreement over the designation of the R$1.5 million we gave to a communication campaign sponsored by the Public Labor Ministry of the State of Pernambuco, called "MPT Journalism Award 2015." The payments were made at the time of each campaign, in order to comply with the terms of the settlement. On April 5, 2016 we were informed by the Labor Ministry Prosecutor that the provisioned amount of R$1.5 million will also be destined to its communication campaign "MPT Journalism Award 2016." This payment will be made in the following months, as required by the Labor Ministry Prosecutor. There is a hearing scheduled for September 12, 2016 to terminate the discovery phase and issue a ruling on the pleas related to payment of the minimum wage for employees who do not work full time, as well as the possibility of employees bringing their own meals and not the meals provided by the Company.

Sinthoresp – Brasília

On February 23, 2015, a coalition of labor unions filed a lawsuit against us. The coalition alleges that we have defaulted on our obligations to our employees with a variety of inadequate working conditions such as an unhealthy working environment, consolidation of employee tasks, failure to pay the legal minimum wage or wages established through collective bargaining agreements, time-card fraud, failure to regularly collect contributions to the Mandatory Severance Pay Fund (FGTS), failure to grant legally-mandated meal and rest periods, failure to pay corresponding overtime, provision of sandwiches as the shift meal, failure to pay contracted amounts for recession of contracts, failure to supply the documents necessary to withdraw FGTS payments, and failure to provide the social security and termination of employment documents required under Brazilian law.

The plaintiffs argue that the alleged practices are a form of "social dumping," a cause of action under the commercial law characterized by practices seeking to obtain a significant reduction in production costs resulting in unfair competition. The plaintiffs have requested an order requiring: (i) immediate rectification of the alleged practices; (ii) an injunction against opening any new restaurants until compliance with the labor practices is demonstrated; (iii) damages for pain and suffering equal to an amount between 1% and 30% of gross income; (iv) that the Economic Defense Administrative Council – CADE be placed on notice of these conditions; and (v) service of process to the Public Labor Prosecutor to require it to follow up on the lawsuit.

The lawsuit is currently before the 22nd DF Labor Court in Brasilia. On March 6, 2015, the Labor Court denied the coalition's requests (i) to enjoin the allegedly unfair labor practices and (ii) that we not be permitted to open any new restaurants in Brazil. The first defense hearing was held on November 4th, 2015 and the discovery hearing is scheduled for May 11, 2016.

Retained Lawsuits and Contingent Liabilities

We have certain contingent liabilities with respect to existing or potential claims, lawsuits and other proceedings, including those involving labor, tax and other matters. As of December 31, 2015 we maintained a provision for contingencies amounting to $26.1 million ($20.1 million as of December 31, 2014), which is disclosed net of judicial deposits amounting to $5.5 million ($7.9 million as of December 31, 2014) that we were required to make in connection with the proceedings. As of December 31, 2015, the net amount of $20.6 million was disclosed as follows: $0.5 million as a current liability and $20.1 million as a non-current liability. See Note 17 to our consolidated financial statements for more details.

Pursuant to the Acquisition, McDonald's Corporation indemnifies us for certain Brazilian claims as well as for specific and limited claims arising from the Puerto Rican franchisee lawsuit. As of December 31, 2015, the non-current portion of the provision for contingencies included $3.5 million ($4.4 million as of December 31, 2014) related to Brazilian claims that are covered by the indemnification agreement. As a result, we have recorded a non-current asset in respect of McDonald's Corporation's indemnity in our consolidated balance sheet.

Several of these proceedings have already been resolved successfully, either by a judicial decision or a cash settlement. The cash settlements were made pursuant to a recent reopening of a 2009 amnesty granted by the Brazilian federal government, in which McDonalds opted to participate. The amnesty was originally granted in 2009 as a way to reduce litigation with federal authorities and increase tax collection during the financial crisis. The amnesty allowed Brazilian taxpayers to settle federal tax debts under favorable conditions, including reduced penalties and interest and the ability to pay principal in up to 180 installments. In 2014, pursuant to an additional amnesty, such outstanding Brazilian federal tax debts were paid in full using mainly applicable tax loss carryforwards. The remaining retained proceedings are pending a final decision.

As of December 31, 2015, there are certain matters related to the interpretation of tax and labor law for which there is a possibility that a loss may have been incurred in accordance with ASC 450-20-50-4 within a range of $49 million and $69 million.

Other Proceedings

In addition to the matters described above, we are from time to time subject to certain claims and party to certain legal proceedings incidental to the normal course of our business. In view of the inherent difficulty of predicting the outcome of legal matters, we cannot state with confidence what the eventual outcome of these pending matters will be, what the timing of the ultimate resolution of these matters will be or what the eventual loss, fines or penalties related to each pending matter may be. We believe that we have made adequate reserves related to the costs anticipated to be incurred in connection with these various claims and legal proceedings and believe that liabilities related to such claims and proceedings should not have, in the aggregate, a material adverse effect on our business, financial condition, or results of operations. However, in light of the uncertainties involved in these claims and proceedings, there is no assurance that the ultimate resolution of these matters will not significantly exceed the reserves currently accrued by us; as a result, the outcome of a particular matter may be material to our operating results for a particular period, depending upon, among other factors, the size of the loss or liability imposed and the level of our income for that period.

Dividends and Dividend Policy

Our Board of Directors considers the legal requirements with regard to our net income and retained earnings and our cash flow generation, targeted leverage ratios and debt covenant requirements in determining the amount of dividends to be paid, if any. Dividends may only be paid in accordance with the provisions of our memorandum and articles of association and Section 57 of the BVI Business Companies Act, 2004 (as amended) and after having fulfilled our capital expenditures program and after satisfying our indebtedness and liquidity thresholds, in that order. Pursuant to our memorandum and articles of association, all dividends unclaimed for three years after having been declared may be forfeited by a resolution of directors for the benefit of the Company.

No dividends were declared for fiscal year 2015 and, as of the date of this annual report on Form 20-F, no dividends have been declared for fiscal year 2016.

The only dividends we have declared since the Acquisition are the four $12.5 million dividends in 2014, four $12.5 million dividends in 2013, four $12.5 million dividends in 2012, four $12.5 million dividends in 2011 and a $40 million dividend with respect to our results of operations for fiscal year 2009. All of these dividends have been paid in full.

The amounts and dates of future dividend payments, if any, will be subject to, among other things, the discretion of our Board of Directors. Accordingly, there can be no assurance that any future distributions will be made, or, if made, as to the amount of such distributions.

B. Significant Changes

None.

ITEM 9. THE OFFER AND LISTING

A. Offering and Listing Details

The following table shows the annual, quarterly and monthly ranges of the high and low per share closing sales price for our class A shares as reported by the NYSE.

	Low	High
Year Ended December 31:		
2011 (since April 14, 2011)	$ 19.55	$ 28.52
2012	$ 10.73	$ 22.94
2013	$ 10.60	$ 15.46
2014	$ 5.27	$ 12.12
2015	$ 2.57	$ 6.55
Year Ended December 31, 2014:		
First Quarter	$ 8.30	$ 12.12
Second Quarter	$ 8.50	$ 11.25
Third Quarter	$ 5.86	$ 11.13
Fourth Quarter	$ 5.27	$ 6.92
Year Ended December 31, 2015:		
First Quarter	$ 4.17	$ 5.85
Second Quarter	$ 5.26	$ 6.55
Third Quarter	$ 2.72	$ 4.98
Fourth Quarter	$ 2.57	$ 3.94
Year Ended December 31, 2016:		
First Quarter	$ 2.21	$ 3.78
Month Ended:		
October 31, 2015	$ 2.57	$ 3.28
November 30, 2015	$ 2.73	$ 3.94
December 31, 2015	$ 3.04	$ 3.79
January 31, 2016	$ 2.60	$ 3.25
February 29, 2016	$ 2.21	$ 2.83
March 31, 2016	$ 2.60	$ 3.78
April 30, 2016 (through April 28, 2016)	$ 3.33	$ 4.37

B. Plan of Distribution

Not applicable.

C. Markets

Our class A shares have been listed on the NYSE, since April 14, 2011 under the symbol "ARCO." For information regarding the price history of our class A shares, see "—A. Offering and Listing Details."

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

General

We are a British Virgin Islands company incorporated with limited liability and our affairs are governed by the provisions of our memorandum and articles of association, as amended and restated from time to time, and by the provisions of applicable British Virgin Islands law, including the BVI Business Companies Act, 2004, or the BVI Act.

Our company number in the British Virgin Islands is 1619553. As provided in sub-regulation 4.1 of our memorandum of association, subject to British Virgin Islands law, we have full capacity to carry on or undertake any business or activity, do any act or enter into any transaction and, for such purposes, full rights, powers and privileges. Our registered office is at Maples Corporate Services (BVI) Limited, Kingston Chambers, P.O. Box 173, Road Town, Tortola, British Virgin Islands.

The transfer agent and registrar for our class A and class B shares is Continental Stock Transfer & Trust Company, which maintains the share registrar for each class in New York, New York.

As of the date of this annual report, under our memorandum and articles of association, we are authorized to issue up to 420,000,000 class A shares and 80,000,000 class B shares. As of the date of this annual report, 130,538,896 class A shares and 80,000,000 class B shares were issued, fully paid and outstanding.

The maximum number of shares that we are authorized to issue may be changed by resolution of shareholders amending our memorandum and articles of association. Shares may be issued from time to time only by resolution of shareholders.

Our class A shares are listed on the NYSE under the symbol “ARCO.”

The following is a summary of the material provisions of our memorandum and articles of association.

Class A Shares

Holders of our class A shares may freely hold and vote their shares.

The following summarizes the rights of holders of our class A shares:

- each holder of class A shares is entitled to one vote per share on all matters to be voted on by shareholders generally, including the election of directors;
- holders of class A shares vote together with holders of class B shares;
- there are no cumulative voting rights;
- the holders of our class A shares are entitled to dividends and other distributions, *pari passu* with our class B shares, as may be declared from time to time by our board of directors out of funds legally available for that purpose, if any, and pursuant to our memorandum and articles of association, all dividends unclaimed for three years after having been declared may be forfeited by a resolution of directors for the benefit of the Company;
- upon our liquidation, dissolution or winding up, the holders of class A shares will be entitled to share ratably, *pari passu* with our class B shares, in the distribution of all of our assets remaining available for distribution after satisfaction of all our liabilities; and

- the holders of class A shares have preemptive rights in connection with the issuance of any securities by us, except for certain issuances of securities by us, including (i) pursuant to any employee compensation plans; (ii) as consideration for (a) any merger, consolidation or purchase of assets or (b) recapitalization or reorganization; (iii) in connection with a pro rata division of shares or dividend in specie or distribution; or (iv) in a bona fide public offering that has been registered with the SEC, but they are not entitled to the benefits of any redemption or sinking fund provisions.

Class B Shares

All of our class B shares are owned by Los Laureles Ltd. Holders of our class B shares may freely hold and vote their shares.

The following summarizes the rights of holders of our class B shares:

- each holder of class B shares is entitled to five votes per share on all matters to be voted on by shareholders generally, including the election of directors;

- holders of class B shares vote together with holders of class A shares;

- class B shares may not be listed on any U.S. or foreign national or regional securities exchange or market;

- there are no cumulative voting rights;

- the holders of our class B shares are entitled to dividends and other distributions, *pari passu* with our class A shares, as may be declared from time to time by our board of directors out of funds legally available for that purpose, if any, and pursuant to our memorandum and articles of association, all dividends unclaimed for three years after having been declared may be forfeited by a resolution of directors for the benefit of the Company;

- upon our liquidation, dissolution or winding up, the holders of class B shares will be entitled to share ratably, *pari passu* with our class A shares, in the distribution of all of our assets remaining available for distribution after satisfaction of all our liabilities;

- the holders of class B shares have preemptive rights in connection with the issuance of any securities by us, except for certain issuances of securities by us, including (i) pursuant to any employee compensation plans; (ii) as consideration for (a) any merger, consolidation or purchase of assets or (b) recapitalization or reorganization; (iii) in connection with a pro rata division of shares or dividend in specie or distribution; or (iv) in a bona fide public offering that has been registered with the SEC, but they are not entitled to the benefits of any redemption or sinking fund provisions;

- each class B share is convertible into one class A share at the option of the holder at any time, subject to the prior written approval of McDonald's; and

- each class B share will convert automatically into one class A share at such time as the holders of class B shares cease to hold, directly or indirectly, at least 20% of the aggregate number of outstanding class A and class B shares.

Limitation on Liability and Indemnification Matters

Under British Virgin Islands law, each of our directors and officers, in performing his or her functions, is required to act honestly and in good faith with a view to our best interests and exercise the care, diligence and skill that a reasonably prudent director would exercise in comparable circumstances. Our memorandum and articles of association provide that, to the fullest extent permitted by British Virgin Islands law or any other applicable laws, our directors will not be personally liable to us or our shareholders for any acts or omissions in the performance of their duties. This limitation of liability does not affect the availability of equitable remedies such as injunctive relief or rescission. These provisions will not limit the liability of directors under United States federal securities laws.

Our memorandum and articles of association provide that we shall indemnify any of our directors or anyone serving at our request as a director of another entity against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred in connection with legal, administrative or investigative proceedings or suits. We may pay any expenses, including legal fees, incurred by any such person in defending any legal, administrative or investigative proceedings in advance of the final disposition of the proceedings. If a person to be indemnified has been successful in defense of any proceedings referred to above, the director is entitled to be indemnified against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred by the director or officer in connection with the proceedings.

We may purchase and maintain insurance in relation to any of our directors, officers, employees, agents or liquidators against any liability asserted against them and incurred by them in that capacity, whether or not we have or would have had the power to indemnify them against the liability as provided in our memorandum and articles of association.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended, or the Securities Act, may be permitted to our directors, officers or controlling persons pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable as a matter of United States law.

Shareholders' Meetings and Consents

The following summarizes certain relevant provisions of British Virgin Islands law and our articles of association in relation to our shareholders' meetings:

- the directors of the Company may convene meetings of shareholders at such times and in such manner and places within or outside the British Virgin Islands as the directors consider necessary or desirable; provided that at least one meeting of shareholders be held each year;

- upon the written request of shareholders entitled to exercise 30 percent or more of the voting rights in respect of the matter for which the meeting is requested, the directors are required to convene a meeting of the shareholders. Any such request must state the proposed purpose of the meeting;

- the directors convening a meeting must give not less than ten days' notice of a meeting of shareholders to: (i) those shareholders whose names on the date the notice is given appear as shareholders in the register of members of our company and are entitled to vote at the meeting, and (ii) the other directors;

- a meeting of shareholders held in contravention of the requirement to give notice is valid if shareholders holding at least 90 percent of the total voting rights on all the matters to be considered at the meeting have waived notice of the meeting and, for this purpose, the presence of a shareholder at the meeting shall constitute waiver in relation to all the shares that such shareholder holds;

- a shareholder may be represented at a meeting of shareholders by a proxy who may speak and vote on behalf of the shareholder;

- a meeting of shareholders is duly constituted if, at the commencement of the meeting, there are present in person or by proxy not less than 50 percent of the votes of the shares or class or series of shares entitled to vote on resolutions of shareholders to be considered at the meeting;

- if within two hours from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of shareholders, shall be dissolved; in any other case it shall be adjourned to the next business day in the jurisdiction in which the meeting was to have been held at the same time and place or to such other date, time and place as the directors may determine, and if at the adjourned meeting there are present within one hour from the time appointed for the meeting in person or by proxy not less than one third of the votes of the shares or each class or series of shares entitled to vote on the matters to be considered by the meeting, those present shall constitute a quorum, but otherwise the meeting shall be dissolved. Notice of the adjourned meeting need not be given if the date, time and place of such meeting are announced at the meeting at which the adjournment is taken;

- a resolution of shareholders is valid (i) if approved at a duly convened and constituted meeting of shareholders by the affirmative vote of a majority of the votes of the shares entitled to vote thereon which were present at the meeting and were voted, or (ii) if it is a resolution consented to in writing by a majority of the votes of shares entitled to vote thereon; and

- an action that may be taken by the shareholders at a meeting may also be taken by a resolution of shareholders consented to in writing by a majority of the votes of shares entitled to vote thereon, without the need for any notice, but if any resolution of shareholders is adopted otherwise than by unanimous written consent of all shareholders, a copy of such resolution shall forthwith be sent to all shareholders not consenting to such resolution.

We held our most recent annual shareholder meeting on April 25, 2016 in Montevideo, Uruguay.

Compensation of Directors

The compensation of our directors is determined by our Board of Directors, and there is no requirement that a specified number or percentage of "independent" directors must approve any such determination.

Differences in Corporate Law

We were incorporated under, and are governed by, the laws of the British Virgin Islands. The corporate statutes of the State of Delaware and the British Virgin Islands in many respects are similar, and the flexibility available under British Virgin Islands law has enabled us to adopt a memorandum of association and articles of association that will provide shareholders with rights that, except as described in this annual report, do not vary in any material respect from those they would enjoy if we were incorporated under the Delaware General Corporation Law, or Delaware corporate law. Set forth below is a summary of some of the differences between provisions of the BVI Act applicable to us and the laws applicable to companies incorporated in Delaware and their shareholders.

Director's Fiduciary Duties

Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director act in a manner he reasonably believes to be in the best interests of the corporation. He must not use his corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling stockholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, a director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

British Virgin Islands law provides that every director of a British Virgin Islands company, in exercising his powers or performing his duties, shall act honestly and in good faith and in what the director believes to be in the best interests of the company. Additionally, the director shall exercise the care, diligence, and skill that a reasonable director would exercise in the same circumstances, taking into account the nature of the company, the nature of the decision and the position of the director and his responsibilities. In addition, British Virgin Islands law provides that a director shall exercise his powers as a director for a proper purpose and shall not act, or agree to the company acting, in a manner that contravenes British Virgin Islands law or the memorandum association or articles of association of the company.

Amendment of Governing Documents

Under Delaware corporate law, with very limited exceptions, a vote of the shareholders is required to amend the certificate of incorporation. In addition, Delaware corporate law provides that shareholders have the right to amend the bylaws, and the certificate of incorporation also may confer on the directors the right to amend the bylaws. Our memorandum of association may only be amended by a resolution of shareholders, provided that any amendment of the provision related to the prohibition against listing our class B shares must be approved by not less than 50% of the votes of the class A shares entitled to vote that were present at the relevant meeting and voted. Our articles of association may also only be amended by a resolution of shareholders.

Written Consent of Directors

Under Delaware corporate law, directors may act by written consent only on the basis of a unanimous vote. Similarly, under our articles of association, a resolution of our directors in writing shall be valid only if consented to by all directors or by all members of a committee of directors, as the case may be.

Written Consent of Shareholders

Under Delaware corporate law, unless otherwise provided in the certificate of incorporation, any action to be taken at any annual or special meeting of shareholders of a corporation may be taken by written consent of the holders of outstanding stock having not less than the minimum number of votes that would be necessary to take that action at a meeting at which all shareholders entitled to vote were present and voted. As permitted by British Virgin Islands law, shareholders' consents need only a majority of shareholders signing to take effect. Our memorandum and articles of association provide that shareholders may approve corporate matters by way of a resolution consented to at a meeting of shareholders or in writing by a majority of shareholders entitled to vote thereon.

Shareholder Proposals

Under Delaware corporate law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings. British Virgin Islands law and our memorandum and articles of association provide that our directors shall call a meeting of the shareholders if requested in writing to do so by shareholders entitled to exercise at least 30% of the voting rights in respect of the matter for which the meeting is requested. Any such request must state the proposed purpose of the meeting.

Sale of Assets

Under Delaware corporate law, a vote of the shareholders is required to approve the sale of assets only when all or substantially all assets are being sold. In the British Virgin Islands, shareholder approval is required when more than 50% of the Company's total assets by value are being disposed of or sold if not made in the usual or regular course of the business carried out by the company. Under our memorandum and articles of association, the directors may by resolution of directors determine that any sale, transfer, lease, exchange or other disposition is in the usual or regular course of the business carried on by us and such determination is, in the absence of fraud, conclusive.

Dissolution; Winding Up

Under Delaware corporate law, unless the board of directors approves the proposal to dissolve, dissolution must be approved in writing by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware corporate law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board. As permitted by British Virgin Islands law and our memorandum and articles of association, we may be voluntarily liquidated under Part XII of the BVI Act by resolution of directors and resolution of shareholders if we have no liabilities or we are able to pay our debts as they fall due.

Redemption of Shares

Under Delaware corporate law, any stock may be made subject to redemption by the corporation at its option, at the option of the holders of that stock or upon the happening of a specified event, provided shares with full voting power remain outstanding. The stock may be made redeemable for cash, property or rights, as specified in the certificate of incorporation or in the resolution of the board of directors providing for the issue of the stock. As permitted by British Virgin Islands law and our memorandum and articles of association, shares may be repurchased, redeemed or otherwise acquired by us. However, the consent of the shareholder whose shares are to be repurchased, redeemed or otherwise acquired must be obtained, except as described under "—Compulsory Acquisition" below. Moreover, our directors must determine that immediately following the redemption or repurchase we will be able to pay our debts as they become due and that the value of our assets will exceed our liabilities.

Compulsory Acquisition

Under Delaware General Corporation Law § 253, in a process known as a "short form" merger, a corporation that owns at least 90% of the outstanding shares of each class of stock of another corporation may either merge the other corporation into itself and assume all of its obligations or merge itself into the other corporation by executing, acknowledging and filing with the Delaware Secretary of State a certificate of such ownership and merger setting forth a copy of the resolution of its board of directors authorizing such merger. If the parent corporation is a Delaware corporation that is not the surviving corporation, the merger also must be approved by a majority of the outstanding stock of the parent corporation. If the parent corporation does not own all of the stock of the subsidiary corporation immediately prior to the merger, the minority shareholders of the subsidiary corporation party to the merger may have appraisal rights as set forth in § 262 of the Delaware General Corporation Law.

Under the BVI Act, subject to any limitations in a Company's memorandum or articles, members holding 90% of the votes of the outstanding shares entitled to vote, and members holding 90% of the votes of the outstanding shares of each class of shares entitled to vote, may give a written instruction to the company directing the company to redeem the shares held by the remaining members. Upon receipt of such written instruction, the company shall redeem the shares specified in the written instruction, irrespective of whether or not the shares are by their terms redeemable. The company shall give written notice to each member whose shares are to be redeemed stating the redemption price and the manner in which the redemption is to be effected. A member whose shares are to be so redeemed is entitled to dissent from such redemption, and to be paid the fair value of his shares, as described under "—Shareholders' Rights under British Virgin Islands Law Generally" below.

Variation of Rights of Shares

Under Delaware corporate law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of that class, unless the certificate of incorporation provides otherwise. As permitted by British Virgin Islands law and our memorandum of association, we may vary the rights attached to any class of shares only with the consent in writing of holders of not less than 50% of the issued shares of that class and of holders of not less than 50% of the issued shares of any other class which may be adversely affected by such variation.

Removal of Directors

Under Delaware corporate law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Our memorandum and articles of association provide that directors may be removed at any time, with or without cause, by a resolution of shareholders or a resolution of directors.

In addition, directors are subject to rotational retirement every three years. The initial terms of office of the Class I, Class II and Class III directors have been staggered over a period of three years to ensure that all directors of the company do not face reelection in the same year.

Mergers

Under Delaware corporate law, one or more constituent corporations may merge into and become part of another constituent corporation in a process known as a merger. A Delaware corporation may merge with a foreign corporation as long as the law of the foreign jurisdiction permits such a merger. To effect a merger under Delaware General Corporation Law § 251, an agreement of merger must be properly adopted and the agreement of merger or a certificate of merger must be filed with the Delaware Secretary of State. In order to be properly adopted, the agreement of merger must be adopted by the board of directors of each constituent corporation by a resolution or unanimous written consent. In addition, the agreement of merger generally must be approved at a meeting of stockholders of each constituent corporation by a majority of the outstanding stock of the corporation entitled to vote, unless the certificate of incorporation provides for a supermajority vote. In general, the surviving corporation assumes all of the assets and liabilities of the disappearing corporation or corporations as a result of the merger.

Under the BVI Act, two or more BVI companies may merge or consolidate in accordance with the statutory provisions. A merger means the merging of two or more constituent companies into one of the constituent companies, and a consolidation means the uniting of two or more constituent companies into a new company. In order to merge or consolidate, the directors of each constituent BVI company must approve a written plan of merger or consolidation which must be authorized by a resolution of shareholders. One or more BVI companies may also merge or consolidate with one or more companies incorporated under the laws of jurisdictions outside the BVI, if the merger or consolidation is permitted by the laws of the jurisdictions in which the companies incorporated outside the BVI are incorporated. In respect of such a merger or consolidation a BVI company is required to comply with the provisions of the BVI Act, and a company incorporated outside the BVI is required to comply with the laws of its jurisdiction of incorporation.

Shareholders of BVI companies not otherwise entitled to vote on the merger or consolidation may still acquire the right to vote if the plan of merger or consolidation contains any provision which, if proposed as an amendment to the memorandum of association or articles of association, would entitle them to vote as a class or series on the proposed amendment. In any event, all shareholders must be given a copy of the plan of merger or consolidation irrespective of whether they are entitled to vote at the meeting or consent to the written resolution to approve the plan of merger or consolidation.

Inspection of Books and Records

Under Delaware corporate law, any shareholder of a corporation may for any proper purpose inspect or make copies of the corporation’s stock ledger, list of shareholders and other books and records. Under British Virgin Islands law, members of the general public, on payment of a nominal fee, can obtain copies of the public records of a company available at the office of the British Virgin Islands Registrar of Corporate Affairs which will include the company’s certificate of incorporation, its memorandum and articles of association (with any amendments) and records of license fees paid to date, and will also disclose any articles of dissolution, articles of merger and a register of registered charges if such a register has been filed in respect of the company.

A member of a company is entitled, on giving written notice to the company, to inspect:

(a) the memorandum and articles;

(b) the register of members;

(c) the register of directors; and

(d) the minutes of meetings and resolutions of members and of those classes of members of which he is a member; and to make copies of or take extracts from the documents and records referred to in (a) to (d) above. Subject to the memorandum and articles, the directors may, if they are satisfied that it would be contrary to the company’s interests to allow a member to inspect any document, or part of a document, specified in (b), (c) or (d) above, refuse to permit the member to inspect the document or limit the inspection of the document, including limiting the making of copies or the taking of extracts from the records.

Where a company fails or refuses to permit a member to inspect a document or permits a member to inspect a document subject to limitations, that member may apply to the court for an order that he should be permitted to inspect the document or to inspect the document without limitation.

A company is required to keep at the office of its registered agent the memorandum and articles of the company; the register of members maintained or a copy of the register of members; the register of directors or a copy of the register of directors; and copies of all notices and other documents filed by the company in the previous ten years.

Where a company keeps a copy of the register of members or the register of directors at the office of its registered agent, it is required to notify any changes to the originals of such registers to the registered agent, in writing, within 15 days of any change; and to provide the registered agent with a written record of the physical address of the place or places at which the original register of members or the original register of directors is kept. Where the place at which the original register of members or the original register of directors is changed, the company is required to provide the registered agent with the physical address of the new location of the records within fourteen days of the change of location.

A company is also required to keep at the office of its registered agent or at such other place or places, within or outside the British Virgin Islands, as the directors determine, the minutes of meetings and resolutions of members and of classes of members; and the minutes of meetings and resolutions of directors and committees of directors. If such records are kept at a place other than at the office of the company's registered agent, the company is required to provide the registered agent with a written record of the physical address of the place or places at which the records are kept and to notify the registered agent, within 14 days, of the physical address of any new location where such records may be kept.

A company is further required to:

(a) keep at the office of its registered agent or at such other place or places, within or outside the British Virgin Islands, as the directors may determine, the records and underlying documentation of the company;

(b) retain the records and underlying documentation for a period of at least five years from the date: (i) of completion of the transaction to which the records and underlying documentation relate; or (ii) the company terminates the business relationship to which the records and underlying documentation relate; and

(c) provide its registered agent without delay any records and underlying documentation in respect of the company that the registered agent requests pursuant to the entitlement of the company's registered agent to make such a request where the registered agent is required to do so by the British Virgin Islands Financial Services Commission or any other competent authority in the British Virgin Islands acting pursuant to the exercise of a power under an enactment.

The records and underlying documentation of the company are required to be in such form as:

(a) are sufficient to show and explain the company's transactions; and

(b) will, at any time, enable the financial position of the company to be determined with reasonable accuracy.

Where the records and underlying documentation of a company are kept at a place or places other than at the office of the company's registered agent, the company is required to provide the registered agent with a written:

(a) record of the physical address of the place at which the records and underlying documentation are kept; and

(b) record of the name of the person who maintains and controls the company's records and underlying documentation.

Where the place or places at which the records and underlying documentation of the company, or the name of the person who maintains and controls the company's records and underlying documentation, change, the company must within 14 days of the change, provide:

(a) its registered agent with the physical address of the new location of the records and underlying documentation; or

(b) the name of the new person who maintains and controls the company's records and underlying documentation.

For the foregoing purposes:

(a) "business relationship" means a continuing arrangement between a company and one or more persons with whom the company engages in business, whether on a one-off, regular or habitual basis; and

(b) "records and underlying documentation" includes accounts and records (such as invoices, contracts and similar documents) in relation to: (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Conflict of Interest

Under Delaware corporate law, a contract between a corporation and a director or officer, or between a corporation and any other organization in which a director or officer has a financial interest, is not void as long as the material facts as to the director's or officer's relationship or interest are disclosed or known and either a majority of the disinterested directors authorizes the contract in good faith or the shareholders vote in good faith to approve the contract. Nor will any such contract be void if it is fair to the corporation when it is authorized, approved or ratified by the board of directors, a committee or the shareholders.

The BVI Act provides that a director shall, forthwith after becoming aware that he is interested in a transaction entered into or to be entered into by the company, disclose that interest to the board of directors of the company. The failure of a director to disclose that interest does not affect the validity of a transaction entered into by the director or the company, so long as the director's interest was disclosed to the board prior to the Company's entry into the transaction or was not required to be disclosed because the transaction is between the company and the director himself and is otherwise in the ordinary course of business and on usual terms and conditions. As permitted by British Virgin Islands law and our memorandum and articles of association, a director interested in a particular transaction may vote on it, attend meetings at which it is considered and sign documents on our behalf which relate to the transaction, provided that the disinterested directors consent.

Transactions with Interested Shareholders

Delaware corporate law contains a business combination statute applicable to Delaware public corporations whereby, unless the corporation has specifically elected not to be governed by that statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date that the person becomes an interested shareholder. An interested shareholder generally is a person or group that owns or owned 15% or more of the target's outstanding voting stock within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which the shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction that resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware public corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

British Virgin Islands law has no comparable provision. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although British Virgin Islands law does not regulate transactions between a company and its significant shareholders, it does provide that these transactions must be entered into bona fide in the best interests of the company and not with the effect of constituting a fraud on the minority shareholders.

Independent Directors

There are no provisions under Delaware corporate law or under the BVI Act that require a majority of our directors to be independent.

Cumulative Voting

Under Delaware corporate law, cumulative voting for elections of directors is not permitted unless the Company's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. There are no prohibitions to cumulative voting under the laws of the British Virgin Islands, but our memorandum of association and articles of association do not provide for cumulative voting.

Shareholders' Rights under British Virgin Islands Law Generally

The BVI Act provides for remedies which may be available to shareholders. Where a company incorporated under the BVI Act or any of its directors engages in, or proposes to engage in, conduct that contravenes the BVI Act or the Company's memorandum and articles of association, the BVI courts can issue a restraining or compliance order. Shareholders cannot also bring derivative, personal and representative actions under certain circumstances.

The traditional English basis for members' remedies has also been incorporated into the BVI Act: where a shareholder of a company considers that the affairs of the company have been, are being or are likely to be conducted in a manner likely to be oppressive, unfairly discriminatory or unfairly prejudicial to him, he may apply to the court for an order based on such conduct.

Any shareholder of a company may apply to court for the appointment of a liquidator of the company and the court may appoint a liquidator of the company if it is of the opinion that it is just and equitable to do so.

The BVI Act provides that any shareholder of a company is entitled to payment of the fair value of his shares upon dissenting from any of the following: (a) a merger, if the company is a constituent company, unless the company is the surviving company and the member continues to hold the same or similar shares; (b) a consolidation, if the company is a constituent company; (c) any sale, transfer, lease, exchange or other disposition of more than 50% in value of the assets or business of the company if not made in the usual or regular course of the business carried on by the company but not including (i) a disposition pursuant to an order of the court having jurisdiction in the matter, (ii) a disposition for money on terms requiring all or substantially all net proceeds to be distributed to the shareholders in accordance with their respective interest within one year after the date of disposition, or (iii) a transfer pursuant to the power of the directors to transfer assets for the protection thereof; (d) a redemption of 10% or fewer of the issued shares of the company required by the holders of 90% or more of the shares of the company pursuant to the terms of the BVI Act; and (e) an arrangement, if permitted by the court.

Generally any other claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the British Virgin Islands or their individual rights as shareholders as established by the Company's memorandum and articles of association.

C. Material Contracts

The MFAs

We received exclusive master franchising rights from McDonald's for the Territories on August 3, 2007 when Mr. Staton, our Executive Chairman and controlling shareholder and our founding private equity shareholders purchased McDonald's LatAm business for $698.1 million (including $18.7 million of acquisition costs) and entered into the MFAs. Prior to the Acquisition, Mr. Staton had been the joint venture partner of McDonald's Corporation in Argentina for over 20 years and had served as President of McDonald's South Latin America division since 2004.

McDonald's has a long-standing presence in Latin America and the Caribbean dating to the opening of its first restaurant in Puerto Rico in 1967. Since then, McDonald's expanded its footprint across the region as consumer markets and opportunities arose, opening its first restaurants in Brazil in 1979, in Mexico and Venezuela in 1985 and in Argentina in 1986.

We hold our McDonald's franchise rights pursuant to the MFA for all of the Territories except Brazil, executed on August 3, 2007, as amended and restated on November 10, 2008 and as further amended on August 31, 2010, June 3, 2011 and March 17, 2016 entered into by us, our wholly owned subsidiary Arcos Dorados Coöperatieve U.A., Arcos Dorados B.V. (or these two entities together with us collectively, the Owner Entities), LatAm, LLC, or the Master Franchisee, certain subsidiaries of the Master Franchisee, Los Laureles, Ltd. and McDonald's. On August 3, 2007, our subsidiary Arcos Dourados Comercio de Alimentos Ltda., or the Brazilian Master Franchisee, and McDonald's entered into the separate, but substantially identical, Brazilian MFA, which was amended and restated on November 10, 2008.

The MFAs set forth McDonald's and our rights and obligations in respect of the ownership and operation of the McDonald's-branded restaurants located in the Territories. The MFAs do not include the following Latin American and Caribbean countries and territories, among others: Anguilla, Antigua and Barbuda, the Bahamas, Barbados, Belize, Bolivia, the British Virgin Islands, the Cayman Islands, Cuba, Dominica, Dominican Republic, El Salvador, Grenada, Guatemala, Guiana, Haiti, Honduras, Jamaica, Montserrat, Nicaragua, Paraguay, Suriname, St. Barthélemy, St. Kitts and Nevis, St. Lucia, St. Maarten, St. Vincent and the Grenadines, Turks & Caicos Islands and the U.S. Virgin Islands, with the exception of St. Croix and St. Thomas.

The material provisions of the MFAs are set forth below.

Term

The initial term of the franchise granted pursuant to the MFAs is 20 years for all of the Territories other than French Guiana, Guadeloupe and Martinique. After the expiration of the initial term, McDonald's may grant us an option to extend the term of the MFAs with respect to all Territories for an additional period of 10 years. The initial term of the franchise for French Guiana, Guadeloupe and Martinique is 10 years. We have the right to extend the term of the MFA with respect to French Guiana, Guadeloupe and Martinique for an additional term of 10 years.

Our Right to Own and Operate McDonald's-Branded Restaurants

Under the MFAs, in the Territories, we have the exclusive right to (i) own and operate, directly or indirectly, McDonald's restaurants, (ii) license and grant franchises with respect to McDonald's-branded restaurants, (iii) adopt and use, and to grant the right and license to franchisees to adopt and use, the McDonald's operations system in our restaurants, (iv) advertise to the public that we are a franchisee of McDonald's, and (v) to use, and to sublicense to our franchisees the right to use the McDonald's intellectual property solely in connection with the development, ownership, operation, promotion and management of our restaurants, and to engage in related advertising, promotion and marketing programs and activities.

Under the MFAs, McDonald's cannot grant the rights described in clauses (i), (ii) and (iii) of the preceding paragraph to any other person while the MFAs are in effect. Notwithstanding the foregoing, McDonald's has reserved, with respect to the McDonald's restaurants located in the Territories, all rights not specifically granted to us, including the right, directly or indirectly, to (i) use and sublicense the McDonald's intellectual property for all other purposes and means of distribution, (ii) sell, promote or license the sale of products or services under the intellectual property and (iii) use the intellectual property in connection with all other activities not prohibited by the MFAs.

In addition, under the MFAs, McDonald's provides us with know-how and new developments, techniques and improvements in the areas of restaurant management, food preparation and service, and operations manuals that contain the standards and procedures necessary for the successful operation of McDonald's-branded restaurants.

Franchise Fees

Under the MFAs, we are responsible for the payment to McDonald's of initial franchise fees, continuing franchise fees and transfer fees.

The initial franchise fee is payable upon the opening of a new restaurant and the extension of the term of any existing franchise agreement. For Company-operated restaurants, the initial fee is based on the term remaining under the MFAs for the country in which the restaurant is located. For franchised restaurants, we receive an initial fee from the franchisee based on the term of the franchise agreement (generally 20 years), and pay 50% of this fee to McDonald's.

The continuing franchise fee is paid, with respect to each calendar month, to McDonald's in an amount generally equal to 7% of the U.S. dollar equivalent of the gross sales, as defined therein, of each of the McDonald's restaurants in the Territories for that calendar month, minus, as applicable, a brand building adjustment. During the first 10 years of the MFAs, the brand building adjustment is 2% of the gross sales, for a net continuing franchise fee payment of 5% of the gross sales. During years 11 through 15 of the MFAs, the brand building adjustment will be 1% of the gross sales, for a net continuing franchise fee payment of 6%; and the brand building adjustment will be 0% thereafter, for a net continuing franchise fee payment of 7% of the gross sales. We are responsible for collecting the continuing franchise fee from our franchisees and must pay that amount to McDonald's. In the event that a franchisee does not pay the full amount of the fee or any of our subsidiaries are unable to transfer funds to us due to currency restrictions or otherwise, we are responsible for any resulting shortfall. See "Item 3. Key Information—D. Risk Factors—Certain Factors Relating to Our Business—Our financial condition and results of operations depend, to a certain extent, on the financial condition of our franchisees and their ability to fulfill their obligations under their franchise agreements" and "Item 3. Key Information—D. Risk Factors—Certain Factors Relating to Latin America and the Caribbean—We are subject to significant foreign currency exchange controls and depreciation in certain countries in which we operate."

In the event of a voluntary or involuntary transfer of any of the McDonald's restaurants located in the Territories to a person other than a subsidiary of ours or an affiliate of one of our franchisees, we must charge a transfer fee of not less than $10,000, and must pay to McDonald's an amount equal to 50% of the fee charged.

All payments to McDonald's must be made in U.S. dollars, but are based on local currency exchange rates at the time of payment.

Material Breach

A material breach under the MFAs would occur if we, or our subsidiaries that are a party to the MFAs, materially breached any of the representations or warranties or obligations (not cured within 30 days after receipt of notice thereof from McDonald's) relating to or otherwise in connection with any aspect of the master franchise business, the franchised restaurants or any other matter in or affecting any one or more Territories. The following events, among others, constitute a material breach under the MFAs: our noncompliance with anti-terrorism or anti-corruption policies and procedures required by applicable law; our bankruptcy, insolvency, voluntary filing or filing by any other person of a petition in commercial insolvency; our conviction or that of our subsidiaries, or of our or our subsidiaries' agents or employees for a crime or offense that is punishable by incarceration for more than one year or a felony, or a crime or offense or the indictment on charges thereof that, in the determination of McDonald's, is likely to adversely affect the reputation of such person, any franchised restaurant or McDonald's; the entry of any judgment against us or our subsidiaries in excess of $1,000,000 that is not duly paid or otherwise discharged within 30 days (unless such judgment is being contested on appeal in good faith); our failure to maintain certain quarterly financial ratios and not cure any non-compliance within 30 days; our failure to achieve (a) at least 80% of the targeted openings during any one-calendar year of any restaurant opening plan; or (b) at least 90% of the targeted openings during the three-calendar year term of any restaurant opening plan; and our failure to comply with at least 80% of the funding requirements of any reinvestment plan with respect to any Territory for a period of one year.

Business of the Company and the Other Owner Entities

In addition to the payment of franchise fees described above, we and the other Owner Entities are subject to a variety of obligations and restrictions under the MFAs.

Under the MFAs, we cannot, directly or indirectly, enter into any other QSR business or any business other than the operation of McDonald's-branded restaurants in the Territories. Neither we nor any of the other Owner Entities can engage in a business other than holding, directly or indirectly, our equity interests. In addition, neither we nor any of the other Owner Entities can engage in any activity or participate in any business that competes with McDonald's business.

Under the MFAs, Los Laureles Ltd., a British Virgin Islands company beneficially owned by Mr. Staton, our Executive Chairman and controlling shareholder, is required to own not less than 40% of our economic interests and 51% of our voting interests. The MFAs do provide an exception for any dilution following an initial public offering, so long as such dilution does not cause Los Laureles Ltd. to be diluted below 30% of our economic interests. Also, under the MFAs, we are required to own, directly or indirectly, 100% of the equity interests of our subsidiaries and cannot enter into any partnership, joint venture or similar arrangement without McDonald's consent. In addition, at least 50% of all McDonald's-branded restaurants in the Territories must be Company-operated restaurants.

Real Estate

Under the MFAs, we must own or lease the real estate property where all of our Company-operated restaurants are located. We cannot transfer or encumber any of the real estate properties that we own without McDonald's consent. Due to the geographic and commercial importance of certain restaurants, we may not sell certain "iconic" properties without the prior written consent of McDonald's. For certain of these selected properties, we have already perfected a first priority lien in favor of McDonald's.

Under the MFAs, no more than 50% of the total number of restaurants in each Territory, and no more than 10% of the total number of restaurants in all the Territories, can be located on real estate property that is owned, held or leased by our franchisees.

In addition, the MFA lists 25 restaurants that we are prohibited from selling or otherwise transferring without McDonald's consent.

Transfer of Equity Interests or Significant Assets

Under the MFAs, neither we nor any of the other Owner Entities can transfer or pledge the equity interests of any of our subsidiaries, or any significant portion of our assets, without McDonald's consent.

Operational Control

Under the MFAs, McDonald's is entitled to approve the appointment of our chief executive officer and our chief operating officer.

In the event that McDonald's modifies its standards applicable to technology and related equipment, we must purchase any new or modified technology, software, hardware or equipment necessary to comply with the modified standards.

Restaurant Opening Plan and Reinvestment Plan

Under the MFAs, we are required to agree with McDonald's on a restaurant opening plan and a reinvestment plan for each three-year period during the term of the MFAs. The restaurant opening plan specifies the number and type of new restaurants to be opened in the Territories during the applicable three-year period, while the reinvestment plan specifies the amount we must spend reimaging or upgrading restaurants during the applicable three-year period. Prior to the expiration of the then-applicable three-year period we must agree with McDonald's on a subsequent restaurant opening plan and reinvestment plan. We may also propose, subject to McDonald's prior written consent, amendments to any restaurant opening plan or reinvestment plan to adapt to changes in economic or political conditions.

As part of the 2014-2016 restaurant opening and reinvestment plan, we were required to open 250 restaurants and to spend $180 million from 2014 through 2016. On August 10, 2015, however, we reached an agreement with McDonald's to amend the 2014-2016 opening plan, mainly in order to adjust this plan to the current economic realities of the region. Under the revised plan, we committed to opening a minimum of 150 new restaurants over the three-year period, down from the original 250. We estimate that the cost to comply with our restaurant opening commitments under the MFAs from 2014 through 2016 will be between $151 million and $181 million, depending on, among other factors, the type and location of restaurants we open. See "Item 4. Information on the Company—A. History and Development of the Company—Capital Expenditures and Divestitures." In the event we are unable to reach an agreement on subsequent plans prior to the expiration of the then-existing plan, the MFAs provide for an automatic increase of 20% in the required amount of reinvestments as compared to the then-existing plan and a number of new restaurants no less than 210 multiplied by a factor that increases each period during the subsequent three-year restaurant opening plan.

Advertising and Promotion Plan

Under the MFAs, we must develop and implement a marketing plan with respect to each Territory that must be approved in advance by McDonald's. The MFAs require us to spend at least 5% of our gross sales on advertisement and promotion activities. Our advertisement and promotion activities are guided by our overall marketing plan, which identifies the key strategic platforms that we aim to leverage in order to drive sales.

Insurance

Under the MFAs, we are required to acquire and maintain a variety of insurance policies with certain minimum coverage limits, including commercial general liability, workers compensation, "all risk" property and business interruption insurance, among others.

Call Option Right and Security Interest in Equity Interests of the Company

Under the MFAs, McDonald's has the right, or Call Option, to acquire our non-public shares or our interests in one or more Territories upon: (i) the expiration of the initial term of the MFAs on August 2, 2027 if the initial term is not extended, (ii) the occurrence of a material breach of the MFAs or (iii) during the period of 12 months following the earlier of (x) the 18th month anniversary of the death or permanent incapacity of Mr. Staton or (y) the receipt by McDonald's of notice from Mr. Staton's heirs that they have elected to have the period of 12 months commence as of the date specified in the notice. McDonald's generally has the right either to exercise the Call Option with respect to all of the Territories, or, in its sole discretion, with respect to the Territory or Territories identified by McDonald's as being affected by such material breach or to which such material breach may be attributable except upon the occurrence of an initial material breach relating to any Territory or Territories in which there are less than 100 restaurants in operation. In such case, McDonald's only has the right to acquire the equity interests of any of our subsidiaries in the relevant Territory or Territories. As of December 31, 2015, we had more than 100 restaurants in operation in each of Argentina, Brazil, Mexico, Puerto Rico and Venezuela. No other Territory had more than 85 restaurants in operation.

If McDonald's exercises the Call Option upon the occurrence of the events described in clause (i) or (iii) of the preceding paragraph, it must pay a purchase price equal to 100% of the fair market value of our non-public shares. If the Call Option is exercised upon the occurrence of a material breach, however, the purchase price is reduced to 80% of the fair market value of all of our non-public shares or of all of the equity interests of the subsidiaries operating restaurants in the Territory related to such material breach, as applicable. The purchase price paid by McDonald's upon exercise of the Call Option is, in all events, reduced by the amount of debt and contingencies and increased by the amount of cash attributable to the entity whose equity interests are being acquired pursuant to the Call Option. In the event McDonald's were to exercise its right to acquire all of our non-public shares, McDonald's would become our controlling shareholder.

If McDonald's exercises the Call Option with respect to any of our subsidiaries (but not all of them) and the amount of debt and contingencies (minus cash) attributable to the equity interests of those subsidiaries is greater than the fair market value of those equity interests, we must, at our election, either (i) assume the debts and contingencies (minus cash) and deliver the equity interests to McDonald's free of any obligations with respect thereto or (ii) pay to McDonald's the absolute value of that amount. The fair market value of any of the equity interests is to be determined by internationally recognized investment banks without taking into consideration the debt, contingencies or cash attributable to the equity interests.

In order to secure McDonald's right to exercise the Call Option, McDonald's was granted a perfected security interest in the equity interests of the Master Franchisee, the Brazilian Master Franchisee and our subsidiaries other than our subsidiaries organized in Costa Rica, Mexico, French Guiana, Guadeloupe and Martinique. The equity interests of our subsidiaries organized in Costa Rica and Mexico were transferred to a trust for the benefit of McDonald's. McDonald's does not have a security interest in the equity interests of our subsidiaries organized in French Guiana, Guadeloupe and Martinique.

The equity interests were transferred to Citibank, N.A., acting as escrow agent. Subject to the terms of the Escrow Agreement and the Intercreditor Agreement, upon McDonald's exercise of the Call Option and its payment of the respective purchase price, the escrow agent must transfer the equity interests, free of any liens or encumbrances, to McDonald's.

Limitations on Indebtedness

Under the MFAs, we cannot incur any indebtedness secured by the collateral pledged by us and certain of our subsidiaries in connection with the letters of credit or amend or waive any of the terms related to the collateral, without McDonald's consent. The pledged collateral includes the equity interests of certain of our subsidiaries, certain of our rights under certain of the Acquisition documents, franchise document payment rights, and our intercompany debt and notes.

Under the MFAs, we must maintain a fixed charge coverage ratio (as defined therein) at least equal to (a) 1.25 from August 31, 2010 through the fiscal quarter ended September 30, 2011 and (b) 1.50, commencing with the fiscal quarter ended December 31, 2011 and thereafter; and a leverage ratio (as defined therein) not in excess of (a) 5.0, from August 31, 2010 through the fiscal quarter ended June 30, 2011, (b) 4.75 for the fiscal quarter ended September 30, 2011, and (c) 4.25, commencing with the fiscal quarter ended December 31, 2011 and thereafter. Mainly as a result of the adoption of SICAD and SICAD II as the exchange rates used for remeasurement of our bolivar-denominated assets and liabilities and operating results in Venezuela, we were not in compliance with these ratio requirements for certain periods during 2014 and for the first three quarters of 2015; in the fourth quarter of 2015 we were only in compliance with the Fixed Charge Coverage Ratio. We initially became non-compliant for the quarter ended June 30, 2014, at which time our Leverage Ratio and Fixed Charge Coverage Ratio was 4.38 and 1.48, respectively. Please refer to the table below for disclosure of our Leverage Ratio and Fixed Charge Coverage Ratio as of December 31, 2015 and for the other periods of our non-compliance with the requirements under the MFA. As of December 31, 2015, our Fixed Charge Coverage Ratio was 1.56 and our Leverage Ratio was 4.40. For that reason, McDonald's granted us limited waivers through and including March 31, 2016, during which time we are not required to comply with these financial ratios. If we are unable to obtain an extension of the waiver or to comply with our original commitments under the MFA, we could be in material breach. Our breach of the MFA would give McDonald's certain rights, including the ability to acquire all or portions of our business. See "—Material Breach." Notwithstanding the foregoing, we do not expect any material adverse effect to our business, results of operations, financial condition or cash flows as a result of this situation. We continue to monitor our compliance with these quarterly ratios. On March 17, 2016 we amended the MFA to change certain definitions relevant to the calculation of the Fixed Charge Coverage Ratio and the Leverage Ratio.

Arcos Dorado Financial Ratios under the MFA

	Quarter ended				
	December 31, 2014	March 31, 2015	June 30, 2015	September 30, 2015	December 31, 2015
Leverage Ratio	4.65	4.62	4.61	4.56	4.40
Fixed Charge Coverage Ratio	1.42	1.40	1.45	1.48	1.56

Letters of Credit

As security for the performance of our obligations under the MFAs, we have obtained (i) on August 3, 2007, an irrevocable standby letter of credit in favor of McDonald's in an amount of $65.0 million and later reduced to $ 45.0 million on October 30, 2015, issued by Credit Suisse acting as issuing bank through its Cayman Islands Branch, (ii) on May 9, 2011, an irrevocable standby letter of credit in favor of McDonald's in an amount of $15.0 million, issued by Itaú Unibanco S.A. ("Itaú"), acting as issuing bank through its New York Branch, and (iii) on November 3, 2015, an irrevocable standby letter of credit in favor of McDonald's in an amount of $20.0 million, issued by JPMorgan, acting as issuing bank through its New York Branch. The Credit Suisse, Itaú and JP Morgan letters of credit expire on November 10, 2018, May 10, 2018, and November 6, 2018, respectively, but we will be required by the MFAs to renew these letters of credit or obtain new standby letters of credit in the same amount.

The Credit Suisse letter of credit and reimbursement agreement contains a limited number of customary affirmative and negative covenants. These include limitations on (i) any transfer of the MFAs, (ii) amendment or waiver of the MFAs without the consent of the issuing bank, (iii) our leverage ratio, (iv) taking any action to elect to assume the debt of any of our subsidiaries upon McDonald's exercise of a partial Call Option, (v) our ability to guaranty obligations of our subsidiaries, and (vi) amendments to the credit agreement.

Credit Suisse, as issuing bank, has a security interest in certain of our rights under certain Acquisition documents, franchise document payment rights and our intercompany debt notes. In addition, our subsidiaries (other than those organized in Ecuador, French Guiana, Guadeloupe, Martinique and Peru, and certain subsidiaries organized in Argentina, Colombia and Mexico) guaranteed to Credit Suisse the full and prompt payment of our obligations under the Credit Suisse letter of credit and reimbursement agreement.

The letter of credit that we obtained from Itaú effectively replaced the cash collateral that we had previously pledged in favor of McDonald's in an amount of $15.0 million. The Itaú continuing standby letter of credit agreement contains a limited number of customary affirmative and negative covenants. These include limitations on (i) any transfer of the MFAs, (ii) amendment or waiver of the MFAs without the consent of the issuing bank, (iii) our leverage ratio, (iv) taking any action to elect to assume the debt of any of our subsidiaries upon McDonald's exercise of a Call Option, and (v) permitting ourselves or any of our subsidiaries to become insolvent.

We delivered a promissory note to Itaú in an amount of $15.0 million evidencing our obligations to Itaú under the continuing standby letter of credit agreement and a guarantee letter from our Brazilian subsidiary guarantying the full and punctual payment when due of our obligations and liabilities to Itaú in respect of the Itaú letter of credit and the continuing standby letter of credit agreement, including without limitation our reimbursement obligations for any payments made by Itaú under the letter of credit.

The letter of credit that we obtained from JPMorgan effectively replaced the $ 20.0 million reduction in the Credit Suisse letter of credit.

The JPMorgan letter of credit is guaranteed by certain of our subsidiaries and contains a limited number of customary affirmative and negative covenants. These include limitations on (i) our leverage ratio, (ii) the dissolution, liquidation or winding-up of the applicant or a guarantor, (iii) a material breach or failure to comply with the MFA, and (iv) permitting the applicant or any guarantor to become insolvent.

Termination

The MFAs automatically terminate without the need for any party to it to take any further action if any type of insolvency or similar proceeding in respect of us or any of the other Owner Entities commences.

In the event of the occurrence of certain material breaches, such as if we fail to comply with the reinvestment or restaurant opening plans, McDonald's has the right to terminate the MFAs.

Upon the termination of the MFAs, McDonald's has the right to acquire all, but not less than all, of our equity interests at fair market value, which is to be calculated by internationally recognized investment banks selected by us and McDonald's. The fair market value of our equity interests shall be calculated in U.S. dollars based on the amount that would be received for our equity interests in an arm's-length transaction between a willing buyer and a willing seller, taking into account the benefits provided by the MFAs.

The 2016 Secured Loan Agreement

For a description of the secured loan agreement entered into by Arcos Dourados Comércio de Alimentos Ltda. with Citibank N.A., Bank of America N.A., Itau BBA International plc, JPMorgan Chase Bank, N.A. and Banco Santander (Brasil) S.A., Cayman Islands Branch, see "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Net Cash (used in) Financing Activities—The 2016 Secured Loan Agreement."

The 2016 Notes, the 2019 Notes and the 2023 Notes

For a description of the 2016 notes, the 2019 notes and the 2023 notes, see "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources."

The Revolving Credit Facilities

For a description of the revolving credit facilities entered into by Arcos Dorados B.V. with Bank of America, N.A. and JP Morgan Chase Bank, N.A. see "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Net Cash (used in) Financing Activities—Revolving Credit Facilities."

The 2012 Swap Transaction

On August 13, 2012, the Company entered into a total equity return swap agreement with Goldman Sachs International in order to minimize earnings volatility related to this risk, which was renewed twice and matured on September 12, 2015.

Under the agreement effective as from August 20, 2012, the Company received (paid) the appreciation (depreciation), plus any dividends, on a certain notional number of Class A shares (2,272,551 at the inception) over a reference price of approximately $13.77 per share. The Company in turn paid interest at 3-month LIBOR plus 450 basis points (330 basis points at the inception and 380 between August 2013 and September 2014). During 2015 and 2014 the Company paid interest amounting to $0.52 million and $0.59 million, respectively, in connection with this agreement.

As a consequence of the maturity of the swap agreement, the Company paid, during August and September 2015, $9.7 million as settlement of the remaining 1,022,551 Class A shares net of accumulated dividends.

Beginning on September 23, 2014, the Company was required to make a collateral deposit equal to the excess of the mark-to-market above a threshold of $3 million with $0.5 million as the incremental basis. As of December 31, 2014, the collateral amounted to $4.8 million and was presented as a current asset within "Collateral deposits". During 2015, before the maturity of the total equity return swap, there were two amendments to the conditions of the collateral deposit that reduced the threshold from $3 million to $0 and included an additional collateral deposit of

$0.5 million. As a consequence of the maturity of the swap agreement, the collateral deposit was returned to the Company.

The Company did not designate the swap as a hedge under ASC 815. Therefore, the agreement was carried at fair market value in the consolidated balance sheets with changes reported in earnings, within "General and administrative expenses." The interest portion was recorded within "Net interest expense" in the Company's consolidated statement of income.

D. Exchange Controls

There are currently no exchange control regulations in the BVI applicable to us or our shareholders. For information about any exchange controls or restrictions in Argentina, Brazil, Mexico and Venezuela, see "Item 3. Key Information—A. Selected Financial Data—Exchange Rates and Exchange Controls."

E. Taxation

British Virgin Islands Tax Considerations

The following summary contains a general description of certain British Virgin Islands tax consequences of the acquisition, ownership and disposition of class A shares, but it does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to hold class A shares. The general summary is based upon the tax laws of the British Virgin Islands and regulations thereunder as of the date hereof, which are subject to change.

We are not liable to pay any form of corporate taxation in the BVI and all dividends, interests, rents, royalties, compensations and other amounts paid by us to persons who are not persons resident in the BVI or providing services in the BVI are exempt from all forms of taxation in the BVI and any capital gains realized with respect to any shares, debt obligations, or other securities of ours by persons who are not persons resident in the BVI are exempt from all forms of taxation in the BVI.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the BVI with respect to any shares, debt obligation or other securities of ours.

Subject to the payment of stamp duty on the acquisition or certain leasing of property in the BVI by us (and in respect of certain transactions in respect of the shares, debt obligations or other securities of BVI incorporated companies owning land in the BVI), all instruments relating to transfers of property to or by us and all instruments relating to transactions in respect of the shares, debt obligations or other securities of ours and all instruments relating to other transactions relating to our business are exempt from payment of stamp duty in the BVI.

There are currently no withholding taxes or exchange control regulations in the BVI applicable to us or our shareholders who are not providing services in the BVI.

The BVI has signed two inter-governmental agreements to improve international tax compliance and the exchange of information—one with the United States and one with the United Kingdom (the "US IGA" and the "UK IGA", respectively). The BVI has also signed, along with over 90 other countries, a multilateral competent authority agreement to implement the Organization for Economic Co-Operation and Development (OECD) Standard for Automatic Exchange of Financial Account Information—Common Reporting Standard (the "CRS" and together with the US IGA and the UK IGA, "AEOI").

Amendments have been made to the Mutual Legal Assistance (Tax Matters) Act, 2003 and orders have been made pursuant to this Act to give effect to the terms of the US IGA and the UK IGA under BVI law (the "BVI legislation"). Guidance notes were published by the government of the BVI in March 2015 to provide practical assistance to entities and others affected by the US IGA and/or UK IGA and the BVI legislation (the "Guidance Notes"). Further amendments have been made to the BVI legislation to give effect to the terms of the CRS, which took effect on 1 January 2016. The implementing legislation makes it clear that the CRS commentary published by the OECD is an integral part of the CRS and applies for the purposes of the automatic exchange of financial account information although additional guidance may be issued to aid with compliance with the BVI legislation relating to CRS.

All BVI "Financial Institutions" will be required to comply with the registration, due diligence and reporting requirements of the BVI legislation, except to the extent that they can rely on an exemption that allows them to become a "Non-Reporting Financial Institution" (as defined in the relevant BVI legislation) with respect to one or more of the AEOI regimes.

There is no income tax treaty currently in effect between the United States and the BVI.

Material U.S. Federal Income Tax Considerations for U.S. Holders

The following summary describes the material U.S. federal income tax consequences of the ownership and disposition of class A shares, but it does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a particular person's decision to own such securities. This summary applies only to U.S. Holders (as defined below) that own class A shares as capital assets for U.S. federal income tax purposes. In addition, it does not describe all of the tax consequences that may be relevant in light of a U.S. Holder's particular circumstances, including alternative minimum tax consequences, the potential application of the provisions of the Internal Revenue Code of 1986, as amended, (the "Code") known as the Medicare contribution tax, and tax consequences applicable to certain U.S. Holders subject to special rules, such as:

- certain financial institutions;
- dealers or traders in securities who use a mark-to-market method of tax accounting;
- persons holding class A shares as part of a hedge, "straddle," wash sale, conversion transaction or integrated transaction or persons entering into a constructive sale with respect to the class A shares;
- persons whose "functional currency" for U.S. federal income tax purposes is not the U.S. dollar;
- tax exempt entities, including "individual retirement accounts" and "Roth IRAs";
- entities classified as partnerships for U.S. federal income tax purposes;
- persons that own or are deemed to own ten percent or more of our voting shares;
- persons who acquired our class A shares pursuant to the exercise of an employee stock option or otherwise as compensation; or
- persons holding class A shares in connection with a trade or business conducted outside the United States.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds class A shares, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships holding class A shares and partners in such partnerships should consult their tax advisers as to the particular U.S. federal income tax consequences of holding and disposing of the class A shares.

This discussion is based upon the Code, administrative pronouncements, judicial decisions and final, temporary and proposed Treasury Regulations, all as of the date hereof, changes to any of which may affect the tax consequences described herein—possibly with retroactive effect.

A "U.S. Holder" is a holder who, for U.S. federal income tax purposes, is a beneficial owner of class A shares that is:

(1) a citizen or individual resident of the United States;

(2) a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or

(3) an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

U.S. Holders should consult their tax advisers concerning the U.S. federal, state, local and foreign tax consequences of owning and disposing of class A shares in their particular circumstances.

This discussion assumes that we are not, and will not become, a passive foreign investment company, as described below.

Taxation of Distributions

Distributions paid on class A shares, other than certain pro rata distributions of class A shares, will be treated as dividends to the extent paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Because we do not maintain calculations of our earnings and profits under U.S. federal income tax principles, we expect that distributions generally will be reported to U.S. Holders as dividends. Subject to applicable limitations, dividends paid to certain non-corporate U.S. Holders may be eligible for taxation as "qualified dividend income" and therefore may be taxable at rates applicable to long-term capital gains. Non-corporate U.S. Holders should consult their tax advisers regarding the availability of the reduced tax rates on dividends in their particular circumstances. The amount of the dividend will be treated as foreign-source dividend income to U.S. Holders and will not be eligible for the dividends-received deduction generally available to U.S. corporations under the Code. Dividends will be included in a U.S. Holder's income on the date of the U.S. Holder's receipt of the dividend.

Sale or Other Taxable Disposition of Class A Shares

For U.S. federal income tax purposes, gain or loss realized on the sale or other taxable disposition of class A shares will be capital gain or loss, and will be long-term capital gain or loss if the U.S. Holder owned the class A shares for more than one year. The amount of the gain or loss will equal the difference between the U.S. Holder's tax basis in the class A shares disposed of and the amount realized on the disposition, in each case as determined in U.S. dollars. This gain or loss will generally be U.S.-source gain or loss for foreign tax credit purposes.

Passive Foreign Investment Company Rules

We believe that we were not a "passive foreign investment company" (a "PFIC") for U.S. federal income tax purposes for our 2015 taxable year. However, because the application of the Treasury Regulations is not entirely clear and because PFIC status depends on the composition of a company's income and assets and the market value of its assets from time to time, there can be no assurance that we will not be a PFIC for any taxable year.

If we were a PFIC for any taxable year during which a U.S. Holder owned class A shares, gain recognized by such U.S. Holder on a sale or other disposition (including certain pledges) of the class A shares would be allocated ratably over the U.S. Holder's holding period for the class A shares. The amounts allocated to the taxable year of the sale or other disposition and to any year before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed on the resulting tax liability for each taxable year. Further, to the extent that any distribution received by a U.S. Holder on its class A shares exceeds 125% of the average of the annual distributions on the class A shares received during the preceding three years or such U.S. Holder's holding period, whichever is shorter, that distribution would be subject to taxation in the same manner as gain on the disposition of a share of a PFIC, described immediately above. If we were a PFIC, certain elections may be available that would result in alternative treatments (such as mark-to-market treatment) of the class A shares that differ from the treatment set forth in this paragraph.

In addition, if we were to be treated as a PFIC in a taxable year in which we pay a dividend with respect to any U.S. Holder or in a prior taxable year, the long-term capital gains rates discussed above with respect to dividends paid to certain non-corporate U.S. Holders would not apply.

If we are a PFIC for any taxable year during which a U.S. Holder owned our class A shares, the U.S. Holder will generally be required to file IRS Form 8621 (or any successor form) with their annual U.S. federal income tax returns, subject to certain exceptions.

Information Reporting and Backup Withholding

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting, and may be subject to backup withholding, unless (i) the U.S. Holder is an exempt recipient or (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding.

The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the holder's U.S. federal income tax liability and may entitle it to a refund, provided that the required information is timely furnished to the IRS.

Certain U.S. Holders who are individuals (and under recently finalized Treasury Regulations, specified entities that are formed or availed of for purposes of holding certain foreign financial assets) may be required to report information relating to their ownership of stock of a non-U.S. person, subject to certain exceptions (including an exception for stock held in certain accounts maintained by a U.S. financial institution). U.S. Holders should consult their tax advisers regarding the effect, if any, of these reporting requirements on their ownership and disposition of class A shares.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Accordingly, we are required to file reports and other information with the SEC, including annual reports on Form 20-F and reports on Form 6-K. You may inspect and copy reports and other information filed with the SEC at the Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet website that contains reports and other information about issuers, like us, that file electronically with the SEC. The address of that website is www.sec.gov.

As a foreign private issuer, we are exempt under the Exchange Act from, among other things, the rules prescribing the furnishing and content of proxy statements, and our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we will not be required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act.

We will send the transfer agent a copy of all notices of shareholders' meetings and other reports, communications and information that are made generally available to shareholders. The transfer agent has agreed to mail to all shareholders a notice containing the information (or a summary of the information) contained in any notice of a meeting of our shareholders received by the transfer agent and will make available to all shareholders such notices and all such other reports and communications received by the transfer agent.

I. Subsidiary Information

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Risk Management

In the ordinary course of our business activities, we are exposed to various market risks that are beyond our control, including fluctuations in foreign exchange rates and the price of our primary supplies, and which may have an adverse effect on the value of our financial assets and liabilities, future cash flows and profit. As a result of these market risks, we could suffer a loss due to adverse changes in foreign exchange rates and the price of commodities in the international markets. In addition, we are subject to equity price risk relating to our share-based compensation plans. Our policy with respect to these market risks is to assess the potential of experiencing losses and the consolidated impact thereof, and to mitigate these market risks. We do not enter into market risk sensitive instruments for trading or speculative purposes.

Foreign Currency Exchange Rate Risk

Foreign Currency Exchange Rate Risk in 2015

We are exposed to foreign currency exchange rate risk primarily in connection with the fluctuation in the value of the local currencies of the countries in which we operate, primarily the Brazilian real, Uruguayan peso, Argentine *peso* and the European euro, against the U.S. dollar. We generate revenues and cash from our operations in local currencies while a significant portion of our long-term debt is denominated in U.S. dollars. An adverse change in foreign currency exchange rates would therefore affect the generation of cash flow from operations in U.S. dollars, which could negatively impact our ability to pay amounts owed in U.S. dollars. Moreover, our continuing franchise fee payments to McDonald's pursuant to the MFAs must be translated into and paid in U.S. dollars using the exchange rate of the last business day of the month, payable on the seventh day subsequent to each month-end. As such, in the intervening period we are subject to significant foreign exchange risk.

While substantially all our income is denominated in the local currencies of the countries in which we operate, our supply chain management involves the importation of various products, and some of our imports are denominated in U.S. dollars. Therefore, we are exposed to foreign currency exchange risk related to imports. We have entered into various forward contracts to hedge a portion of the foreign exchange risk associated with the forecasted imports of certain countries. See Note 12 to our consolidated financial statements for more details. In addition, we attempt to minimize this risk also by entering into annual and semi-annual pricing arrangements with our main suppliers.

We are also exposed to foreign exchange risk related to U.S. dollar-denominated intercompany balances held by certain of our operating subsidiaries with our holding companies, and to foreign currency-denominated intercompany balances held by our holding companies with certain operating subsidiaries. Although these intercompany balances are eliminated through consolidation, an adverse change in exchange rates could have a significant impact on our results through the recognition of foreign currency exchange losses in our consolidated income statement.

To help mitigate some of these foreign currency exchange rate risks, we have entered into a cross-currency interest rate swap agreement, to hedge all the variability in a portion of the collection of principal and interest from the intercompany loan receivable denominated in Brazilian *reais* of our holding company, Arcos Dorados B.V. See Note 12 to our consolidated financial statements for more details. As of December 31, 2015, 27.3% of the principal amount of our long-term debt is denominated in *reais* and 71.6% is denominated in U.S. dollars.

A decrease of 10% in the value of the Brazilian *real* against the U.S. dollar would result in a net foreign exchange loss totaling $10.0 million over (i) the outstanding balance of the 2016 notes (R$659.0 million including accrued interest), (ii) the cross-currency interest rate swap used to partially hedge the intercompany loan receivable of Arcos Dorados B.V. denominated in Brazilian *reais* (R$111.6 million including accrued interest), (iii) the Brazilian *reais*-denominated intercompany net receivable held by our subsidiaries, Arcos Dorados B.V. and Latam LLC (R$1,072.6 million including accrued interest), and (iv) the outstanding balance of the U.S. dollar-denominated intercompany net debt held by our Brazilian subsidiaries of $33.7 million as of December 31, 2015.

An increase of 10% in the value of the Argentine *peso* against the U.S. dollar would result in a foreign exchange loss of $1.5 million mainly related to the intercompany payable denominated in Argentine *peso* held by our subsidiary Latam LLC (ARS$ 297.8 million) and the outstanding U.S. dollar-denominated intercompany payable held by our subsidiary in Argentina of $9.7 million as of December 31, 2015.

An increase of 10% in the value of the European euro against the U.S. dollar would result in a foreign exchange loss of $1.6 million mainly related to the outstanding U.S. dollar-denominated intercompany receivable held by our subsidiary in Martinique of $14.6 million as of December 31, 2015.

An increase of 10% in the value of the Uruguayan *peso* against the U.S. dollar would result in a foreign exchange loss of $3.6 million over the outstanding U.S. dollar-denominated intercompany net receivable held by our subsidiaries in Uruguay of $32.2 million as of December 31, 2015.

Fluctuations in the value of the other local currencies against the U.S. dollar would not result in material foreign exchange gains or losses as of December 31, 2015 since there are no other significant intercompany balances exposed to foreign exchange risk.

We are also exposed to foreign currency exchange risk related to the currency translation of our Venezuelan operations. A depreciation of the Venezuelan *bolívar* against the U.S. dollar would result in a foreign currency exchange loss as a result of remeasuring monetary balances denominated in *bolívares*. See Note 21 to our consolidated financial statements for details about exchange controls affecting our operations in Venezuela.

Summary of Foreign Currency Exchange Rate Risk in 2014

A decrease of 10% in the value of the Brazilian *real* against the U.S. dollar would result in a net foreign exchange loss totaling $21.6 million over (i) the outstanding balance of the 2016 notes (R$709.9 million including accrued interest), (ii) the cross-currency interest rate swap used to partially hedge the intercompany loan receivable of Arcos Dorados B.V. denominated in Brazilian *reais* (R$111.5 million including accrued interest), (iii) the Brazilian *reais*-denominated intercompany net receivable held by our subsidiary, Arcos Dorados B.V. (R$699.3 million including accrued interest), and (iv) the outstanding balance of the U.S. dollar-denominated intercompany net debt held by our Brazilian subsidiaries of $282.9 million as of December 31, 2014.

An increase of 10% in the value of the European euro against the U.S. dollar would result in a foreign exchange loss of $1.5 million mainly related to the outstanding U.S. dollar-denominated intercompany receivable held by our subsidiary in Martinique of $13.3 million as of December 31, 2014.

An increase of 10% in the value of the Uruguayan peso against the U.S. dollar would result in a foreign exchange loss of $3.1 million over the outstanding U.S. dollar-denominated intercompany receivable held by our subsidiaries in Uruguay of $28.5 million as of December 31, 2014.

Fluctuations in the value of the other local currencies against the U.S. dollar would not result in material foreign exchange gains or losses as of December 31, 2014 since there are no other significant intercompany balances exposed to foreign exchange risk.

We are also exposed to foreign currency exchange risk related to the currency translation of our Venezuelan operations. A depreciation of the Venezuelan *bolívar* against the U.S. dollar would result in a foreign currency exchange loss as a result of remeasuring monetary balances denominated in *bolívares*. See Note 21 to our consolidated financial statements for details about exchange controls affecting our operations in Venezuela and new regulations announced subsequent to December 31, 2014.

Commodity Price Risk

We purchase our primary supplies, including beef, chicken, buns, produce, cheese, dairy mixes and toppings pursuant to oral agreements with our approved suppliers at prices that are derived from international market prices, local conversion costs and local tariffs and taxes. We therefore carry market risk exposure to changes in commodity prices that have a direct impact on our costs. We do not enter into futures or options contracts to protect ourselves against changes in commodity prices, although we may do so in the future. We attempt to minimize this risk by entering into annual and semi-annual pricing arrangements with our main suppliers. This allows us to provide cost predictability while avoiding the costs related to the use of derivative instruments, which we may not be able to pass on to our customers due to the competitive nature of the QSR industry.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

A. Defaults

No matters to report.

B. Arrears and Delinquencies

No matters to report.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

A. Material Modifications to Instruments

None.

B. Material Modifications to Rights

None.

C. Withdrawal or Substitution of Assets

None.

D. Change in Trustees or Paying Agents

None.

E. Use of Proceeds

Not applicable.

ITEM 15. CONTROLS AND PROCEDURES

A. Disclosure Controls and Procedures

As of December 31, 2015, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act). There are inherent limitations to the effectiveness of any system of disclosure controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2015 in ensuring that information we are required to disclose in the reports that we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

B. Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining an adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act.

Our internal control over financial reporting is a process designed by, or under the supervision of, our principal executive and principal financial officers, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external reporting purposes, in accordance with generally accepted accounting principles. These include those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements, in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorization of our management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, effective control over financial reporting cannot, and does not, provide absolute assurance of achieving our control objectives. Also, projections of, and any evaluation of effectiveness of the internal controls in future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

We have adapted our internal control over financial reporting based on the guidelines set by the Internal Control—Integrated Framework of the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework), or COSO.

Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2015, based on the guidelines set forth by the COSO.

Based on this assessment, management believes that, as of December 31, 2015, its internal control over financial reporting was effective based on those criteria.

Pistrelli, Henry Martin y Asociados S.R.L., member firm of Ernst & Young Global, independent registered public accounting firm, has audited and reported on the effectiveness of our internal controls over financial reporting as of December 31, 2015.

C. Attestation Report of the Registered Public Accounting Firm

Pistrelli, Henry Martin y Asociados S.R.L., member firm of Ernst & Young Global, independent registered public accounting firm, has audited and reported on the effectiveness of our internal controls over financial reporting as of December 31, 2015, as stated in their report which appears below.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
ARCOS DORADOS HOLDINGS INC.:

We have audited Arcos Dorados Holdings Inc. internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Arcos Dorados Holdings Inc. management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company’s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Arcos Dorados Holdings Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Arcos Dorados Holdings Inc. as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2015, and our report dated March 16, 2016 expressed an unqualified opinion thereon.

Buenos Aires, Argentina
March 16, 2016

/s/ Pistrelli, Henry Martin y Asociados S.R.L.
PISTRELLI, HENRY MARTIN Y ASOCIADOS S.R.L.
Member of Ernst & Young Global

D. Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15 or 15d-15 that occurred during the period covered by this annual report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16. [RESERVED]

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Until April 25, 2016, our audit committee consisted of three directors, Mr. Chu, Mr. Vélez and Mr. Ramírez Magaña, who are independent within the meaning of the SEC and NYSE corporate governance rules applicable to foreign private issuers. Our Board of Directors has determined that Mr. Chu, Mr. Vélez and Mr. Ramírez Magaña are also "audit committee financial experts" as defined by the SEC. Mr. Ramírez Magaña served on our audit committee until April 25, 2016. He did not stand for reelection to our Board of Directors at the general meeting of shareholders held on such date.

ITEM 16B. CODE OF ETHICS

Our Board of Directors has approved and adopted our Standards of Business Conduct, which are a code of ethics that applies to all employees of Arcos Dorados, including executive officers, and to our board members. The current version of the Standards of Business Conduct is posted and maintained on the Arcos Dorados website at www.arcosdorados.com. The information contained on our website is not a part of this annual report.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table describes the amounts billed to us by Pistrelli, Henry Martin y Asociados S.R.L., member firm of Ernst & Young Global, independent registered public accounting firm, for audit and other services performed in fiscal years 2015 and 2014.

	2015	2014
	(in thousands of U.S. dollars)	
Audit fees	$ 1,908	$ 2,448
Audit-related fees	6	31
Tax fees	530	470
All other fees	68	63

Audit Fees

Audit fees are fees billed for professional services rendered by the principal accountant for the audit of the registrant's annual financial statements or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years. It includes the audit of our annual consolidated financial statements, the reviews of our quarterly consolidated financial statements submitted on Form 6-K and other services that generally only the independent accountant reasonably can provide, such as comfort letters, statutory audits, attestation services, consents and assistance with and review of documents filed with the SEC.

Audit-Related Fees

Audit-related fees are fees billed for assurance and related services that are reasonably related to the performance of the audit or review of our consolidated financial statements for fiscal years 2015 and 2014 and not reported under the previous category. These services would include, among others: employee benefit plan audits, due diligence related to mergers and acquisitions, accounting consultations and audits in connection with acquisitions, internal control reviews, attest services that are not required by statute or regulation and consultation concerning financial accounting and reporting standards.

Tax Fees

Tax fees are fees billed for professional services for tax compliance, tax advice and tax planning.

All Other Fees

All other fees are fees not reported under other categories. This category mainly includes advisory services on process improvement related to diagnostics and recommendations.

Pre-Approval Policies and Procedures

Our audit committee charter requires the audit committee to pre-approve the audit services and non-audit services to be provided by our independent auditor before the auditor is engaged to render such services. The audit committee may delegate its authority to pre-approve services to the Chair of the audit committee, provided that such designees present any such approvals to the full audit committee at the next audit committee meeting.

All of the audit fees, audit-related fees, tax fees and all other fees described in this Item 16C have been pre-approved by the audit committee in accordance with these pre-approval policies and procedures.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

None.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

None.

ITEM 16G. CORPORATE GOVERNANCE

Our class A shares are listed on the NYSE. We are therefore required to comply with certain of the NYSE's corporate governance listing standards, or the NYSE Standards. As a foreign private issuer, we may follow our home country's corporate governance practices in lieu of most of the NYSE Standards. Our corporate governance practices differ in certain significant respects from those that U.S. companies must adopt in order to maintain a NYSE listing and, in accordance with Section 303A.11 of the NYSE Listed Company Manual, a brief, general summary of those differences is provided as follows.

Director independence

The NYSE Standards require a majority of the membership of NYSE-listed company boards to be composed of independent directors. Neither British Virgin Islands law, the law of our country of incorporation, nor our memorandum and articles of association require a majority of our board to consist of independent directors. Our Board of Directors currently consists of seven members, three of whom are independent directors.

Non-management directors' executive sessions

The NYSE Standards require non-management directors of NYSE-listed companies to meet at regularly scheduled executive sessions without management. Our memorandum and articles of association do not require our non-management directors to hold such meetings.

Committee member composition

The NYSE Standards require NYSE-listed companies to have a nominating/corporate governance committee and a compensation committee that are composed entirely of independent directors. British Virgin Islands law, the law of our country of incorporation, does not impose similar requirements. We do not have a nominating/corporate governance committee. One of the compensation and nomination committee members is independent.

Independence of the compensation and nomination committee and its advisers

On January 11, 2013, the SEC approved new NYSE listing standards that will require that the board of directors of a listed company consider two factors (in addition to the existing general independence tests) in the evaluation of the independence of compensation committee members: (i) the source of compensation of the director, including any consulting, advisory or other compensatory fees paid by the listed company, and (ii) whether the director has an affiliate relationship with the listed company, a subsidiary of the listed company or an affiliate of a subsidiary of the listed company. In addition, before selecting or receiving advice from a compensation consultant or other adviser, the compensation committee of a listed company will be required to take into consideration six specific factors, as well as all other factors relevant to an adviser's independence. Compliance with the compensation committee member independence standards will be required by the earlier of a listed Company's first annual meeting after January 15, 2014 or October 31, 2014. Other standards, including those that relate to the compensation committee adviser requirements and certain additional compensation committee charter requirements, became effective on July 1, 2013.

Foreign private issuers such as us will be exempt from these new requirements if home country practice is followed. British Virgin Islands law does not impose similar requirements, so we will not be required to implement the new NYSE listing standards relating to compensation committees. One of the members of our compensation and nomination committee is independent, though the charter of our compensation and nomination committee does not require the compensation and nomination committee to consider the independence of any advisers that assist them in fulfilling their duties.

Miscellaneous

In addition to the above differences, we are not required to: make our audit and compensation and nomination committees prepare a written charter that addresses either purposes and responsibilities or performance evaluations in a manner that would satisfy the NYSE's requirements; acquire shareholder approval of equity compensation plans in certain cases; or adopt and make publicly available corporate governance guidelines.

We were incorporated under, and are governed by, the laws of the British Virgin Islands. For a summary of some of the differences between provisions of the BVI Act applicable to us and the laws application to companies incorporated in Delaware and their shareholders, see "Item 10. Additional Information—B. Memorandum and Articles of Association—Differences in Corporate Law."

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

PART III

ITEM 17. FINANCIAL STATEMENTS

We have responded to Item 18 in lieu of this item.

ITEM 18. FINANCIAL STATEMENTS

Financial Statements are filed as part of this annual report. See page F-1.

ITEM 19. EXHIBITS

Exhibit No.	Description
1.1	Memorandum and Articles of Association, incorporated herein by reference to Exhibit 3.1 to the Company's Registration Statement on Form F-1 (File No. 333-173063) filed with the SEC on March 25, 2011.
2.1	Indenture dated July 13, 2011 among Arcos Dorados Holdings Inc., as issuer, the subsidiary guarantors named therein, Citibank N.A., as trustee, calculation agent, registrar, paying agent and transfer agent, and Dexia Banque Internationale à Luxembourg, Société Anonyme, as Luxembourg paying agent, incorporated herein by reference to Exhibit 4.2 to the Company's Registration Statement on Form F-1 (File No. 333-177210) filed with the SEC on October 7, 2011.
2.2	Indenture dated September 27, 2013 among Arcos Dorados Holdings Inc., as issuer, the Subsidiary Guarantors named therein, Citibank N.A., as trustee, registrar, paying agent and transfer agent, and Banque Internationale à Luxembourg Société Anonyme, as Luxembourg paying agent, incorporated herein by reference to Exhibit 2.2 to the Company's Annual Report on Form 20-F for the year ended December 31, 2013.
3.1	Los Laureles Voting Trust, incorporated herein by reference to Exhibit 9.1 to the Company's Registration Statement on Form F-1 (File No. 333-173063) filed with the SEC on March 25, 2011.
4.1	Amended and Restated Master Franchise Agreement for McDonald's Restaurants in All of the Territories, except Brazil, incorporated herein by reference to Exhibit 10.1 to the Company's Registration Statement on Form F-1 (File No. 333-173063) filed with the SEC on March 25, 2011.
4.2	Amendment No. 1 to the Amended and Restated Master Franchise Agreement for McDonald's Restaurants in All of the Territories, except Brazil, incorporated herein by reference to Exhibit 10.2 to the Company's Registration Statement on Form F-1 (File No. 333-173063) filed with the SEC on March 25, 2011.
4.3	Second Amended and Restated Master Franchise Agreement for McDonald's Restaurants in Brazil, incorporated herein by reference to Exhibit 10.3 to the Company's Registration Statement on Form F-1 (File No. 333-173063) filed with the SEC on March 25, 2011.
4.4*	Amendment No. 3 to the Amended and Restated Master Franchise Agreement for McDonald's Restaurants in all the Territories, except Brazil, dated March 17, 2016.
4.5	Letter of Agreement dated as of July 31, 2014 among McDonald's Latin America and LatAm, LLC, incorporated herein by reference to Exhibit 4.4 to the Company's Annual Report on Form 20-F for the year ended December 31, 2014.
4.6	Amended and Restated Escrow Agreement dated October 12, 2010 among McDonald's Latin America, LLC, LatAm, LLC, each of the Escrowed MF Subsidiaries, Arcos Dorados Restaurantes de Chile Ltda., Arcos Dorados B.V., Deutsche Bank Trust Company Americas, as collateral agent, and Citibank, N.A., as escrow agent, incorporated herein by reference to Exhibit 10.4 to the Company's Registration Statement on Form F-1 (File No. 333-173063) filed with the SEC on March 25, 2011.
4.7	Letter of Credit Reimbursement Agreement dated August 3, 2007 between Arcos Dorados B.V. and Credit Suisse, acting through its Cayman Islands Branch, incorporated herein by reference to Exhibit 10.5 to the Company's Registration Statement on Form F-1 (File No. 333-173063) filed with the SEC on March 25, 2011.
4.8	Amendment to Letter of Credit Reimbursement Agreement dated November 3, 2008 between Arcos Dorados B.V. and Credit Suisse, acting through its Cayman Islands Branch, incorporated herein by reference to Exhibit 10.6 to the Company's Registration Statement on Form F-1 (File No. 333-173063) filed with the SEC on March 25, 2011.

Exhibit No.	Description
4.9	Second Amendment to Letter of Credit Reimbursement Agreement dated December 10, 2008 between Arcos Dorados B.V. and Credit Suisse, acting through its Cayman Islands Branch, incorporated herein by reference to Exhibit 10.7 to the Company’s Registration Statement on Form F-1 (File No. 333-173063) filed with the SEC on March 25, 2011.
4.10	Third Amendment to Letter of Credit Reimbursement Agreement dated July 8, 2009 between Arcos Dorados B.V. and Credit Suisse, acting through its Cayman Islands Branch, incorporated herein by reference to Exhibit 10.8 to the Company’s Registration Statement on Form F-1 (File No. 333-173063) filed with the SEC on March 25, 2011.
4.11	Fourth Amendment to Letter of Credit Reimbursement Agreement dated April 23, 2010 between Arcos Dorados B.V. and Credit Suisse AG, Cayman Islands Branch, incorporated herein by reference to Exhibit 10.9 to the Company’s Registration Statement on Form F-1 (File No. 333-173063) filed with the SEC on March 25, 2011.
4.12	ISDA Schedule to the 2002 Master Agreement dated as of December 14, 2009 between Morgan Stanley & Co. International plc and Arcos Dorados B.V., incorporated herein by reference to Exhibit 10.16 to the Company’s Registration Statement on Form F-1(File No. 333-173063) filed with the SEC on March 25, 2011.
4.13	ISDA Schedule to the 2002 Master Agreement dated as of December 14, 2009 between JPMorgan Chase Bank, N.A. and Arcos Dorados B.V., incorporated herein by reference to Exhibit 10.19 to the Company’s Registration Statement on Form F-1 (File No. 333-173063) filed with the SEC on March 25, 2011.
4.14	Credit Support Annex to the Schedule to the Master Agreement dated as of December 14, 2009 between JPMorgan Chase Bank, N.A. and Arcos Dorados B.V., incorporated herein by reference to Exhibit 10.20 to the Company’s Registration Statement on Form F-1 (File No. 333-173063) filed with the SEC on March 25, 2011.
4.15	Equity Incentive Plan, incorporated herein by reference to Exhibit 10.23 to the Company’s Registration Statement on Form F-1 (File No. 333-173063) filed with the SEC on March 25, 2011.
4.16	Amendment No. 2 to the Amended and Restated Master Franchise Agreement for McDonald’s Restaurants in All of the Territories, except Brazil, incorporated herein by reference to Exhibit 10.17 to the Company’s Registration Statement on Form F-1 (File No. 333-177210) filed with the SEC on October 7, 2011.
4.17	ISDA Master Agreement dated as of April 20, 2012 between Bank of America, N.A. and Arcos Dorados Holdings Inc., incorporated herein by reference to Exhibit 4.19 to the Company’s Annual Report on Form 20-F for the year ended December 31, 2012.
4.18	ISDA Schedule to the 2012 Master Agreement dated as of April 20, 2012 between Bank of America, N.A. and Arcos Dorados Holdings Inc., incorporated herein by reference to Exhibit 4.20 to the Company’s Annual Report on Form 20-F for the year ended December 31, 2012.
4.19	Guarantee dated as of April 20, 2012 of Arcos Dourados Comercio de Alimentos Ltda. in favor of Bank of America, N.A. in connection with the ISDA Master Agreement and Schedule thereto, each dated as of April 20, 2012, and any confirmations thereunder, incorporated herein by reference to Exhibit 4.21 to the Company’s Annual Report on Form 20-F for the year ended December 31, 2012.
4.20	Confirmation dated June 8, 2012 between Arcos Dorados Holdings Inc. and Bank of America, N.A., incorporated herein by reference to Exhibit 4.22 to the Company’s Annual Report on Form 20-F for the year ended December 31, 2012.
4.21	Credit Agreement dated as of August 3, 2011 among Arcos Dorados B.V., as borrower, certain subsidiaries of the borrower, as guarantors, and Bank of America, N.A., as lender, incorporated herein by reference to Exhibit 4.23 to the Company’s Annual Report on Form 20-F for the year ended December 31, 2012.
4.22	First Amendment to Credit Agreement dated as of August 3, 2012 among Arcos Dorados B.V., as borrower, certain subsidiaries of the borrower, as guarantors, and Bank of America, N.A., as lender, incorporated herein by reference to Exhibit 4.24 to the Company’s Annual Report on Form 20-F for the year ended December 31, 2012.
4.23	Second Amendment to Credit Agreement dated as of August 2, 2013 among Arcos Dorados B.V., as borrower, certain subsidiaries of the borrower, as guarantors, and Bank of America, N.A., as lender, incorporated herein by reference to Exhibit 4.26 to the Company’s Annual Report on Form 20-F for the year ended December 31, 2013.

Exhibit No.	Description
4.24	Third Amendment to Credit Agreement dated as of July 28, 2014 among Arcos Dorados B.V., as borrower, certain subsidiaries of the borrower, as guarantors, and Bank of America, N.A., as lender, incorporated herein by reference to Exhibit 4.31 to the Company's Annual Report on Form 20-F for the year ended December 31, 2014.
4.25*	Fourth Amendment to Credit Agreement dated as of July 30, 2015 among Arcos Dorados B.V., as borrower, certain subsidiaries of the borrower, as guarantors, and Bank of America, N.A., as lender, filed with this Annual Report on Form 20-F for the year ended December 31, 2015.
4.26*	Waiver and Fifth Amendment to Credit Agreement dated as of March 16, 2016 among Arcos Dorados B.V., as borrower, certain subsidiaries of the borrower, as guarantors, and Bank of America, N.A., as lender, filed with this Annual Report on Form 20-F for the year ended December 31, 2015.
4.27*	Common Terms Agreement dated as of March 28, 2016 among Arcos Dourados Comércio de Alimentos Ltda., as borrower, Arcos Dorados Holdings Inc. and Arcos del Sur S.R.L., as initial guarantors, Citibank N.A., as administrative agent, and Citibank N.A., Bank of America N.A., Itau BBA International plc, JPMorgan Chase Bank, N.A. and Banco Santander (Brasil) S.A., Cayman Islands Branch, as initial lenders, filed with this Annual Report on Form 20-F for the year ended December 31, 2015.
4.28*	Credit Agreement dated as of August 31, 2015 among Arcos Dorados B.V., as borrower, certain subsidiaries of the borrower, as guarantors and JPMorgan Chase Bank, N.A., as lender, filed with this Annual Report on Form 20-F for the year ended December 31, 2015
4.29*	Waiver and Amendment to Credit Agreement dated as of March 16, 2016 among Arcos Dorados B.V., as borrower, certain subsidiaries of the borrower, as guarantors, and JPMorgan Chase Bank, N.A., as lender, filed with this Annual Report on Form 20-F for the year ended December 31, 2015.
8.1*	List of subsidiaries.
12.1*	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
12.2*	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
13.1*	Certification of the Chief Executive Officer pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of Title 18 of the United States Code.
13.2*	Certification of the Chief Financial Officer pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of Title 18 of the United States Code.
15.1*	Consent of Pistrelli, Henry Martin y Asociados S.R.L., member firm of Ernst & Young Global, independent registered public accounting firm.
101.INS**	XBRL Instance Document
101.SCH**	XBRL Taxonomy Extension Schema Document
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB**	XBRL Taxonomy Extension Label Linkbase Document
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed with this Annual Report on Form 20-F.

** In accordance with Rule 402 of Regulation S-T, the information in these exhibits shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Arcos Dorados Holdings Inc.

By: /s/ José Carlos Alcantara
Name: José Carlos Alcantara
Title: Chief Financial Officer

Date: April 29, 2016

Arcos Dorados Holdings Inc.

Consolidated Financial Statements
As of December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015

INDEX TO FINANCIAL STATEMENTS

Audited Consolidated Financial Statements – Arcos Dorados Holdings Inc.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of

ARCOS DORADOS HOLDINGS INC.:

We have audited the accompanying consolidated balance sheets of Arcos Dorados Holdings Inc. (the "Company") as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Arcos Dorados Holdings Inc. as of December 31, 2015 and 2014, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 16, 2016 expressed an unqualified opinion thereon.

Buenos Aires, Argentina
March 16, 2016, except for Note 26,
as to which the date is April 29, 2016

/s/ Pistrelli, Henry Martin y Asociados S.R.L.

PISTRELLI, HENRY MARTIN Y ASOCIADOS S.R.L.
Member of Ernst & Young Global

Arcos Dorados Holdings Inc.

Consolidated Statements of Income

For the fiscal years ended December 31, 2015, 2014 and 2013

Amounts in thousands of US dollars, except for share data and as otherwise indicated

REVENUES	2015	2014	2013
Sales by Company-operated restaurants	$ 2,930,379	$ 3,504,302	$ 3,859,883
Revenues from franchised restaurants	122,361	146,763	173,427
Total revenues	**3,052,740**	**3,651,065**	**4,033,310**
OPERATING COSTS AND EXPENSES			
Company-operated restaurant expenses:			
Food and paper	(1,037,487)	(1,243,907)	(1,350,515)
Payroll and employee benefits	(616,358)	(734,093)	(814,112)
Occupancy and other operating expenses	(838,037)	(997,065)	(1,055,188)
Royalty fees	(149,089)	(173,663)	(188,885)
Franchised restaurants – occupancy expenses	(54,242)	(63,939)	(63,273)
General and administrative expenses	(270,680)	(272,065)	(317,745)
Other operating income (expenses), net	6,560	(95,476)	(15,070)
Total operating costs and expenses	**(2,959,333)**	**(3,580,208)**	**(3,804,788)**
Operating income	**93,407**	**70,857**	**228,522**
Net interest expense	(64,407)	(72,750)	(88,156)
Loss from derivative instruments	(2,894)	(685)	(4,141)
Foreign currency exchange results	(54,032)	(74,117)	(38,783)
Other non-operating (expenses) income, net	(627)	146	(848)
(Loss) income before income taxes	**(28,553)**	**(76,549)**	**96,594**
Income tax expense	(22,816)	(32,479)	(42,722)
Net (loss) income	**(51,369)**	**(109,028)**	**53,872**
Less: Net income attributable to non-controlling interests	(264)	(305)	(18)
Net (loss) income attributable to Arcos Dorados Holdings Inc.	**$ (51,633)**	**$ (109,333)**	**$ 53,854**
(Loss) earnings per share information:			
Basic net (loss) income per common share attributable to Arcos Dorados Holdings Inc.	$ (0.25)	$ (0.52)	$ 0.26
Diluted net (loss) income per common share attributable to Arcos Dorados Holdings Inc.	(0.25)	(0.52)	0.26

See Notes to the Consolidated Financial Statements.

Arcos Dorados Holdings Inc.

Consolidated Statements of Comprehensive Income

For the fiscal years ended December 31, 2015, 2014 and 2013

Amounts in thousands of US dollars

	2015	2014	2013
Net (loss) income	**$ (51,369)**	**$ (109,028)**	**$ 53,872**
Other comprehensive loss, net of tax:			
Foreign currency translation	(128,492)	(85,858)	(60,821)
Post-employment benefits:			
Net loss recognized in accumulated other comprehensive income	(213)	(544)	—
Reclassification of net loss to consolidated statement of income	440	199	382
Post-employment benefits (net of $120, $178 and $197 of deferred income taxes for the fiscal years ended December 31, 2015, 2014 and 2013, respectively)	227	(345)	382
Cash flow hedges:			
Net gains recognized in accumulated other comprehensive income	20,487	5,158	537
Reclassification of net gain to consolidated statement of income	(14,209)	(2,792)	(164)
Cash flow hedges (net of $nil of income taxes)	6,278	2,366	373
Total other comprehensive loss	**(121,987)**	**(83,837)**	**(60,066)**
Comprehensive loss	**(173,356)**	**(192,865)**	**(6,194)**
(Less) Plus: Comprehensive (income) loss attributable to non-controlling interests	(73)	(200)	134
Comprehensive loss attributable to Arcos Dorados Holdings Inc.	**$ (173,429)**	**$ (193,065)**	**$ (6,060)**

See Notes to the Consolidated Financial Statements.

Arcos Dorados Holdings Inc.

Consolidated Statements of Balance Sheet

For the fiscal years ended December 31, 2015 and 2014

Amounts in thousands of US dollars

ASSETS	2015	2014
Current assets		
Cash and cash equivalents	$ 112,519	$ 139,030
Accounts and notes receivable, net	63,348	83,003
Other receivables	35,629	65,147
Inventories	44,641	47,688
Prepaid expenses and other current assets	110,808	90,308
Deferred income taxes	12,051	17,188
Collateral deposits	—	4,832
Total current assets	**378,996**	**447,196**
Non-current assets		
Miscellaneous	66,299	102,170
Collateral deposits	5,325	5,325
Property and equipment, net	833,357	1,092,994
Net intangible assets and goodwill	49,486	57,864
Deferred income taxes	63,321	75,319
Derivative instruments	6,741	9,517
McDonald's Corporation's indemnification for contingencies	3,452	4,395
Total non-current assets	**1,027,981**	**1,347,584**
Total assets	**$ 1,406,977**	**$ 1,794,780**
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	$ 187,685	$ 220,337
Royalties payable to McDonald's Corporation	14,834	16,953
Income taxes payable	28,581	29,473
Other taxes payable	69,006	91,290
Accrued payroll and other liabilities	93,112	112,072
Provision for contingencies	512	777
Interest payable	15,990	20,627
Short-term debt	2,500	32,528
Current portion of long-term debt	161,599	6,156
Derivative instruments	2,126	10,958
Deferred income taxes	1,728	895
Total current liabilities	**577,673**	**542,066**
Non-current liabilities		
Accrued payroll and other liabilities	19,381	18,440
Provision for contingencies	20,066	11,427
Long-term debt, excluding current portion	494,743	761,080
Deferred income taxes	8,224	4,180
Total non-current liabilities	**542,414**	**795,127**
Total liabilities	**1,120,087**	**1,337,193**
Equity		
Class A shares - no par value common stock; 420,000,000 shares authorized; 130,538,896 shares issued and outstanding at December 31, 2015; 130,216,043 shares issued and outstanding at December 31, 2014	371,857	365,701
Class B shares - no par value common stock; 80,000,000 shares authorized, issued and outstanding at December 31, 2015 and 2014	132,915	132,915
Additional paid-in capital	12,606	15,974
Retained earnings	193,158	244,791
Accumulated other comprehensive losses	(424,263)	(302,467)
Total Arcos Dorados Holdings Inc. shareholders' equity	**286,273**	**456,914**
Non-controlling interests in subsidiaries	617	673
Total equity	**286,890**	**457,587**
Total liabilities and equity	**$ 1,406,977**	**$ 1,794,780**

See Notes to the Consolidated Financial Statements.

Arcos Dorados Holdings Inc.

Consolidated Statements of Cash Flow

For the fiscal years ended December 31, 2015, 2014 and 2013

Amounts in thousands of US dollars

	2015	2014	2013
Operating activities			
Net (loss) income attributable to Arcos Dorados Holdings Inc	$ (51,633)	$ (109,333)	$ 53,854
Adjustments to reconcile net (loss) income attributable to Arcos Dorados Holdings Inc. to cash provided by operations:			
Non-cash charges and credits:			
Depreciation and amortization	110,715	116,811	114,860
Loss from derivative instruments	2,894	685	4,141
Amortization and accrual of letter of credit fees and deferred financing costs	3,982	4,195	4,363
Gain of property and equipment sales	(10,942)	(890)	(8,919)
Net income attributable to non-controlling interests	264	305	18
Deferred income taxes	(9,057)	7,419	9,113
Foreign currency exchange results	23,239	55,894	23,350
Accrued net share-based compensation expense	4,082	9,252	7,027
Loss from purchase, exchange and call of 2019 Notes	—	—	23,467
Impairment of long-lived assets and goodwill	13,022	52,915	2,958
Write-offs and related contingencies of property and equipment	6,038	7,111	6,489
Others, net	3,502	6,339	113
Changes in assets and liabilities:			
Accounts payable	25,020	(16,128)	96,957
Accounts and notes receivable and other receivables	2,369	(9,779)	(43,835)
Inventories, prepaid and other assets	(45,900)	53,082	(102,362)
Income taxes payable	15,786	15,884	10,773
Other taxes payable	(2,568)	(27)	13,727
Interest payable	(3,746)	(1,054)	1,492
Accrued payroll and other liabilities and provision for contingencies	24,195	(198)	(9,883)
Others	1,427	608	9,311
Net cash provided by operating activities	**112,689**	**193,091**	**217,014**
Investing activities			
Property and equipment expenditures	(90,964)	(169,813)	(313,462)
Purchases of restaurant businesses paid at acquisition date	(1,091)	(825)	(324)
Proceeds from sale of property and equipment and related prepayments	19,738	3,237	7,751
Proceeds from sales of restaurant businesses	3,861	1,938	6,452
Loans collected from / (granted to) related parties	9,702	(2,500)	(2,000)
Other investing activity	(1,361)	(1,001)	(9,072)
Net cash used in investing activities	**(60,115)**	**(168,964)**	**(310,655)**
Financing activities			
Issuance of 2023 Notes	—	—	378,409
Dividend payments to Arcos Dorados Holdings Inc.' shareholders	(12,509)	(50,036)	(37,527)
Net collection (payment) of derivative instruments	19,817	—	(9,975)
Purchase and call of 2019 Notes	—	—	(237,006)
Purchase of 2016 Notes	(11,710)	—	—
Issuance of other long-term debt	—	33,267	8,483
Net short-term borrowings	(29,043)	26,296	8,743
Other financing activities	(8,818)	(8,343)	(8,825)
Net cash (used in) provided by financing activities	**(42,263)**	**1,184**	**102,302**
Effect of exchange rate changes on cash and cash equivalents	(36,822)	(61,929)	(17,864)
Decrease in cash and cash equivalents	**(26,511)**	**(36,618)**	**(9,203)**
Cash and cash equivalents at the beginning of the year	139,030	175,648	184,851
Cash and cash equivalents at the end of the year	**$ 112,519**	**$ 139,030**	**$ 175,648**
Supplemental cash flow information:			
Cash paid during the year for:			
Interest	$ 64,229	$ 71,369	$ 61,771
Income tax	11,191	13,139	25,422
Non-cash investing and financing activities:			
Issuance of 2023 Notes as consideration for the exchange of 2019 Notes	$ —	$ —	$ 98,767
Dividend declared pending of payment	—	12,509	12,509
Seller financing pending of payment and settlement of franchise receivables related to purchases of restaurant businesses	2,113	1,864	3,711

See Notes to the Consolidated Financial Statements.

Arcos Dorados Holdings Inc.

Consolidated Statements of Changes in Equity

For the fiscal years ended December 31, 2015, 2014 and 2013

Amounts in thousands of US dollars, except for share data and as otherwise indicated

	Arcos Dorados Holdings Inc.' Shareholders									
	Class A shares of common stock		Class B shares of common stock							
	Number	Amount	Number	Amount	Additional paid-in capital	Retained earnings	Accumulated other comprehensive losses	Total	Non-controlling interests	Total
Balances at December 31, 2012	**129,529,412**	**351,654**	**80,000,000**	**132,915**	**18,634**	**400,761**	**(158,821)**	**745,143**	**1,167**	**746,310**
Net income for the year	—	—	—	—	—	53,854	—	53,854	18	53,872
Other comprehensive losses	—	—	—	—	—	—	(59,914)	(59,914)	(152)	(60,066)
Dividends to Arcos Dorados Holdings Inc.'s shareholders ($0.24 per share)	—	—	—	—	—	(50,036)	—	(50,036)	—	(50,036)
Issuance of shares in connection with the partial vesting of outstanding restricted share units under the 2011 Equity Incentive Plan	338,014	7,166	—	—	(7,166)	—	—	—	—	—
Stock-based compensation related to the 2011 Equity Incentive Plan	—	—	—	—	5,782	—	—	5,782	—	5,782
Dividends on restricted share units under the 2011 Equity Incentive Plan	—	—	—	—	—	(292)	—	(292)	—	(292)
Dividends to non-controlling interests	—	—	—	—	—	—	—	—	(271)	(271)
Balances at December 31, 2013	**129,867,426**	**358,820**	**80,000,000**	**132,915**	**17,250**	**404,287**	**(218,735)**	**694,537**	**762**	**695,299**
Net loss for the year	—	—	—	—	—	(109,333)	—	(109,333)	305	(109,028)
Other comprehensive losses	—	—	—	—	—	—	(83,732)	(83,732)	(105)	(83,837)
Dividends to Arcos Dorados Holdings Inc.'s shareholders ($0.24 per share)	—	—	—	—	—	(50,036)	—	(50,036)	—	(50,036)
Issuance of shares in connection with the partial vesting of outstanding restricted share units under the 2011 Equity Incentive Plan	348,617	6,881	—	—	(6,881)	—	—	—	—	—
Stock-based compensation related to the 2011 Equity Incentive Plan	—	—	—	—	6,163	—	—	6,163	—	6,163
Acquisition of non-controlling interests (Unaudited)	—	—	—	—	(558)	—	—	(558)	(192)	(750)
Dividends on restricted share units under the 2011 Equity Incentive Plan	—	—	—	—	—	(127)	—	(127)	—	(127)
Dividends to non-controlling interests	—	—	—	—	—	—	—	—	(97)	(97)
Balances at December 31, 2014	**130,216,043**	**365,701**	**80,000,000**	**132,915**	**15,974**	**244,791**	**(302,467)**	**456,914**	**673**	**457,587**
Net loss for the year	—	—	—	—	—	(51,633)	—	(51,633)	264	(51,369)
Other comprehensive losses	—	—	—	—	—	—	(121,796)	(121,796)	(191)	(121,987)
Issuance of shares in connection with the partial vesting of outstanding restricted share units under the 2011 Equity Incentive Plan	322,853	6,156	—	—	(6,156)	—	—	—	—	—
Stock-based compensation related to the 2011 Equity Incentive Plan	—	—	—	—	2,788	—	—	2,788	—	2,788
Dividends to non-controlling interests	—	—	—	—	—	—	—	—	(129)	(129)
Balances at December 31, 2015	**130,538,896**	**371,857**	**80,000,000**	**132,915**	**12,606**	**193,158**	**(424,263)**	**286,273**	**617**	**286,890**

See Notes to the Consolidated Financial Statements.

Arcos Dorados Holdings Inc.

Notes to the Consolidated Financial Statements

As of December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015
Amounts in thousands of US dollars, except for share data and as otherwise indicated

1. Organization and nature of business

Arcos Dorados Holdings Inc. (the "Company") is a limited liability company organized and existing under the laws of the British Virgin Islands. The Company's fiscal year ends on the last day of December. The Company has a 99.999% equity interest in Arcos Dorados Cooperatieve U.A., which has a 100% equity interest in Arcos Dorados B.V. ("ADBV").

On August 3, 2007 the Company, indirectly through its wholly-owned subsidiary ADBV, entered into a Stock Purchase Agreement and Master Franchise Agreements ("MFAs") with McDonald's Corporation pursuant to which the Company completed the acquisition of the McDonald's business in Latin America and the Caribbean ("LatAm business"). See Note 4 for details. Prior to this acquisition, the Company did not carry out operations.

The Company, through ADBV's wholly-owned and majority owned subsidiaries, operates and franchises McDonald's restaurants in the food service industry. The Company has operations in twenty territories as follows: Argentina, Aruba, Brazil, Chile, Colombia, Costa Rica, Curacao, Ecuador, French Guyana, Guadeloupe, Martinique, Mexico, Panama, Peru, Puerto Rico, Trinidad and Tobago, Uruguay, the U.S. Virgin Islands of St. Croix and St. Thomas and Venezuela. All restaurants are operated either by the Company's subsidiaries or by independent entrepreneurs under the terms of sub-franchisee agreements (franchisees).

2. Basis of presentation and principles of consolidation

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("US GAAP") and include the accounts of the Company and its subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. The Company has elected to report its consolidated financial statements in United States dollars ("$" or "US dollars").

Reclassifications

Certain reclassifications have been made within current assets, between inventories and prepaid expenses and other current assets totaling $5,715; and within non-current assets, between property and equipment, net and miscellaneous equal to $23,287; to the prior year information to conform to the current year presentation.

3. Summary of significant accounting policies

The following is a summary of significant accounting policies followed by the Company in the preparation of the consolidated financial statements.

Use of estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Foreign currency translation

The financial statements of the Company's foreign operating subsidiaries are translated in accordance with guidance in ASC 830 Foreign Currency Matters. Except for the Company's Venezuelan operations, the functional currencies of the Company's foreign operating subsidiaries are the local currencies of the countries in which they conduct their operations. Therefore, assets and liabilities are translated into US dollars at the balance sheets date exchange rates, and revenues and expenses are translated at average rates prevailing during the periods. Translation adjustments are included in the "Accumulated other comprehensive losses" component of shareholders' equity. The Company includes foreign currency exchange results related to monetary assets and liabilities denominated in currencies other than its functional currencies in its income statement.

3. Summary of significant accounting policies (continued)

Foreign currency translation (continued)

Effective January 1, 2010, Venezuela is considered to be highly inflationary, and as such, the financial statements of the Company's Venezuelan subsidiaries are remeasured as if their functional currencies were the reporting currency (US dollars). As a result, remeasurement gains and losses are recognized in earnings rather than in the cumulative translation adjustment, component of "Accumulated other comprehensive losses" within shareholders' equity.

See Note 21 for additional information pertaining to the Company's Venezuelan operations, including currency restrictions and controls existing in the country and a discussion of the exchange rate used for remeasurement purposes.

Cash and cash equivalents

The Company considers all highly liquid investments with an original maturity of three months or less, from the date of purchase, to be cash equivalents.

Revenue recognition

The Company's revenues consist of sales by Company-operated restaurants and revenues from restaurants operated by franchisees. Sales by Company-operated restaurants are recognized on a cash basis. The Company presents sales net of sales tax and other sales-related taxes. Revenues from restaurants operated by franchisees include rental income, initial franchise fees and royalty income. Rental income is measured on a monthly basis based on the greater of a fixed rent, computed on a straight-line basis, or a certain percentage of gross sales reported by franchisees. Initial franchise fees represent the difference between the amount the Company collects from the franchisee and the amount the Company pays to McDonald's Corporation upon the opening of a new restaurant, which is when the Company has performed substantially all initial services required by the franchisee agreement. Royalty income represents the difference, if any, between the amount the Company collects from the franchisee and the amount the Company is required to pay to McDonald's Corporation. Royalty income is recognized in the period earned.

Accounts and notes receivable and allowance for doubtful accounts

Accounts receivable primarily consist of royalty and rent receivables due from franchisees and debit and credit card receivables. Accounts receivable are initially recorded at fair value and do not bear interest. Notes receivable relates to interest-bearing financing granted to certain franchisees in connection with the acquisition of equipment and third-party suppliers. The Company maintains an allowance for doubtful accounts in an amount that it considers sufficient to cover losses resulting from the inability of its franchisees to make required payments. In judging the adequacy of the allowance for doubtful accounts, the Company considers multiple factors including historical bad debt experience, the current economic environment and the aging of the receivables.

Other receivables

Other receivables primarily consist of value-added tax and other tax receivables (amounting to $24,088 and $32,115 as of December 31, 2015 and 2014, respectively) and receivables with an independent logistic operator (amounting to $nil and $11,795 as of December 31, 2015 and 2014, respectively). Other receivables are reported at the amount expected to be collected.

Inventories

Inventories are stated at the lower of cost or market, with cost being determined on a first-in, first-out basis.

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3. Summary of significant accounting policies (continued)

Property and equipment, net

Property and equipment are stated at cost, net of accumulated depreciation. Property costs include costs of land and building for both company-operated and franchise restaurants while equipment costs primarily relate to company-operated restaurants. Cost of property and equipment acquired from McDonald's Corporation (as part of the acquisition of LatAm business) was determined based on its estimated fair market value at the acquisition date, then partially reduced by the allocation of the negative goodwill that resulted from the purchase price allocation. Cost of property and equipment acquired or constructed after the acquisition of LatAm business in connection with the Company's restaurant reimaging and extension program is comprised of acquisition and construction costs and capitalized internal costs. Capitalized internal costs include payroll expenses related to employees fully dedicated to restaurant construction projects and related travel expenses. Capitalized payroll costs are allocated to each new restaurant location based on the actual time spent on each project. The Company commences capitalizing costs related to construction projects when it becomes probable that the project will be developed – when the site has been identified and the related profitability assessment has been approved. Maintenance and repairs are expensed as incurred. Accumulated depreciation is calculated using the straight-line method over the following estimated useful lives: buildings – up to 40 years; leasehold improvements – the lesser of useful lives of assets or lease terms which generally include option periods; and equipment 3 to 12 years.

Intangible assets, net

Intangible assets include computer software costs, initial franchise fees, reacquired rights under franchise agreements, letter of credit fees and others.

The Company follows the provisions of ASC 350-40-30 within ASC 350 Intangibles, Subtopic 40 Internal Use Software which requires the capitalization of costs incurred in connection with developing or obtaining software for internal use. These costs are amortized over a period of three years on a straight line basis.

The Company is required to pay to McDonald's Corporation an initial franchisee fee upon opening of a new restaurant. The initial franchise fee related to Company-operated restaurants is capitalized as an intangible asset and amortized on a straight-line basis over the term of the franchise.

A reacquired franchise right is recognized as an intangible asset as part of the business combination in the acquisition of franchised restaurants apart from goodwill with an assigned amortizable life limited to the remaining contractual term (i.e., not including any renewal periods). The value assigned to the reacquired franchise right excludes any amounts recognized as a settlement gain or loss and is limited to the value associated with the remaining contractual term and operating conditions for the acquired restaurants. The reacquired franchise right is measured using a valuation technique that considers restaurant's cash flows after payment of an at-market royalty rate to the Company. The cash flows are projected for the remaining contractual term, regardless of whether market participants would consider potential contractual renewals in determining its fair value.

Letter of credit fees are amortized on a straight-line basis over the term of the Letter of Credit.

Impairment and disposal of long-lived assets

In accordance with the guidance within ASC 360-10-35, the Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying value of the asset may not be recoverable. For purposes of reviewing assets for potential impairment assets are grouped at a country level for each of the operating markets. The Company manages its restaurants as a group or portfolio with significant common costs and promotional activities; as such, each restaurant's cash flows are not largely independent of the cash flows of others in a market. If an indicator of impairment exists for any grouping of assets, an estimate of undiscounted future cash flows produced by each individual restaurant within the asset grouping is compared to its carrying value. If an individual restaurant is determined to be impaired, the loss is measured by the excess of the carrying amount of the restaurant over its fair value considering its highest and best use, as determined by an estimate of discounted future cash flows or its market value.

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3. Summary of significant accounting policies (continued)

Impairment and disposal of long-lived assets (continued)

During June 2014 and March 2015, the Company performed an impairment testing of its long-lived assets in Venezuela considering the operating losses incurred in this market as a consequence of the Company's currency exchange rate changes (indicator of potential impairment), as mentioned in Note 21. As a result of this analysis, the Company recorded impairment charges of $7,804 and $45,186 during the fiscal years 2015 and 2014, respectively, primarily associated to an advanced payment for a real estate, given during the fourth quarter of 2013, using a fair market value approach. The impairment charges also included certain restaurants with undiscounted future cash flows insufficient to recover their carrying value. In the fourth quarter of 2015, 2014 and 2013, the Company assessed all markets for impairment indicators. As a result of these assessments, the Company performed the impairment testing of its long-lived assets in the following markets:

	2015	2014	2013
Puerto Rico	Yes	Yes	Yes
Mexico	Yes	Yes	Yes
Peru	Yes	Yes	Yes
Aruba	Yes	Yes	Yes
Curacao	Yes	Yes	Yes
USVI	Yes	Yes	Yes
Venezuela	Yes	Yes	No
Colombia	Yes	Yes	Yes
Ecuador	Yes	No	No

As a result of the impairment testing the Company recorded the following impairment charges for the markets indicated below:

Fiscal year	Markets	Total
2015	Mexico, Peru, Colombia and Venezuela	$ 12,343
2014	Mexico, Puerto Rico, Peru, Colombia and Venezuela	50,886
2013	Mexico, Puerto Rico and Peru	2,958

Goodwill

Goodwill represents the excess of cost over the estimated fair market value of net tangible assets and identifiable intangible assets acquired. In accordance with the guidance within ASC 350 Intangibles-Goodwill and Other, goodwill is stated at cost and reviewed for impairment on an annual basis. The annual impairment test is mostly performed during the fourth quarter of the fiscal year and compares the fair value of each reporting unit, generally based on discounted future cash flows, with its carrying amount including goodwill. If the carrying amount of the reporting unit exceeds its fair value, an impairment loss is measured as the difference between the implied fair value of the reporting unit's goodwill and the carrying amount of goodwill. As a result of the analyses performed during fiscal years 2015 and 2014, the Company recorded impairment charges of $679 in Argentina and $2,029 in Puerto Rico, respectively, related to goodwill generated in the acquisition of franchised restaurants. The impairments are included within "Other operating expenses, net" in the consolidated statements of income. No impairments of goodwill were recognized during fiscal year 2013.

3. Summary of significant accounting policies (continued)

Advertising costs

Advertising costs are expensed as incurred. Advertising expenses related to Company-operated restaurants were $122,920, $146,363 and $160,184 in 2015, 2014 and 2013, respectively. Advertising expenses related to franchised operations do not affect the Company's expenses since these are recovered from franchisees. Advertising expenses related to franchised operations were $35,131, $44,828 and $49,820 in 2015, 2014 and 2013, respectively.

Accounting for income taxes

The Company records deferred income taxes using the liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The guidance requires companies to set up a valuation allowance for that component of net deferred tax assets which does not meet the more likely than not criterion for realization.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company is regularly audited by tax authorities, and tax assessments may arise several years after tax returns have been filed. Accordingly, tax liabilities are recorded when, in management's judgment, a tax position does not meet the more likely than not threshold for recognition. For tax positions that meet the more likely than not threshold, a tax liability may be recorded depending on management's assessment of how the tax position will ultimately be settled. The Company records interest and penalties on unrecognized tax benefits in the provision for income taxes.

Accounts payable outsourcing

The Company offers its suppliers access to an accounts payable services arrangement provided by third party financial institutions. This service allows the Company's suppliers to view its scheduled payments online, enabling them to better manage their cash flow and reduce payment processing costs. Independent of the Company, the financial institutions also allow suppliers to sell their receivables to the financial institutions in an arrangement separately negotiated by the supplier and the financial institution. The Company has no economic interest in the sale of these receivables and no direct relationship with the financial institutions concerning the sale of receivables. All of the Company's obligations, including amounts due, remain to the Company's suppliers as stated in the supplier agreements. As of December 31, 2015 and 2014, $2,142 and $1,850, respectively, of the Company's total accounts payable are available for this purpose and have been sold by suppliers to participating financial institutions.

Share-based compensation

The Company recognizes compensation expense as services required to earn the benefits are rendered. See Note 16 for details of the outstanding plans and the related accounting policies.

Derivative financial instruments

The Company utilizes certain hedge instruments to manage its interest rate and foreign currency rate exposures. The counterparties to these instruments generally are major financial institutions. The Company does not hold or issue derivative instruments for trading purposes. In entering into these contracts, the Company assumes the risk that might arise from the possible inability of counterparties to meet the terms of their contracts. The Company does not expect any losses as a result of counterparty defaults. All derivatives are recognized as either assets or liabilities in the balance sheets and are measured at fair value. Additionally, the fair value adjustments will affect either shareholders' equity as accumulated other comprehensive income (loss) or net income (loss) depending on whether the derivative instrument qualifies as a hedge for accounting purposes and, if so, the nature of the hedging activity.

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3. Summary of significant accounting policies (continued)

Severance payments

Under certain laws and labor agreements of the countries in which the Company operates, the Company is required to make minimum severance payments to employees who are dismissed without cause and employees leaving its employment in certain other circumstances. The Company accrues severance costs if they relate to services already rendered, are related to rights that accumulate or vest, are probable of payment and can be reasonably estimated. Otherwise, severance payments are expensed as incurred.

Provision for contingencies

The Company accrues liabilities when it is probable that future costs will be incurred and such costs can be reasonably estimated. Such accruals are based on developments to date, the Company's estimates of the outcomes of these matters and the Company's lawyers' experience in contesting, litigating and settling other matters. As the scope of the liabilities becomes better defined, there may be changes in the estimates of future costs. See Note 17 for details.

Comprehensive income

Comprehensive income includes net income as currently reported under generally accepted accounting principles and also includes the impact of other events and circumstances from non-owner sources which are recorded as a separate component of shareholders' equity. The Company reports foreign currency translation gains and losses, unrealized results on cash flow hedges as well as unrecognized post-retirement benefits as components of comprehensive income.

Recent accounting pronouncements

In May 2014, the FASB issued guidance codified in Accounting Standards Codification (ASC) 606, "Revenue Recognition - Revenue from Contracts with Customers," which amends the guidance in former ASC 605, "Revenue Recognition," and becomes effective beginning January 1, 2017. In August 12, 2015, the FASB deferred the effective date to annual reporting periods beginning after December 15, 2017. The standard's core principle is that a company must recognize revenue when it transfers promised goods or services to customers, in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The Company is currently evaluating the impact of the provisions of ASC 606.

In April 2015, the FASB issued new guidance for simplifying the presentation of debt issuance cost. Becoming effective for fiscal years beginning after December 15, 2015, including interim periods, this new guidance requires debt issuance cost related to a recognized debt liability to be presented in the Consolidated Statements of Balance Sheets as a direct deduction from the corresponding debt liability rather than as an asset. The adoption of this standard will not have a material impact on the Company's financial statement.

Moreover, in November 2015, new guidance about ASC 740 "Income Tax" was issued. Becoming effective for fiscal periods, including interim periods, beginning after December 15, 2016, this standard requires the Company to classify all deferred tax assets and liabilities as non-current on the Consolidated Statements of Balance Sheets instead of separating deferred taxes into current and non-current amounts.

In addition, in February 2016, new guidance about leases was issued. The new standard (ASC 842) supersede the lease requirements of ASC 840. The objective of the new guidance is to establish the principles that lessees and lessors shall apply to report useful information to users of financial statements about the amount, timing, and uncertainty of cash flows arising from a lease. This standard is effective for annual periods beginning after December 15, 2018, including interim periods. The Company is currently evaluating the impact of the provisions of ASC 842.

No other new accounting pronouncement issued or effective during the periods had or is expected to have a material impact on the Company's consolidated financial statements.

4. Acquisition of businesses

LatAm Business

On August 3, 2007, the Company, indirectly through its wholly-owned subsidiary ADBV, entered into a Stock Purchase Agreement with McDonald’s Corporation pursuant to which the Company completed the acquisition of the McDonald’s business in Latin America and the Caribbean for a final purchase price of $698,080.

The acquisition of the LatAm business was accounted for by the purchase method of accounting and, accordingly, the purchase price was allocated to the assets acquired and liabilities assumed based on the estimated fair values at the date of acquisition. When the fair value of the net assets acquired exceeded the purchase price, the resulting negative goodwill was allocated to partially reduce the fair value of the non-current assets acquired on a pro-rata basis.

In connection with this transaction, ADBV and certain subsidiaries (the “MF subsidiaries”) also entered into 20-year Master Franchise Agreements (“MFAs”) with McDonald’s Corporation which grants to the Company and its MF subsidiaries the following:

i. The right to own and operate, directly or indirectly, franchised restaurants in each territory;

ii. The right and license to grant sub franchises in each territory;

iii. The right to adopt and use, and to grant the right and license to sub franchisees to adopt and use, the system in each territory;

iv. The right to advertise to the public that it is a franchisee of McDonald’s;

v. The right and license to grant sub franchises and sublicenses of each of the foregoing rights and licenses to each MF subsidiary.

The Company is required to pay to McDonald’s Corporation continuing franchise fees (Royalty fees) on a monthly basis. The amount to be paid during the first 10 years of the MFAs is equal to 5% of the US dollar equivalent of the gross product sales of each of the franchised restaurants. This percentage increases to 6% and 7% for the subsequent two 5-year periods of the agreement. Payment of monthly royalties is due on the seventh business day of the next calendar month.

Pursuant to the MFAs provisions, McDonald’s Corporation has the right to (a) terminate the MFAs, or (b) exercise a call option over the Company’s shares or any MF subsidiary, if the Company or any MF subsidiary (i) fails to comply with the McDonald’s System (as defined in the MFAs), (ii) files for bankruptcy, (iii) defaults on its financial debt payments, (iv) substantially fails to achieve targeted openings and reinvestments requirements, or (v) upon the occurrence of any other event of default as defined in the MFAs.

Other acquisitions

During fiscal years 2015, 2014 and 2013, the Company acquired franchised restaurants in certain territories. Presented below is supplemental information about these acquisitions:

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4. Acquisition of businesses (continued)

Other acquisitions (continued)

Purchases of restaurant businesses:	**2015**	**2014**	**2013**
Property and equipment	$ 936	$ 583	$ 2,186
Identifiable intangible assets	853	518	6,628
Goodwill	1,621	2,029	—
Assumed debt	(206)	—	(317)
Gain on bargain purchase of franchised restaurants	—	(71)	(3,827)
Purchase price	**3,204**	**3,059**	**4,670**
Restaurants sold in exchange	—	—	(635)
Settlement of franchise receivables	(2,113)	(1,436)	—
Seller financing	—	(798)	(3,711)
Purchase price paid at acquisition date	**$ 1,091**	**$ 825**	**$ 324**

5. Accounts and notes receivable, net

Accounts and notes receivable, net consist of the following at year end:

	2015	**2014**
Receivables from franchisees	$ 34,714	$ 38,330
Debit and credit card receivables	28,683	38,826
Meal voucher receivables	8,920	12,962
Notes receivable	3,799	2,258
Allowance for doubtful accounts	(12,768)	(9,373)
	$ 63,348	**$ 83,003**

6. Prepaid expenses and other current assets

Prepaid expenses and other current assets consist of the following at year end:

	2015	**2014**
Prepaid taxes	$ 78,543	$ 43,228
Prepaid expenses	21,124	31,046
Promotion items and prepayments	11,141	16,034
	$ 110,808	**$ 90,308**

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7. Property and equipment, net

Property and equipment, net consist of the following at year-end:

	2015	2014
Land	$ 138,546	$ 171,776
Buildings and leasehold improvements	575,238	704,636
Equipment	521,957	596,879
Total cost	1,235,741	1,473,291
Total accumulated depreciation	(402,384)	(380,297)
	$ 833,357	**$ 1,092,994**

Total depreciation expense for fiscal years 2015, 2014 and 2013 amounted to $96,383, $101,703 and $96,563, respectively.

8. Net intangible assets and goodwill

Net intangible assets and goodwill consist of the following at year-end:

	2015	2014
Net intangible assets (i)		
Computer software cost	$ 60,088	$ 64,103
Initial franchise fees	14,659	18,136
Reacquired franchised rights	8,128	9,878
Letter of credit fees	940	940
Others	1,000	1,000
Total cost	84,815	94,057
Total accumulated amortization	(47,579)	(51,088)
Subtotal	**37,236**	**42,969**
Goodwill (ii)		
Mexico	6,013	6,840
Brazil	4,191	6,247
Chile	1,050	1,227
Argentina	504	—
Ecuador	273	273
Peru	165	189
Colombia	54	119
Subtotal	**12,250**	**14,895**
	$ 49,486	**$ 57,864**

(i) Total amortization expense for fiscal years 2015, 2014 and 2013 amounted to $14,332, $15,108 and $18,297, respectively. The estimated aggregate amortization expense for each of the five succeeding fiscal years and thereafter is as follows: $14,332 for 2016, $10,253 for 2017; $1,733 for 2018; $1,733 for 2019; $1,733 for 2020; and thereafter $7,452.

(ii) Related to the acquisition of franchised restaurants (Mexico, Brazil, Peru, Chile, Argentina and Colombia) and non-controlling interests in subsidiaries (Ecuador and Chile).

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9. Accrued payroll and other liabilities

Accrued payroll and other liabilities consist of the following at year end:

	2015	2014
Current:		
Accrued payroll	$ 74,311	$ 82,396
Long-term incentive plan	248	806
Dividends payable	—	12,509
Accrued expenses	11,817	8,720
Other liabilities	6,736	7,641
	$ 93,112	**$ 112,072**
Non-current:		
Other liabilities	19,381	18,440
	$ 19,381	**$ 18,440**

10. Short-term debt

Short-term debt consists of the following at year-end:

	2015	2014
Revolving Credit Facility (i)	$ 2,500	$ —
Bank overdrafts	—	528
Other short-term loans (ii)	—	32,000
	$ 2,500	**$ 32,528**

(i) Revolving Credit Facility

The Company entered into revolving credit facilities in order to borrow money from time to time to cover its working capital needs and for other general corporate purposes.

On July 30, 2015, ADBV renewed its committed revolving credit facility with Bank of America, N.A. (BOFA), as lender, for up to $50 million maturing on August 3, 2016. Each loan made to ADBV under this agreement will bear interest at an annual rate equal to LIBOR plus 2.75%. Interest on each loan will be payable on the date of any prepayment, at maturity and on a quarterly basis, beginning with the date that is three calendar months following the date the loan is made.

In addition, on August 31, 2015, effective as from October 1, 2015, ADBV entered into a revolving credit facility with JPMorgan Chase Bank, N.A, for up to $25 million maturing on October 1, 2016. Each loan made to ADBV under this agreement will bear interest at an annual rate equal to LIBOR plus 2.25%. Interest on each loan will be payable at maturity and on a quarterly basis, beginning with the date that is three calendar months following the date the loan is made. As of December 31, 2015, the Company had borrowed $2.5 million under the revolving credit facility. This loan matures during January 2016.

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10. Short-term debt (continued)

Revolving Credit Facility (continued)

The obligations of ADBV under the revolving credit facilities are jointly and severally guaranteed by certain of the Company's subsidiaries on an unconditional basis. Furthermore, the agreements include customary covenants including, among others, restrictions on the ability of ADBV, the guarantors and certain material subsidiaries to: (i) incur liens, (ii) enter into any merger, consolidation or amalgamation; (iii) sell, assign, lease or transfer all or substantially all of the borrower's or guarantor's business or property; (iv) enter into transactions with affiliates; (v) engage in substantially different lines of business; (vi) engage in transactions that violate certain anti-terrorism laws; and (vii) permit the consolidated net indebtedness to EBITDA ratio to be greater than 3.5 to 1 on the last day of any fiscal quarter of the borrower. The revolving credit facilities provide for customary events of default, which, if any of them occurs, would permit or require the lender to terminate its obligation to provide loans under the revolving credit facilities and/or to declare all sums outstanding under the loan documents immediately due and payable.

The Company was not in compliance with the net indebtedness to EBITDA ratio under the revolving credit facility with BOFA as of June 30, 2014. At such date the ratio was 2.73. On July 28, 2014, the revolving credit facility was amended to change the consolidated net indebtedness to EBITDA ratio (as defined therein) requirement from 2.5 to 1 to 3.0 to 1. As from that date, the ratio was in compliance. On July 30, 2015, the Company agreed upon with BOFA to modify the consolidated net indebtedness to EBITDA ratio to 3.5 to 1.

As of December 31, 2015, the mentioned ratio was 2.58 and thus the Company is currently in compliance with the ratio requirement under both revolving credit facilities.

(ii) As of December 31, 2014, comprised of a loan granted by Citibank in Colombia totaling $32 million. This loan matured in January 2015 and accrued interest at a weighted-average annual rate of 2.34%.

11. Long-term debt

Long-term debt consists of the following at year-end:

	2015	2014
2023 Notes	$ 469,491	$ 468,976
2016 Notes	158,787	254,963
Capital lease obligations	5,599	5,652
Other long-term borrowings	22,465	37,645
Total	**656,342**	**767,236**
Current portion of long-term debt	161,599	6,156
Long-term debt, excluding current portion	**$ 494,743**	**$ 761,080**

The following table presents additional information related to the 2023 Notes, 2016 Notes and 2019 Notes:

	Annual interest rate	Currency	Principal as of December 31, 2015	Principal as of December 31, 2014	Maturity
2023 Notes	6.625%	USD	$ 473,767	473,767	September 27, 2023
2016 Notes	10.25%	BRL	158,544	253,989	July 13, 2016
2019 Notes	7.5%	USD	—	—	October 1, 2019

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11. Long-term debt (continued)

	Interest Expense (i)			DFC Amortization (i)			Accretion of Premium and Amortization of Discount (i)		
	2015	**2014**	**2013**	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**
2023 Notes	$ 31,387	$ 31,387	$ 8,196	$ 439	$ 438	$ 109	$ 515	$ 506	$ 123
2016 Notes	20,991	29,490	32,172	805	778	777	(496)	(692)	(754)
2019 Notes	—	—	18,765	—	—	3,056	—	—	1,802

(i) These charges are included within "Net interest expense" in the consolidated statements of income.

2023 and 2016 Notes

On September 27, 2013, the Company issued senior notes which are due in 2023 (the “2023 Notes”). Periodic payments of principal are not required and interest is paid semi-annually commencing on March 27, 2014. The gross proceeds from the cash issuance of 2023 Notes amounting to $378,409 were partially used to finance the purchase of 2019 Notes discussed below and to repay certain of the Company’s short-term debt.

The Company recorded the portion of 2023 Notes issued in exchange for cash at the original price of 100.909%. The portion of 2023 Notes issued as consideration for the partial exchange of 2019 Notes was recorded at the carrying value of the 2019 Notes since there were no substantive modifications to the terms of the debts according to ASC 470-50-40. The net discount amounting to $5,420 (comprised of a discount of $8,829 related to the non-cash issuance, partially offset by $3,409 of a premium related to the cash issuance) is being accreted over the term of the 2023 Notes and recognized as a higher interest expense. The Company incurred $3,313 of financing costs related to the cash issuance of 2023 Notes, which were capitalized as deferred financing costs ("DFC") and are being amortized over the life of the notes.

On July 13, 2011, the Company issued Brazilian reais notes due in 2016 (the “2016 Notes”). Periodic payments of principal are not required and interest is paid semi-annually beginning on January 13, 2012. The Company incurred $3,699 of financing costs related to these issuances, which were capitalized as deferred financing costs and are being amortized over the life of the notes.

During November 2015, the Company redeemed 6.97% or BRL 47,039 of the outstanding principal amount of its 2016 Notes at a redemption price equal to 93.75% (equivalent to $11,710) plus accrued and unpaid interest.

The 2023 and 2016 Notes (the “Notes”) are redeemable, in whole or in part, at the option of the Company at any time at the applicable redemption price set forth in the indenture governing them. The Notes are fully and unconditionally guaranteed on a senior unsecured basis by certain of the Company’s subsidiaries. The Notes and guarantees (i) are senior unsecured obligations and rank equal in right of payment with all of the Company’s and guarantors’ existing and future senior unsecured indebtedness; (ii) will be effectively junior to all of Company’s and guarantors’ existing and future secured indebtedness to the extent of the value of the Company’s assets securing that indebtedness; and (iii) are structurally subordinated to all obligations of the Company’s subsidiaries that are not guarantors.

The indenture governing the Notes limits the Company’s and its subsidiaries’ ability to, among other things, (i) create liens; (ii) enter into sale and lease-back transactions; and (iii) consolidate, merge or transfer assets. These covenants are subject to important qualifications and exceptions. The indenture governing the Notes also provides for events of default, which, if any of them occurs, would permit or require the principal, premium, if any, and interest on all of the then-outstanding 2023 and 2016 Notes to be due and payable immediately.

The Notes are listed on the Luxembourg Stock Exchange and trade on the Euro MTF Market.

11. Long-term debt (continued)

2019 Notes

In October 2009, ADBV issued senior notes for an aggregate principal amount of $450,000 at a price of 99.136% (the “2019 Notes”). The 2019 Notes matured on October 1, 2019 and bore interest of 7.5% per year. Periodic payments of principal were not required under the 2019 Notes. Interest was paid semi-annually.

On July 18, 2011 the Company redeemed 31.42% or $141,400 of the outstanding principal amount of its 2019 Notes at a redemption price of 107.5% plus accrued and unpaid interest.

On September 10, 2013 the Company launched a tender and exchange offer pursuant to which it offered to exchange any and all of ADBV outstanding 2019 Notes for newly issued 2023 Notes and to purchase any and all of ADBV outstanding 2019 Notes for cash. The tender and exchange offer expired on September 23, 2013 and October 7, 2013, respectively. At September 30, 2013 the Company accepted and exchanged $89,955 of ADBV 2019 Notes and accepted and purchased $118,366 of ADBV 2019 Notes that were tendered prior to September 23, 2013 (the early exchange date and tender expiration date). The total aggregate amount exchanged or purchased was $208,321, representing 67.5% of the then outstanding principal amount of the 2019 Notes. The Company issued senior notes due 2023 for an aggregate principal amount of $98,225 and paid $51 in cash as consideration for the exchange. The Company paid $128,131 as tender consideration for the purchase (equal to a redemption price of 108.25%). The Company also paid $7,638 in cash for accrued and unpaid interests related to the tendered and exchanged debt. On October 7, 2013, the Company accepted and exchanged $512 of ADBV 2019 Notes that were tendered after the early exchange date and before the exchange expiration date in connection with the tender and exchange offer that had been launched in September 2013. The Company issued additional 2023 Notes for an aggregate principal amount of $542 and paid $2 in cash as consideration for this additional exchange.

In addition, on December 17, 2013, the Company exercised its option to redeem all of the then outstanding principal amount of ADBV 2019 Notes ($99,767) at a redemption price equal to 109.129%. As a result, the Company paid $108,875 plus $1,580 of accrued and unpaid interests related to the called portion of the 2019 Notes.

As a result of the purchase, exchange and call described above, the Company incurred a one-time loss amounting to $23,467. This loss was comprised of (i) $18,873 related to the consideration in excess of the principal amount of the purchased and called debt, (ii) $2,599 related to the accelerated amortization of deferred financing costs of the purchased and called debt, (iii) $1,127 related to the accelerated accretion of the original discount of the purchased and called debt, and (iv) $868 related to the costs incurred in connection with the exchange offer. The exchange of debt was accounted for as a modification of debt and as such, the related effects are being recognized prospectively based on a new effective interest rate of the 2023 Notes. Loss from the purchase and call of the 2019 Notes at a price higher than the nominal value amounted to $18,873 in 2013. This charge is included within “Net interest expense” in the consolidated statements of income.

Other required disclosure

At December 31, 2015, future payments related to the Company’s long-term debt are as follows:

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11. Long-term debt (continued)

Other required disclosure (continued)

	Principal	Interest	Total
2016	$ 161,356	$ 46,392	$ 207,748
2017	2,800	33,500	36,300
2018	3,588	33,224	36,812
2019	3,625	32,929	36,554
2020	3,173	32,647	35,820
Thereafter	485,830	96,641	582,471
Total payments	**660,372**	**275,333**	**935,705**
Interest	—	(275,333)	(275,333)
Discount on 2023 Notes	(6,915)	—	(6,915)
Premium on 2023 Notes	2,640	—	2,640
Premium on 2016 Notes	245	—	245
Long-term debt	**$ 656,342**	**$ —**	**$ 656,342**

12. Derivative instruments

Derivatives not designated as hedging instruments

Total equity return swap

The Company is exposed to stock price risk related to ADBV Long-Term Incentive Plan as the underlying liability is tied to the Company's stock price (see Note 16 for details). As the Company's stock price changes, such liability is adjusted and the impact is recorded on the Company's consolidated statement of income within "General and administrative expenses". On August 13, 2012 the Company entered into a total equity return swap agreement with Goldman Sachs International (GSI) in order to minimize earnings volatility related to this risk, which was renewed twice and matured on September 12, 2015.

Under the agreement effective as from August 20, 2012, the Company received (paid) the appreciation (depreciation), plus any dividends, on a certain notional number of Class A shares (2,272,551 at the inception) over a reference price of approximately $13.77 per share. The Company in turn paid interests at 3-month LIBOR plus 450 basis points (330 basis points at the inception and 380 between August 2013 and September 2014). During fiscal years 2015, 2014 and 2013, the Company paid interests amounting to $522, $593 and $746, respectively, in connection with this agreement. Additionally, the Company could, prior to maturity of the agreement and subject to certain limitations, reduce the notional number of Class A shares underlying the total equity return swap transaction. During fiscal year 2013, the Company reduced the notional number of Class A shares by 1,250,000 (equivalent to a notional amount of $17,211). The Company paid $1,731 as settlement of these share reductions (including interest and fees).

As a consequence of the maturity of the swap agreement, the Company paid, during August and September 2015, $9,681 as settlement of the remaining 1,022,551 Class A shares net of accumulated dividends.

As from September 23, 2014, the Company was required to make a collateral deposit equal to the excess of the mark-to-market above a threshold of $3,000, with $500 as the incremental basis. As of December 31, 2014, the collateral amounted to $4,832 and was presented as a current asset within "Collateral deposits". During 2015, before the maturity of the total equity return swap, there were two amendments to the conditions of the collateral deposit that reduced the threshold from $3,000 to $0 and included an additional collateral deposit of $500. As a consequence of the maturity of the swap agreement, the collateral deposit was returned to the Company.

12. Derivative instruments (continued)

Derivatives not designated as hedging instruments (continued)

Total equity return swap (continued)

The Company did not designate the swap as a hedge under ASC 815. Therefore, the agreement was carried at fair market value in the consolidated balance sheets with changes reported in earnings, within "General and administrative expenses". The interest portion was recorded within “Net interest expense” in the Company’s consolidated statement of income.

See additional disclosures below for further information about this swap.

Derivatives designated as hedging instruments

Forward contracts

The Company has entered into various forward contracts in a few territories in order to hedge a portion of the foreign exchange risk associated with forecasted imports of goods. The effect of the hedges result in fixing the cost of goods acquired (i.e. the net settlement or collection adjusts the cost of inventory paid to the suppliers). In relation to these agreements, during fiscal years 2015, 2014 and 2013, the Company purchased a total amount of $12,375, $30,454 and $17,633, respectively. As of December 31, 2015, the Company has forward contracts outstanding with a notional amount of $10,240 that mature during 2016.

The Company made net collections totaling $2,306, $1,451 and $628 during fiscal years 2015, 2014 and 2013, respectively, as a result of the net settlements of these derivatives. See additional disclosures below for further information about these forward contracts.

Cross-currency interest rate swaps

On April 24, 2012, the Company entered into a cross-currency swap agreement with Bank of America to hedge the cash flows of a portion of the 2016 Notes. Pursuant to this agreement, the Company received interests at a fixed rate of 10.25% over a notional amount of 70 million of Brazilian reais and paid interests at a fixed rate of 4.90% over a notional amount of $37,433. This agreement was to mature on July 13, 2016 with exchange of principal. However, on October 4, 2013, the Company settled the swap agreement before its maturity for $9,975. As a result, the Company recorded a loss from the early settlement amounting to $4,187, which was included within “Loss from derivative instruments” in the income statement. During fiscal year 2013, the Company collected $1,828 of net interest from Bank of America.

On November 7, 2013, the Company entered into a cross-currency interest rate swap agreement with JP Morgan Chase Bank, N.A., to hedge all the variability in a portion (53.08%) of the principal and interest collections of its BRL intercompany loan receivable with ADBV which was amended on November 13, 2015. All the terms of the swap agreement match the terms of the BRL intercompany loan receivable. Pursuant to this agreement, the Company receives interests at a fixed rate of 4.38% over a notional amount of 28.3 million (47.3 million at the inception) of US dollars and pays interest at a fixed rate of 13% over a notional amount of R$108 million on March 31 and September 30 of each year. This agreement matures on September 29, 2023 with exchange of principal.

As from the amendment, the Company is required to make a collateral deposit equal to the excess of mark-to-market above a threshold of $5,000, with $250 as incremental basis.

As a result of the amendment, the Company collected $19,817 and recorded a loss of $2,650 within “Loss from derivative instruments” in the income statement. Furthermore, according to ASC 815-30-40, the amount deferred in accumulated other comprehensive income until the date of the amendment that equals to $6,666, will be amortize to earnings as the originally hedged cash flows affected earnings.

The Company paid $1,933 and $3,512 of net interest during fiscal years 2015 and 2014, respectively.

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12. Derivative instruments (continued)

Derivatives designated as hedging instruments (continued)

Cross-currency interest rate swaps (continued)

See additional disclosures below for further information about this swap agreement.

Additional disclosures

The following table presents the fair values of derivative instruments included in the consolidated balance sheets as of December 31, 2015 and 2014:

Type of Derivative	Balance Sheets Location	Asset (Liability) Derivatives Fair Value 2015	Asset (Liability) Derivatives Fair Value 2014
Derivatives designated as hedging instruments under ASC 815 Derivatives and Hedging			
Forward contracts	Other receivables	$ 454	$ 857
Cross-currency interest rate swap (i)	Derivative instruments	4,615	6,565
		5,069	**7,422**
Derivatives not designated as hedging instruments under ASC 815 Derivatives and Hedging			
Total equity return swap (ii)	Derivative instruments	$ —	$ (8,006)
		—	**(8,006)**
Total derivative instruments		**$ 5,069**	**$ (584)**

(i) At December 31, 2015, presented in the consolidated balance sheet as follows: $6,741 as a non-current asset and $2,126 as a current liability. At December 31, 2014, presented in the consolidated balance sheet as follows: $9,517 as a non-current asset and $2,952 as a current liability.

(ii) As of December 31, 2014, presented in the consolidated balance sheet as a current liability.

The following tables present the pretax amounts affecting income and other comprehensive income for the fiscal years ended December 31, 2015, 2014 and 2013 for each type of derivative relationship:

Derivatives in Cash Flow Hedging Relationships	Forward contracts 2015	Forward contracts 2014	Forward contracts 2013	Cross-currency interest rate swaps 2015	Cross-currency interest rate swaps 2014	Cross-currency interest rate swaps 2013 (iii)	Total 2015	Total 2014	Total 2013
Gain (Loss) Recognized in Accumulated OCI on Derivative (Effective Portion)	$ 1,903	$ 1,925	$ 1,011	$ 18,584	$ 3,233	$ (474)	$ 20,487	$ 5,158	$ 537
(Gain) Loss Reclassified from Accumulated OCI into Income (Effective Portion) (i)	(2,306)	(1,451)	(628)	(11,903)	(1,341)	464	$ (14,209)	$ (2,792)	$ (164)
Loss Recognized in Income on Derivative (Amount Excluded from Effectiveness Testing and Ineffective Portion) (ii)	—	—	—	(2,650)	—	(4,187)	$ (2,650)	$ —	$ (4,187)

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12. Derivative instruments (continued)

Additional disclosures (continued)

(i) The gain recognized in income related to forward contracts was recorded as an adjustment to food and paper. The net gain (loss) recognized in income related to the cross-currency interest rate swaps is presented in the consolidated income statement as follows: a gain (loss) of $13,595, $5,084 and ($921) for the fiscal year 2015, 2014 and 2013, respectively, as an adjustment to foreign exchange results and a (loss) gain of ($1,692), ($3,743) and $ 457, for the fiscal years 2015, 2014 and 2013, respectively, as an adjustment to net interest expense.

(ii) In the fiscal year 2015 related to the loss incurred in connection with the amendment of the cross-currency interest rate swap agreement. In the fiscal year 2013, related to the loss incurred in connection with the settlement of the previous cross-currency interest rate swap agreement before its maturity. These results were recorded within "Loss from derivative instruments" in the Company's consolidated statements of income.

(iii) Include ($294) and $1,436 related to the cross-currency interest rate swap with Bank of America settled before its maturity in "Gain (Loss) Recognized in Accumulated OCI on Derivative" and "(Gain) Loss Reclassified from Accumulated OCI into Income", respectively.

		(Loss) gain Recognized in Income on Derivative instruments		
Derivatives Not Designated as Hedging Instruments	**Location of Loss Recognized in Income**	**2015**	**2014**	**2013**
Total equity return swap	General and administrative expenses (i)	$ (1,743)	$ (6,861)	$ 630
	Net interest expense	(453)	(360)	(533)
Others	Loss from derivative instruments	(244)	(685)	46
Total		**$ (2,440)**	**$ (7,906)**	**$ 143**

(i) For the fiscal year 2015, includes a loss amounting to $1,252 excluded from Adjusted EBITDA as from the total vesting of the plan. See Adjusted EBITDA reconciliation in Note 20.

13. Operating lease agreements

At December 31, 2015, the Company was the lessee at 2,707 locations through ground leases (the Company leases the land and the Company or franchisee owns the building) and through improved leases (the Company leases land and buildings). Lease terms for most restaurants vary between 10 and 20 years and, in many cases, provide for rent escalations and renewal options, with certain leases providing purchase options. Escalations terms vary by reporting unit, with examples including fixed-rent escalations, escalations based on an inflation index, and fair value adjustments. According to rental terms, the Company pays monthly rent based on the greater of a fixed rent or a certain percentage of the Company's gross sales. For most locations, the Company is obligated for the related occupancy costs including property taxes, insurance and maintenance. However, for franchised sites, the Company requires the franchisees to pay these costs. In addition, the Company is the lessee under non-cancelable leases covering certain offices and warehouses.

In March 2010, the Company entered into an aircraft operating lease agreement for a term of 8 years, which provides for quarterly payments of $690. The agreement includes a purchase option at the end of the lease term at fair market value and also an early purchase option at a fixed amount of $26,685 at maturity of the 24th quarterly payment. The Company was required to make a cash deposit of $5,325 as collateral for the obligations assumed under this agreement.

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13. Operating lease agreements (continued)

At December 31, 2015, future minimum payments required under existing operating leases with initial terms of one year or more are:

	Restaurant	Other	Total
2016	$ 116,233	$ 6,140	$ 122,373
2017	106,277	5,057	111,334
2018	95,030	2,321	97,351
2019	82,770	1,563	84,333
2020	73,057	1,418	74,475
Thereafter	349,179	2,712	351,891
Total minimum payment	**$ 822,546**	**$ 19,211**	**$ 841,757**

The following table provides detail of rent expense for fiscal years 2015, 2014 and 2013:

	2015	2014	2013
Company-operated restaurants (i)	$ 135,232	$ 151,724	$ 153,538
Franchised restaurants (ii)	36,381	48,814	48,911
Total rent expense	**$ 171,613**	**$ 200,538**	**$ 202,449**

(i) Included within “Occupancy and other operating expenses” in the consolidated statements of income.
(ii) Included within “Franchised restaurants – occupancy expenses” in the consolidated statements of income.

The following table provides a breakdown detail of rent expense between minimum and contingent rentals for fiscal years 2015, 2014 and 2013:

	2015	2014	2013
Minimum rentals	$ 122,110	$ 131,463	$ 126,329
Contingent rentals based on sales	49,503	69,075	76,120
Total rent expense	**$ 171,613**	**$ 200,538**	**$ 202,449**

14. Franchise arrangements

Individual franchise arrangements generally include a lease and a license and provide for payment of initial fees as well as continuing rent and service fees (royalties) to the Company based upon a percentage of sales with minimum rent payments. The Company’s franchisees are granted the right to operate a restaurant using the McDonald’s system and, in most cases, the use of a restaurant facility, generally for a period of 20 years. Franchisees pay related occupancy costs including property taxes, insurance and maintenance. Pursuant to the MFAs, the Company pays initial fees and continuing service fees for franchised restaurants to McDonald’s Corporation. Therefore, the margin for franchised restaurants is primarily comprised of rental income net of occupancy expenses (depreciation for owned property and equipment and/or rental expense for leased properties).

At December 31, 2015 and 2014, net property and equipment under franchise arrangements totaled $131,587 and $170,400, respectively (including land for $39,452 and $48,797, respectively).

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14. Franchise arrangements (continued)

Revenues from franchised restaurants for fiscal years 2015, 2014 and 2013 consisted of:

	2015	2014	2013
Rent	$ 121,122	$ 145,540	$ 171,859
Initial fees (i)	611	564	929
Royalty fees (ii)	628	659	639
Total	**$ 122,361**	**$ 146,763**	**$ 173,427**

(i) Presented net of initial fees paid to McDonald's Corporation for $747, $885 and $1,150 in 2015, 2014 and 2013, respectively.
(ii) Presented net of royalties fees paid to McDonald's Corporation for $49,742, $63,680 and $69,933 in 2015, 2014 and 2013, respectively.

At December 31, 2015, future minimum rent payments due to the Company under existing franchised agreements are:

	Owned sites	Leased sites	Total
2016	$ 6,623	$ 11,038	$ 17,661
2017	6,451	10,291	16,742
2018	5,834	9,492	15,326
2019	5,227	8,871	14,098
2020	4,563	7,886	12,449
Thereafter	21,543	44,881	66,424
Total	**$ 50,241**	**$ 92,459**	**$ 142,700**

15. Income taxes

The Company's operations are conducted by its foreign subsidiaries in Latin America and the Caribbean. The foreign subsidiaries are incorporated under the laws of their respective countries and as such the Company is taxed in such foreign countries.

Statutory tax rates in the countries in which the Company operates for fiscal years 2015, 2014 and 2013 were as follows:

	2015	2014	2013
Puerto Rico	20%	20%	20%
Argentina, Martinique, French Guyana, Guadeloupe, St Croix, St. Thomas, Aruba and Curacao	35%	35%	35%
Brazil and Venezuela	34%	34%	34%
Colombia	39%	34%	34%
Peru	28%	30%	30%
Costa Rica and Mexico	30%	30%	30%
Panamá, Uruguay, Trinidad and Tobago and Netherlands	25%	25%	25%
Ecuador	25%	22%	22%
Chile	22,5%	21%	20%

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15. Income taxes (continued)

Income tax expense for fiscal years 2015, 2014 and 2013 consisted of the following:

	2015	2014	2013
Current income tax expense	$ 31,873	$ 25,060	$ 33,609
Deferred income tax (benefit) expense	(9,057)	7,419	9,113
Income tax expense	**$ 22,816**	**$ 32,479**	**$ 42,722**

Income tax expense for fiscal years 2015, 2014 and 2013 differed from the amounts computed by applying the Company's weighted-average statutory income tax rate to pre-tax (loss) income as a result of the following:

	2015	2014	2013
Pre-tax (loss) income	(28,553)	(76,549)	96,594
Weighted-average statutory income tax rate (i)	64.6%	40.9%	31.9%
Income tax (benefit) expense at weighted-average statutory tax rate on pre-tax (loss) income	(18,445)	(31,346)	30,833
Permanent differences:			
Change in valuation allowance	49,478	71,695	39,621
Non-deductible expenses	6,368	15,641	13,500
Tax benefits, including Brazil and other	(24,398)	(39,389)	(26,948)
Differences including exchange rate, and inflation adjustment	5,170	12,980	(14,938)
Others	4,643	2,897	654
Income tax expense	**$ 22,816**	**$ 32,479**	**$ 42,722**

(i) Weighted-average statutory income tax rate is calculated based on the aggregated amount of the income before taxes by country multiplied by the prevailing statutory income tax rate, divided by the consolidated income before taxes.

The tax effects of temporary differences and carryforwards that comprise significant portions of deferred tax assets and liabilities at December 31, 2015 and 2014 are presented below:

	2015	2014
Tax loss carryforwards (i)	$ 254,861	$ 258,046
Purchase price allocation adjustment	37,549	57,786
Property and equipment, tax inflation	45,650	53,172
Other accrued payroll and other liabilities	13,891	14,328
Share-based compensation	3,570	5,266
Provision for contingencies	2,177	2,700
Other deferred tax assets (ii)	27,642	40,777
Other deferred tax liabilities (iii)	(9,618)	(10,781)
Property and equipment - difference in depreciation rates	(12,411)	(32,850)
Valuation allowance (iv)	(297,891)	(301,012)
Net deferred tax asset	**$ 65,420**	**$ 87,432**

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15. Income taxes (continued)

(i) As of December 31, 2015, the Company and its subsidiaries has accumulated operating tax loss carryforwards amounting to $937,989. The Company has operating tax loss carryforwards amounting to $328,559, expiring between 2016 and 2020. In addition, the Company has operating tax loss carryforwards amounting to $190,238 expiring after 2020 and operating tax loss carryforwards amounting to $419,192 that do no expire.

(ii) Includes Venezuela's foreign currency exchange differences amounting to $11,745 and $26,361 for the years ended December 31, 2015 and 2014, respectively.

(iii) Primarily related to intangible assets and foreign currency exchange differences.

(iv) In assessing the realization of deferred income tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred income tax assets will not be realized.

The total amount of $65,420 for the year ended December 31, 2015, is presented in the consolidated balance sheet as current asset, non-current asset, current liability and non-current liability amounting to $12,051; $63,321; $1,728 and $8,224, respectively.

The total amount of $87,432 for the year ended December 31, 2014, is presented in the consolidated balance sheet as current asset, non-current asset, current liability and non-current liability amounting to $17,188; $75,319; $895 and $4,180, respectively.

Deferred income taxes have not been recorded for temporary differences related to investments in certain foreign subsidiaries. These temporary differences were $143,388 at December 31, 2015 and consisted of undistributed earnings considered permanently invested in subsidiaries. Determination of the deferred income tax liability on these unremitted earnings is not practicable because such liability, if any, is dependent on circumstances existing if and when remittance occurs.

As of December 31, 2015 and 2014, the Company's gross unrecognized tax benefits totaled $63 and $221 (including interests and penalties), respectively, that would favorably affect the effective tax rate if resolved in the Company's favor.

The following table presents a reconciliation of the beginning and ending amounts of unrecognized tax benefits:

	2015	2014
Balances at beginning balance	**$ 221**	**$ 1,697**
Decrease for positions taken in prior years	(158)	(1,476)
Balances at ending balance	**$ 63**	**$ 221**

The Company is regularly under audit in multiple tax jurisdictions. It is reasonably possible that, as a result of audit progression within the next 12 months, there may be new information that causes the Company to reassess the total amount of unrecognized tax benefits recorded. While the Company cannot estimate the impact that new information may have on the unrecognized tax benefit balance, the Company believes that the liabilities that are recorded are appropriate and adequate as determined under ASC 740. The Company is generally no longer subject to income tax examinations by tax authorities for years prior to 2009.

16. Share-based compensation

ADBV Long-Term Incentive Plan

During 2008, the Company implemented a long-term incentive plan to reward employees for increases in the fair value of the Company's stock subsequent to the date of grant. In accordance with this plan, in fiscal years 2008, 2009 and 2010 the Company granted units (called "CADs") to certain employees, pursuant to which the employees are entitled to receive, when vested, a cash payment equal to the appreciation in fair value over the base value. During March 2015, the total amount of awards was vested. Exercisable outstanding awards at the date of termination are automatically settled by the Company. In April 2014, the Company communicated to its employees the three years expiration extension of ADBV Long-Term Incentive Plan outstanding units exercise right, without any change in the vesting period. Upon this resolution, units for which its exercise right was originally scheduled to expire in May, 2014 will expire in May, 2017, and units for which its exercise right was originally scheduled to expire in May, 2015 will expire in May, 2018. The employees affected by this resolution were 84. The total incremental compensation cost resulting from the modification for fiscal year 2015 and 2014 amounts to a gain of $511 and a loss of $149, respectively, which has been recorded under "General and administrative expenses". As of December 31, 2015, the exercisable units were 664,775.

The Company recognizes compensation expense related to these benefits on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was, in substance, multiple awards. The accrued liability is remeasured at the end of each reporting period until settlement. As of December 31, 2015, it amounts to $248 and is disclosed within "Accrued payroll and other liabilities" in the Company's consolidated balance sheet.

Compensation expense is included within "General and administrative expenses" in the consolidated statement of income. As discussed in Note 12, the Company entered into a total equity return swap agreement, which matured on September 12, 2015, to minimize earnings volatility related to these awards. The adjustments to the value of the swap tended to minimize the adjustments to the carrying value of the ADBV Long-Term Incentive Plan liability derived from changes in the Company's stock price, which were also recorded on "General and administrative expenses". As a result, there was a reduction of the impact on the Company's consolidated statement of income as from the effective date of the agreement.

Not including the impact of the total equity return swap agreement, compensation (benefit) expense for the fiscal years 2015, 2014 and 2013 amounted to $(449), $(3,772) and $1,875, respectively.

The Company recognized $99, $905 and $334 of related income tax expense during fiscal years 2015, 2014 and 2013, respectively.

2011 Equity Incentive Plan

In March 2011, the Company adopted its Equity Incentive Plan, or 2011 Plan, to attract and retain the most highly qualified and capable professionals and to promote the success of its business. This plan replaces ADBV Long-Term Incentive Plan discussed above, although the awards that have already been granted will remain outstanding until their respective termination dates. Like ADBV Long-Term Incentive Plan, the 2011 Plan is being used to reward certain employees for the success of the Company's business through an annual award program. The 2011 Plan permits grants of awards relating to class A shares, including awards in the form of shares (also referred to as stock), options, restricted shares, restricted share units, share appreciation rights, performance awards and other share-based awards as will be determined by the Company's Board of Directors. The maximum number of shares that may be issued under the 2011 Plan is 2.5% of the Company's total outstanding class A and class B shares immediately following its initial public offering.

Amounts in thousands of US dollars, except for share data and as otherwise indicated

16. Share-based compensation (continued)

2011 Equity Incentive Plan (continued)

The Company made a special grant of stock options and restricted share units in 2011 in connection with its initial public offering. Both types of special awards vest as follows: 1/3 on each of the second, third and fourth anniversaries of the grant date. The Company also made recurring grants of stock options and restricted share units in each of the fiscal years from 2011 to 2015 (for fiscal year 2015 only restricted share units). Both types of these recurring annual awards vest as follows: 40% on the second anniversary of the date of grant and 20% on each of the following three anniversaries. For all grants, each stock option granted represents the right to acquire a Class A share at its grant-date fair market value, while each restricted share unit represents the right to receive a Class A share when vested. The exercise right for the stock options is cumulative and, once such right becomes exercisable, it may be exercised in whole or in part during quarterly window periods until the date of termination, which occurs at the seventh anniversary of the date of grant.

The Company utilizes a Black-Scholes option-pricing model to estimate the value of stock options at the grant date. The value of restricted shares units is based on the quoted market price of the Company's class A shares at the grant date. The following variables and assumptions have been used by the Company for purposes of measuring its stock options awards at 2014 and 2013 grant date (on the second quarter of each year):

	2014	2013
Grant-date stock price (i)	8.58	14.31
Weighted-average strike price	8.58	14.31
Expected volatility (ii)	35.5%	38.0%
Dividend yield	2.8%	1.7%
Risk-free interest rate	1.3%	1.0%
Expected term	4.1	5.0

(i) Equal to the quoted market price per Class A share at market-closing of the date of grant.
(ii) Based on implied volatility of the Company's Class A shares.

The resulting value of stock options and restricted share units granted was $nil and $5,844, respectively, during fiscal year 2015, $491 and $2,723, respectively, during fiscal year 2014; $1,807 and 3,056, respectively, during the fiscal year 2013.

The Company recognizes stock-based compensation expense on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was, in substance, multiple awards. The Company recognized stock-based compensation expense in the amount of $2,788, $6,163 and $5,782 during fiscal years 2015, 2014 and 2013, respectively, of which $210, $2,503 and $1,964 relates to the special awards granted in connection with the initial public offering. Stock-based compensation expense is included within "General and administrative expenses" in the consolidated statements of income.

The Company recognized $(1,581), $678 and $88 of related income tax (expense) benefit during fiscal years 2015, 2014 and 2013, respectively.

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16. Share-based compensation (continued)

Stock Options

The following table summarizes the activity of stock options during fiscal years 2015, 2014 and 2013:

	Units	Weighted-average strike price	Weighted-average grant-date fair value
Outstanding at December 31, 2012	**2,464,434**	**19.58**	**5.47**
2013 annual grant	431,726	14.31	4.19
Forfeitures	(462,272)	19.97	5.41
Outstanding at December 31, 2013	**2,433,888**	**18.57**	**5.26**
2014 annual grant	247,475	8.58	1.98
Forfeitures	(130,528)	18.14	5.27
Outstanding at December 31, 2014	**2,550,835**	**17.62**	**4.94**
Forfeitures	(141,130)	16.54	5.02
Expired (i)	(383,811)	20.01	5.41
Outstanding at December 31, 2015	**2,025,894**	**21.03**	**5.87**
Exercisable at December 31, 2015	**1,332,741**	**19.32**	**5.34**

(i) As of December 31, 2015, Additional paid-in capital included $2,077 related to expired stock options.

The following table provides a summary of outstanding stock options at December 31, 2015:

	Vested		Non-vested (ii)	Total
Number of units outstanding	1,332,741	(i)	693,153	2,025,894
Weighted-average grant-date fair market value per unit	5.34		3.88	5.87
Total grant-date fair value	7,123		2,687	9,810
Weighted-average accumulated percentage of service	100		76.5	94.7
Stock-based compensation recognized in Additional paid-in capital	7,123		2,056	9,179
Compensation expense not yet recognized (iii)	—		631	631

(i) Related to exercisable awards.
(ii) Related to awards that will vest between fiscal years 2016 and 2019.
(iii) Expected to be recognized in a weighted-average period of 2.4 years.

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16. Share-based compensation (continued)

Restricted Share Units

The following table summarizes the activity of restricted share units during fiscal years 2015, 2014 and 2013:

	Units	Weighted-average grant-date fair value
Outstanding at December 31, 2012	**1,224,761**	**20.02**
2013 annual grant	213,600	14.31
Partial vesting of 2011 grant	(338,014)	21.20
Forfeitures	(158,279)	19.70
Outstanding at December 31, 2013	**942,068**	**18.36**
2014 annual grant	317,351	8.58
Partial vesting of 2011 grant	(274,314)	21.20
Partial vesting of 2012 grant	(74,303)	14.35
Forfeitures	(47,947)	15.11
Outstanding at December 31, 2014	**862,855**	**14.38**
2015 annual grant	923,213	6.33
Partial vesting of 2011 grant	(222,781)	21.20
Partial vesting of 2012 grant	(31,772)	14.35
Partial vesting of 2013 grant	(68,300)	14.31
Forfeitures	(233,005)	9.88
Outstanding at December 31, 2015	**1,230,210**	**7.96**
Exercisable at December 31, 2015	—	—

As of December 31, 2015, all Class A Shares were issued. Hence, the accumulated compensation expense related to partial vesting was reclassified from "Additional paid-in capital" to "Common stock".

The following table provides a summary of outstanding restricted share units at December 31, 2015:

Number of units outstanding (i)	1,230,210
Weighted-average grant-date fair market value per unit	7.96
Total grant-date fair value	9,792
Weighted-average accumulated percentage of service	44.7%
Stock-based compensation recognized in Additional paid-in capital	4,376
Compensation expense not yet recognized (ii)	5,416

(i) Related to awards that will vest between fiscal years 2016 and 2020.

(ii) Expected to be recognized in a weighted-average period of 4.0 years.

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17. Commitments and contingencies

Commitments

The MFAs require the Company and its MF subsidiaries, among other obligations:

(i) to pay monthly royalties commencing at a rate of approximately 5% of gross sales of the restaurants, substantially consistent with market;
(ii) to agree with McDonald's on a restaurant opening plan and a reinvestment plan for each three-year period and pay an initial franchise fee for each new restaurant opened.
(iii) to commit to funding a specified Strategic Marketing Plan;
(iv) to own (or lease) directly or indirectly, the fee simple interest in all real property on which any franchised restaurant is located; and
(v) to maintain a minimum fixed charge coverage ratio (as defined therein) at least equal to 1.50 as well as a maximum leverage ratio (as defined therein) of 4.25.

On August 10, 2015, the Company reached an agreement with McDonald's Corporation to amend the opening plan mentioned in point (ii) above, from 250 to 150 new restaurant openings for the three-year period commenced on January 1, 2014, mainly in order to adjust this plan to the current economic realities of the region. Under this agreement, the Company is also committed to execute at least 140 reimages over the three-year period and to maintain the three-year reinvestment plan of at least $180 million.

The Company was not in compliance with the ratio requirements mentioned in point (v) above for the three-month periods ended from June 30, 2014 to September 30, 2015. As of December 31, 2015 the leverage ratio was not in compliance. The ratio were as follows:

	June 30, 2014	September 30, 2014	December 31, 2014	March 31, 2015	June 30, 2015	September 30, 2015	December 31, 2015
Leverage Ratio	4.38	4.59	4.65	4.62	4.61	4.56	4.40
Fixed Charge Coverage Ratio	1.48	1.44	1.42	1.40	1.45	1.48	1.56

McDonald's Corporation granted the Company limited waivers through and including December 31, 2015, during which time the Company is not required to comply with the financial ratios set forth in the MFA. After December 31, 2015, if the Company remains non-compliant with the financial requirements and is unable to obtain an extension of the waiver or to comply with the original commitments under the MFA, it could be in material breach. A breach of the MFA would give McDonald's Corporation certain rights, including the ability to acquire all or portions of the business. Notwithstanding the foregoing, the Company does not expect any material adverse effect to its business, results of operations, financial condition or cash flows as a result of this situation.

During 2014, the Company negotiated and obtained temporary royalty waivers from McDonald's Corporation for its operations in Venezuela considering the restrictions and regulations in place affecting its operations in that country. For the fiscal years 2014 and 2013, the Company has recorded a royalty waiver amounting to $6.1 million and $8 million, respectively, recorded as lower "Royalty fees" in the consolidated statements of income.

In addition, the Company maintains standby letters of credit with an aggregate drawing amount of $80 million in favor of McDonald's Corporation as collateral for the obligations assumed under the MFAs. The letters of credit can be drawn if certain events occur, including the failure to pay royalties. No amounts have been drawn at the date of issuance of these financial statements.

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17. Commitments and contingencies (continued)

Provision for contingencies

The Company has certain contingent liabilities with respect to existing or potential claims, lawsuits and other proceedings, including those involving labor, tax and other matters. At December 31, 2015 and 2014, the Company maintains a provision for contingencies, net of judicial deposits, amounting to $20,578 and $12,204, respectively, presented as follows: $512 and $777 as a current liability and $20,066 and $11,427 as a non-current liability, respectively. The breakdown of the provision for contingencies is as follows:

Description	Balance at beginning of period	Accruals	Settlements	Reclassifications	Translation	Balance at end of period
Year ended December 31, 2015:						
Tax contingencies in Brazil (i)	$ 1,999	$ 4,616	$ (9)	$ (532)	$ (956)	$ 5,118
Labor contingencies in Brazil (ii)	10,360	19,692	(19,877)	(26)	(3,136)	7,013
Other (iii)	7,780	13,421	(4,213)	(22)	(3,019)	13,947
Subtotal	20,139	37,729	(24,099)	(580)	(7,111)	26,078
Judicial deposits (iv)	(7,935)	—	684	(863)	2,614	(5,500)
Provision for contingencies	**$ 12,204**	**$ 37,729**	**$ (23,415)**	**$ (1,443)**	**$ (4,497)**	**$ 20,578**
Year ended December 31, 2014:						
Tax contingencies in Brazil (i)	$ 2,235	$ 14	$ —	$ —	$ (250)	$ 1,999
Labor contingencies in Brazil (ii)	9,484	22,726	(20,582)	(29)	(1,239)	10,360
Other (iii)	10,622	3,620	(2,974)	(543)	(2,945)	7,780
Subtotal	22,341	26,360	(23,556)	(572)	(4,434)	20,139
Judicial deposits (iv)	(7,519)	—	455	(1,857)	986	$ (7,935)
Provision for contingencies	**$ 14,822**	**$ 26,360**	**$ (23,101)**	**$ (2,429)**	**$ (3,448)**	**$ 12,204**
Year ended December 31, 2013:						
Tax contingencies in Brazil (i)	$ 4,011	$ 13	$ (998)	$ (271)	$ (520)	$ 2,235
Labor contingencies in Brazil (ii)	14,256	12,714	(15,900)	—	(1,586)	9,484
Other (iii)	9,551	4,546	(2,060)	745	(2,160)	10,622
Subtotal	27,818	17,273	(18,958)	474	(4,266)	22,341
Judicial deposits (iv)	(7,219)	—	82	(1,431)	1,049	(7,519)
Provision for contingencies	**$ 20,599**	**$ 17,273**	**$ (18,876)**	**$ (957)**	**$ (3,217)**	**$ 14,822**

(i) In 2013 and 2014, mainly related to tax on bank account transactions (CPMF). In 2015 it also includes some indirect taxes matters.
(ii) It primarily relates to dismissals in the normal course of business.
(iii) It mainly relates to tax and labor contingencies in other countries.
(iv) It primarily relates to judicial deposits the Company was required to make in connection with the proceedings in Brazil.

As of December 31, 2015, there are certain matters related to the interpretation of tax and labor laws for which there is a possibility that a loss may have been incurred in accordance with ASC 450-20-50-4 within a range of $49 million and $69 million.

17. Commitments and contingencies (continued)

Provision for contingencies

Additionally, there is a lawsuit filed by several Puerto Rican franchisees against McDonald's Corporation and certain subsidiaries purchased by the Company during the acquisition of the LatAm business ("the Puerto Rican franchisees lawsuit"). The claim seeks declaratory judgment and damages in the aggregate amount of $66.7 million plus plaintiffs' attorney fees. At the end of 2014 the plaintiffs finalized their presentation of evidence whereas the Company has not started yet. The Company believes that a final negative resolution has a low probability of occurrence.

During 2014, another franchisee filed a complaint ("the related Puerto Rican franchisee lawsuit") against the Company and McDonald's USA, LLC (a wholly owned subsidiary of McDonald's Corporation), asserting a very similar claim to the one filed in the Puerto Rican franchisees lawsuit. The claim seeks declaratory judgment and damages in the amount of $30 million plus plaintiffs' attorney fees. Although this case is in its early stages, the Company believes that a final negative resolution has a low probability of occurrence, since its close resemblance to the Puerto Rican franchisees lawsuit.

Furthermore, the Puerto Rico Owner Operator's Association ("PROA"), an association integrated by the Company's franchisees that meets periodically to coordinate the development of promotional and marketing campaigns (an association that at the time of the claim was formed solely by franchisees that are plaintiffs in the Puerto Rican franchisees lawsuit), filed a third party complaint and counterclaim ("the PROA claim") against the Company and other third party defendants, in the amount of $31 million. Although certain negative resolution occurred in that lawsuit at the preliminary and first instance stage, no provision has been recorded because the Company believes that a final negative resolution has a low probability of occurrence.

Pursuant to Section 9.3 of the Stock Purchase Agreement, McDonald's Corporation indemnifies the Company for certain Brazilian claims as well as for specific and limited claims arising from the Puerto Rican franchisees lawsuit. Pursuant to the MFA, the Company indemnifies McDonald's for the related Puerto Rican franchisee lawsuit and the PROA claim.

At December 31, 2015, the non-current portion of the provision for contingencies includes $3,452 related to Brazilian claims that are covered by the indemnification agreement. As a result, the Company has recorded a non-current asset in respect of McDonald's Corporation's indemnity in the consolidated balance sheet.

18. Disclosures about fair value of financial instruments

As defined in ASC 820 Fair Value Measurement and Disclosures, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The transaction is based on a hypothetical transaction in the principal or most advantageous market considered from the perspective of the market participant that holds the asset or owes the liability. The valuation techniques that can be used under this guidance are the market approach, income approach or cost approach. The market approach uses prices and other information for market transactions involving identical or comparable assets or liabilities, such as matrix pricing. The income approach uses valuation techniques to convert future amounts to a single discounted present amount based on current market conditions about those future amounts, such as present value techniques, option pricing models (e.g. Black-Scholes model) and binomial models (e.g. Monte-Carlo model). The cost approach is based on current replacement cost to replace an asset.

The Company utilizes market data or assumptions that market participants who are independent, knowledgeable and willing and able to transact would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated or generally unobservable. The Company attempts to utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The Company is able to classify fair value balances based on the observance of those inputs. The guidance establishes a formal fair value hierarchy based on the inputs used to measure fair value. The hierarchy gives the highest priority to level 1 measurements and the lowest priority to level 3 measurements, and accordingly, level 1 measurement should be used whenever possible.

The three levels of the fair value hierarchy as defined by the guidance are as follows:

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18. Disclosures about fair value of financial instruments (continued)

Level 1: Valuations utilizing quoted, unadjusted prices for identical assets or liabilities in active markets that the Company has the ability to access. This is the most reliable evidence of fair value and does not require a significant degree of judgment. Examples include exchange-traded derivatives and listed equities that are actively traded.

Level 2: Valuations utilizing quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly for substantially the full term of the asset or liability.

Financial instruments that are valued using models or other valuation methodologies are included. Models used should primarily be industry-standard models that consider various assumptions and economic measures, such as interest rates, yield curves, time value, volatilities, contract terms, current market prices, credit risk or other market-corroborated inputs. Examples include most over-the-counter derivatives (non-exchange traded), physical commodities, most structured notes and municipal and corporate bonds.

Level 3: Valuations utilizing significant unobservable inputs provides the least objective evidence of fair value and requires a significant degree of judgment. Inputs may be used with internally developed methodologies and should reflect an entity's assumptions using the best information available about the assumptions that market participants would use in pricing an asset or liability. Examples include certain corporate loans, real-estate and private equity investments and long-dated or complex over-the-counter derivatives.

Depending on the particular asset or liability, input availability can vary depending on factors such as product type, longevity of a product in the market and other particular transaction conditions. In some cases, certain inputs used to measure fair value may be categorized into different levels of the fair value hierarchy. For disclosure purposes under this guidance, the lowest level that contains significant inputs used in valuation should be chosen. Pursuant to ASC 820-10-50, the Company has classified its assets and liabilities into these levels depending upon the data relied on to determine the fair values. The fair values of the Company's derivatives are valued based upon quotes obtained from counterparties to the agreements and are designated as Level 2.

The following fair value hierarchy table presents information about the Company's assets and liabilities measured at fair value on a recurring basis as of December 31, 2015:

	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2015
Assets				
Cash equivalents	$ 40,313	$ —	$ —	$ 40,313
Cross-currency interest rate swap	—	6,741	—	6,741
Total Assets	**$ 40,313**	**$ 6,741**	**$ —**	**$ 47,054**
Liabilities				
Cross-currency interest rate swap	$ —	$ 2,126	$ —	$ 2,126
Long-term incentive plan	—	248	—	248
Total Liabilities	**$ —**	**$ 2,374**	**$ —**	**$ 2,374**

The derivative contracts were measured based on quotes from the Company's counterparties. Such quotes have been derived using models pricing or discounted cash analysis that incorporate observable market parameters for all significant inputs such as interest yield curves, options volatilities and currency rates and that were observable for substantially the full term of the derivative contracts.

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18. Disclosures about fair value of financial instruments (continued)

Certain financial assets and liabilities not measured at fair value

At December 31, 2015, the fair value of the Company's short-term and long-term debt was estimated at $631,788, compared to a carrying amount of $674,832. This fair value was estimated using various pricing models or discounted cash flow analysis that incorporated quoted market prices, and is similar to Level 2 within the valuation hierarchy. The carrying amount for both cash and equivalents and notes receivable approximates fair value.

Non-financial assets and liabilities measured at fair value on a nonrecurring basis

Certain assets and liabilities are measured at fair value on a nonrecurring basis; that is, the assets and liabilities are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (e.g., when there is evidence of impairment). At December 31, 2015, no material fair value adjustments or fair value measurements were required for non-financial assets or liabilities, except for those required in connection with the impairment of long-lived assets and goodwill. Refer to Note 3 for more details, including inputs and valuation techniques used to measure fair value of these non-financial assets.

19. Certain risks and concentrations

The Company's financial instruments that are exposed to concentration of credit risk primarily consist of cash and cash equivalents and accounts and notes receivable. Cash and cash equivalents are deposited with various creditworthy financial institutions, and therefore the Company believes it is not exposed to any significant credit risk related to cash and cash equivalents. Concentrations of credit risk with respect to accounts and notes receivable are generally limited due to the large number of franchisees comprising the Company's franchise base.

All the Company's operations are concentrated in Latin America and the Caribbean. As a result, the Company's financial condition and results of operations depend, to a significant extent, on macroeconomic and political conditions prevailing in the region. See Note 21 for additional information pertaining to the Company's Venezuelan operations.

20. Segment and geographic information

The Company is required to report information about operating segments in annual financial statements and interim financial reports issued to shareholders in accordance with ASC 280. Operating segments are components of a company about which separate financial information is available that is regularly evaluated by the chief operating decision maker(s) in deciding how to allocate resources and assess performance. ASC 280 also requires disclosures about the Company's products and services, geographical areas and major customers.

As discussed in Note 1, the Company through its wholly-owned and majority-owned subsidiaries operates and franchises McDonald's restaurants in the food service industry. The Company has determined that its reportable segments are those that are based on the Company's method of internal reporting. The Company manages its business as distinct geographic segments and its operations are divided into four geographical divisions, which are as follows: Brazil; the Caribbean division, consisting of Aruba, Curacao, Colombia, French Guyana, Guadeloupe, Martinique, Puerto Rico, Trinidad and Tobago, the U.S. Virgin Islands of St. Croix and St. Thomas and Venezuela; the North Latin America division ("NOLAD"), consisting of Costa Rica, Mexico and Panama; and the South Latin America division ("SLAD"), consisting of Argentina, Chile, Ecuador, Peru and Uruguay. The accounting policies of the segments are the same as those described in Note 3.

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20. Segment and geographic information (continued)

The following table presents information about profit or loss and assets for each reportable segment:

	For the fiscal year ended December 31,		
	2015	**2014**	**2013**
Revenues:			
Brazil	$ 1,361,989	$ 1,816,046	$ 1,842,324
Caribbean division	398,144	594,220	830,447
NOLAD	367,364	385,114	407,772
SLAD	925,243	855,685	952,767
Total revenues	**$ 3,052,740**	**$ 3,651,065**	**$ 4,033,310**
Adjusted EBITDA:			
Brazil	$ 192,939	$ 237,699	$ 245,957
Caribbean division	5,679	(8,136)	67,180
NOLAD	34,489	27,701	27,397
SLAD	106,602	87,976	105,495
Total reportable segments	**339,709**	**345,240**	**446,029**
Corporate and others (i)	(109,538)	(93,566)	(101,562)
Total adjusted EBITDA	**$ 230,171**	**$ 251,674**	**$ 344,467**

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20. Segment and geographic information (continued)

	For the fiscal year ended December 31,		
	2015	2014	2013
Adjusted EBITDA reconciliation:			
Total Adjusted EBITDA	**$ 230,171**	**$ 251,674**	**$ 344,467**
(Less) Plus items excluded from computation that affect operating income:			
Depreciation and amortization	(110,715)	(116,811)	(114,860)
Gains from sale or insurance recovery of property and equipment	12,308	3,379	10,326
Write-offs and related contingencies of property and equipment	(6,038)	(7,111)	(6,489)
Impairment of long-lived assets	(12,343)	(50,886)	(2,958)
Impairment of goodwill	(679)	(2,029)	—
Stock-based compensation related to the special awards in connection with the initial public offering under the 2011 Plan	(210)	(2,503)	(1,964)
Reorganization and optimization plan expenses	(18,346)	(4,707)	—
ADBV Long-Term Incentive Plan incremental compensation from modification	(741)	(149)	—
Operating income	**93,407**	**70,857**	**228,522**
(Less) Plus:			
Net interest expense	(64,407)	(72,750)	(88,156)
Loss from derivative instruments	(2,894)	(685)	(4,141)
Foreign currency exchange results	(54,032)	(74,117)	(38,783)
Other non-operating (expenses) income, net	(627)	146	(848)
Income tax expense	(22,816)	(32,479)	(42,722)
Net income attributable to non-controlling interests	(264)	(305)	(18)
Net (loss) income attributable to Arcos Dorados Holdings Inc.	**$ (51,633)**	**$ (109,333)**	**$ 53,854**

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20. Segment and geographic information (continued)

	For the fiscal year ended December 31,		
	2015	**2014**	**2013**
Depreciation and amortization:			
Brazil	$ 48,849	$ 60,261	$ 57,818
Caribbean division	30,998	29,142	28,663
NOLAD	25,733	28,565	28,597
SLAD	19,340	19,989	23,172
Total reportable segments	**124,920**	**137,957**	**138,250**
Corporate and others (i)	8,068	8,202	8,607
Purchase price allocation (ii)	(22,273)	(29,348)	(31,997)
Total depreciation and amortization	**$ 110,715**	**$ 116,811**	**$ 114,860**
Property and equipment expenditures:			
Brazil	$ 40,482	$ 100,455	$ 127,743
Caribbean division	11,756	18,717	99,565
NOLAD	14,623	23,680	32,533
SLAD	23,623	25,423	51,337
Others	480	1,538	2,284
Total property and equipment expenditures	**$ 90,964**	**$ 169,813**	**$ 313,462**

	As of December 31,	
	2015	**2014**
Total assets:		
Brazil	$ 612,074	$ 833,334
Caribbean division	382,022	444,641
NOLAD	308,632	360,644
SLAD	242,081	291,473
Total reportable segments	**1,544,809**	**1,930,092**
Corporate and others (i)	40,721	98,651
Purchase price allocation (ii)	(178,553)	(233,963)
Total assets	**$ 1,406,977**	**$ 1,794,780**

(i) Primarily relates to corporate general and administrative expenses corporate supply chain operations in Uruguay, and related assets. Corporate general and administrative expenses consist of corporate office support costs in areas such as facilities, finance, human resources, information technology, legal, marketing, restaurant operations, supply chain and training. Corporate assets primarily include corporate cash and cash equivalents, a collateral deposit and derivative instruments. As of December 31, 2014, corporate assets also included a loan receivable with related parties, and a receivable with an independent logistic operator.

(ii) Relates to the purchase price allocation adjustment made at corporate level, which reduces the total assets and the corresponding depreciation and amortization.

Amounts in thousands of US dollars, except for share data and as otherwise indicated

20. Segment and geographic information (continued)

The Company's revenues are derived from two sources: sales by Company-operated restaurants and revenues from restaurants operated by franchisees. See Note 3 for more details. All of the Company's revenues are derived from foreign operations.

Long-lived assets consisting of property and equipment totaled $833,357 and $1,092,994 at December 31, 2015 and 2014, respectively. All of the Company's long-lived assets are related to foreign operations.

21. Venezuelan operations

The Company conducts business in Venezuela where currency restrictions exist, limiting the Company's ability to immediately access cash through repatriations at the government's official exchange rate. The Company's access to Venezuelan Bolívares (VEF) held by its Venezuelan subsidiaries remains available for use within this jurisdiction and is not restricted. The official exchange rate is established by the Central Bank of Venezuela and the Venezuelan Ministry of Finance and the acquisition of foreign currency at the official exchange rate by Venezuelan companies to pay foreign debt or dividends is subject to a registration and approval process by the relevant Venezuelan authorities. Since these restrictions are in place, the Company has not been able to access the official exchange rate to pay dividends and has been limited in its ability to pay royalties at the official exchange rate.

Revenues and operating (loss) income of the Venezuelan operations were $40,898 and $(28,329), respectively, for fiscal year 2015; $187,588 and $(74,962), respectively, for fiscal year 2014; and $415,932 and $43,939, respectively, for fiscal year 2013.

Since February 2013, the Venezuelan government has announced several changes in the currency exchange regulations. As a consequence, the Company reassessed the exchange rate used for remeasurement purposes as follows:

			Effects of exchange rate change		
Period	**Exchange rate System applied**	**Exchange rate at System date change (VEF per US dollar)**	**Write down of inventories (i)**	**Impairment of long-lived assets (i)**	**Foreign currency exchange loss**
From January 1, 2013 to February 7, 2013	SITME	5.30	—	—	—
From February 8, 2013 to February 28, 2014	Official exchange rate	6.30	—	—	15,379
From March 1, 2014 to May 31, 2014	SICAD	11.80	7,611	—	19,697
From June 1, 2014 to February 28, 2015	SICAD II	49.98	9,937	45,186	38,963
From March 1, 2015 up to date	SIMADI	177.00	3,250	7,804	8,046

(i) Presented within Other operating income (expenses), net
(ii) Presented within Foreign currency exchange results

As of December 31, 2015, three foreign exchange rates were legally available: (i) the official exchange rate settled at 6.30 VEF per US dollar; (ii) the SICAD exchange rate settled at 13.50 VEF per US dollar; and (iii) the SIMADI exchange rate settled at 198.70 VEF per US dollar.

21. Venezuelan operations (continued)

As of December 31, 2015, the Company's local currency denominated net monetary position, which would be subject to remeasurement in the event of further changes in the SIMADI rate was $1.3 million (including $3.9 million of cash and cash equivalents). Venezuela's non-monetary assets were $58.1 million at December 31, 2015 and included approximately $47.6 million of fixed assets and advances to suppliers.

In addition to exchange controls, the Venezuelan market is subject to price controls. The Venezuelan government issued a regulation establishing a maximum profit margin for companies and maximum prices for certain goods and services. As of December 31, 2015, the Company's pricing plan was not affected by these regulations.

The Company's Venezuelan operations, and the Company's ability to repatriate its earnings, continue to be negatively affected by these difficult conditions and would be further negatively affected by additional devaluations or the imposition of additional or more stringent controls on foreign currency exchange, pricing, payments, profits or imports or other governmental actions or continued or increased labor unrest. The Company continues to closely monitor developments in this dynamic environment, to assess evolving business risks and actively manage its operations in Venezuela.

22. Shareholders' equity

Authorized capital

The Company is authorized to issue to 500,000,000 shares, consisting of 420,000,000 Class A shares and 80,000,000 Class B shares of no par value each.

Issued and outstanding capital

At December 31, 2012, the Company had 209,529,412 shares issued and outstanding with no par value, consisting of 129,529,412 class A shares and 80,000,000 class B shares.

During fiscal years 2015, 2014 and 2013, the Company issued 322,853, 348,617 and 338,014 Class A shares, respectively, in connection with the partial vesting of restricted share units under the 2011 Equity Incentive Plan. Therefore, at December 31, 2015, 2014 and 2013 the Company had 210,538,896; 210,216,043 and 209,867,426 shares issued and outstanding with no par value, consisting of 130,538,896; 130,216,043 and 129,867,426 Class A shares, respectively, and 80,000,000 for Class B shares for each year.

Rights, privileges and obligations

Holders of Class A shares are entitled to one vote per share and holders of Class B shares are entitled to five votes per share. Except with respect to voting, the rights, privileges and obligations of the Class A shares and Class B shares are *pari passu* in all respects, including with respect to dividends and rights upon liquidation of the Company.

Distribution of dividends

The Company can only make distributions to the extent that immediately following the distribution, its assets exceed its liabilities and the Company is able to pay its debts as they become due.

During fiscal year 2015, the Company did not declare a dividend distribution to its shareholders, with respect to its results of operations for fiscal year 2014. During fiscal years 2014 and 2013, the Company declared dividend distributions totaling $50,036, per year. One installment of the 2014 and 2013 distributions amounting to $12,509 was pending of payment at each year-end.

During April and May, 2014, the Company paid dividends on restricted share units under the 2011 Equity Incentive Plan amounting to $382.

Arcos Dorados Holdings Inc.

Notes to the Consolidated Financial Statements

As of December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015

Amounts in thousands of US dollars, except for share data and as otherwise indicated

22. Shareholders' equity (continued)

Accumulated other comprehensive loss

The following table sets forth information with respect to the components of "Accumulated other comprehensive loss" as of December 31, 2015 and their related activity during the three-years in the period then ended:

	Foreign currency translation	Cash flow hedge	Post-employment benefits (i)	Total Accumulated other comprehensive (loss) income
Balances at December 31, 2012	**$ (156,467)**	**$ (1,141)**	**$ (1,213)**	**$ (158,821)**
Other comprehensive (loss) gain before reclassifications	(60,669)	537	—	(60,132)
Net (gain) loss reclassified from accumulated other comprehensive loss to consolidated statement of income	—	(164)	382	218
Net current-period other comprehensive (loss) income	(60,669)	373	382	(59,914)
Balances at December 31, 2013	**(217,136)**	**(768)**	**(831)**	**(218,735)**
Other comprehensive (loss) gain before reclassifications	(85,753)	5,158	(544)	(81,139)
Net (gain) loss reclassified from accumulated other comprehensive loss to consolidated statement of income	—	(2,792)	199	(2,593)
Net current-period other comprehensive (loss) income	(85,753)	2,366	(345)	(83,732)
Balances at December 31, 2014	**(302,889)**	**1,598**	**(1,176)**	**(302,467)**
Other comprehensive (loss) gain before reclassifications	(128,301)	20,487	(213)	(108,027)
Net (gain) loss reclassified from accumulated other comprehensive loss to consolidated statement income	—	(14,209)	440	(13,769)
Net current-period other comprehensive (loss) income	(128,301)	6,278	227	(121,796)
Balances at December 31, 2015	**$ (431,190)**	**$ 7,876**	**$ (949)**	**$ (424,263)**

(i) Related to a post-employment benefit in Venezuela established by the Organic Law of Labor and Workers (known as "LOTTT", its Spanish acronym) in 2012. This benefit provides a payment of 30 days of salary per year of employment tenure based on the last wage earned to all workers who leave the job for any reason. The term of service to calculate the post-employment payment of active workers run retroactively since June 19, 1997. The Company obtains an actuarial valuation to measure the post-employment benefit obligation, using the projected unit credit actuarial method and measures this benefit in accordance with ASC 715-30, similar to pension benefit.

23. (Loss) earnings per share

The Company is required to present basic earnings per share and diluted earnings per share in accordance with ASC 260. Earnings per share are based on the weighted average number of shares outstanding during the period after consideration of the dilutive effect, if any, for common stock equivalents, including stock options and restricted share units. Basic earnings per common share are computed by dividing net income available to common shareholders by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per common share are computed by dividing net income by the weighted average number of shares of common stock outstanding and dilutive securities outstanding during the period under the treasury method.

Arcos Dorados Holdings Inc.

Notes to the Consolidated Financial Statements

As of December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015
Amounts in thousands of US dollars, except for share data and as otherwise indicated

23. (Loss) earnings per share (continued)

The following table sets forth the computation of basic and diluted net (loss) income per common share attributable to Arcos Dorados Holdings Inc. for all years presented:

	For the fiscal year ended December 31,		
	2015	2014	2013
Net (loss) income attributable to Arcos Dorados Holdings Inc. available to common shareholders	$ (51,633)	$ (109,333)	$ 53,854
Weighted-average number of common shares outstanding - Basic	210,436,232	210,105,059	209,754,176
Incremental shares from assumed exercise of stock options (a)	—	—	—
Incremental shares from vesting of restricted share units	160,122	239,171	344,968
Weighted-average number of common shares outstanding - Diluted	210,596,354	210,344,230	210,099,144
Basic net (loss) income per common share attributable to Arcos Dorados Holdings Inc.	**$ (0.25)**	**$ (0.52)**	**$ 0.26**
Diluted net (loss) income per common share attributable to Arcos Dorados Holdings Inc.	**$ (0.25)**	**$ (0.52)**	**$ 0.26**

(a) Options to purchase shares of common stock were outstanding during fiscal years 2015, 2014 and 2013. See Note 16 for details. These options were not included in the computation of diluted earnings per share because their inclusion would have been anti-dilutive.

24. Related party transactions

The Company has entered into a master commercial agreement on arm’s length terms with Axionlog, a company under common control that operates the distribution centers in Argentina, Chile, Colombia, Mexico, Venezuela, Uruguay and Perú (the “Axionlog Business”). Pursuant to this agreement Axionlog provides the Company distribution inventory, storage and transportation services in the countries in which it operates. On November 9, 2011 the Company entered into a revolving loan agreement as a creditor with Axionlog Distribution B.V., a holding company of the Axionlog Business, for a total amount of $12 million at an interest rate of LIBOR plus 6%, in line with interest rates prevailing in the market at the time of the agreement, the loan will mature on November 7, 2016. As of December 31, 2015 and 2014, Axionlog Distribution B.V. had borrowed $1,798 and $11,500, respectively, from the Company in connection with this revolving loan agreement. The related receivable is included within “Accounts and notes receivable, net" and in "Miscellaneous” in the Company’s consolidated balance sheets, as of December 31, 2015 and 2014, respectively.

The following table summarizes the outstanding balances between the Company and the Axionlog Business as of December 31, 2015 and 2014:

	As of December 31,	
	2015	2014
Accounts and notes receivable	$ 1,854	$ —
Other receivables	2,266	1,796
Miscellaneous	1,729	14,901
Accounts payable	5,110	7,742

Arcos Dorados Holdings Inc.

Notes to the Consolidated Financial Statements

As of December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015
Amounts in thousands of US dollars, except for share data and as otherwise indicated

24. Related party transactions (continued)

The following table summarizes the transactions between the Company and the Axionlog Business for the fiscal years ended December 31, 2015, 2014 and 2013:

	Fiscal years ended December 31,		
	2015	2014	2013
Food and paper (i)	$ (164,882)	$ (199,801)	$ (319,456)
Occupancy and other operating expenses	(2,499)	(2,251)	(10,327)
Other operating expenses, net (ii)	—	16,986	—
Net interest income	461	1,387	583

(i) Includes $44,170 of distribution fees and $120,712 of suppliers purchases managed through the Axionlog Business for the fiscal year ended December 31, 2015; $45,143 and $154,658, respectively, for the fiscal year ended December 31, 2014; and $48,340 and $271,116, respectively, for the fiscal year ended December 31, 2013.

(ii) Related to inventory sales with a cost of $16,986 for the fiscal year 2014 (the net effect on such income statement line was nil). No such transaction took place in the fiscal years 2015 and 2013.

As of December 31, 2015 and 2014, the Company had notes receivable totaling $nil and $224, respectively, other receivables totaling $142 and $2,580, respectively and accounts payable with Lacoop, A.C. and Lacoop II, S.C. totaling $1,386 and $1,565, respectively.

25. Valuation and qualifying accounts

The following table presents the information required by Rule 12-09 of Regulation S-X in regards to valuation and qualifying accounts for each of the periods presented:

Arcos Dorados Holdings Inc.

Notes to the Consolidated Financial Statements

As of December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015

Amounts in thousands of US dollars, except for share data and as otherwise indicated

25. Valuation and qualifying accounts (continued)

Description	Balance at beginning of period	Additions (i)	Deductions (ii)	Translation	Balance at end of period
Year ended December 31, 2015:					
Deducted from assets accounts:					
Allowance for doubtful accounts	$ 9,373	$ 6,656	$ (2,615)	$ (646)	$ 12,768
Valuation allowance on deferred tax assets	301,012	49,879	(401)	(52,599)	297,891
Reported as liabilities:					
Provision for contingencies	12,204	37,729	(24,858)	(4,497)	20,578
Total	**$ 322,589**	**$ 94,264**	**$ (27,874)**	**$ (57,742)**	**$ 331,237**
Year ended December 31, 2014:					
Deducted from assets accounts:					
Allowance for doubtful accounts	$ 5,098	$ 6,567	$ (800)	$ (1,492)	$ 9,373
Valuation allowance on deferred tax assets	270,057	76,085	(4,389)	(40,741)	301,012
Reported as liabilities:					
Provision for contingencies	14,822	26,360	(25,530)	(3,448)	12,204
Total	**$ 289,977**	**$ 109,012**	**$ (30,719)**	**$ (45,681)**	**$ 322,589**
Year ended December 31, 2013:					
Deducted from assets accounts:					
Allowance for doubtful accounts	$ 4,023	$ 2,687	$ (1,473)	$ (139)	$ 5,098
Valuation allowance on deferred tax assets	236,563	43,563	(3,942)	(6,127)	270,057
Reported as liabilities:					
Provision for contingencies	20,599	17,273	(19,833)	(3,217)	14,822
Total	**$ 261,185**	**$ 63,523**	**$ (25,248)**	**$ (9,483)**	**$ 289,977**

(i) Additions in valuation allowance on deferred tax assets are charged to income tax expense.

Additions in provision for contingencies are explained as follows:

Fiscal year 2015, 2014 and 2013 – Relate to the accrual of $37,729, $26,360 and $17,273, respectively. See Note 17 for details.

(ii) Deductions in valuation allowance on deferred tax assets are charged to income tax expense.

Deductions in provision for contingencies are explained as follows:

Correspond to the settlements and reclassifications amounting to $23,415 and $1,443, respectively, during fiscal year 2015; $23,101 and $2,429, respectively, during fiscal year 2014; and $18,876 and $957, respectively, during fiscal year 2013; as discussed in Note 17.

26. Subsequent events

On March 17, 2016, McDonald's Corporation granted the Company an extension of the limited waiver, until and including March 31, 2016, for which the Company was not required to maintain the financial ratios set forth in the MFA.

As of March 29, 2016, the Company's Brazilian subsidiary signed a four-year secured loan agreement, amounting to $167,262, with five off-shore lenders namely: Citibank, Itaú, Santander, Bank of America and JP Morgan. In order to fully convert the loan into Brazilian reais, the Brazilian subsidiary entered into a series of cross-currency interest rate swap agreements to fully hedge the principal and interest cash flows of each of the loans under the agreement. Consequently, the loan was fully converted into Brazilian reais at 3.67 per US dollar, amounting to R$ 613,850. All the terms of the cross-currency interest rate swap agreements match the terms of the secured loan agreement. After the conversion of the loan into Brazilian reais, the final interest rate of the transaction is Interbank Market reference interest rate (known in Brazil as "CDI") plus 4.50% per year. Interest payments will be made quarterly, beginning June 2016, and principal payments will be made semi-annually, beginning September 2017. The loan is secured by certain credit and debit card receivables arising from sales in Brazilian restaurants operated by the Brazilian subsidiary and includes certain financial covenants.

On April 8, 2016, the Company launched a cash tender offer for any and all of its outstanding 2016 Notes. The offer is scheduled to expire on May 5, 2016, 67.29% of the Holders who tendered their Notes on or before April 21, 2016, received a purchase price of R$1,000 per R$1,000 principal amount of Notes. This purchase price included an early tender payment of R$30 per R$1,000 principal amount of Notes. On April 26, 2016 the Company paid $118,797 (equal to BRL 421,765, considering a settlement rate of 3.5503 BRL per US Dollar) related to the early tender offer, excluding accrued and unpaid interest. Holders who tender their Notes after April 21, 2016 and prior to the expiration date of the tender offer, will be entitled to receive the purchase price of R$1,000 per R$1,000 principal amount of Notes minus the early tender payment of R$30 per R$1,000 principal amount of Notes.

Exhibit 4.4

AMENDMENT NO. 3 TO THE AMENDED AND RESTATED MASTER FRANCHISE AGREEMENT FOR McDONALD'S RESTAURANTS

THIS AMENDMENT NO. 3 TO THE AMENDED AND RESTATED MASTER FRANCHISE AGREEMENT FOR McDONALD'S RESTAURANTS, dated as of March 17, 2016 among McDonald's Latin America, LLC, a limited liability company organized under the laws of the State of Delaware with its principal office at Oak Brook, Illinois ("McDonald's"), LatAm, LLC, a limited liability company organized under the laws of the State of Delaware with its principal office at Miami, Florida ("Master Franchisee"), each of the MF Subsidiaries (as defined in the MFA (as defined below)), Arcos Dorados B.V., a company organized under the laws of the Netherlands with its principal office at Amsterdam, The Netherlands ("Owner"), Arcos Dorados Cooperatieve U.A., a cooperative organized under the laws of the Netherlands with its principal office at Amsterdam, The Netherlands ("Dutch Coop"), Arcos Dorados Holdings Inc. (as successor-in-interest to Arcos Dorados Limited), a company organized and existing under the laws of the British Virgin Islands with its principal office at Buenos Aires, Argentina ("Parent" and, together with Owner and Dutch Coop, the "Owner Entities"), and Los Laureles, Ltd., a company organized and existing under the International Business Companies Ordinance, 1984 of the British Virgin Islands with its principal office at Tortola, British Virgin Islands ("Beneficial Owner" and, together with each Owner Entity, McDonald's, Master Franchisee and the MF Subsidiaries, the "Parties"). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the MFA (defined below).

WHEREAS, the Parties are party to an Amended and Restated Master Franchise Agreement for McDonald's Restaurants, dated as of November 10, 2008, as amended by Amendment No. 1 thereto dated as of August 23, 2010 and Amendment No. 2 thereto dated as of June 3, 2011 (as so amended, the "MFA"); and

WHEREAS, the Parties have determined that certain amendments to the MFA are necessary to memorialize the manner in which the Parties are making the calculations of the financial covenants set forth in Section 7.13 of the MFA.

NOW THEREFORE, in consideration of the mutual covenants and undertakings contained herein, and subject to and on the terms and conditions herein set forth, the Parties hereto agree as follows:

I. Amendments.

A. Definitions.

1. New Definitions for Exhibit 2. Exhibit 2 to the MFA shall be amended to include the following definitions:

"Rent Expense" means the consolidated rent expense of any Person and its consolidated Subsidiaries, as determined in accordance with GAAP.

"Operating Lease" means, as of any date of determination, any lease of property, real or personal, the obligations of the lessee in respect of which are not required to be capitalized on the balance sheet of the lessee in accordance with GAAP.

2. Amendments to Exhibit 2. The following definitions set forth in Exhibit 2 to the MFA shall be amended and restated in their entirety to read as follows:

"Attributable Indebtedness" means, on any date, (a) in respect of any Capital Lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, (b) in respect of any Synthetic Lease Obligation of any Person that is not an Operating Lease, the capitalized amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a Capital Lease, and (c) in respect of any Operating Lease of any Person, an amount equal to (x) the Rent Expense under such Operating Lease for the period of four consecutive fiscal quarters most recently ended on or before such date *multiplied* by (y) 6.5.

"EBITDAR" means, for any period with respect to any Person and its consolidated Subsidiaries, an amount equal to EBITDA for such period, *plus*, to the extent deducted in calculating Net Income for such period, Capital Leases and Synthetic Lease Obligations (including any Rent Expense) for such period.

"Fixed Charge Coverage Ratio" means, with respect to any Person as of any date of determination, the ratio of (a) the sum of (i) EBITDAR, *less* (ii) distributions and dividends of such Person and its consolidated Subsidiaries, in each case for the period of four consecutive fiscal quarters ending on such date of determination, to (b) the sum of (i) Principal and Interest Expense, *plus* (ii) Capital Leases and Synthetic Lease Obligations (including any Rent Expense) of such Person and its consolidated Subsidiaries, in each case for the period of four consecutive fiscal quarters ending on such date of determination.

"Funded Debt" means, as of any date of determination with respect to any Person and its consolidated Subsidiaries, all of the following (without duplication), determined in accordance with GAAP:

(a) obligations for borrowed money and all obligations evidenced by bonds, debentures, notes, loan agreements or other similar instruments, including, in all cases, any accrued interest thereon;

(b) any direct or contingent obligations arising under standby or commercial letters of credit (excluding the Letter of Credit), banker's acceptances, bank guaranties, surety bonds and similar instruments;

(c) any Receivables Facility Attributed Indebtedness;

(d) net obligations of such Person under any Swap Contract; and

(e) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse.

"Synthetic Lease Obligation" means, without duplication, the monetary obligation of a Person under (a) any Operating Lease; (b) a so-called synthetic, off-balance sheet or tax retention lease; or (c) any agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person but which, upon the insolvency or bankruptcy of such Person, would be characterized as the Indebtedness of such Person (without regard to accounting treatment).

B. Section 7.13. The Parties agree that the references to "Master Franchisee" in Section 7.13 shall be deemed to refer to Parent and its consolidated Subsidiaries instead of Master Franchisee.

C. Amendments to Section 7.19.2. Section 7.19.2 of the MFA shall be amended and restated in its entirety to read as follows:

"7.19 Compliance Certificate; Notice.

…

"7.19.2 Master Franchisee shall deliver to McDonald's for its review and approval within 90 days after the end of each fiscal quarter, and within 120 days after the end of each fiscal year, a certificate from its Chief Executive Officer and its chief financial officer to detail compliance at the end of each quarter with each of the covenants set forth in Section 7.13, or, in the event of noncompliance with such covenants at any other time, Master Franchisee shall deliver to McDonald's a certificate detailing such non-compliance promptly following any officer of Parent obtaining knowledge thereof. Such certificate shall include exhibits illustrating the calculations used to determine such compliance and any other infonnation as McDonald's may reasonably request."

II. Miscellaneous.

A. Ratification and Confirmation of the MFA; No Other Changes. Except as modified by this Amendment, the MFA is hereby ratified and confirmed in all respects. Nothing herein shall be deemed to alter, vary or otherwise affect the terms, conditions and provisions of the Purchase Agreement, other than as contemplated herein.

B. Miscellaneous. Section 25 of the MFA shall be incorporated by reference herein as set forth in its entirety in this Amendment.

C. Governing Law. This Amendment shall be governed by the laws of the State of Illinois, United States of America.

* * *

IN WITNESS WHEREOF, the Parties hereto have duly executed and delivered this Amendment on the day and year first above written.

McDonald's:

McDONALD'S LATIN AMERICA, LLC

By: /s/ Edgardo A. Navarro
Name: Edgardo A. Navarro
Title: President – Latin America

Master Franchisee:

LATAM, LLC

By: /s/ Sergio Alonso
Name: Sergio Alonso
Title:

Owner:

ARCOS DORADOS B.V

By: /s/ Sergio Alonso
Name: Sergio Alonso
Title:

Dutch Coop:

ARCOS DORADOS COOPERATIEVE U.A.

By: /s/ Sergio Alonso
Name: Sergio Alonso
Title:

Parent:

ARCOS DORADOS HOLDINGS, INC.

By: /s/ Sergio Alonso
Name: Sergio Alonso
Title:

Beneficial Owner:

LOS LAURELES, LTD.

By: /s/ Woods Staton
Name: Woods Staton
Title:

ARCOS DORADOS ARGENTINA S.A.

By: /s/ Sergio Alonso
Name: Sergio Alonso
Title:

COMPAÑÍA DE INVERSIONES INMOBILIARIA (C.I.I.) S.A.

By: /s/ Sergio Alonso
Name: Sergio Alonso
Title:

ARCOS DOURADOS COMERCIO DE ALIMENTOS LTDA.

By: /s/ Sergio Alonso
Name: Sergio Alonso
Title:

ARRAS COMERCIO DE ALIMENTOS LTDA.

By: /s/ Sergio Alonso
Name: Sergio Alonso
Title:

ARCOS DOURADOS PARTICIPAÇÕES LTDA.

By: /s/ Sergio Alonso
Name: Sergio Alonso
Title:

ARCOS DORADOS USVI, INC.

By: /s/ Sergio Alonso
Name: Sergio Alonso
Title:

ARCOS DE VIÑA S.A.

By: /s/ Sergio Alonso
Name: Sergio Alonso
Title:

ARCOS DORADOS CARIBBEAN DEVELOPMENT CORP.

By: /s/ Sergio Alonso
Name: Sergio Alonso
Title:

ARCOS DORADOS GUADELOUPE

By: /s/ Sergio Alonso
Name: Sergio Alonso
Title:

ARCOS DORADOS MARTINIQUE

By: /s/ Sergio Alonso
Name: Sergio Alonso
Title:

ARCOS SERCAL INMOBILIARIA, S. DE R.L., DE C.V.

By: /s/ Sergio Alonso
Name: Sergio Alonso
Title:

RESTAURANT REALTY OF MEXICO, INC.

By: /s/ Sergio Alonso
Name: Sergio Alonso
Title:

ALIMENTOS CENTRALIZADOS DE MEXICO, S. DE R.L., DE C.V.

By: /s/ Sergio Alonso
Name: Sergio Alonso
Title:

SERVICIOS ALIMENTOS CENTRALIZADOS DE MEXICO, S. DE R.L., DE C.V.

By: /s/ Sergio Alonso
Name: Sergio Alonso
Title:

ARCOS DORADOS PANAMA, S.A.

By: /s/ Sergio Alonso
Name: Sergio Alonso
Title:

SISTEMAS MCOPCO PANAMA, S.A.

By: /s/ Sergio Alonso
Name: Sergio Alonso
Title:

Arcos Dorados Restaurantes de Chile, Ltda.

By: /s/ Sergio Alonso
Name: Sergio Alonso
Title:

Arcos Dorados Trinidad Limited

By: /s/ Sergio Alonso
Name: Sergio Alonso
Title:

Arcos Dorados de Costa Rica (ADCR), S.A.

By: /s/ Sergio Alonso
Name: Sergio Alonso
Title:

Arcos Dorados Paisas, Ltda. & Cía. S.C.A.

By: /s/ Sergio Alonso
Name: Sergio Alonso
Title:

Arcos Dorados de Colombia S.A.

By: /s/ Sergio Alonso
Name: Sergio Alonso
Title:

ArcGold del Ecuador S.A.

By: /s/ Sergio Alonso
Name: Sergio Alonso
Title:

Arcos Sercal Servicios, S.A. de C.V.

By: /s/ Sergio Alonso
Name: Sergio Alonso
Title:

ARCOS DORADOS ARUBA N.V.

By: /s/ Sergio Alonso
Name: Sergio Alonso
Title:

OPERACIONES ARCOS DORADOS DE PERU S.A.

By: /s/ Sergio Alonso
Name: Sergio Alonso
Title:

ARCOS DORADOS PUERTO RICO, INC.

By: /s/ Sergio Alonso
Name: Sergio Alonso
Title:

GOLDEN ARCH DEVELOPMENT CORPORATION

By: /s/ Sergio Alonso
Name: Sergio Alonso
Title:

ARCOS DORADOS DE URUGUAY S.A.

By: /s/ Sergio Alonso
Name: Sergio Alonso
Title:

ARCOS DEL SUR S.R.L.

By: /s/ Sergio Alonso
Name: Sergio Alonso
Title:

ADMINSTRATIVE DEVELOPMENT COMPANY

By: /s/ Sergio Alonso
Name: Sergio Alonso
Title:

ALIMENTOS ARCOS DORADOS DE VENEZUELA C.A.

By: /s/ Sergio Alonso
Name: Sergio Alonso
Title:

COMPAÑÍA OPERATIVA DE ALIMENTOS COR, C.A.

By: /s/ Sergio Alonso
Name: Sergio Alonso
Title:

GERENCIA OPERATIVA ARC, C.A.

By: /s/ Sergio Alonso
Name: Sergio Alonso
Title:

LOGISTICS AND MANUFACTURING LOMA CO.

By: /s/ Sergio Alonso
Name: Sergio Alonso
Title:

MANAGEMENT OPERATIONS COMPANY

By: /s/ Sergio Alonso
Name: Sergio Alonso
Title:

ARCOS DORADOS CURACAO N.V.

By: /s/ Sergio Alonso
Name: Sergio Alonso
Title:

ARCOS DORADOS FRENCH GUIANA

By: /s/ Sergio Alonso
Name: Sergio Alonso
Title:

Exhibit 4.25

FOURTH AMENDMENT TO CREDIT AGREEMENT

THIS FOURTH AMENDMENT TO CREDIT AGREEMENT is made and dated as of July 30, 2015 (the "Amendment") among ARCOS DORADOS B.V., a private company with limited liability (*besloten venootschap met beperkte aansprakelijkheid*) organized under the laws of The Netherlands with seat in Amsterdam (the "Borrower"), certain subsidiaries of the Borrower as guarantors (the "Guarantors"), and BANK OF AMERICA, N.A., as lender (the "Lender") and amends that certain Credit Agreement dated as of August 3, 2011 (as the same has been amended prior to the date hereof and may be further amended or modified from time to time, the "Credit Agreement").

R E C IT A L S

WHEREAS, the Lender has agreed, subject to the terms and conditions hereinafter set forth, to amend the Credit Agreement in certain respects as set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereby agree as follows:

1. Terms. All terms used herein shall have the same meanings as in the Credit Agreement unless otherwise defined herein.

2. Amendment. Upon the occurrence of the Amendment Effective Date (defined below)

2.1 Section 1.1 of the Credit Agreement is hereby amended by amending the definitions therein of "Aggregate Commitment Amount," "Applicable Margin," "Guarantors" and "Maturity Date" in their entireties as follows:

"Aggregate Commitment Amount" means $50,000,000.

"Applicable Margin" means a rate per annum equal to 2.75%.

"Guarantor" means Arcos Dourados Comércio de Alimentos Ltda., ADCR Inmobiliaria S.A., Arcos Dorados Costa Rica ADCR, S.A., Arcos Dorados Panamá, S.A., Sistemas MCopco Panamá, S.A. and each Additional Guarantor.

"Maturity Date" means August 3, 2016.

2.2 Section 2.7 of the Credit Agreement is hereby amended and restated in its entirety as follows:

"Section 2.7 Certain Fees.

(a) Commitment Fee. The Borrower agrees to pay to the Lender on the last day of each March, June, September and December, commencing with September 30, 2015, and on the Commitment Termination Date, a commitment fee (the "Commitment Fee"), at a rate of (x) at all times prior to August 3, 2015, 0.75% per annum, and (y) thereafter, 0.90% per annum, on the average daily amount of the unutilized portion of the Commitment of the fiscal quarter of the Borrower ended on such day. The phrase "unutilized portion of the Commitment" as used in the preceding sentence means, as of any day, the positive difference between (a) the amount of the

Commitment, and (b) the outstanding principal amount of the Loans. The Commitment Fee shall be computed on the basis of the actual number of days elapsed in a year of 360 days. The Commitment Fee due to the Lender shall commence to accrue on the Closing Date, shall be payable in arrears and shall cease to accrue on the date on which the Commitment shall be terminated or terminates as provided herein."

2.3 Section 3.13 of the Credit Agreement is hereby amended by replacing the first sentence thereof with the following:

"The Borrower will use the proceeds of the Loans for working capital and only to finance the non-U.S. operations of the Borrower or the Borrower's affiliates located outside the United States and other lawful general corporate purposes."

2.4 The Credit Agreement is hereby amended by inserting the following new Section 3.17 immediately after Section 3.16 thereof:

"Section 3.17 International Banking Facility. The Borrower, an entity located outside the United States of America, understands that it is the policy of the Board of Governors of the Federal Reserve System of the United States that extensions of credit by international banking facilities, such as the Loan hereunder, may be used only to finance the non-U.S. operations of the Borrower or the Borrower's affiliates located outside the United States."

2.5 Section 5.3 of the Credit Agreement is hereby replaced in its entirety with the following:

"Section 5.3 Use of Proceeds. The Borrower shall use proceeds of the Loan solely for working capital and other general corporate purposes and only to finance the non-U.S. operations of the Borrower or the Borrower's affiliates located outside the United States and not use such Loan proceeds for any purpose which violates or is inconsistent with the provisions of Regulation U or Regulation X."

2.6 Section 6.6 of the Credit Agreement is hereby replaced in its entirety with the following paragraph:

"Section 6.6 Consolidated Net Indebtedness to EBITDA Ratio. Permit the Consolidated Net Indebtedness to EBITDA Ratio to be, as of the last day of any fiscal quarter of the Borrower, greater than 3.5 to l."

3. Representations and Warranties. As of the date hereof, the Borrower, and as of the Amendment Effective Date, the Borrower and each Guarantor, hereby represents and warrants to the Lender that after giving effect to this Amendment:

3.1 Authorization; Enforceable Obligations; No Contravention. The execution, delivery and performance of this Amendment by the Loan Parties have been duly authorized by all necessary action, and this Amendment is a legal, valid and binding obligation of the Loan Parties party hereto, enforceable in accordance with its terms, except as enforceability may be limited by applicable Debtor Relief Laws. The execution, delivery and performance of this Amendment (i) are not in contravention of law or of the terms of any Loan Party's organizational documents, and (ii) will not result in the breach of or constitute a default under, or result in the creation of a Lien or require a payment to be made under any indenture, agreement or undertaking to which the Borrower or any Guarantor is a party or by which it or its property may be bound or affected, except in the case referred to in this clause (ii), to the extent that such breach, default, Lien or payment would not reasonably be expected to have a Material Adverse Effect.

3.2 Governmental Authorization; Other Consents. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority, including the Central Bank of Brazil, or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Borrower or any Guarantor of this Amendment, which has not been duly obtained, except for the filing of the Minutes of the Quotaholders' Meeting (*Ata de Reunião de Quotistas*) authorizing the Amendment with the Commercial Registry of the State of São Paulo (*Junta Comercial do Estado de São Paulo*).

3.3 Incorporation of Certain Representations. After giving effect to the terms of this Amendment, the representations and warranties of the Borrower and the Guarantors set forth in Article III of the Credit Agreement (except as to such representations and warranties made as of an earlier specified date which are true and correct as of the date made) are true and correct as of the date hereof, (A) if any such representation and warranty is qualified as to materiality or by reference to the existence of a Material Adverse Effect, in all respects (as so qualified), or (B) if any such representation and warranty is not so qualified, in all material respects; *provided*, that for purposes of this Section 3.3, the representations and warranties of the Borrower contemplated in Section 3.1 of the Credit Agreement shall be deemed to refer to the last day of the period covered by the most recent financial statements furnished to the Lender under the Credit Agreement; *provided further* that the representation and warranty set forth in Section 3.16 of the Credit Agreement is made hereby with respect to the period of four (4) fiscal quarters ended on June 30, 2015.

3.4 Default. Both before and after giving effect to this Amendment, no Default or Event of Default under the Credit Agreement has occurred and is continuing.

4. Conditions, Effectiveness. This Amendment shall become effective as of the date (the "Amendment Effective Date") on which each of the following conditions shall have been satisfied:

(a) The Lender shall have received this Amendment duly executed and delivered on behalf of the Borrower and each Guarantor.

(b) The Borrower shall have paid on or before the Amendment Effective Date all fees and other amounts due and payable by the Borrower to the Lender (including fees and expenses of counsel to lender) in accordance with the Credit Agreement (as amended hereby) to the extent invoiced to the Borrower prior to the Amendment Effective Date.

(c) All consents, licenses and approvals required in connection with the execution, delivery and performance by the Loan Parties of this Amendment shall have been received by the Loan Parties.

5. Miscellaneous.

5.1 Effectiveness of the Credit Agreement and other Loan Documents. Except as hereby expressly amended, the Credit Agreement, the Note, the Fee Letter and each Subsidiary Joinder Agreement (if any), shall each remain in full force and effect, are hereby ratified and confirmed in all respects on and as of the date hereof, and each Loan Party hereby reaffirms its obligations thereunder.

5.2 Post Amendment Effective Date Covenants.

(a) Within twenty-one calendar days after the Amendment Effective Date, Arcos Dourados Comércio de Alimentos Ltda. shall file the Minutes of the Quotaholders' Meeting (*Ata de Reunião de Quotistas*) authorizing the Amendment with the Commercial Registry of the State of São Paulo (*Junta Comercial do Estado de Sao Paulo*).

(b) The Loan Parties shall furnish the Lender with true and correct copies of such resolutions and powers of attorney authorizing the Amendment as the Lender may reasonably request within twenty-one calendar days of the Amendment Effective Date.

(c) Failure by any Loan Party to perform the covenants set forth in this Section 5.2 shall result in automatic termination of this Amendment and shall render this Amendment null and void and without any effect.

5.3 Waivers. This Amendment is limited solely to the matters expressly set forth herein and is specific in time and in intent and does not constitute, nor should it be construed as, a waiver or amendment of any other term or condition, right, power or privilege under the Credit Agreement or under any agreement, contract, indenture, document or instrument mentioned therein; nor does it preclude or prejudice any rights of the Lender thereunder, or any exercise thereof or the exercise of any other right, power or privilege, nor shall it require the Lender to agree to an amendment, waiver or consent for a similar transaction or on a future occasion, nor shall any future waiver of any right, power, privilege or default hereunder, or under any agreement, contract, indenture, document or instrument mentioned in the Credit Agreement, constitute a waiver of any other right, power, privilege or default of the same or of any other term or provision.

5.4 Loan Document. This Amendment is a Loan Document.

5.5 Counterparts. This Amendment may be executed in any number of counterparts, and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

5.6 Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of New York.

5.7 Jurisdiction; Process Agent. Sections 9.10 and 9.12 of the Credit Agreement shall apply *mutatis mutandis* to this Amendment.

6. Guarantors. For the avoidance of doubt, upon the occurrence of the Amendment Effective Date, each of Arcos Sercal Inmobiliaria S. de R.L de C.V.; Golden Arch Development LLC; Arcos Dorados Puerto Rico LLC; Aduy S.A.; Arcos del Sur S.R.L; and Arcos Dorados Uruguay S.A. shall no longer be Guarantors for the purposes of the Credit Agreement and the other Loan Documents.

[*Remainder of Page Intentionally Left Blank.*]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first written above.

ARCOS DORADOS B.V.,
as Borrower

By: /s/ Mariano Tannenbaum
Name: Mariano Tannenbaum
Title: Attorney-in-Fact

ARCOS DOURADOS COMERCIO DE ALIMENTOS, LTDA., as a Guarantor

By: /s/ Mariano Tannenbaum
Name: Mariano Tannenbaum
Title: Attorney-in-Fact

ADCR INMOBILIARIA S.A., as a Guarantor

By: /s/ Mariano Tannenbaum
Name: Mariano Tannenbaum
Title: Attorney-in-Fact

ARCOS DORADOS COSTA RICA ADCR, S.A.,
as a Guarantor

By: /s/ Mariano Tannenbaum
Name: Mariano Tannenbaum
Title: Attorney-in-Fact

ARCOS DORADOS PANAMÁ, S.A,
as a Guarantor

By: /s/ Mariano Tannenbaum
Name: Mariano Tannenbaum
Title: Attorney-in-Fact

SISTEMAS MCOPCO PANAMÁ, S.A,
as a Guarantor

By: /s/ Mariano Tannenbaum
Name: Mariano Tannenbaum
Title: Attorney-in-Fact

LENDER:

BANK OF AMERICA, N.A.,
as Lender

By: /s/ Augusto Urmeneta
Name: Augusto Urmeneta
Title: Managing Director

WAIVER AND FIFTH AMENDMENT TO CREDIT AGREEMENT

THIS WAIVER AND FIFTH AMENDMENT TO CREDIT AGREEMENT is made and dated as of March 16, 2016 (the "Amendment") among ARCOS DORADOS B.V., a private company with limited liability (*besloten venootschap met beperkte aansprakelijkheid*) organized under the laws of The Netherlands with seat in Amsterdam (the "Borrower"), certain subsidiaries of the Borrower as guarantors (the "Guarantors"), and BANK OF AMERICA, N.A., as lender (the "Lender") and amends that certain Credit Agreement dated as of August 3, 2011 (as the same has been amended prior to the date hereof and may be further amended or modified from time to time, the "Credit Agreement").

R E C I T A L S

WHEREAS, the Lender has agreed, subject to the terms and conditions hereinafter set forth, to amend the Credit Agreement in certain respects as set forth below and to grant the Borrower a waiver in respect of the incurrence of a lien as further described below.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereby agree as follows:

1. Terms. All terms used herein shall have the same meanings as in the Credit Agreement unless otherwise defined herein.

2. Amendment. Upon the occurrence of the Amendment Effective Date (defined below)

2.1 Section 1.1 of the Credit Agreement is hereby amended by amending the definitions therein of "Aggregate Commitment Amount," "Guarantors" and "LIBO Rate" in their entireties as follows:

"Aggregate Commitment Amount" means $25,000,000.

"Guarantor" means Arcos Dourados Comércio de Alimentos Ltda., ADCR Inmobiliaria S.A., Arcos Dorados Costa Rica ADCR, S.A., Arcos Dorados Panamá, S.A., Sistemas MCopco Panamá, S.A., Arcos Dorados Holding Inc. and each Additional Guarantor.

"LIBO Rate" means, for any Interest Period (a) the rate per annum equal to the London Interbank Offered Rate ("LIBOR") or a comparable or successor rate, which rate is approved by the Lender as published on the applicable Reuters screen page (or such other commercially available source providing such quotations as may be designated by the Lender from time to time) for deposits with a term equivalent to such Interest Period in Dollars (for delivery on the first day of such Interest Period), determined as of approximately 11:00 a.m. (London, England time) on the date two Business Days prior to the first day of such Interest Period; and if the LIBO Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement; provided that to the extent a comparable or successor rate is approved by the Lender in connection herewith, the approved rate shall be applied in a manner consistent with market practice; provided, further that to the extent such market practice is not administratively feasible for the Lender, such approved rate shall be applied in a manner as otherwise reasonably determined by the Lender.

3. Waiver. The Borrower has notified the Lender that certain Loan Parties and/or Material Subsidiaries intend to create, incur, assume or suffer to exist certain Liens in consideration for the incurrence of certain Indebtedness by Arcos Dourados Comércio de Alimentos Ltda. (in the form of a 4131 facility) (the "**Transaction**") that does not comply with Section 6.1 (*Liens*). In reliance of the veracity and accuracy of the information provided by the Borrower, the Lender hereby waives any Default or Event of Default that may occur pursuant to the Credit Agreement solely in connection with the Transaction.

4. Representations and Warranties. As of the date hereof, the Borrower, and as of the Amendment Effective Date, the Borrower and each Guarantor, hereby represents and warrants to the Lender that after giving effect to this Amendment:

4.1 Authorization; Enforceable Obligations; No Contravention. The execution, delivery and performance of this Amendment by the Loan Parties have been duly authorized by all necessary action, and this Amendment is a legal, valid and binding obligation of the Loan Parties party hereto, enforceable in accordance with its terms, except as enforceability may be limited by applicable Debtor Relief Laws. The execution, delivery and performance of this Amendment (i) are not in contravention of law or of the terms of any Loan Party's organizational documents, and (ii) will not result in the breach of or constitute a default under, or result in the creation of a Lien or require a payment to be made under any indenture, agreement or undertaking to which the Borrower or any Guarantor is a party or by which it or its property may be bound or affected, except in the case referred to in this clause (ii), to the extent that such breach, default, Lien or payment would not reasonably be expected to have a Material Adverse Effect.

4.2 Governmental Authorization; Other Consents. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority, including the Central Bank of Brazil, or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Borrower or any Guarantor of this Amendment, which has not been duly obtained, except for the filing of the Minutes of the Quotaholders' Meeting (*Ata de Reunião de Quotistas*) authorizing the Amendment with the Commercial Registry of the State of São Paulo (*Junta Comercial do Estado de São Paulo*).

4.3 Incorporation of Certain Representations. After giving effect to the terms of this Amendment, the representations and warranties of the Borrower and the Guarantors set forth in Article III of the Credit Agreement (except as to such representations and warranties made as of an earlier specified date which are true and correct as of the date made) are true and correct as of the date hereof, (A) if any such representation and warranty is qualified as to materiality or by reference to the existence of a Material Adverse Effect, in all respects (as so qualified), or (B) if any such representation and warranty is not so qualified, in all material respects; *provided*, that for purposes of this Section 3.3, the representations and warranties of the Borrower contemplated in Section 3.1 of the Credit Agreement shall be deemed to refer to the last day of the period covered by the most recent financial statements furnished to the Lender under the Credit Agreement; *provided further* that the representation and warranty set forth in Section 3.16 of the Credit Agreement is made hereby with respect to the period of four (4) fiscal quarters ended on June 30, 2015.

4.4 Default. Both before and after giving effect to this Amendment, no Default or Event of Default under the Credit Agreement has occurred and is continuing.

5. Conditions, Effectiveness. This Amendment shall become effective as of the date (the "Amendment Effective Date") on which each of the following conditions shall have been satisfied:

(a) The Lender shall have received this Amendment duly executed and delivered on behalf of the Borrower and each Guarantor.

(b) The Borrower shall have paid on or before the Amendment Effective Date all fees and other amounts due and payable by the Borrower to the Lender (including fees and expenses of counsel to lender) in accordance with the Credit Agreement (as amended hereby) to the extent invoiced to the Borrower prior to the Amendment Effective Date.

(c) All consents, licenses and approvals required in connection with the execution, delivery and performance by the Loan Parties of this Amendment shall have been received by the Loan Parties.

6. Miscellaneous.

6.1 Effectiveness of the Credit Agreement and other Loan Documents. Except as hereby expressly amended, the Credit Agreement, the Note, the Fee Letter and each Subsidiary Joinder Agreement (if any), shall each remain in full force and effect, are hereby ratified and confirmed in all respects on and as of the date hereof, and each Loan Party hereby reaffirms its obligations thereunder.

6.2 Post Amendment Effective Date Covenants.

(a) Within twenty-one calendar days after the Amendment Effective Date, Arcos Dourados Comércio de Alimentos Ltda. shall file the Minutes of the Quotaholders' Meeting (*Ata de Reunião de Quotistas*) authorizing the Amendment with the Commercial Registry of the State of São Paulo (*Junta Comercial do Estado de São Paulo*).

(b) The Loan Parties shall furnish the Lender with true and correct copies of such resolutions and powers of attorney authorizing the Amendment as the Lender may reasonably request within twenty-one calendar days of the Amendment Effective Date.

(c) Failure by any Loan Party to perform the covenants set forth in this Section 5.2 shall result in automatic termination of this Amendment and shall render this Amendment null and void and without any effect.

6.3 Waivers. This Amendment is limited solely to the matters expressly set forth herein and is specific in time and in intent and does not constitute, nor should it be construed as, a waiver or amendment of any other term or condition, right, power or privilege under the Credit Agreement or under any agreement, contract, indenture, document or instrument mentioned therein; nor does it preclude or prejudice any rights of the Lender thereunder, or any exercise thereof or the exercise of any other right, power or privilege, nor shall it require the Lender to agree to an amendment, waiver or consent for a similar transaction or on a future occasion, nor shall any future waiver of any right, power, privilege or default hereunder, or under any agreement, contract, indenture, document or instrument mentioned in the Credit Agreement, constitute a waiver of any other right, power, privilege or default of the same or of any other term or provision.

6.4 Loan Document. This Amendment is a Loan Document.

6.5 Counterparts. This Amendment may be executed in any number of counterparts, and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

6.6 Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of New York.

6.7 Jurisdiction; Process Agent. Sections 9.10 and 9.12 of the Credit Agreement shall apply *mutatis mutandis* to this Amendment.

[*Remainder of Page Intentionally Left Blank.*]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first written above.

ARCOS DORADOS B.V.,
as Borrower

By: /s/ Mariano Tannenbaum
Name: Mariano Tannenbaum
Title: Attorney-in-Fact

ARCOS DOURADOS COMERCIO DE ALIMENTOS, LTDA., as a Guarantor

By: /s/ Mariano Tannenbaum
Name: Mariano Tannenbaum
Title: Attorney-in-Fact

ADCR INMOBILIARIA S.A.,
as a Guarantor

By: /s/ Mariano Tannenbaum
Name: Mariano Tannenbaum
Title: Attorney-in-Fact

ARCOS DORADOS COSTA RICA ADCR, S.A., as a Guarantor

By: /s/Mariano Tannenbaum
Name: Mariano Tannenbaum
Title: Attorney-in-Fact

ARCOS DORADOS PANAMÁ, S.A.,
as a Guarantor

By: /s/ Mariano Tannenbaum
Name: Mariano Tannenbaum
Title: Attorney-in-Fact

SISTEMAS MCOPCO PANAMÁ, S.A.,
as a Guarantor

By: /s/ Mariano Tannenbaum
Name: Mariano Tannenbaum
Title: Attorney-in-Fact

ARCOS DORADOS HOLDING INC.,
as a Guarantor

By: /s/ Mariano Tannenbaum
Name: Mariano Tannenbaum
Title: Attorney-in-Fact

LENDER:

BANK OF AMERICA, N.A.,
as Lender

By: /s/ Gonzalo Isaacs
Name: Gonzalo Isaacs
Title: Managing Director

Exhibit 4.27

Execution Version

COMMON TERMS AGREEMENT

Dated as of March 28, 2016

Among

ARCOS DOURADOS COMÉRCIO DE ALIMENTOS LTDA.
as Borrower

ARCOS DORADOS HOLDINGS INC.
ARCOS DEL SUR S.R.L.
as Initial Guarantors

CITIBANK, N.A.
as Administrative Agent

and

CITIBANK, N.A.
BANK OF AMERICA N.A.
ITAU BBA INTERNATIONAL PLC
JPMORGAN CHASE BANK, N.A.
BANCO SANTANDER (BRASIL) S.A., CAYMAN ISLANDS BRANCH
as Initial Lenders

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COMMON TERMS AGREEMENT

This Common Terms Agreement ("**Agreement**"), dated as of March 28, 2016, is entered by and among Arcos Dourados Comércio de Alimentos Ltda., a company organized and existing under the laws of Brazil (the "**Borrower**"), Arcos Dorados Holdings Inc., a company incorporated and existing under the laws of the British Virgin Islands ("**Arcos Dorados**"), Arcos del Sur S.R.L., a limited liability company organized and existing under the laws of Uruguay ("**Arcos Del Sur**" and, together with Arcos Dorados, the "**Initial Guarantors**"), each of the Lenders that is a signatory hereto under the caption "Lenders" on the signature pages hereto (each an "**Initial Lender**") and each other Person that becomes a "Lender" after the date hereof (all such other Persons that become "Lenders" after the date hereof, together with the Initial Lenders, collectively, the "**Lenders**"), and Citibank, N.A., as the administrative agent for the Lenders (the "**Administrative Agent**").

WHEREAS, the Borrower has requested that the Lenders provide Advances (as defined below) in the amount set forth in Section 2 upon the terms and subject to the conditions set forth in this Agreement and the Loan Agreements (as defined below) the proceeds of which will be used to partially refinance certain indebtedness of Arcos Dorados;

WHEREAS, the Borrower and each of the Swap Providers (as defined below) intend to enter into a Swap Agreement (as defined below) to hedge interest rate and foreign exchange risks associated with the Advances;

WHEREAS, the Initial Guarantors are willing to guarantee the obligations under this Agreement and the other Transaction Documents and to make certain representations, warranties and covenants to the Lenders and Swap Providers to induce them to enter into the Transaction Documents to which each is a party;

NOW THEREFORE, in consideration of the premises set forth herein, the Lenders, the Administrative Agent, the Borrower and the Initial Guarantors (referred to collectively herein as the "**Parties**") hereby agree as follows:

Section 1. Definitions and Interpretative Matters.

(a) As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

Adjusted Net Debt to EBITDA Ratio:	With respect to the Borrower and its Subsidiaries, as of any determination date, determined on a consolidated basis in accordance with Applicable GAAP, (a) Consolidated Net Debt divided by (b) Consolidated EBITDA, **it being understood that**, notwithstanding any requirements of Applicable GAAP to the contrary, the determination of Consolidated Net Debt for purposes of determining compliance with the Adjusted Net Debt to EBITDA Ratio shall exclude any intercompany loans between the Borrower and any of its Subsidiaries *provided that*

the rights of any Subsidiary that has made an intercompany loan to the Borrower shall be subordinated in right of payment to the obligations of the Borrower under this Agreement and the other Transaction Documents.

Advance:	Each disbursement made by a Lender in accordance with Section 2 and the provisions of the applicable Loan Agreement, or as the context may require, the principal amount of such disbursement from time to time outstanding (collectively, the Advances).
Affiliate:	Of any Person, means any Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, "control" of a Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise.
Amortization Schedule:	For each Advance, the dates and the amounts specified in Schedule I on which the repayment installments of principal of such Advance shall become due and payable.
Anti-corruption Laws:	All laws, rules or regulations concerning bribery or corruption of any jurisdiction applicable to the Obligors or any of their Affiliates in effect from time to time, including, without limitation, those of Brazil, Uruguay and British Virgin Islands, the U.K. Bribery Act and the U.S. Foreign Corrupt Practices Act of 1977.
Appointment Letter:	Has the meaning set forth in Section 15(a).
Applicable GAAP:	As to each Obligor, generally acceptable accounting principles applicable to the preparation of the financial statements of such Obligor.
Approved Electronic Platform:	Has the meaning set forth in Section 37(a).
Bail-In Action:	The exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.
Bail-In Legislation:	(a) At any time, the then applicable Commission Delegated Regulation (if any) supplementing the Bank Recovery and Resolution Directive in relation to Article 55 thereof, and (b) with respect to any EEA Member Country implementing Article 55 of the Bank Recovery and Resolution Directive, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

Bank Recovery and Resolution Directive:	The Directive 2014/59/EU of the European Parliament and of the Council of the European Union.
Brazil:	The Federative Republic of Brazil.
Brazilian Account Manager:	Itau Unibanco S.A.
Brazilian Promissory Note:	Each Brazilian law promissory note issued in substantially the form of Exhibit B of this Agreement by the Borrower and the Initial Guarantors to each Lender in an amount equal to 120% of each Lender's Advance.
Break-Funding Costs:	Such amount or amounts as shall be sufficient (in the reasonable opinion of the Lenders) to compensate each Lender for (a) (i) its cost of obtaining funds for the Advances for the period from the date of the event triggering the payment of Break-Funding Costs to the last day of the Interest Period in effect (or that would have been in effect) for such Advance over (ii) the amount of interest likely to be realized by the Lender in redeploying the funds released or not utilized by reason of the event triggering the payment of Break-Funding Costs for such Interest Period, and (b) any loss, cost or expense which the Lenders determine is attributable to the payment of the Advances or any part thereof other than on the originally scheduled payment date therefor (whether by reason of acceleration or otherwise), or any failure of the Borrower to prepay the Advances after providing notice of prepayment thereof to the Lenders, including, without limitation, in each such case, (x) any loss or expense sustained or incurred or to be sustained or incurred in liquidating or employing deposits or other funds from third parties acquired to effect or maintain the Advances or any part thereof, and (z) unwinding costs and expenses (i) required to be paid by the Borrower under the Swap Agreements upon total or partial termination thereof and (ii) incurred by such Lender in order to hedge all or any part of any Advance bearing Fixed Interest Rate (as defined in the Loan Agreements) upon total or partial repayment of such Advance.
Business Day:	Any day that is not a Saturday, Sunday or other day on which commercial banks in New York, United States, George Town, Cayman Islands or the City of São Paulo, State of São Paulo, Brazil are authorized or required by law to remain closed, *provided that* the term "Business Day" shall also exclude any day on which banks are not open for dealings in U.S. Dollar deposits in the London interbank market.
Capital Lease Obligations:	Of any Person, means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal Property, or a combination thereof, which obligations are required to be classified and accounted for as capital

leases on a balance sheet of such Person under Applicable GAAP, and the amount of such obligations shall be the capitalized amount thereof, determined in accordance with Applicable GAAP.

Capital Stock: With respect to any Person, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated and whether or not voting) of equity of such Person, including each class of Common Stock, Preferred Stock, limited liability interests or partnership interests, but excluding any debt securities convertible into such equity.

CDI Rate: On any determination date, the prevailing daily average rate quote of the Interbank Market – Taxa DI Over Extra Grupo, calculated and published daily by CETIP S.A. – Mercados Organizados in Brazil (or any successor thereof), on an annualized basis.

Central Bank: The Brazilian Central Bank (*Banco Central do Brasil*) or any successor entity.

Change in Law: The occurrence, after the date hereof, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the official administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any official request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; *provided that* notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith, and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a Change in Law, regardless of the date enacted, adopted or issued.

Change of Control: The occurrence of one or more of the following events:

(a) the Permitted Holders cease to be the "beneficial owners" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act) of at least 30.0% of the voting power of the Voting Stock of the Borrower, Arcos Dorados or the Master Franchisee;

(b) individuals appointed by the Permitted Holders cease for any reason to constitute a majority of the members of the Board of Directors of the Borrower, Arcos Dorados or the Master Franchisee;

(c) the sale, conveyance, assignment, transfer, lease or other disposition of all or substantially all of the assets of the Borrower, the Guarantors or the Master Franchisee, determined on a consolidated basis, to any "person" (as defined in Sections 13d and 14d under the Exchange Act), whether or not otherwise in compliance with this Agreement, other than a Permitted Holder; or

(d) the approval by the holders of Capital Stock of the Borrower, Arcos Dorados or the Master Franchisee of any plan or proposal for the liquidation or dissolution of any such Person, whether or not otherwise in compliance with this Agreement.

Closing Date: The date of this Agreement.

Collateral: The property of the Borrower from time to time subject to the Liens created and perfected pursuant to the Fiduciary Assignment of Receivables as security for the obligations of the Lenders, the Swap Providers and the Administrative Agent under the Transaction Documents, including the security interest (fiduciary assignment or *cessão fiduciária*) over the Receivables (as defined below) and the Collateral Account granted pursuant to the Fiduciary Assignment of Receivables.

Collateral Account: The bank account established with the Brazilian Account Manager in the City of São Paulo, State of São Paulo, Brazil and denominated in Reais, in which the proceeds of the Receivables shall be deposited in accordance with the Fiduciary Assignment of Receivables.

Collateral Coverage Ratio: Has the meaning assigned to the term "*Índice de Cobertura da Garantia*" under the Fiduciary Assignment of Receivables.

Commitment: For each Lender, the obligation of such Lender to make a single Advance in an aggregate amount set opposite the name of such Lender in Exhibit A to the applicable Loan Agreement.

Common Stock: With respect to any Person, 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 date of this Agreement or issued after the date of this Agreement, and includes, without limitation, all series and classes of such common equity interests.

Confidential Information: Information that the Borrower furnishes to the Lenders as set forth in Section 26.

Consolidated EBITDA: With respect to any Person, for any period, determined on a consolidated basis for such Person and its consolidated Subsidiaries in accordance with Applicable GAAP, Consolidated Net Income of such Person for such period, plus the following (without duplication) to the extent deducted or added in calculating such Consolidated Net Income:

(1) Consolidated Interest Expense for such Person for such period;

(2) Consolidated Income Tax Expense for such Person for such period;

(3) Consolidated Non-cash Charges for such Person for such period;

(4) any non-operating and/or non-recurring charges, expenses or losses of such Person and its Subsidiaries for such period; and

(5) the amount of loss on any sale of accounts receivables and related assets to a Securitization Subsidiary in connection with a Permitted Receivables Financing;

less (x) all non-cash credits and gains increasing Consolidated Net Income for such Person for such period, (y) 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 and (z) non-operating and/or non-recurring income or gains (less all fees and expenses related thereto) increasing Consolidated Net Income of such Person and its Subsidiaries for such period.

Notwithstanding the foregoing, the items specified in clauses (1) and (3) above for any Subsidiary will be added to Consolidated Net Income in calculating Consolidated EBITDA for any period:

(a) 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; and

(b) to the extent that a corresponding amount would be permitted at the date of determination to be distributed to such Person by such Subsidiary pursuant to its charter and bylaws and each law, regulation, agreement or judgment applicable to such distribution.

Consolidated EBITDA to With respect to any Person, as of any determination date, Consolidated EBITDA of such Person for the period of four consecutive fiscal

Consolidated Interest Expense Ratio	quarters ending on such day, divided by Consolidated Interest Expense of such Person for such period.
Consolidated Income Tax Expense:	With respect to any Person, for any period, the provision for federal, state, local and any other income taxes payable by such Person for such period as determined on a consolidated basis for such Person and its consolidated Subsidiaries in accordance with Applicable GAAP.
Consolidated Interest Expense:	With respect to any Person, for any period, the sum (without duplication), determined on a consolidated basis for such Person and its consolidated Subsidiaries in accordance with Applicable GAAP, of:

(1) the aggregate of cash and non-cash interest expense of such Person and its Subsidiaries for such period determined on a consolidated basis in accordance with Applicable GAAP, including, without limitation, the following (whether or not interest expense in accordance with Applicable 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;

(c) the net costs under Hedging Obligations (including amortization of fees) in respect of Indebtedness or that are otherwise treated as interest expense or equivalent under Applicable GAAP; *provided that* if Hedging Obligations result in net benefits rather than costs, such benefits will be credited to reduce Consolidated Interest Expense unless, pursuant to Applicable GAAP, such net benefits are otherwise reflected in Consolidated Net Income;

(d) all capitalized interest;

(e) the interest portion of any deferred payment obligation;

(f) any premiums, fees, discounts, expenses and losses on the sale of accounts receivable (and any amortization thereof) payable by the Obligors or any of their Subsidiaries in connection with a Permitted Receivables Financing;

(g) commissions, discounts and other fees and charges incurred in respect of letters of credit or bankers' acceptances; and

(h) any interest expense on 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, whether or not such Guarantee or Lien is called upon; and

(2) the interest component of Capital Lease Obligations paid, accrued and/or scheduled to be paid or accrued by such Person and its Subsidiaries during such period.

Consolidated Net Debt: With respect to any Person, as of any date of determination, an amount equal to Indebtedness of such Person minus cash and cash equivalents and consolidated marketable securities recorded as current assets (except for any Capital Stock in such Person) of such Person, in each case determined on a consolidated basis for such Person and its consolidated Subsidiaries in accordance with Applicable GAAP and as set forth in the most recent consolidated balance sheet of such Person and its consolidated Subsidiaries.

Consolidated Net Debt to Consolidated EBITDA Ratio With respect to any Person, as of any determination date, Consolidated Net Debt of such Person as of the last day of its most recently ended fiscal quarter, divided by Consolidated EBITDA of such Person for the period of four consecutive fiscal quarters of such Person ending on such day.

Consolidated Net Income: With respect to any Person, for any period, the aggregate net income (or loss) of such Person and its consolidated 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 determined on a consolidated basis for such Person and its consolidated Subsidiaries in accordance with Applicable GAAP; *provided that* there will be excluded therefrom to the extent reflected in such aggregate net income (loss):

(1) net after-tax gains or losses from asset sale transactions or abandonments or reserves relating thereto;

(2) net after-tax items classified as extraordinary, special (reflected as a separate line item on a consolidated income statement prepared in accordance with Applicable GAAP) gains or losses or income or expense or charge including, without limitation, any severance expense, and fees, expenses or charges related to any offering of Capital Stock of such Person, any Investment, asset acquisition or Indebtedness;

(3) the net income (or loss) of any other Person (other than such Person and any Subsidiary of such Person); except that such Person’s equity in the net income of any such other Person will be

included up to the aggregate amount of cash actually distributed by such other Person during such period to such Person or a Subsidiary of such Person as a dividend or other distribution; and except further that such Person's equity in the net loss of any other Person will be included to the extent such loss has been funded with cash from such Person or a Subsidiary of such Person;

(4) 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 Closing Date;

(5) any gain (or loss) from foreign exchange translation or change in net monetary position;

(6) any net gain or loss (after any offset) resulting in such period from Hedging Obligations entered into for bona fide hedging purposes and not for speculative purposes; *provided that* the net effect on income or loss (including in any prior periods) will be included upon any termination or early extinguishment of such Hedging Obligations, other than any Hedging Obligations with respect to Indebtedness (that is not itself a Hedging Obligation) and that are extinguished concurrently with the termination or other prepayment of such Indebtedness; and

(7) the cumulative effect of changes in accounting principles.

Consolidated Net Worth: With respect to any Person, as of any date of determination, the total shareholder's equity (or total assets minus total liabilities) of such Person, based on the consolidated balance sheet of such Person and its consolidated Subsidiaries as of such date, determined on a consolidated basis for such Person and its consolidated Subsidiaries in accordance with Applicable GAAP.

Consolidated Non-cash Charges: With respect to any Person, for any period, the aggregate depreciation, amortization and other non-cash expenses or losses of such Person and its consolidated Subsidiaries for such period, determined on a consolidated basis in accordance with Applicable 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).

Consolidated Total Assets: As of any date of determination, the total assets shown on the consolidated balance sheet of Arcos Dorados and its consolidated Subsidiaries as of the most recent date for which such a balance sheet is available, determined on a consolidated basis in accordance with Applicable GAAP, calculated on a pro forma basis to give effect to any acquisition or disposition of companies, divisions, lines of business or operations by Arcos Dorados or any of its consolidated Subsidiaries subsequent to the date of such balance sheet and on or prior to the date of determination.

Contingent Obligation:	As to any Person, (without duplication): (a) a guarantee, an indemnity obligation in respect of a guarantee or performance bond (including a *fiança*), an endorsement or an *aval*, (b) a contingent agreement to purchase or to furnish funds for the payment or maintenance of, or otherwise to be or become contingently liable under or with respect to, any Indebtedness, other obligations, net worth, working capital or earnings of any Person, (c) an agreement to purchase, sell or lease (as lessee or lessor) Property or services, primarily in each case for the purpose of enabling a debtor to make payment of its obligations, or (d) an agreement to assure a creditor against loss; *in each case* including causing a bank or other Person to issue a letter of credit or other similar instrument for the benefit of any Person, but excluding endorsement for collection or deposit in the ordinary course of business. The amount of any Contingent Obligation of any Person shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as determined in good faith.
Control:	The possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.
CS L/C Documents:	Collectively (i) the security agreement dated as of August 3, 2007 made by certain affiliates of the Borrower party thereto and the pledge agreement dated as of August 3, 2007 made by certain affiliates of the Borrower party thereto; (ii) the irrevocable standby letter of credit issued on August 3, 2007, for the account of Arcos Dorados B.V. and the subsidiary guarantors identified thereto, for the benefit of McDonald's Latin America LLC; and (iii) the Letter of Credit Reimbursement Agreement, dated as of August 3, 2007, between Arcos Dorados B.V. and Credit Suisse, Cayman Islands Branch, as issuing bank.
Debt Retention Amount:	Has the meaning assigned to the term "*Valor a ser Retido pelo Banco Depositário*" under the Fiduciary Assignment of Receivables.
Default:	Any event, occurrence or condition which, or upon notice, lapse of time or both would constitute, an Event of Default.

Default Rate:	2% *per annum* to be paid in addition to the Interest Rate.
Disbursement Date:	The date on which (i) all of the conditions set forth in Section 8 are satisfied or waived by the Lenders and (ii) the Advances are made by the Lenders to the Borrower pursuant to the Loan Agreements, all of which shall occur not later than eight (8) Business Days after the Closing Date.
Disposition:	Has the meaning set forth in Section 10(b)(i).
Disqualified Capital Stock:	The 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.
EEA Financial Institution:	Any of (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent;
EEA Member Country:	Any member state of the European Union, Iceland, Liechtenstein, and Norway.
EEA Resolution Authority:	Any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.
EHS Laws:	Any applicable federal, state, local or foreign statute, law, ordinance, rule, regulation, code, order, judgment, decree or judicial or agency interpretation, policy or guidance promulgated or entered into by any Governmental Authority relating to pollution or protection of the environment, health, safety and labor conditions or natural resources, including, without limitation, those relating to the use, handling, transportation, treatment, storage, disposal, release or discharge of hazardous materials.
EHS Action:	Any action, suit, demand, demand letter, claim, notice of noncompliance or violation, notice of liability or potential liability, investigation, proceeding, consent order or consent agreement relating in any way to any EHS Law, EHS Permit, hazardous material or genetically modified

organism, or arising from alleged injury or threat of injury to health, safety or the environment, including, without limitation, (a) by any Governmental Authority for enforcement, cleanup, removal, response, remedial or other actions or damages and (b) by any Governmental Authority or any third party for damages, contribution, indemnification, cost recovery, compensation or injunctive relief.

EHS Permit:	Any permit, approval, identification number, license or other authorization required under any EHS Law.
Equity Interests:	Shares of the capital stock, partnership interests, membership interest in a limited liability company, beneficial interests in a trust or other equity interests or any warrants, options or other rights to acquire such interests but excluding any debt securities convertible into such Equity Interests.
EU Bail-In Legislation Schedule:	The EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.
Event of Default:	Has the meaning set forth in Section 11.
Excluded Liability:	Any liability that is excluded under the Bail-In Legislation from the scope of any Bail-In Action including, without limitation, any liability excluded pursuant to Article 44 of the Bank Recovery and Resolution Directive.
Fair Market Value:	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 Arcos Dorados acting in good faith, and will be evidenced by a board resolution.
FATCA:	Sections 1471 through 1474 of the U.S. Internal Revenue Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof and any applicable intergovernmental agreement with respect thereto and applicable official implementing guidance thereunder.
Federal Funds Effective Rate:	For any day, the rate calculated by the Federal Reserve Bank of New York based on such day's federal funds transactions by depositary institutions, as determined in such manner as the Federal Reserve Bank of New York shall set forth on its public website from time to time as an overnight bank funding rate and published on the next succeeding

Business Day by the Federal Reserve Bank of New York as the federal funds effective rate.

Fiduciary Assignment of Receivables	The "*Instrumento Particular de Contrato de Constituição de Propriedade Fiduciária Sobre Direitos Creditórios e de Prestação de Serviços de Custódia de Recursos Financeiros*" entered into on or prior to the Disbursement Date among the Borrower, the Lenders and the Swap Providers.
Franchise Documents:	The Master Franchise Agreements and any other documents pursuant to which Arcos Dorados or any of its Subsidiaries has acquired the right to operate any franchised restaurant in Argentina, Aruba, Brazil, Chile, Colombia, Costa Rica, Curacao, Ecuador, French Guiana, Guadeloupe, Martinique, Mexico, Panama, Peru, Puerto Rico, Trinidad and Tobago, Uruguay, Venezuela and the U.S. Virgin Islands of St. Thomas and St. Croix, as the same may be amended, restated, supplemented or otherwise modified from time to time.
Governmental Authority:	The government of the United States of America, Brazil, or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).
Guarantors:	The Initial Guarantors and any Person that becomes a Guarantor in accordance with Section 35.
Guaranteed Obligations:	Has the meaning set forth in Section 35(a).
Hedging Obligations:	The obligations of any Person pursuant to (i) 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, (ii) 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, or (iii) any commodity swap agreement, commodity cap agreement, commodity collar agreement, commodity or raw material futures contract or any other agreement as to which such Person is a party designed to manage commodity risk of such Person.
Increased Costs:	Has the meaning set forth in Section 7.

Indebtedness: For any Person (without duplication):

(a) the principal amount (or, if less, the accreted value) of all obligations for borrowed money,

(b) obligations evidenced by bonds, debentures, notes or similar instruments (other than rental obligations under operating leases, whether or not evidenced by notes),

(c) obligations of such Person issued or assumed as the deferred purchase price of Property or services and obligations under any title retention agreement (excluding trade accounts payable in the ordinary course of business),

(d) reimbursement obligations in respect of letters of credit, banker's acceptances or similar credit transactions (except to the extent they relate to trade payables in the ordinary course of business and such obligation is satisfied within twenty (20) Business Days of incurrence),

(e) indebtedness (excluding prepaid interest thereon) secured by any Lien on any Property of such Person, whether or not such liabilities have been assumed by such Person (the amount of such Indebtedness being deemed to be the lesser of the Fair Market Value of such Property and the amount of the indebtedness so secured),

(f) Capital Lease Obligations,

(g) net obligations under Hedging Obligations of such Person (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time),

(h) all liabilities recorded on the balance sheet of such Person in connection with a sale or other disposition of accounts receivable and related assets,

(i) all Disqualified Capital Stock issued by such Person with the amount of Indebtedness represented by such Disqualified Capital Stock being equal to the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price, but excluding accrued dividends, if any; *provided that*

(i) if the Disqualified Capital Stock does not have a fixed repurchase price, such maximum fixed repurchase price will be calculated in accordance with the terms of the Disqualified Capital Stock as if the Disqualified Capital Stock were purchased on any date on which Indebtedness will be required to be determined hereunder; and

(ii) if the maximum fixed repurchase price is based upon, or measured by, the fair market value of the Disqualified Capital Stock, the fair market value will be the Fair Market Value thereof;

(j) the amount of all Permitted Receivables Financings of such Person; and

(k) Contingent Obligations relating to any of the foregoing Indebtedness.

The amount of Indebtedness of any Person at any date will be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of any contingency obligations at such date.

Indemnified Party: Has the meaning set forth in Section 22.

Insolvency Event: In relation to any Person shall mean that (a) such Person is insolvent, or is generally unable to pay its debts as they become due, or admits in writing its inability to pay its debts as they become due, or makes a general assignment for the benefit of its creditors, or (b) such Person is the subject of a bankruptcy, insolvency, reorganization, liquidation or similar proceeding, or a receiver, trustee, conservator, intervenor, experto or sequestrator or the like has been appointed for such Person, or such Person has taken any action in furtherance of or indicating its consent to or acquiescence in any such proceeding or appointment.

Interest Payment Date: March 31, June 30, September 30 and December 31 of each year, starting on March 31, 2016.

Interest Period: The period used as the basis of computation of interest on the Advances, beginning with and including the Disbursement Date and ending on but excluding the first Interest Payment Date; and each subsequent period from and including the immediately preceding Interest Payment Date and ending on but excluding the next Interest Payment Date.

Interest Rate: For the Advance of each Lender, the interest rate set out in the Loan Agreement applicable to such Lender.

Investment: With respect to any Person, any: (1) direct or indirect loan, advance or other extension of credit (including, without limitation, a Contingent Obligation) to any other Person (other than advances or extensions of credit to customers in the ordinary course of business); (2) capital contribution (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) to 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.

Lien: Any mortgage, pledge, fiduciary assignment (*alienação ou cessão fiduciária*), hypothecation, deposit arrangement, encumbrance, lien (statutory or other), or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

Loan Agreements: Each of the Loan Agreements entered into on or prior to the Disbursement Date among each of the Lenders, the Administrative Agent and the Borrower, substantially in the form of Exhibit D hereto.

Majority Lenders: At any time, Lenders (i) having outstanding Advances representing more than 51% of the sum of the total outstanding Advances under the Loan Agreements at such time (not including Lenders not in full compliance with the applicable terms and conditions of the Transaction Documents) and (ii) so long as any of the Initial Lenders is a Lender under this Agreement at such time, constituting a majority of the Lenders holding outstanding Advances under the Loan Agreements at such time.

MasterCard: The debit and credit card label managed by MasterCard Brasil Soluções de Pagamento Ltda. or any of its Affiliates.

Master Franchise Agreements: The Amended and Restated Master Franchise Agreement, dated as of November 10, 2008 (as the same may be amended, restated, supplemented or otherwise modified from time to time), among McDonald's Latin America LLC, Arcos Dorados B.V. and the other parties thereto, and the Second Amended and Restated Master Franchise Agreement, dated as of November 10, 2008 (as the same may be amended, restated, supplemented or otherwise modified from time to time), among McDonald's Latin America LLC and Arcos Dorados B.V.

Master Franchisee: LatAm, LLC, or any successor to its rights and obligations under the Amended and Restated Master Franchise Agreement, dated as of November 10, 2008 (as the same may be amended, restated, supplemented or otherwise modified from time to time), among McDonald's Latin America LLC, Arcos Dorados B.V. and the other parties thereto.

Material Adverse Effect: A material adverse effect on (a) the business, financial condition, results of operations, performance, properties or prospects of the Borrower and its Subsidiaries, taken as a whole, or any Guarantor and its respective Subsidiaries, taken as a whole, (b) the rights and remedies of the Administrative Agent or the Lenders under the Transaction Documents; or (c) the ability of the Borrower or any Guarantor to perform its obligations under the Transaction Documents.

Material Breach: A Material Breach, as defined in the Master Franchise Agreements (without giving effect to any amendment, waiver, restatement, modification, or supplement thereto after the date of this Agreement).

Material Subsidiary: At any time, any Subsidiary of Arcos Dorados that (a) represents 10% or more of Consolidated EBITDA of Arcos Dorados for the four fiscal quarters most recently ended at the time of determination, or (b) holds assets representing 10% or more of the Consolidated Total Assets.

Maturity Date: March 31, 2020.

McDonald's Security Documents: The McDonald's U.S. Stock Pledge Agreement, dated as of August 3, 2008, made by Arcos Dorados B.V. and the other parties thereto in favor of McDonald's Latin America LLC, the McDonald's Foreign Pledge Agreements and the McDonald's Deposit Pledge Agreement and any other agreement, instrument or document under which any Lien is granted to secure obligations under the Franchise Documents, as the same may be amended, restated, supplemented or otherwise modified from time to time.

McDonald's Mortgage: Any mortgages granted in favor of McDonald's Latin America LLC on Secured Restricted Real Estate (as defined in the Master Franchise Agreement), in each case securing obligations owing to McDonald's Latin America LLC under the Master Franchise Agreement in an aggregate amount not to exceed the undrawn portion of the Letter of Credit (as defined in the Master Franchise Agreement) on the date of termination thereof.

Notice of Borrowing: Each notice of borrowing submitted by the Borrower under each of the Loan Agreements requesting each Advance from each Lender, substantially in the form of Exhibit A hereto.

NY Promissory Note: Each New York law promissory note issued in substantially the form of Exhibit G of this Agreement by the Borrower and the Initial Guarantors to each Lender in an amount equal to 100% of each Lender's Advance.

Obligors: The Borrower and the Guarantors, collectively, and each, an Obligor.

Other Taxes:	Has the meaning set forth in Section 6(b).
Party:	Each of the Obligors, the Lenders and the Administrative Agent.
Patriot Act:	The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. 107-56, signed into law October 26, 2001, as amended from time to time.
Payment Account:	Account number 36852248, Account Name: Agency Medium Term Finance, Ref.: Arcos Dorados, Att.: Global Loans/Agency, at the principal offices of the Administrative Agent, ABA #021-000-089, Swift Code: CITIUS33.
Peak Debt Service Amount:	Has the meaning assigned to the term "*Valor Máximo do Serviço da Dívida*" under the Fiduciary Assignment of Receivables.
Permitted Holders:	Any of (a) any Person that is an Affiliate of the Borrower prior to an event giving rise to a Change of Control (and not established as an Affiliate in order to effect what would otherwise be a Change of Control), (b) Woods W. Staton and any Related Party of Woods W. Staton and (c) any Person both the Capital Stock and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are owned directly or indirectly 51% or more by Persons specified in item (b).
Permitted Receivables Financing:	Any receivables financing facility or arrangement pursuant to which a Securitization Subsidiary purchases or otherwise acquires accounts receivable of the Obligors or any of their Subsidiaries and enters into a third party financing thereof on terms that the Board of Directors of the Obligor or such Subsidiary has concluded are customary and market terms fair to such Person.
Person:	An individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture, a government or any political subdivision or agency thereof, a limited liability company or any other legal entity, including the Borrower and any Guarantor.
Preferred Stock:	With respect to any Person, 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.
Process Agent:	Has the meaning set forth in Section 15(a).
Property:	Any right or interest in or to property, assets, rights or revenues of any kind whatsoever, whether real, personal or mixed, whether existing or future and whether tangible or intangible, including intellectual property.

Proportionate Share:	With respect to each Lender and as of any date of determination, (a) prior to the Disbursement Date, the then-current ratio of such Lender's Commitment to the aggregate Commitments of all Lenders and (b) thereafter, the then-current ratio of the principal amount then outstanding of the Advance of such Lender to the principal amount then outstanding of all Advances of the Lenders under the Loan Agreements.
Real Estate Disposition:	Has the meaning set forth in Section 10(b)(i)(l).
Reais or R$:	The lawful currency of Brazil.
Receivables:	100% of the current and future Borrower's Visa and MasterCard debit card and credit card receivables owing to the Borrower from Persons participating in the *Sistema de Controle de Garantia de Cartões da Câmara Interbancária de Pagamento*, including, but not limited to, Cielo, Rede e GetNet (or any successor of any of them) arising from credit and debit card sales by the Restaurants operated by the Borrower in Brazil, as further described in the Fiduciary Assignment of Receivables.
Related Party:	With respect to any Person, (1) any Subsidiary, spouse, descendant or other immediate family member (which includes any child, stepchild, parent, stepparent, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law) (in the case of an individual), of such Person, (2) any estate, trust, corporation, partnership or other entity, the beneficiaries and stockholders, partners or owners of which consist solely of one or more Permitted Holders referred to in clause (1) of the definition thereof and /or such other Persons referred to in the immediately preceding clause (1), or (3) any executor, administrator, trustee, manager, director or other similar fiduciary of any Person referred to in the immediately preceding clause (2), acting solely in such capacity.
Restaurants:	The restaurants set forth in Schedule II.
Sanctions:	All economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury ("**OFAC**") or the U.S. Department of State, (b) the United Nations Security Council, the European Union, any European Union member state, Her Majesty's Treasury of the United Kingdom or other relevant sanctions authority.
Sanctioned	At any time, a country, region or territory which is itself the subject or

Country:	target of any Sanctions (at the time of this agreement, Crimea, Cuba, Iran, North Korea, Sudan and Syria).
Sanctioned Person:	At any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, by the United Nations Security Council, the European Union, any European Union member state, Her Majesty's Treasury of the United Kingdom or other relevant sanctions authority, (b) any Person located, operating, organized or resident in a Sanctioned Country or (c) any Person controlled or 50% or more owned by any such Person or Persons described in clauses (a) or (b).
Securitization Subsidiary:	A Subsidiary that (a) is designated a "Securitization Subsidiary" by the Board of Directors of Arcos Dorados, (b) that does not engage in, and whose charter prohibits it from engaging in, any activities other than Permitted Receivables Financings and any activity necessary, incidental or related thereto, (c) no portion of the Indebtedness or any other obligation, contingent or otherwise, of which is guaranteed by the Obligors or any of their Material Subsidiaries, is recourse to or obligates the Obligors or any of their Material Subsidiaries in any way, subjects any Property or asset of the Obligors or any of their Material Subsidiaries, directly or indirectly, contingently or otherwise, to the satisfaction thereof and (d) with respect to which neither the Obligors nor any of their Material Subsidiaries has any obligation to maintain or preserve its financial condition or cause it to achieve certain levels of operating results other than, in respect of clauses (c) and (d), pursuant to customary representations, warranties, covenants and indemnities entered into in connection with a Permitted Receivables Financing.
Stated Use:	All of the proceeds of the Advances shall be used to refinance a portion of Arcos Dorados Brazilian Reais Global Notes due July 2016.
Subsidiary:	Of any Person, any corporation, partnership, joint venture, limited liability company, trust or estate of which shares of stock of each class or other interests having ordinary voting power (other than stock or other interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are, at the time owned, or the management of which is otherwise controlled by, such Person or by one or more Subsidiaries of such Person.
Swap Agreement:	Each of the Brazilian law governed onshore swap agreement (*Contrato Global de Derivativos* as amended by its respective schedule (*Apêndice*) and the confirmations related thereto (*Confirmações*)), entered into with respect to each Advance between the Borrower and the applicable Swap

	Provider no later than 2 (two) Business Days prior to the Disbursement Date to hedge the Borrower's exposure to interest rate and/or exchange rate fluctuations associated with such Advance.
Swap Collateral:	The property of the Borrower from time to time subject the Liens created and perfected solely for the benefit of the Swap Provider party to the related Swap Agreement pursuant to the Swap Fiduciary Assignments, including the rights to receive net payments under or other amounts payable (including upon termination of such Swap Agreement) to the Borrower thereunder.
Swap Fiduciary Assignment:	Each of the "*Instrumento Particular De Contrato De Constituição De Propriedade Fiduciária Sobre Direitos Creditórios em Garantia e Outras Avenças*" entered into on or prior to the Disbursement Date between each Swap Provider and the Borrower.
Swap Provider:	Each Lender or Affiliate thereof party to a Swap Agreement.
Taxes:	Has the meaning set forth in Section 6(a).
Transaction Documents:	This Agreement, the Loan Agreements, the NY Promissory Notes, the Brazilian Promissory Notes, the Fiduciary Assignment of Receivables, the Swap Fiduciary Assignment, the Swap Agreements, any certificate or notice required to be delivered by the Obligors pursuant to any of the foregoing, and each other deed, document, agreement or instrument which the Borrower, the Administrative Agent and any Lender agree to designate as a "Transaction Document".
Triggering Event:	Has the meaning set forth in Section 33(e).
United States and U.S.:	The United States of America.
U.S. Dollars and US$:	The lawful currency of the United States.
Visa:	The debit and credit card label managed By Visa do Brasil Empreendimentos Ltda. and its Affiliates.
Voting Stock:	Any Capital Stock in any Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or individuals performing similar functions) of such Person, even if the right so to vote has been suspended by the happening of such a contingency.
Write-Down and	With respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time
Conversion Powers:	under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

(b) Conflicts. In the case of any conflict between the terms of this Agreement and the terms of any Loan Agreement, the terms of such Loan Agreement shall control as between or among the parties thereto.

(c) Accounting Terms. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with Applicable GAAP; *provided that*, if an Obligor notifies the Administrative Agent that such Obligor requests an amendment to any provision hereof to eliminate the effect of any change in the Applicable GAAP occurring after the date hereof or in the application thereof on the operation of such provision, regardless of whether any such notice is given before or after such change in the Applicable GAAP or in the application thereof, then such provision shall be interpreted on the basis of the Applicable GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

(d) Loan Agreements. This Agreement, including its definitions, conditions of disbursement, representations and warranties, covenants, events of default, principles of construction, rules of interpretation and jurisdiction, governing law and notice provisions included herein, is made a part of each of the Loan Agreements, and each of the Loan Agreements, together with this Agreement, shall be read and construed together as one agreement.

(e) Amendments. Any definition or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or document as from time to time amended, supplemented or otherwise modified.

Section 2. The Advances. (a) Subject to the terms and conditions set forth in the applicable Loan Agreement and in this Agreement, each Lender agrees to provide the Borrower on the Disbursement Date a single Advance in a principal amount equal to that Lender's Commitment. Amounts repaid or prepaid by or on behalf of the Borrower in respect of the Advances may not be reborrowed.

(b) Mechanics for Requesting Advances. The Borrower shall request Advances under the Loan Agreements by simultaneously delivering an irrevocable Notice of Borrowing with respect to each such Advance substantially in the form attached hereto as Exhibit A, appropriately completed and signed by a representative of the Borrower, to the applicable Lender with a copy of each such Notice of Borrowing to the Administrative Agent, not later than 11:00 a.m. New York City time on the 2nd Business Day prior to the proposed Disbursement Date. The Notice of Borrowing shall contain a certification of an officer of the Borrower as to the following, in addition to such other information (if any) as may be required by the respective Loan Agreement: (i) the amount of the requested Advance under each Loan Agreement, which shall be equal to each Lender's Commitment; and (ii) the proposed Disbursement Date for such

Advance, which shall be a Business Day and shall be the same date for all Advances under the Loan Agreements.

(c) Mechanics for Funding Advances. Promptly after each receipt of a Notice of Borrowing, each Lender which has received a Notice of Borrowing shall notify the Administrative Agent in writing of such Lender's receipt of such Notice of Borrowing and the information set forth therein, and shall confirm that the Administrative Agent has received such Notice of Borrowing in accordance with Section 2(b) above. Not later than 11:00 a.m. New York City time on the Disbursement Date, each Lender shall make available the amount of the Advance to be made by it on such date to the Borrower, and each such Lender shall confirm to the Administrative Agent in writing that such Lender has sent the applicable amount of the Advance to the Borrower. The Borrower shall immediately confirm in writing receipt of each such Advance to the Administrative Agent. After receipt of such confirmation from the Borrower, the Administrative Agent shall promptly confirm in writing to the Brazilian Account Manager the date on which the Advances were made. The failure of any Lender to make an Advance under its Loan Agreement shall not relieve any other Lender of its obligation hereunder and under its respective Loan Agreement to make any requested Advance thereunder, but no Lender shall be responsible for the failure of any other such Person to make any Advance (or any portion thereof).

(d) The NY Promissory Notes and the Brazilian Promissory Notes.

(i) To further evidence their obligation to repay the Advances, with interest accrued and unpaid thereon, the Borrower and the Guarantors shall issue and deliver to each Lender in accordance with the Loan Agreement entered with such Lender, a NY Promissory Note and a Brazilian Promissory Note in connection with the Advance to be made by such Lender.

(ii) The issuance, execution and delivery of the NY Promissory Notes and the Brazilian Promissory Notes shall not be, or be construed as, a novation with respect to this Agreement, the Loan Agreements or any other agreement between the Lenders and the Borrower and shall not limit, reduce or otherwise affect the obligations or rights of the Borrower under this Agreement, the Loan Agreements and the rights and claims of the Lenders under the NY Promissory Notes and the Brazilian Promissory Notes shall not replace or supersede the rights and claims of such Person under this Agreement or the Loan Agreements.

(iii) If any NY Promissory Note or any Brazilian Promissory Note shall become mutilated, destroyed, lost or stolen, the Borrower shall, upon the written request of the holder of such NY Promissory Note or Brazilian Promissory Note, execute and deliver in replacement thereof, a new NY Promissory Note or Brazilian Promissory Note, as applicable, or a public deed of acknowledgment of debt, payable to the same holder and in the same principal amount as the NY Promissory Note or the Brazilian Promissory Note so mutilated, destroyed, lost or stolen.

(iv) Upon the assignment by any Lender of all or a portion of its Advance in accordance with Section 19 and the applicable Loan Agreement the Borrower shall, at the request of such Lender or the assignee of such Advance, and upon the return to the Borrower by the Lender of the NY Promissory Note and the Brazilian Promissory Note held by it, execute and deliver a new NY Promissory Note and a new Brazilian Promissory Note to the assignee or, in the case of partial assignments, execute and deliver a new NY Promissory Note and a new Brazilian Promissory Note to the assigning Lender and the assignee in accordance with their respective proportion of rights.

(v) The payment of any part of the principal of any NY Promissory Note shall discharge the obligation of the Borrower under this Agreement, the applicable Loan Agreement and the Brazilian Promissory Note held by such Lender to pay principal of the Advance made by such Lender *pro tanto*, and the payment of any principal of the Advance made by such Lender in accordance with the terms hereof and of the Loan Agreements shall discharge the obligations of the Borrower under the Brazilian Promissory Note evidencing such Advance *pro tanto*.

(vi) The payment of any part of the principal of any Brazilian Promissory Note shall discharge the obligation of the Borrower under this Agreement, the applicable Loan Agreement and the NY Law Promissory Note held by such Lender to pay principal of the Advance made by such Lender *pro tanto*, and the payment of any principal of the Advance made by such Lender in accordance with the terms hereof and of the Loan Agreements shall discharge the obligations of the Borrower under the NY Promissory Note evidencing such Advance *pro tanto*.

(vii) Notwithstanding the discharge in full of any NY Promissory Note or Brazilian Promissory Note, (i) if the amount paid or payable under any such NY Promissory Note or Brazilian Promissory Note is less than the amount due and payable in accordance with this Agreement with respect to any Advance, to the fullest extent permitted under Applicable Law, the Borrower agrees to pay to Lenders upon demand any such difference that is due and payable and (ii) if the amount paid or payable under any such NY Promissory Note or Brazilian Promissory Note exceeds the amount due and payable in accordance with this Agreement with respect to any Advance, the applicable Lender agrees, to the fullest extent permitted under Applicable Law, to pay such excess to the Borrower upon demand.

(viii) Upon discharge of all obligations of the Borrower under the Advances, the Lenders shall promptly cancel the NY Promissory Note or Brazilian Promissory Note evidencing such Advances and promptly return them to the Borrower; *provided*, *however*, that upon discharge of any payment obligation of the Borrower under the Advances, the Lenders shall provide the Borrower with a receipt acknowledging payment of the corresponding amount with particular reference to the NY Promissory Note or Brazilian Promissory Note; and *provided*, *further*, that the Lenders agree that in no event shall they file collection claims under either the Advances, the NY Promissory Note or Brazilian Promissory Note seeking payment of any amounts already paid under the NY Promissory Note or Brazilian Promissory Note or the Advances, respectively. It is hereby further agreed that, to the extent that any Lender pursues a collection claim for the same amount simultaneously under the Advances and the NY Promissory Note or Brazilian Promissory Note, any amounts collected under the Advances collection claim or the NY Promissory Note or Brazilian Promissory Note collection claim, as the case may be, shall be immediately certified to the Borrower by the Lenders as paid and such amount shall be reduced by the Lenders from the other outstanding claim by immediately taking whatever action is required under the applicable collection procedures.

(ix) Each Lender agrees that it will not declare the NY Promissory Note and the Brazilian Promissory Note held by it, or cause the NY Promissory Note or Brazilian Promissory Note to be declared, due and payable other than in accordance with this Agreement and the applicable Loan Agreement. Notwithstanding the foregoing, if the Administrative Agent or any Lender exercises any right in any court in Brazil or the United States under any Brazilian Promissory Note or the NY Promissory Note, such Person shall not be required to evidence to the Borrower, the Guarantors or any other Person that such Brazilian Promissory Note or the NY Promissory Note represents obligations of the Obligors under this Agreement or that any condition herein or therein has been fulfilled.

Section 3. Repayment of the Advances; Mandatory Prepayment; Optional Prepayment. (a) The Borrower shall repay the Advances to the Administrative Agent for the account of each Lender by wire transfer to the Payment Account, in U.S. Dollars, in immediately available funds, in accordance with Section 5 below and according to the Amortization Schedule set forth in Schedule I. Promptly following receipt of such Borrower's repayments, the Administrative Agent will distribute to each Lender at the accounts separately designated by each Lender to the Administrative Agent its Proportionate Share of each such payment received in the Payment Account.

(b) All principal amounts owed with respect to the Advances and interests thereon owed by the Borrower hereunder, shall be paid in full in accordance with this Agreement and no later than the Maturity Date. If, as of the Maturity Date, any of the principal amount of the Advances, including any accrued and unpaid interest thereon shall remain outstanding (that is, payment therefor shall not have been received in the Payment Account), the Borrower shall immediately make payment of such amounts in U.S. Dollars by wire transfer in immediately available funds directly to the Administrative Agent.

(c) If any Change in Law has made it unlawful, or any Governmental Authority of competent jurisdiction has asserted that it is unlawful, for any of the Lenders to make, maintain or fund the Advances or to perform any of their other obligations under this Agreement or in any of the other Transaction Documents, then the Lenders (through the Administrative Agent) shall immediately notify the Borrower of such event or circumstance and any obligation of such Lender to make or continue the Advance shall be suspended until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exists (and the Lender shall promptly notify the Administrative Agent and the Borrower of such change of circumstance). The Borrower shall upon five (5) Business Days' notice from such Lender (with a copy to the Administrative Agent), (i) convert such Lender's Proportionate Share of the Advance to a loan that incorporates the actual cost of funds to such Lender and the applicable margin, or (ii) if the Borrower and such Lender reasonably determine that such conversion is not possible on commercially reasonable terms, upon demand from such Lender, prepay such Lender's Proportionate Share of the Advance at a price equal to 100% of the aggregate principal amount of the Advances outstanding. The Borrower shall make such conversion or prepayment either on the last day of the Interest Period thereof, if such Lender may lawfully continue to maintain its Proportionate Share of the Advance to such day, or immediately, if such Lender may not lawfully continue to maintain its Proportionate Share of the Advance. Upon any such conversion or prepayment, the Borrower shall also pay accrued interest on the amount so prepaid or converted and, if any such prepayment is not made on the last day of the Interest Period, Break-Funding Costs; *provided that*, before giving any such notice, the Lenders agree to use commercially reasonable efforts (consistent with its internal policies and legal and regulatory restrictions) to (A) assign the Advances and the related Swap Agreements if such assignment would allow the Advances to remain outstanding pursuant to its terms, or (B) designate a different lending office if such designation would allow the Lenders to make and maintain the Advances hereunder, and for either of the foregoing, would not, in the reasonable judgment of the Lenders, be disadvantageous to the Lenders.

(d) Within ten (10) Business Days after receipt by or on behalf of the Borrower or any Guarantor of any proceeds from any Real Estate Disposition that are required to be applied to repay the Advances on a *pro rata* basis with other Indebtedness of the Borrower or the Guarantors in accordance with Section 10(b)(i)(l), the Borrower or such Guarantor, as the case may be, shall apply such proceeds from the relevant Real Estate Disposition to repay the outstanding principal amount of the Advances, plus accrued and unpaid interest, if any, up to, but not including the date of repayment, and (without duplication) any Break-Funding Costs, as calculated by each of the Lenders. All amounts received in respect of a prepayment hereunder shall be applied, by the Administrative Agent, to any principal amount of the Advances according to the Proportionate Share *pro rata* among the outstanding principal installments according to the Amortization Schedule, such that all future scheduled amortizations shall be reduced proportionally, with no reduction in the total term of the Advances.

(e) The Borrower may, at its option, upon giving not less than (10) Business Days' irrevocable notice to the Administrative Agent (stating the proposed date and amount of prepayment), prepay the Advances, in whole or in part, at any time and from time to time prior to the Maturity Date, in amounts aggregating at least US$5 million or any larger multiple of US$1 million, or, if less, the outstanding principal amount of the Advances, by paying the principal amount to be prepaid together with accrued and unpaid interest, if any, up to, but not including the date of prepayment, and (without duplication) any Break-Funding Costs, as calculated by each of the Lenders. All amounts received in respect of a prepayment hereunder shall be applied, by the Administrative Agent, to any principal amount of the Advances according to the Proportionate Share in order of maturity *pro rata* among the outstanding principal installments according to the Amortization Schedule, such that all future scheduled amortizations shall be reduced proportionally, with no reduction in the total term of the Advances.

(f) The Administrative Agent maintains the Payment Account to administer payments for and on behalf of the Lenders. None of the Administrative Agent, the Borrower nor any other Person claiming on behalf of or through the Borrower or the Administrative Agent shall have any right or authority, whether express or implied, to close or make use of, or, except as expressly provided herein, withdraw any funds from, the Payment Account, except as may be limited by bankruptcy, insolvency, *recuperação judicial, falência* or similar laws affecting the enforcement of creditors' rights generally. The Administrative Agent shall disburse funds deposited in the Payment Account in accordance with this Agreement. Funds retained in the Payment Account shall remain uninvested and shall not accrue interest.

Section 4. Interest. In addition to its obligation to repay the principal amount of the Advances as set forth in Section 3 above, subject to the terms of the applicable Loan Agreement, the Borrower shall pay interest to each Lender on each Interest Payment Date on the unpaid principal amount of the Advance of such Lender from time to time outstanding, from the Disbursement Date of such Advance to and including the date on which repayment in full of such Advance occurs, in accordance with the Loan Agreements.

Section 5. Payments and Computations. (a) All amounts due from the Borrower hereunder, under the Loan Agreements and under any other instrument delivered hereunder shall be received not later than 11:00 A.M. (New York City time) on the day when due, in lawful money of the United States (in freely transferable U.S. Dollars), in the Payment Account, or to any other bank account that the Administrative Agent may designate from time to time to the Borrower.

(b) All computations of interest shall be made by the Administrative Agent on the basis of a year of 360 (three hundred and sixty) days divided by the actual number of days occurring in the period for which such interest is payable.

(c) Whenever any payment to be made hereunder or under any instrument delivered hereunder shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest; *provided, however*, that if such extension would cause such payment to be made in a new calendar month, such payment shall be made on the first preceding Business Day.

(d) If insufficient funds are paid on a due date for any amount due hereunder, or any payment is made while a Default has occurred and is outstanding, such payment shall be applied (i) *first* to indemnities, fees and expenses due to the Administrative Agent, (ii) *second*, to indemnities, fees and expenses due to the Lenders, (iii) *third*, to indemnities, fees and expenses due to the Brazilian Account Manager; (iv) *fourth,* to accrued and unpaid interest, and (v) *fifth* to any principal amount of the Advances according to the Proportionate Share in order of maturity *pro rata* among the outstanding principal installments according to the Amortization Schedule, such that all future scheduled amortizations shall be reduced proportionally, with no reduction in the total term of the Advances.

Section 6. Taxes. (a) Any and all payments made to the Lenders under this Agreement and any other Transaction Document or under any instrument delivered hereunder shall be made, in accordance with this Agreement or the applicable provisions of such other instrument, free and clear of and without deduction for any and all present and future taxes (including, without limitation, value-added taxes, taxes over foreign exchange transactions such as the Brazilian IOF tax, and withholding taxes), levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, (x) taxes imposed on or measured by net income (however denominated), franchise taxes, and branch profits taxes, in each case, (i) imposed as a result of such Lender being organized under the laws of, or having its principal office or its applicable lending office located in, the jurisdiction imposing such tax (or any political subdivision thereof) or (ii) that are taxes imposed as a result of a present or former connection between such Lender and the jurisdiction imposing such tax (other than connections arising from such Lender having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Transaction Document, or sold or assigned an interest in any Advance or Transaction Document), (y) taxes attributable to such Lender's failure to comply with Section 6(e), and (w) any withholding Taxes imposed under FATCA (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities hereinafter referred to as "**Taxes**"). If the Obligors or any applicable paying agent shall be required by law to withhold or deduct any Taxes from or in respect of any sum payable hereunder or under any other Transaction Document, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 6), the Lenders receive an amount equal to the sum they would have received had no such withholding or deductions been made; (ii) the Obligors shall make such deductions, and (iii) the Obligors shall pay the full amount deducted to the relevant taxation authority or other authority or other authority in accordance with applicable law.

(b) In addition, the Obligors shall pay any present or future stamp or documentary taxes, charges or similar levies that arise from any payment made hereunder or under the Transaction Documents or under any other instrument to be delivered hereunder or from the execution, delivery or registration of, performing under, or otherwise with respect to the Transaction Documents or any other instrument to be delivered hereunder (hereinafter referred to as "**Other Taxes**").

(c) The Obligors shall jointly and severally indemnify the Lenders and the Administrative Agent for and hold them harmless against the full amount of Taxes or Other Taxes (including, without limitation, any Taxes imposed or asserted on or attributable to amounts payable under this Section 6) imposed on or otherwise required to be paid by the Lenders or the Administrative Agent or any Affiliate of the Lenders or the Administrative Agent in respect of any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. This indemnification shall be made within ten (10) days from the date the Lenders or the Administrative Agent make written demand therefore.

(d) Within thirty (30) days after the date of any payment of Taxes, the Obligors shall furnish to the Administrative Agent the original or a certified copy of a receipt issued by the relevant Governmental Authority evidencing payment.

(e) The Lenders and the Administrative Agent shall upon written request of the Borrower (but only if the Lenders and the Administrative Agent are lawfully able to do so) use their commercially reasonable efforts to provide the Borrower with two copies of any form, document or other certification, appropriately completed, necessary for the Lenders and the Administrative Agent to assess, collect, be exempt from, or entitled to a reduced rate of Tax on payments pursuant to the Transaction Documents. To the extent that any such form, document or certification delivered becomes obsolete, the Lenders and the Administrative Agent shall upon written request, provide either an updated or successor form, document or certification to the Borrower.

Section 7. Increased Costs. (a) If due to any Change in Law, (i) there shall be an increase in the cost to the Lenders of agreeing to make or making, funding or maintaining any Advance or (ii) it shall subject the Lenders to any Taxes on their loans, loan principal, commitments or other obligations, or their deposits, reserves, other liabilities or capital attributable thereto ((i) and (ii) together "**Increased Costs**"), then the Borrower shall, from time to time, upon request by the Lenders, through the Administrative Agent, pay directly to the Lenders such additional amounts sufficient to compensate the Lenders against such Increased Cost. A certificate as to the amount of such Increased Cost, submitted to the Borrower by the Lenders or the Administrative Agent, shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(b) Failure or delay on the part of a Lender to demand compensation pursuant to Section 7(a) shall not constitute a waiver of such Lender's right to demand such compensation, *provided that* the Borrower shall not be required to compensate such Lender pursuant to Section 7(a) for any increased costs incurred more than nine months prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs and of such Lender's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

(c) If (i) the Borrower fails to borrow any Advance on the Disbursement Date, (ii) there is a mandatory or optional prepayment, as set forth in Section 3 or (iii) any payment of the principal amount of the Advances shall be made on a date other than the due date thereof in accordance with Section 3 (a) hereof, the Borrower shall, upon demand, pay directly to the respective Lenders the amount required to compensate the Lenders for the Break-Funding Costs the Lenders incur as a result thereof. The amount of such Break-Funding Costs shall be certified by the Lenders and such certificate shall be conclusive.

(d) In case the Interest Rate or any other interest rate applicable under this Agreement should on any date be determined to be illegal or unenforceable due to usury limits or to a Change in Law, the interest rate applicable under this Agreement for each such date shall be the maximum rate permitted by law or regulation.

(e) If a Lender requests compensation under Section 7(a), or the Borrower is required to pay any Taxes or additional amount to a Lender or any Governmental Authority for the account of such Lender pursuant to Section 6, then such Lender shall use reasonable efforts to designate a different office (including, in the case of a Lender, a different lending office for funding or booking the Advance), or to assign its rights and obligations hereunder to another of its offices, branches or affiliates and to take any other actions reasonable in the sole judgment of such Lender, if, in the sole judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 7(a) or Section 6, as the case may be, in the future, and (ii) in each case, would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by a Lender or in connection with any such designation, assignment or action.

(f) If any Lender requests compensation under Section 7(a), or if the Borrower is required to pay any Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 6 and, in each case, such Lender has declined or is unable to designate a different lending office in accordance with Section 7(e) or the Borrower is not otherwise compensated, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 19, all of its interests, rights (other than its existing rights to payments pursuant to Section 7(a) or Section 6) and obligations under this Agreement and the related Transaction Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), *provided that* (i) such Lender shall have received payment of an amount equal to the outstanding principal of its Advance, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Transaction Documents from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts), (ii) in the case of any such assignment resulting from a claim for compensation under Section 7(a) or payments required to be made pursuant to Section 6, such assignment will result in a reduction in such compensation or payments thereafter, and (iii) such assignment does not conflict with applicable laws. A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

(g) If at any time after the date of this Agreement the CDI Rate exceeds either (x) 17% per year or (ii) by 20% or more the CDI Rate most recently used for the determination of the then applicable Peak Debt Service Amount (the "**CDI Rate Change**"), each Lender will have the right, but not the obligation, to notify the Administrative Agent in writing of the CDI Rate Change and, upon any such notice, the Administrative Agent shall be required to notify the other Lenders of the CDI Rate Change. If no other Lender informs the Administrative Agent, within five (5) Business Days of such notice from the Administrative Agent, that it does not agree with the CDI Rate Change, the Administrative Agent shall confirm in writing to all Lenders, the Brazilian Account Manager and the Obligors that the CDI Rate Change has become effective and the Peak Debt Service Amount shall thereupon be automatically adjusted accordingly to reflect the CDI Rate Change; *provided that* if any Lender notifies the Administrative Agent, within 5 (five) Business Days, of its disagreement with the CDI Rate Change informed by the Administrative Agent, the Administrative Agent shall request that the Majority Lenders confirm the applicable CDI Rate, which confirmation shall be conclusive and binding on all Lenders absent manifest error. The Parties hereby agree that the CDI Rate in effect on the date of this Agreement is 14.25%.

Section 8. Conditions Precedent to the Advances. (a) The obligation of each Lender to make its Advance pursuant to this Agreement and the applicable Loan Agreement on the proposed Disbursement Date is subject to the satisfaction or waiver by such Lender of the following conditions precedent on or before the proposed Disbursement Date:

(a) in the sole and absolute determination of the Lenders, there shall have not occurred any event, circumstance or condition which has had or could reasonably be expected to have a Material Adverse Effect;

(b) the Administrative Agent and the Lenders shall have received a certificate of an officer of the Borrower certifying that, no event or condition that has or could be expected to have a Material Adverse Effect has occurred since December 31, 2014;

(c) the Lenders shall have confirmed in writing to the Administrative Agent that they have received the following documents (in the case of any agreements or instruments, duly executed by the parties thereto), each dated on or before the proposed Disbursement Date and in form and substance satisfactory to each Lender:

(i) this Agreement;

(ii) the Loan Agreements;

(iii) each of the NY Promissory Notes duly executed by the Obligors in favor of each Lender;

(iv) each of the Brazilian Promissory Notes duly executed by the Obligors in favor of each Lender;

(v) the Swap Agreements;

(vi) a certificate from an officer of the Borrower attaching certified copies of the resolutions of the Board of Directors or equivalent body of the Obligors, as applicable, approving the Transaction Documents, and of all documents evidencing other necessary corporate or other action;

(vii) such other documents reasonably requested by the Lenders which, in the Lenders' opinion, are required to evidence the Obligors', as applicable, ability to execute, deliver and perform the Transaction Documents as are customary in financings of this type, including but not limited to the prior registration of the financial terms and conditions of this Agreement and each Loan Agreement in the Financial Transaction Registration *(Registro de Operações Financeiras (ROF))* Module with the Central Bank;

(viii) an opinion of Machado, Meyer, Sendacz e Opice Advogados, special Brazilian counsel to the Lenders;

(ix) an opinion of Milbank, Tweed, Hadley & McCloy LLP, special United States counsel to the Lenders;

(x) an opinion of Maples and Calder, special British Virgin Islands counsel to Arcos Dorados;

(xi) an opinion of Jimenez de Aréchaga, Viana & Brause, special Uruguayan counsel to Arcos Del Sur;

(xii) an opinion of Davis Polk & Wardwell LLP, special United States counsel to the Obligors;

(xiii) an opinion of Pinheiro Neto Advogados, special Brazilian counsel to the Borrower;

(xiv) an opinion of Appleby, special British Virgin Islands counsel to the Lenders;

(xv) an opinion of Guyers & Regules, special Uruguayan counsel to the Lenders; and

(xvi) a letter from the Process Agent of the Obligors confirming its appointment in such capacity under this Agreement, the Loan Agreements and the NY Promissory Notes.

(e) the representations and warranties contained in Section 9 of this Agreement are correct in all material respects on and as of the date of this Agreement and the Disbursement Date as though made on such date (and the Obligors shall have delivered a certificate to that effect substantially in the form of Exhibit E hereto), other than to the extent qualified by materiality or "Material Adverse Effect", in which case, such representations and warranties shall be true and correct in all respects;

(f) no event has occurred and is continuing, or would result from the Advances or the use of proceeds thereof, which constitutes a Default (and the Obligors shall have delivered a certificate to that effect);

(g) the Lenders and the Administrative Agent shall have received payment in full of all fees and other amounts due and payable on or prior to the Disbursement Date (or confirmation that such amounts shall be paid from the proceeds of the Advances), including (i) reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Obligors hereunder or under any other Transaction Document (to the extent invoices and statements therefor have been received), (ii) reimbursement or payment of reasonable fees and disbursements of external legal counsel of the Lenders, the Administrative Agent and the Brazilian Account Manager in connection with the preparation, execution and delivery this Agreement, (iii) any stamp Taxes or similar Taxes payable in connection with this Agreement and the Advances, (iv) an arrangement fee payable to Banco Citibank S.A., as separately documented, (v) an upfront fee payable to each Lender, as separately documented, and (vi) the Administrative Agent's fee;

(h) subject to any necessary further actions to be taken by or on behalf of the Obligors as described in the Fiduciary Assignment of Receivables and the Swap Fiduciary Assignment, there shall have been created and perfected a first priority security interest in the Collateral and Swap Collateral for the benefit of the secured parties thereunder to the satisfaction of the Lenders and the Administrative Agent shall have received satisfactory evidence from the Lenders that all required recordings, filings and registrations of or with respect to the Fiduciary Assignment of Receivables and the Swap Fiduciary Assignments (including all Brazilian recordings, filings and registrations) shall have been duly made, and all financing statements and other instruments relating thereto and to all Collateral and Swap Collateral, as applicable, required pursuant to the Fiduciary Assignment of Receivables and the Swap Fiduciary Assignment shall have been duly executed, delivered and recorded or filed as applicable, or originals thereof shall have been delivered to the parties thereto with appropriate filing instructions, in all such places as may be required by applicable law, or as may be deemed necessary by the Lenders, acting reasonably or on advice of counsel, (i) for the execution, delivery, filing, recording and admissibility into evidence of the Fiduciary Assignment of Receivables and the Swap Fiduciary Assignments and (ii) in order to establish, protect and perfect as of the Disbursement Date, a security interest in the Collateral and Swap Collateral with the priority thereof created or intended to be created under the Fiduciary Assignment of Receivables and the Swap Fiduciary Assignments, respectively, and in each case such recording and filing shall be in full force and effect;

(i) the Lenders shall have received satisfactory evidence that all prior and contemporaneous approvals or consents that are required as of such date in connection with the execution, delivery and performance of any Transaction Document by any Person a party thereto have been obtained and are in full force and effect, including waivers from creditors of the existing Indebtedness instruments of the Obligors, as applicable;

(j) the Administrative Agent and the Lenders shall have received a solvency certificate, substantially in the form of Exhibit C hereto, attesting to the solvency of each Obligor before and after giving effect to the transactions contemplated by the Transaction Documents;

(k) none of the Obligors, nor any of their respective Subsidiaries thereof is party to any action, suit, investigation, litigation or proceeding, pending or, to the knowledge of such Obligor, threatened, before any court, government agency or arbitrator which could reasonably be expected to have a Material Adverse Effect (and the Obligors shall have delivered a certificate to that effect);

(l) there shall not have occurred, as determined by the Majority Lenders, any material adverse change or disruption in (i) Latin America or Brazil or (ii) the primary or secondary loan markets or financial markets for Latin American or Brazilian companies;

(m) the Administrative Agent shall have confirmed that the Borrower has requested using the appropriate Notice of Borrowing from all the Lenders disbursements in an aggregate principal amount equal to the aggregate Commitments of the Lenders; and

(n) the absence of any Material Breach, as defined in the Master Franchise Agreements, except to the extent that any such Material Breach has been waived.

Section 9. Representations and Warranties of the Obligors. Each of the Obligors hereby represents and warrants to the Administrative Agent and the Lenders as of the date of this Agreement and the Disbursement Date (it being understood that any representation and warranty made as of a specific date shall be true and correct only as of such specific date) that:

(a) Each Obligor (i) is duly organized or incorporated and validly existing under the laws of the jurisdiction of its organization or incorporation, (ii) has all requisite power and authority, corporate or otherwise (including, without limitation, all governmental licenses, permits and other approvals), to conduct its business as now conducted, to own, lease and operate its properties, except, in each case, where the failure to do so could not reasonably be expected to result in a Material Adverse Effect and (iii) has all requisite power and authority to execute and deliver and to perform all of its obligations under the Transaction Documents.

(b) The execution, delivery and performance by each Obligor of the Transaction Documents does not and will not (i) violate any provision of (A) any law, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to either Obligor, or any (B) provision of the charter or bylaws of the Obligors, or (ii) result in a breach of or constitute a default under any indenture, loan or credit agreement or any other agreement, lease or instrument to which either Obligor is a party or by which it or its properties may be bound or affected to the extent that such breach or default would reasonably be expected to have a Material Adverse Effect.

(c) (i) The annual audited consolidated financial statements and balance sheets of the Obligors most recently provided to the Lenders, and the related statements of income and retained earnings of the Obligors for the fiscal year ended 2014, copies of which have all been furnished to the Lenders, accompanied by an opinion of the independent public accountants, fairly, in all material respects, present the financial condition of the Obligors as at such date and the business and results of the operations of the Obligors for the period ended on such date, all in accordance with Applicable GAAP; and from December 31, 2014 until the Disbursement Date, there has been no Material Adverse Effect; and (ii) for the fiscal quarters ended as of March 31, 2015, June 30, 2015 and September 30, 2015, unaudited consolidated balance sheet of such Obligor and its Subsidiaries as of the end of each such fiscal quarter and the related consolidated statement of income, the related consolidated statements of cash flows and changes in shareholders' equity for the portion of the fiscal year then ended, in each case setting forth in comparative form, as applicable, the figures for the corresponding fiscal quarter and the corresponding portion of such Obligor's previous fiscal year, fairly, in all material respects, present the financial condition of the Obligors as at each such date and the business and results of the operations of the Obligors for the period ended on each such date, in accordance with generally accepted accounting principles in the Unites States, applied on a consistent basis, subject to the absence of footnotes and to normal year-end adjustments.

(d) There is no pending or, to the knowledge of the applicable Obligor, threatened action, suit, investigation, litigation, or proceeding, including, without limitation, any EHS Action, affecting any Obligor or its assets or any Subsidiary of any Obligor before any court or governmental agency, which (i) could reasonably be expected to have a Material Adverse Effect, (ii) purports to affect the legality, validity or enforceability of any of the Transaction Documents or the consummation of the transactions contemplated thereby or (iii) is not being contested in good faith and by proper proceedings and against which adequate reserves are being maintained to the extent required by the Applicable GAAP.

(e) This Agreement constitutes (and upon execution and delivery thereof, each other Transaction Document will constitute) legal, valid and binding obligations of each Obligor, enforceable against it in accordance with their respective terms thereof; except as may be limited by bankruptcy, insolvency, *recuperação judicial, recuperação extrajudicial falência* or similar laws affecting enforcement creditors' rights generally and as may be limited by equitable principles of general applicability; *provided that*, (i) the signatures of the parties signing Transaction Documents and other documents related hereto outside Brazil, must be notarized by a notary public qualified as such under the laws of the place of signing and the signature of such notary public must be authenticated by a Brazilian consular officer at a competent Brazilian consulate, and (ii) Transaction Documents and the other documents related hereto must be translated into Portuguese by a sworn translator, and (iii) the Transaction Documents are registered with the competent Deeds and Documents Registries in Brazil.

(f) No authorization, consent, approval, license, exemption or filing or registration with any third party or any court or governmental agency or instrumentality is or will be necessary for the valid execution, delivery or performance by the Obligors of the Transaction Documents, except for (i) the prior registration of the financial terms and conditions of this Agreement and each Loan Agreement in the ROF as provided under applicable law; (ii) the registration in the ROF of the respective schedule of payments (*esquema de pagamentos*) of this Agreement and each Loan Agreement, which will enable the Borrower to make remittances from Brazil in the currency in which each Advance is denominated or in which other relevant amounts are payable (the "**Specified Currency**") of (1) the principal of and interest on each Advance and (2) the commissions, costs and expenses in connection with this Agreement and each Loan Agreement; (iii) the further authorization by the Central Bank of Brazil that may be required to enable the Borrower to make payments outside Brazil in the Specified Currency other than scheduled payments of principal, interest, commissions, costs and expenses as contemplated by the ROF; (iv) any necessary amendments or revalidations to the ROF and schedule of payments required to enable the Borrower to make any payment provided for therein; and (v) the registration, with each competent registry, of the Fiduciary Assignment of Receivables and the Swap Fiduciary Assignments and the respective notices and formalities provided for thereunder.

(g) The payment obligations of each Obligor under this Agreement do rank, and upon execution and delivery thereof, the Loan Agreements, the NY Promissory Notes, and the Brazilian Promissory Notes will rank at least *pari passu* in priority of payment and in all other respects with all other unsubordinated and unsecured Indebtedness of the Obligors. There is no lien, security interest or other charge or encumbrance, and no other type of preferential arrangement, upon or with respect to any Collateral or Swap Collateral.

(h) The proceeds of the Advances will be used for the Stated Use; and no part of the proceeds of the Advances will be used for the purpose, whether immediate, incidental or ultimate, of buying or carrying any "margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System. The Borrower, an entity located outside the United States of America, understands that it is the policy of the Board of Governors of the Federal Reserve System of the United States that extensions of credit by international banking facilities, such as the Advances hereunder, may be used only to finance the non-U.S. operations of the Borrower or the Borrower's Affiliates located outside the United States.

(i) Each Obligor has filed and paid and discharged all Taxes and/or Other Taxes, of any nature, imposed upon it by any governmental authority and required to have been paid by it, except to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

(j) No Obligor nor its revenues or properties have any right of immunity from suit, court jurisdiction, attachment prior to judgment, execution of a judgment or from set-off, banker's lien, counterclaim or any other legal process or remedy with respect to their obligations under the Transaction Documents.

(k) Upon execution and delivery thereof, each of the Fiduciary Assignment of Receivables and the Swap Fiduciary Assignment will create valid and enforceable first priority perfected Liens on all of the Collateral and Swap Collateral in favor of the Lenders and the Swap Providers, respectively.

(l) The Obligors are in compliance in all respects with all applicable laws, rules, orders and regulations (including, but not limited to, tax laws, EHS Laws and labor laws) applicable to their business, and obtain and maintain all permits, including EHS Permits, other than where the failure to so be in compliance, make such filings or obtain such authorizations could not reasonably be expected to have a Material Adverse Effect.

(m) The Obligors, on a consolidated basis, immediately after the borrowing: (i) will not (A) be "insolvent," as defined under article 748 of Law n. 5,869 of January 11, 1973, as amended or any equivalent articles that may replace it (in case of Borrower) or used in any applicable law (in case of the Guarantors), (B) be unable (taken as a whole) to pay its debts generally as such debts become due or (C) have an unreasonably small capital to engage in its business, whether current or contemplated.

(n) No Default or Event of Default has occurred and is continuing.

(o) None of the Obligors is required to be registered as an "investment company" under the U.S. Investment Company Act of 1940.

(p) The Obligors and their agents, employees, directors and officers and, to the Obligors' knowledge, their Affiliates and their respective agents, employees, directors and officers, are in compliance in all material respects with all applicable Anti-corruption Laws, all applicable anti-money laundering laws and all applicable Sanctions. Each of the Obligors will not directly or indirectly use the proceeds of the offering contemplated hereby, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other person or entity, in violation of any applicable Anti-corruption Laws.

(q) None of the Obligors, nor their respective agents, employees, directors or officers, or, to the Obligors' knowledge, any Affiliate of the Obligors or their respective agents, employees, directors or officers, is a Sanctioned Person; and each of the Obligors will not directly or indirectly use the proceeds of the offering contemplated hereby, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other person or entity, for the purpose of financing the activities of any Sanctioned Person or in violation of applicable Sanctions.

(r) The Obligors have implemented and maintain in effect policies and procedures reasonably designed to promote compliance by the Obligors, their Subsidiaries and their respective directors, officers, employees and agents with applicable Anti-corruption Laws, anti-money laundering laws and applicable Sanctions, and are not knowingly engaged in any activity that would reasonably be expected to result in any Obligor being designated as a Sanctioned Person.

(s) The Borrower, an entity located outside the United States of America, understands that it is the policy of the Board of Governors of the Federal Reserve System of the United States that extensions of credit by international banking facilities, such as the Advances hereunder, may be used only to finance the non-U.S. operations of the Borrower or the Borrower's Affiliates located outside the United States.

(t) The Master Franchise Agreements constitute legal, valid and binding obligations of the parties thereto until August 2027, enforceable against them in accordance with their respective terms thereof, and do not and will not (i) violate any provision of any law, regulation, order, writ, judgment, injunction, decree, determination or award or (ii) result in a breach of or constitute a default under any indenture, loan or credit agreement or any other agreement, lease or instrument.

(u) The Borrower, the Guarantors and each of their Material Subsidiaries own, or possess the right to use, all of the trademarks, service marks, trade names, copyrights, patents, patent rights, franchises, licenses and other intellectual Property rights that are reasonably necessary for the operation of their respective businesses, without conflict in any material respects with the rights of any other Person. To the best knowledge of the Borrower, the Guarantors and each of their Material Subsidiaries, no slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by the Borrower, the Guarantors or any of their Material Subsidiaries infringes upon any rights held by any other Person, except for any such infringement which, either individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. No claim or litigation regarding any of the foregoing is pending or, to the best knowledge of the Obligors, threatened, which, either individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

(v) The reports, financial statements, certificates and other information furnished by or on behalf of the Obligors to the Lenders in connection with the negotiation of this Agreement or delivered hereunder, taken as a whole, do not contain any untrue statement of a material fact or omits a material fact necessary to make the statement made not misleading; *provided that*, with respect to projected financial information, the Borrower and each Guarantor represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

Each Obligor hereby undertakes to immediately notify the Lenders and the Administrative Agent if any of the representations or warranties in this Section 9 becomes wholly or partially untrue, incomplete or incorrect.

Section 10. Covenants. (a) Affirmative Covenants. So long as any amount shall remain outstanding hereunder or under any other Transaction Document, each Obligor, jointly and severally, and their respective Material Subsidiaries will comply with each of the following affirmative covenants:

(i) Reporting. Furnish to each of the Lenders and the Administrative Agent:

(A) as soon as available and in any event (i) with respect to Arcos Dorados, within ninety (90) days after the end of each of its fiscal years and (ii) with respect to each other Obligor, one hundred and eighty (180) days after the end of each fiscal year of each such Obligor, a consolidated balance sheet of such Obligor and its Subsidiaries as of the end of such fiscal year and the related consolidated statements of income, changes in shareholders' equity, and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all prepared in accordance with Applicable GAAP applied on a consistent basis and certified by independent public accountants of nationally recognized standing;

(B) as soon as available and in any event within ninety (90) days after the end of each of the first three quarters of each fiscal year of each Obligor, a consolidated balance sheet of such Obligor and its Subsidiaries as of the end of such fiscal quarter and the related consolidated statement of income for such fiscal quarter and for the portion of such Obligor's fiscal year then ended, and the related consolidated statements of cash flows and changes in shareholders' equity for the portion of the fiscal year then ended, in each case setting forth in comparative form, as applicable, the figures for the corresponding fiscal quarter and the corresponding portion of such Obligor's previous fiscal year, all in reasonable detail and duly certified (subject to normal year-end adjustments and the absence of footnotes) by the chief financial officer of Arcos Dorados as having been prepared in accordance with generally accepted accounting principles in the Unites States applied on a consistent basis;

(C) concurrently with the delivery of the financial information pursuant to clauses (A) and (B) above, a compliance certificate executed by the chief financial or accounting officer of each Obligor, certifying (i) such Obligor's compliance with each covenant set forth in Sections 10 (c) and (d) and Section 33(e) as of the latest relevant measurement or the date of such certificate, as applicable (which certification shall set forth all information reasonably necessary to make any calculations required to assess compliance with such covenants and shall show such calculations), and (ii) that no Default or Event of Default has occurred and is continuing or, if a Default or Event of Default has occurred and is continuing, specifying the details thereof and any action taken or proposed to be taken with respect thereto. The Administrative Agent shall have no obligation to monitor the Obligor's compliance with financial covenants or monitor or determine the occurrence of any Triggering Event.

(D) promptly upon the Borrower's or any Guarantor's obtaining knowledge of any Default or Event of Default, a certificate of the chief financial officer of the Borrower setting forth the details thereof;

(E) promptly upon any Obligor entering into any Indebtedness in excess of the equivalent of US$40 million, copies of the transaction documents related to such Indebtedness;

(F) from time to time such additional information regarding the financial condition or business of the Obligors and their Material Subsidiaries as the Lenders or the Administrative Agent may reasonably request; *provided that* the Obligors shall not be required to provide pursuant to this section any information that (x) is subject to attorney-client or similar privilege or constitutes attorney work product, (y) is a confidential or proprietary trade secret or (z) is commercially strategic information (as determined in good faith by the Borrower); and

(G) within five (5) Business Days from any Obligor's obtaining knowledge thereof, notice of (i) any breach or non-performance of, or any default under, a contractual obligation of any Obligor or any Material Subsidiary thereof; (ii) the commencement of, or any material development in, any dispute, litigation, investigation, proceeding or suspension between any Obligor or any Material Subsidiary thereof and any Governmental Authority, including relating to tax events and liabilities; (iii) the commencement of, or any material development in, any litigation or proceeding affecting any Obligor or any Material Subsidiary thereof, including pursuant to any applicable EHS Laws, or (iv) any EHS Action commenced or threatened against any of them and of any facts or circumstances which will or are reasonably likely to result in any EHS Action being commenced or threatened against any of them, including an action plan describing all steps that should be taken in order to dismiss such EHS Action or remedy such facts or circumstances and confirming that adequate reserves for such EHS Action whether or not commenced have been made; in each case, only if such event or development has resulted or would reasonably be expected to result in a Material Adverse Effect.

Each notice pursuant to Section 10(a)(i)(D) or (G) shall be accompanied by a statement of the chief financial officer of the Borrower setting forth details of the occurrence referred to therein and stating what action the Borrower and/or the applicable Subsidiary has taken and proposes to take with respect thereto and, if applicable, shall describe with particularity any and all provisions of this Agreement and any other Transaction Document that have been breached.

(ii) Ranking; Priority. Each Obligor will take any and all actions necessary such that its payment obligations hereunder and under the NY Promissory Notes and the Brazilian Promissory Notes shall rank at least *pari passu* in right of payment with all other unsubordinated and unsecured Indebtedness of such Person, as from time to time existing, except as may be limited by bankruptcy, insolvency, *recuperação judicial*, *recuperação extrajudicial, falência* or similar laws affecting enforcement of creditors' rights generally and as may be limited by equitable principles of general applicability

(iii) Books and Records; Inspections. Each Obligor will, and will cause each of its respective Material Subsidiaries to, keep proper books of record and account in which entries that are full, true and correct in all material respects are made of all material dealings and transactions in relation to its business and activities in order to permit the preparation of its financial statements in accordance with Applicable GAAP. Each Obligor will and will cause each of its Material Subsidiaries to, at any reasonable time and from time to time upon reasonable notice, permit the Lenders or any agents or representatives thereof to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, each Obligor and its respective Material Subsidiaries, and to discuss the operations, finances and accounts of each Obligor and its respective Material Subsidiaries with any of their respective officers and with their independent certified public accountants, *provided that* the Obligors and the Material Subsidiaries will not be required to disclose information to Lenders or any agents or representatives thereof that is prohibited by applicable law or is subject to attorney-client or similar privilege or constitutes attorney work product.

(iv) Existence; Compliance with Laws. Each Obligor shall, and shall cause each of its respective Material Subsidiaries to, do or cause to be done all things from time to time necessary to (i) preserve, renew and keep in full force and effect its legal existence, rights (including without limitation all real and intellectual Property rights), privileges, licenses, franchises and any governmental or third party approvals necessary to conduct its business, (ii) maintain in full force and effect all licenses, recordings, registrations, permits, consents or authorizations of, or approvals by, any governmental authority necessary under applicable laws for the making and performance by it and for the validity and enforcement, of the Transaction Documents, (iii) comply in all respects with all applicable laws, rules, orders and regulations (including EHS Laws, labor laws and tax laws); and (iv) comply in all material respects with all applicable anti-money laundering laws, Anti-corruption laws and OFAC related sanctions, except, in the case of clause (iii) where the failure to so comply would not reasonable be expected to have a Material Adverse Effect.

(v) Insurance. Each Obligor will, and will cause each of its respective Material Subsidiaries to, maintain its Property duly insured with reputable insurance companies or associations (in the good faith judgment of management) in such amounts and covering such risks as are usually carried by companies engaged in similar businesses and owning similar properties in similar locations, and, upon the request of the Lenders or the Administrative Agent (but no more than once per fiscal year), promptly furnish to the Lenders or the Administrative Agent copies or other evidence of such insurance policies as may be in effect from time to time; *provided that* notwithstanding the foregoing, none of the Obligors shall be required to obtain or maintain insurance that is more restrictive than their normal course of practice.

(vi) Fiduciary Assignment of Receivables and Swap Fiduciary Assignments. (a) The Obligors will, at their own expense, take all actions that are reasonably necessary and as reasonably requested by the Lenders, to establish, maintain, protect and preserve the Liens purported to be created by the Fiduciary Assignment of Receivables and Swap Fiduciary Assignments, the first priority nature of such Liens and the effectiveness of the powers of attorney granted pursuant to such agreements. Without limiting the generality of the foregoing, the Obligors shall, at their own expense:

(A) take all actions that are necessary to perfect the Liens created pursuant to the Fiduciary Assignment of Receivables and the Swap Fiduciary Assignments on or before the Disbursement Date;

(B) after the execution of the Fiduciary Assignment of Receivables and the Swap Fiduciary Assignments, execute or cause to be executed and file or cause to be filed or register or cause to be registered all such agreements in all places necessary to create, maintain and perfect such security interests;

(C) after the execution of the Fiduciary Assignment of Receivables and the Swap Fiduciary Assignments, do everything necessary in the reasonable judgment of the Lenders and Swap Providers, as applicable, and as required by applicable law to maintain such agreements in full force and effect at all times; and

(D) after the execution of the Fiduciary Assignment of Receivables and the Swap Fiduciary Assignment, ensure that at all times the Lenders, the Swap Providers and the Administrative Agent (on behalf of the Lenders) have a first priority security interest in the Collateral and that the Swap Providers have a first priority security interest in the Swap Collateral, in each case in accordance with the terms thereof.

(vii) Use of Proceeds. The Obligors will ensure that the proceeds of the Advances will be used for the Stated Use in accordance with applicable regulations and that no part of the proceeds will be used for the purpose, whether immediate, incidental or ultimate, of buying or carrying any "margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System.

(viii) Payment of Taxes, Assessments. The Obligors will, and will cause each of their respective Material Subsidiaries to, duly pay and discharge all Taxes, Other Taxes and/or, assessments, of any nature, imposed upon it, prior to the date on which penalties attach thereto: *provided that* such payment and discharge shall not be required so long as (a) the validity or amount thereof shall be contested in good faith by appropriate proceedings and the Obligor shall have set aside on its books adequate reserves with respect thereto in accordance with Applicable GAAP and such contest operates to suspend collection of the contested tax or assessment or (b) the failure to pay or discharge such items could not reasonably be expected to have a Material Adverse Effect.

(ix) Further Actions. Each Obligor shall, to the extent commercially reasonable, at its own cost and expense, satisfy any condition or take any action (including the obtaining or effecting of any necessary consent, approval, authorization, exemption, filing, license, order, recording or registration) at any time required, as may be necessary or (in the reasonable opinion of, and as requested by, the Lenders) advisable (*provided* such request is in compliance with applicable law), in accordance with applicable laws and/or regulations, to be taken, fulfilled or done in order (a) to enable the Obligors to lawfully enter into, exercise its rights and perform and comply with its obligations under the Transaction Documents, and (b) to ensure that the Obligors' obligations under the Transaction Documents are legally binding and enforceable. Notwithstanding anything contained herein to the contrary, the Administrative Agent shall not have any obligation to take action in connection with the conditions or actions contemplated in this Section (including the obtaining or effecting of any necessary consent, approval, authorization, exemption, filing, license, order, recording or registration).

(x) Maintenance of Property. Each Obligor will, and will cause each of its respective Material Subsidiaries to, maintain and keep in good condition, repair and working order (normal wear and tear excepted) all properties used or useful in the conduct of its business and make all necessary repairs, renewals, replacements and improvements thereof, all of which in the reasonable judgment of such Obligor shall be necessary to properly conduct, at all times, its business, except to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

(xi) Know-Your-Customer Documentation. Each Obligor shall deliver to the Administrative Agent, at any time and immediately upon request, documentation in form, scope and substance satisfactory in order to enable the Administrative Agent or the Lenders to carry out all necessary "know your customer" or similar requirements and other information required by bank regulatory authorities.

(xii) Swap Agreements. The Obligors shall enter into and thereafter maintain in full force and effect the Swap Agreements until all amounts owed hereunder with respect to the Advances shall be paid in full.

(xiii) Filing in Brazil. Within 30 (thirty) days from the Disbursement Date, the Borrower shall evidence to the Lenders and the Administrative Agent the registration of the schedule of payments (*esquema de pagamentos*) of this Agreement and each Loan Agreement with the Central Bank.

(xiv) Maintenance of Receivables. If at any time the amount of Receivables is reduced for any reason, the Borrower shall take all actions necessary or required under the Fiduciary Assignment of Receivables and Applicable Law to assign additional Visa and MasterCard debit card and credit card receivables owing to the Borrower (originally not bound by the Fiduciary Assignment of Receivables) in order to restore the amount of Receivables to that in effect on the Disbursement Date, all in accordance with the Fiduciary Assignment of Receivables.

(xv) Applicable GAAP. Each Obligor and its respective Subsidiaries will ensure that its financial statements are prepared in accordance with Applicable GAAP, as in effect from time to time.

(xvi) Performance of Obligations. Each Obligor will pay all amounts owed by it and comply with all its other obligations under the terms of the Transaction Documents.

(xvii) Mandatory Prepayment Upon Asset Sale. Each Obligor shall apply any proceeds from any Real Estate Disposition in accordance with Section 10(b)(i)(l) and, if applicable, Section 3(d).

(xviii) Anti-Corruption Policies. The Obligors will maintain in effect and enforce policies and procedures reasonably designed to promote compliance by the Obligors, their Subsidiaries and their respective directors, officers, employees and agents with Anti-corruption Laws, applicable anti-money laundering laws and applicable Sanctions. The Obligors shall not, and shall not permit any of their Subsidiaries or their respective directors, officers, employees and agents to, use the proceeds of any Advance (A) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anticorruption Laws, (B) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, to the extent such activities, business or transaction would be prohibited by Sanctions if conducted by a corporation incorporated in the United States or in a European Union member state, or (C) in any manner that would result in the violation of any Sanctions applicable to any Party hereto.

(ixx) Additional Guarantors. The Obligors shall notify the Administrative Agent of any additional Person that should become a Guarantor under Section 35 and promptly thereafter (and in any event within five (5) Business Days), cause such Person to (a) become a Guarantor by executing and delivering to the Administrative Agent a joinder agreement, in form and substance satisfactory to the Lenders and the Administrative Agent, joining such Person to this Agreement or such other document as the Lenders and the Administrative Agent shall deem appropriate for such purpose, and (b) deliver to the Lenders and the Administrative Agent documents reasonably requested by it and favorable opinions of counsel to such Person (which shall cover, among other things, the due authorization, legality, validity, binding effect and enforceability of the documentation referred to herein), all in form, content and scope reasonably satisfactory to the Lenders and the Administrative Agent.

(b) Negative Covenants of the Obligors. So long as any amount shall remain outstanding hereunder or any other Transaction Document, each Obligor will not and will not permit any of its Material Subsidiaries to:

(i) Sales of Assets, Etc. Sell, transfer, lease, sale and lease-back, convey or dispose of (in one transaction or in a series of transactions) any of its properties or assets now owned or hereafter acquired by it (each such sale, transfer, lease, conveyance or disposition herein a "**Disposition**"), except for:

(a) Dispositions of inventory (including restaurant equipment) sold, leased or licensed out in the ordinary course of business, motor-vehicles, obsolete, used, worn-out or surplus assets or Property no longer useful to the business of such Person or economically impracticable to maintain;

(b) Dispositions of cash or cash equivalents in the ordinary course of business;

(c) Dispositions of account receivables or participations therein and any related assets, in connection with any Permitted Receivables Financing;

(d) Dispositions of Property subject to or resulting from casualty losses and condemnation proceedings (including in lieu thereof or any similar proceedings);

(e) the entry into of a franchise agreement with a sub-franchisee with respect to a restaurant that was previously operated and/or owned directly by an Obligor or one of its Material Subsidiaries and any Dispositions of any inventory (including restaurant equipment), goodwill and any other asset required to be disposed of in connection with such arrangements;

(f) transactions permitted under Section 10(b)(ii);

(g) Dispositions permitted under Section 10(b)(iii);

(h) Dispositions of investments and accounts receivable in connection with the factoring, collection, settlement or compromise thereof in the ordinary course of business, *provided that* such Dispositions are at Fair Market Value and without recourse against the Obligors or any of their Material Subsidiaries;

(i) Dispositions of receivables and related assets or interests in connection with the compromise, settlement or collection thereof in the ordinary course of business and exclusive of factoring or similar arrangements;

(j) the licensing or sublicensing of intellectual property or other general intangibles, including entering into cross-licensing arrangements, in the ordinary course of business and Dispositions in the ordinary course of business consisting of the abandonment or other disposition of intellectual property which is not material to, or not useful to, the conduct of the business of the Obligors or any of their Material Subsidiaries or no longer economically convenient to maintain;

(k) Dispositions among the Borrower and the Guarantors or Subsidiaries that become Guarantors under the Transaction Documents, *provided that* any Disposition by an Obligor of all or substantially all of its assets or other Property to any Subsidiary that is not a Guarantor that is immediately followed as part of a series of related transactions by another Disposition of such business or Property to a Guarantor or another Person that substantially concurrently shall become a Guarantor shall not constitute a breach of this Section;

(l) real estate Dispositions by any Obligor or any of its respective Subsidiaries (each, a "**Real Estate Disposition**") the proceeds of which cannot exceed US$400 million in the aggregate, so long as (1) the consideration received for such assets shall be in an amount at least equal to the Fair Market Value thereof, (2) such Dispositions are made to a non-Affiliate (unless such Dispositions are on terms and conditions no less favorable than those which might be obtained in a comparable arm's-length transaction at the time from a non-Affiliate and such acquiring Affiliate has become or becomes a Guarantor under the Transaction Documents) and (3) not less than 75% thereof shall be paid in cash (except in cases when consideration for the Disposition is paid in whole or in part through an exchange of assets of similar value to be used in the business of the Obligors, consistent with past practices of Arcos Dorados), *provided that* the proceeds thereof shall be applied as follows:

(A) With respect to proceeds in an amount up to but not exceeding US$200 million in the aggregate, upon five (5) Business Days prior notice to the Lenders and the Administrative Agent, (x) if the Consolidated Net Debt to Consolidated EBITDA Ratio for the most recently ended fiscal quarter is equal to or greater than 2.25 to 1.00, no later than ten (10) Business Days after the receipt of such proceeds (or such longer period as required by law, including any delay to the extent that the Borrower reasonably believes it is aware of any material non-public information or such longer period as may be required by the terms of the indebtedness to be repaid with such proceeds) apply or cause such proceeds to be applied to prepay any outstanding US$-denominated Indebtedness of any Obligor, or (y) if the Consolidated Net Debt to Consolidated EBITDA Ratio for the most recently ended fiscal quarter is below 2.25 to 1.00, apply or cause such proceeds to be applied to (a) no later than ten (10) Business Days after the receipt of such proceeds (or such longer period as required by law, including any delay to the extent that the Borrower reasonably believes it is aware of any material non-public information or such longer period as may be required by the terms of the indebtedness to be repaid with such proceeds) prepay any outstanding Indebtedness of any Obligor or (b) so long as no Default or Event of Default shall have occurred and be continuing, invest such proceeds within one hundred twenty (120) days of receipt thereof in assets of the general type used in the business of the Obligors.

(B) With respect to any proceeds in an amount in excess of US$200 million in the aggregate, upon five (5) Business Days prior notice to the Lenders and the Administrative Agent, (x) if the Consolidated Net Debt to Consolidated EBITDA Ratio for the most recently ended fiscal quarter is equal to or greater than 2.25 to 1.00, no later than ten (10) Business Days after the receipt of such proceeds (or such longer period as required by law, including any delay to the extent that the Borrower reasonably believes it is aware of any material non-public information or such longer period as may be required by the terms of the indebtedness to be repaid with such proceeds) apply or cause such proceeds to be applied to prepay any outstanding US$-denominated Indebtedness (including the Advances) of any Obligor on a *pro rata* basis, or (y) if Consolidated the Net Debt to Consolidated EBITDA Ratio for the most recently ended fiscal quarter is below 2.25 to 1.00, apply or cause such proceeds to be applied to (a) no later than ten (10) Business Days after the receipt of such proceeds (or such longer period as required by law, including any delay to the extent that the Borrower reasonably believes it is aware of any material non-public information or such longer period as may be required by the terms of the indebtedness to be repaid with such proceeds) prepay any outstanding US$-denominated Indebtedness (including the Advances) of any Obligor on a *pro rata* basis or (b) so long as no Default or Event of Default shall have occurred and be continuing, invest such proceeds within one hundred twenty (120) days of receipt thereof in assets of the general type used in the business of the Obligors,

it being understood that the proceeds from Real Estate Dispositions shall be applied in accordance with Sections A and B above in minimum amounts of US$10 million.

(m) any transaction or series of related transactions involving property or assets with a Fair Market Value not in excess of US$3.5 million.

(ii) Mergers Etc. (a) Enter into any merger, consolidation or amalgamation in which (i) the Borrower or a Guarantor is not the surviving entity, or (ii) if any Guarantor merges with the Borrower, the Borrower is not the surviving entity, or (iii) any Person merges, consolidated or amalgamates with and into any Guarantor and (except as set forth in the preceding clause (a)(ii)) the surviving entity is not a Guarantor.

(b) Enter into any merger, consolidation or amalgamation of any Obligor whereby the Consolidated Net Worth of Arcos Dorados less its tangible assets immediately after giving effect to any such transaction would be less than the Consolidated Net Worth of Arcos Dorados less its tangible assets immediately prior to any such transaction.

(iii) Transactions with Affiliates. Enter, directly or indirectly, into any transaction with an Affiliate other than (a) in the ordinary course of business on terms and conditions no less favorable to it than those which might be obtained in a comparable arm's-length transaction at the time from a Person which is not such an Affiliate or (b) if otherwise permitted under this Agreement, *provided that* the provisions of this Section 10(b)(iii) shall not apply to:

(A) Subject to compliance with the provisions of Sections 10(b)(i), (v) and (ix), transactions with or among an Obligor and any Subsidiary or between or among Subsidiaries;

(B) reasonable fees and compensation paid to, and any indemnity provided on behalf of, officers, directors and employees of an Obligor or any Material Subsidiary;

(C) transactions undertaken pursuant to the terms of any agreement or arrangement to which an Obligor or any of its Material Subsidiaries is a party as of or on the Closing Date, as these agreements or arrangements may be amended, modified, supplemented, extended, renewed or replaced from time to time; *provided that* any future amendment, modification, supplement, extension, renewal or replacement entered into after the Closing Date will be permitted to the extent that its terms are not more materially disadvantageous to the Lender than the terms of the agreements or arrangements in effect on the Closing Date;

(D) the entering into of a customary agreement providing registration rights to the shareholders of the Borrower and the performance of such agreements;

(E) transactions or payments, including grants of securities, stock options and similar rights, pursuant to any employee, officer or director compensation or benefit plans or arrangements entered into in the ordinary course of business or approved by an Obligor's Board of Directors in good faith;

(F) any employment agreements entered into by an Obligor or any of its Material Subsidiaries in the ordinary course of business;

(G) sales of accounts receivable, or participations therein, or any related transaction, in connection with any Permitted Receivables Financing;

(H) loans and advances to officers, directors and employees of an Obligor or any Material Subsidiary in the ordinary course of business and not exceeding US$10 million (or the equivalent in other currencies) outstanding at any one time; and

(I) Investments by the Borrower or any of its Subsidiaries permitted under Section 10(b)(ix).

(iv) Liens. Create, assume or suffer to exist any Lien, other than:

(A) Liens pursuant to any Transaction Document;

(B) Liens for Taxes not yet due or which are being contested in good faith and by appropriate proceedings, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with Applicable GAAP;

(C) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business which are not overdue for a period of more than ninety (90) days or which are being contested in good faith and by appropriate proceedings, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with Applicable GAAP;

(D) pledges or deposits in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation, including any Lien securing letters of credit issued in the ordinary course of business consistent with past practice in connection therewith;

(E) Liens incurred or deposits made to secure the performance of tenders, bids, leases, trade contracts and leases (other than indebtedness), statutory obligations, surety and appeal bonds, customs duties, performance bonds, government performance and return-of-money bonds and other obligations of a like nature incurred in the ordinary course of business;

(F) encumbrances, ground leases, easements or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including, without limitation, minor defects or irregularities in title and similar encumbrances) as to the use of real properties or liens incidental to the conduct of the business of the applicable Person or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(G) Liens securing any judgments for the payment of money not constituting an Event of Default so long as any such Lien is adequately bonded and any appropriate legal proceedings which may have been duly initiated for the review of such judgment have not been finally terminated or the period within which such proceeding may be initiated has not expired;

(H) (i) licenses, sublicenses, leases or subleases granted by the Borrower, any Guarantor or any Material Subsidiary to other Persons not materially interfering with the conduct of the business of such Borrower, Guarantor or Material Subsidiary and (ii) any interest or title of a lessor, sublessor or licensor under any lease or license agreement permitted by the Agreement to which the applicable Person is a party;

(I) Liens upon specific items of inventory or other goods and proceeds of the applicable 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;

(J) Liens on patents, trademarks, service marks, trade names, copyrights, technology, know-how and processes to the extent such Liens arise from the granting of license to use such patents, trademarks, service marks, trade names, copyrights, technology, know-how and processes to the applicable Person in the ordinary course of business of such Person or its Subsidiaries;

(K) 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;

(L) Liens encumbering deposits made to secure obligations arising from statutory, regulatory, contractual, or warranty requirements of the applicable person, including rights of offset and set-off;

(M) deposits in the ordinary course of business securing liability for reimbursement obligations of insurance carriers providing insurance to the applicable Person and any Liens thereon;

(N) Liens arising solely by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary institution;

(O) Liens securing the obligations of the applicable Person pursuant to Hedging Obligations;

(P) Liens securing any Indebtedness which is incurred to refinance any Indebtedness which has been secured by a Lien permitted under this Section not incurred pursuant to clause (S) or (U) hereof; *provided that* such new Liens:

(i) are no less favorable to the Lender and are not more favorable to the lienholders with respect to such Liens than the Liens in respect of the Indebtedness being refinanced; and

(ii) do not extend to any Property or assets other than the Property or assets securing the Indebtedness refinanced by such refinancing Indebtedness;

(Q) Liens securing Indebtedness or other obligations of a Subsidiary owing to the Borrower, any Guarantor or another Subsidiary and permitted to be incurred under this Agreement;

(R) Liens securing acquired Indebtedness not incurred in connection with, or in anticipation or contemplation of, the relevant merger, consolidation or amalgamation; *provided that* (i) such Liens secured such acquired Indebtedness at the time of and prior to the incurrence of such acquired Indebtedness by the applicable Person and were not granted in connection with, or in anticipation of the incurrence of such acquired Indebtedness by such Person, and (ii) such Liens do not extend to or cover any Property of the applicable Person other than the Property that secured the acquired Indebtedness prior to the time such Indebtedness became acquired Indebtedness of such Person and are no more favorable to the lienholders than the Liens securing the acquired Indebtedness prior to the incurrence of such acquired Indebtedness by such Person;

(S) purchase money Liens securing purchase money Indebtedness or Capital Lease Obligations incurred to finance the acquisition or leasing of Property of the applicable Person used in the business of the Borrower and its Subsidiaries; *provided that* (i) the related purchase money Indebtedness does not exceed the cost of such Property and will not be secured by any property of the applicable Person other than the Property so acquired and (ii) the Lien securing such Indebtedness will be created within three hundred sixty-five (365) days of such acquisition;

(T) Liens arising under any Permitted Receivables Financing;

(U) Liens on the Capital Stock of any of the Obligors' Subsidiary (other than any Material Subsidiary);

(V) Liens under the CS L/C Documents;

(W) Liens in favor of McDonald's Latin America LLC created pursuant to the McDonald's Security Documents and the McDonald's Mortgages;

(X) the interest of McDonald's Latin America LLC, as franchisor under the Franchise Documents;

(Y) Liens existing on the Closing Date and any extension, renewal or replacement thereof, other than Liens pursuant to any Transaction Document; or

(Z) Liens that together with all other Liens granted by any other Obligor pursuant to this clause (Z) that secure an amount of aggregate Indebtedness of the Obligors outstanding at any one time not to exceed the lesser of (i) US$50 million (or the equivalent in other currencies) or (ii) 7.5% of Consolidated Total Assets.

(v) Restricted Payments. Declare or make: (a) any dividend or distribution (in cash, Property or obligations) on or any other payment or distribution on account of or any payment for or any purchase, redemption, retirement or other acquisition, directly or indirectly of, any ownership interests in any Obligor or (b) any payment (in cash, Property or obligations) with respect to principal or interest on or any other payment or distribution on account of or any payment for, the purchase, redemption, retirement or other acquisition of, intercompany loans to any Affiliate or (c) the setting apart of any money for a sinking or other analogous fund for any of the foregoing, *except*:

(A) dividends paid by a Material Subsidiary to an Obligor;

(B) dividends paid by the Borrower to the Guarantors;

(C) dividends paid by an Obligor or a Material Subsidiary solely in the common stock or other common Equity Interests of such Obligor or Material Subsidiary;

(D) after January 1, 2017, dividends paid by Arcos Dorados to its shareholders (or interest or principal in respect of any intercompany loans paid by the Borrower or a Guarantor to any Affiliate (other than the Obligors)) so long as (x) no Default or Event of Default is continuing and (y) the Consolidated Net Debt to Consolidated EBITDA Ratio for the most recently ended fiscal quarter is below 2.0 to 1.0 (calculated on a *pro forma* basis in order to give effect to the proposed dividend payment or other capital distribution);

(E) payments of principal of or interest on any intercompany loans to any Obligor;

(F) payments of principal of or interest on any intercompany loans to any Affiliate in an amount not exceeding US$10 million in the aggregate over the term of this Agreement; unless concurrently with the making of any such payment, such Affiliate becomes a Guarantor under the Transaction Documents; and

(G) the purchase, redemption or other acquisition, cancellation or retirement by an Obligor or any of its Subsidiaries of any ownership interests in any Obligor held by any present, former or future director, officer, employee, independent contractor or consultant of an Obligor or any of its Subsidiaries or their assigns, estates or heirs, in each case in connection with the repurchase provisions under employee stock option or stock purchase agreements, equity cancellation programs or other agreements entered into to compensate directors, officers, employees, independent contractors or consultants.

(vi) Conduct of Business. Perform any action or engage in any transaction or operation outside of its stated corporate purpose or that is not in accordance with its bylaws or the Transaction Documents.

(vii) Accounting Changes. Each Obligor shall not make or permit, nor shall it permit any of its Subsidiaries to make or permit, any change in accounting policies or reporting practices, except as required or permitted by Applicable GAAP.

(viii) Amendments or Waivers of Organizational Documents. Each Obligor shall not agree to any amendment, restatement, supplement or other modification to, or waiver of, any of its organizational documents which would materially adversely affect the rights of the Lenders under this Agreement or the other Transaction Documents.

(ix) Investments. Each Obligor shall not, nor shall it permit any of its Material Subsidiaries to, make or hold any Investment, except:

(A) Investments (including investments in the Capital Stock of any Material Subsidiary) outstanding on the date hereof;

(B) cash and cash equivalents;

(C) advances to officers, directors and employees of the Obligors made in the ordinary course of business;

(D) Investments by any Obligor in any other Obligor;

(E) Investments by the Obligors in a Subsidiary or a Person that upon the making of such Investment would become a Subsidiary (other than the Obligors) of the Obligors in an aggregate amount not exceeding US$2 million in the aggregate over the term of this Agreement; unless prior to or concurrently with the making of any such Investment, such Subsidiary becomes a Guarantor under the Transaction Documents;

(F) Investments of any Material Subsidiary in an Obligor;

(G) Investments received in connection with a permitted Disposition of assets;

(H) Investments permitted under Section 10(b)(ii);

(I) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business, and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss;

(J) The purchase or other acquisition of the Capital Stock of any Person that, upon the consummation thereof, will become a Guarantor; and

(K) Investments by the Obligors and their respective Material Subsidiaries not otherwise permitted under this section in an aggregate amount not to exceed U.S. $2 million (or the equivalent thereof) during the term of this Agreement.

(c) Financial Covenants of the Borrower. So long as any amount shall remain outstanding hereunder or under any other Transaction Document, the Borrower will comply with the following financial covenant:

(i) **Adjusted Net Debt to EBITDA Ratio**. Maintain an Adjusted Net Debt to EBITDA Ratio lower than 2.0 to 1.0, as of the last day of any fiscal quarter (in each case with respect to the period of four fiscal quarters ending on such day).

(d) Financial Covenants of Arcos Dorados. So long as any amount shall remain outstanding hereunder or under any other Transaction Document, Arcos Dorados will comply with the following financial covenants:

(i) **Consolidated Net Debt to Consolidated EBITDA Ratio**. Maintain a Consolidated Net Debt to Consolidated EBITDA Ratio as of the last day of any fiscal quarter (in each case with respect to the period of four fiscal quarters ending on such day) as set forth below:

(A) lower than 3.5 to 1.0 as of the last day of the fiscal quarters ended March 31, and June 30, 2016;

(B) lower than 3.25 to 1.0 as of the last day of the fiscal quarter ended September 30, 2016;

(C) lower than 3.0 to 1.0 as of the last day of the fiscal quarter ended December 31, 2016 and thereafter.

(ii) **Consolidated EBITDA to Consolidated Interest Expense Ratio**. Maintain a Consolidated EBITDA to Consolidated Interest Expense Ratio greater than 2.5 to 1.0 as of the last day of any fiscal quarter (in each case with respect to the period of four fiscal quarters ending on such day).

Section 11. Events of Default. If any of the following events (each an "**Event of Default**") shall occur and be continuing:

(a) The Obligors shall fail to (i) pay any principal or any portion thereof of any Advance when due (whether at stated maturity, by acceleration, mandatory prepayment or otherwise) in accordance with the terms hereof or (ii) pay any interest or any portion thereof, payable under any Transaction Document within one (1) Business Day after any such amount becomes due in accordance with the terms thereof; or (iii) pay any fee or any other amount, or any portion thereof, payable under any Transaction Document within three (3) Business Days after any such amount becomes due in accordance with the terms thereof; or

(b) Any representation, warranty, certification or statement made by any Obligor in any Transaction Document (including, without limitation, any representation or warranty made under Section 9 hereof), or in any certificate delivered pursuant thereto or in connection therewith, shall have been incorrect in any material respect on the date it was made; or

(c) Any Obligor shall fail to perform, comply with or observe any other term, covenant or agreement contained in (i) this Agreement (except for the covenants set forth in Sections 10 and 35 of this Agreement, to which no cure periods shall apply) and such failure continues unremedied for a period of thirty (30) days after written notice thereof from the Administrative Agent (acting at the direction of the Majority Lenders) or (ii) any other Transaction Document required to be performed, complied with or observed by it and (except for the covenants set forth in Section 1.7 of the Fiduciary Assignment of Receivables, the covenants set forth in Sections 3.2.2, 3.2.2.1, 3.3, 4.1, 4.4, 4.6, 5.1, 5.2, 5.3, 5.4, 5.5, and 9.1 of Annex I to the Fiduciary Assignment of Receivables, and the covenants set forth in Sections 3.1, 3.5, 3.6, 7.1 and 11.1 of the Swap Fiduciary Assignments, to which no cure periods shall apply) and such failure shall continue unremedied for the lesser of (x) any cure period provided in such other Transaction Document, and (y) a period of thirty (30) days after written notice thereof from the Administrative Agent (acting at the direction of the Majority Lenders); or

(d) Any Obligor or any of its Material Subsidiaries shall (i) fail to make any payment or observe or perform any other agreement or condition relating to any Indebtedness (other than Indebtedness owing to any Lender hereto or any of its Affiliates) or guaranty obligation having an aggregate principal amount (including amounts owing to all creditors under any combined or syndicated credit arrangement) in an aggregate principal amount exceeding US$40 million (or the equivalent) when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise); or (ii) fail to observe or perform any other agreement or condition relating to any such Indebtedness or guaranty obligation or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur, the effect of which default or other event is to cause, or to permit the holder or holders of such Indebtedness or beneficiary or beneficiaries of such guaranty obligation (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness to be demanded or become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity, or such guaranty obligation to become payable or cash collateral in respect thereof to be demanded; or

(e) Any Obligor or any of its Material Subsidiaries shall fail to perform any obligation or pay any principal of, premium or interest on or any other amount payable in respect of any Indebtedness owing to any Lender or any of its Affiliates; *provided that* if such failure relates to any Indebtedness in an aggregate principal amount not exceeding US$100,000 (or the equivalent) such failure shall continue unremedied for a period of two (2) Business Days after such failure (unless such Indebtedness is accelerated, in which case no cure period shall apply); or

(f) Any Transaction Document shall, at any time and for any reason, cease to be in full force and effect or shall be declared to be null and void, or the validity or enforceability thereof shall be contested by the any Obligor, or any Obligor shall deny that it has any or further liability or obligation hereunder or thereunder; or

(g) Any provision of any guarantee, aval, mortgage, pledge, Lien, security agreement or other document or agreement executed (whether as a condition precedent to this Agreement or subsequent hereto) to guarantee or secure the performance by any Obligor of any of its obligations under the Transaction Documents shall for any reason become unlawful, cease to be in full force and effect or shall be declared to be null and void, or the validity or enforceability thereof shall be contested by the Person or entity executing such document or agreement, or such Person or entity (or such Obligor) shall deny any or further liability or obligation hereunder or thereunder; or the Collateral under the Fiduciary Assignment of Receivables or the Swap Collateral under the Swap Fiduciary Assignments shall at any time cease to constitute valid and fully perfected Liens granting a first priority security interest in the Collateral and Swap Collateral and (ii) any of the Fiduciary Assignment of Receivables or the Swap Fiduciary Assignments shall at any time for any reason cease to be valid and binding or in full force and effect; or

(h) Any of the Obligors and any of its Material Subsidiaries shall be adjudicated bankrupt or insolvent, or is unable, or shall admit in writing that it is unable, to pay its debts as they mature, or shall make any assignment for the benefit of creditors; or any Obligor or any of its Material Subsidiaries shall institute (by petition, application, answer, consent or otherwise) any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, winding-up, liquidation or similar proceeding relating to it under the laws of any jurisdiction, or any such proceeding or a proceeding seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its Property shall be instituted (by petition, application or otherwise) against any Obligor or any of its Material Subsidiaries and in either case shall remain undismissed for a period of thirty (30) days; or any judgment, writ, warrant of attachment of execution or similar process shall be issued or levied against a substantial part of the Property of any Obligor or any of its Material

Subsidiaries and such judgment, writ, or similar process shall not be released, vacated or fully bonded within thirty (30) days after its issue or levy; or

(i) Any other event shall occur which under any applicable law would have an effect analogous to any of those events listed in Section 11(h) above, including, but not limited to, *protestos* in an aggregate amount exceeding R$5 million*, recuperação judicial, recuperação extrajudicial* or *falência* under Brazilian law and such event shall remain undismissed for a period of thirty (30) days; or

(j) A Change of Control shall have occurred; or

(k) Any judgment or order for the payment of money in an aggregate amount equal to or greater than US$40 million (or equivalent) (to the extent not covered by insurance as to which the insurer has not denied coverage) shall be rendered against any Obligor or any of its Material Subsidiaries (to the extent not paid in full within any applicable period for payment), and there shall be any period of thirty (30) consecutive days during which a stay of enforcement of such judgment or order shall not be in effect; or

(l) (i) If the Master Franchise Agreements are or become invalid, illegal, unenforceable or terminated prior to the Maturity Date; or (ii) any Material Breach under the Master Franchise Agreements occurs, unless cured or waived within the respective cure period, if any, under the Master Franchise Agreements or, if no cure period is applicable, unless (x) the Borrower is diligently pursuing the required waiver and (y) such waiver is obtained within forty-five (45) days after the date of the occurrence of such Material Breach; *provided that,* in respect of any other Indebtedness incurred by any Obligor after the date of this Agreement, if the terms and conditions of such Indebtedness provide for a waiver or cure period in respect of any Material Breach under the Master Franchise Agreements that is less than forty-five (45) days (the "**Revised Cure Period**"), then such Revised Cure Period shall automatically apply to this Agreement; or

(m) There shall have occurred either (i) two Triggering Events of the type described in Section 33(e)(i) within any six-month period (irrespective of the cure of the first Triggering Event) or (ii) two Triggering Events of the type described in Section 33(e)(ii) within any twelvemonth period (irrespective of the cure of the first Triggering Event) and the Borrower shall fail to cure the second Triggering Event (without giving effect to the cure period of thirty (30) days set forth in Section 33(f)) under either (i) or (ii) above within three (3) Business Days after written notice thereof from the Administrative Agent (at the direction of the Majority Lenders); or

(n) The Collateral Coverage Ratio shall be lower than 1.00 to 1.00 and the Borrower fails to remedy such shortage within three (3) Business Days after written notice thereof from the Administrative Agent (acting at the direction of the Majority Lenders) in accordance with Section 33(f);

then, subject to the rights to be performed according to the Fiduciary Assignment of Receivables and Section 33 of this Agreement, in any such event, the Administrative Agent may and, upon instructions by the Majority Lenders, shall, by notice to the Borrower declare the Advances, the NY Promissory Notes, the Brazilian Promissory Notes, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Obligors shall be obligated forthwith to make payment of the Advances, the NY Promissory Notes, the Brazilian Promissory Notes, all such interest and all such amounts without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Obligors; *provided, however,* that in the event of an actual or deemed entry of an order for relief with respect to the Borrower under Section 11(h), the Lenders' obligation to make any Advance shall automatically be terminated and the NY Promissory Notes and the Brazilian Promissory Notes and all amounts payable under the Transaction Documents shall automatically become immediately due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower and the Guarantors.

Section 12. Amendments, Etc. No amendment, modification, termination or waiver of any provision of this Agreement or any Transaction Documents (other than the Loan Agreements), and no consent to any departure by any Obligor therefrom, shall in any event be effective unless the same shall be in writing and signed by the Majority Lenders and the Administrative Agent, and then such agreement, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No notice to or demand on any Obligor, in any case, shall entitle any Obligor to any other or further notice or demand in similar or other circumstances. Notwithstanding the foregoing, no such agreement, waiver or consent shall:

(a) waive or amend any condition set forth in Section 8 without the written consent of each Lender;

(b) postpone any scheduled date of payment of the principal amount of any Advances or any date for the payment of any other amount payable under this Agreement, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any such payment, without the written consent of each Lender directly affected thereby;

(c) change the provisions of Section 5(d) or Section 32, or in the definition of "Proportionate Share", in a manner that would alter the manner in which payments are shared, without the written consent of each Lender;

(d) release any Guarantor from its obligation under its Guaranty hereunder without the written consent of each Lender;

(e) except as provided in the Fiduciary Assignment of Receivables, release any of the Liens on the Collateral, without the written consent of each Lender; or

(f) change any of the provisions of this Section or the definition of "Majority Lenders" or any other provision of any Transaction Document specifying the number or percentage of Lenders required to waive, amend or modify any rights thereunder or make any determination or grant any consent thereunder, without the written consent of each Lender;

provided that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent hereunder without the prior written consent of the Administrative Agent, as the case may be.

Section 13. No Waiver; Remedies. No failure on the part of the Lenders or the Administrative Agent to exercise, and no delay in exercising, any right, power or remedy hereunder, and no course of dealing between any Obligor and the Lenders, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Section 14. Judgment Currency. (a) If for the purposes of obtaining judgment in any court it is necessary to convert a sum due hereunder in U.S. Dollars into another currency, the parties hereto agree, to the fullest extent permitted by law, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Lenders could purchase U.S. Dollars with such other currency on the Business Day preceding that on which final judgment is given.

(b) The obligation of the Obligors in respect of any sum due from it to the Lender hereunder or under the NY Promissory Notes and the Brazilian Promissory Notes shall, notwithstanding any judgment in currency other than U.S. Dollars, be discharged only to the extent that on the Business Day following receipt by the Lenders of any sum adjudged to be so due in such other currency the Lenders may in accordance with normal banking procedures purchase U.S. Dollars with such other currency; if the U.S. Dollars so purchased are less than the sum originally due to the Lenders in U.S. Dollars, the Obligors agree, as a separate obligation and notwithstanding any such judgment, to indemnify, jointly and severally, the Lenders against such loss, and if the U.S. Dollars so purchased exceed the sum originally due to the Lenders in U.S. Dollars, the Lenders agrees to remit to the relevant Obligor such excess.

Section 15. Consent to Jurisdiction; Waiver of Immunities. (a) This Agreement shall be deemed to have been made in New York County, New York. The Obligors and the Lenders hereby irrevocably submit to the non-exclusive jurisdiction of any New York State or Federal court sitting in New York City in any action or proceeding arising out of or relating to this Agreement and the Obligors hereby irrevocably agree that all claims in respect of such action or proceeding may be heard and determined in such New York State or Federal court. The Obligors hereby irrevocably waive, to the fullest extent it may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding. The Obligors hereby irrevocably appoint NATIONAL REGISTERED AGENTS, INC. (the "**Process Agent**"), with an office on the date hereof at 875 Avenue of the Americas, Suite 501, New York, New York 10001, as their agent and attorney-in-fact with special powers to receive on behalf of such Obligor and its Property, as applicable, service of copies of the summons and complaint (including any *citação inicial*) and any other process which may be served in any such action or proceeding. Such service may be made by mailing or delivering a copy of such process to the relevant Obligor in care of the Process Agent at the Process Agent's above address, and the Obligors hereby irrevocably authorize and direct the Process Agent to accept such service on its behalf. The Obligors acknowledge and agree that the irrevocability of the appointment of the Process Agent is a condition of this Agreement and of the Advances. As an alternative method of service, the Obligors also irrevocably consent to the service of any and all process in any such action or proceeding by the mailing of copies of such process to such Obligor at its address specified in Section 36 hereof. The Obligors shall issue an appointment letter in the format satisfactory to the Lenders ("**Appointment Letter**") whereby such Obligors shall formally appoint the Process Agent per the terms of this Agreement. The Obligors agree that nothing in this Agreement shall affect the Lenders' right to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against each Obligor in any other jurisdiction. The Obligors agree that a final judgment against any of them in any such action or proceeding shall be conclusive and may be enforced in other jurisdiction within or outside the United States by suit on the judgment, a certified copy of which shall be conclusive evidence of the judgment, or in any other manner provided by law.

(b) Nothing in this Section 15 shall affect the right of the Lenders to serve legal process in any other manner permitted by law or affect the right of the Lenders to bring any action or proceeding against any Obligor or its properties in the courts of any other jurisdictions.

(c) To the extent that any Obligor has acquired or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its Property, the Obligors hereby irrevocably waive such immunity in respect of their obligations under this Agreement, the NY Promissory Notes and the Brazilian Promissory Notes.

Section 16. Governing Law. (a) This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, United States.

(b) For purposes solely of Article 9 of Brazilian Decree Law No. 4.657 dated September 4, 1942, the transactions contemplated hereby have been proposed to the Borrower by the Lenders.

Section 17. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO A JURY TRIAL IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF THE OTHER PARTY IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT THEREOF.

Section 18. Right of Setoff. Upon the occurrence and during the continuance of any Default, the Lenders and each of their Affiliates are hereby irrevocably and unconditionally authorized at any time and from time to time during the term of this Agreement and until all amounts due under this Agreement have been paid in full to the Lenders, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other Indebtedness at any time owing by the Lenders (or any other branch, Affiliate or Subsidiary thereof) to or for the credit or the account of the

Borrower or the Guarantors against any and all of the obligations of the Borrower or the Guarantors now or hereafter existing under the Transaction Documents delivered hereunder, irrespective of whether the Lenders shall have made any demand under this Agreement, the NY Promissory Notes, the Brazilian Promissory Notes and whether such obligations may be unmatured. The Lenders agree promptly to notify the Borrower or the Guarantors, as applicable, after any such setoff and application; *provided that* the failure to give such notice shall not affect the validity of such setoff and application. The rights of the Lenders under this Section 18 are in addition to other rights and remedies (including, without limitation, other rights of setoff) which the Lenders and their Affiliates may have.

Section 19. Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the Obligors and the Lenders and their respective successors and assigns, except that the Obligors shall not have the right to assign their rights or obligations hereunder or any interest herein without the prior written consent of the Lenders. Upon execution and delivery of an Assignment and Assumption Certificate substantially in the form of Exhibit F hereto (or such other document satisfactory to the Administrative Agent) by a Lender and its assignee, such Lender may at any time (i) grant to any other Person participating interests in all or any part of its rights and obligations hereunder in the case of this clause (i) without notice to, or consent of, the Borrower or any other Party hereto; or (ii) assign all or any part of its rights and obligations hereunder to any other Person (other than a natural person), with the Borrower's prior written consent, which consent shall be deemed granted if the Borrower fails to respond to a written request for its consent within five (5) Business Days (*provided that* such consent (x) shall not be unreasonably withheld or delayed and (y) shall not be required with respect to (A) any assignment to any Affiliate of the Lenders, *provided that* such assignment shall not increase or create additional costs or obligations to the Obligors or (B) any assignment made following the occurrence and during the continuance of any Default or Event of Default), *provided that* for (A) and (B) the assigning Lender shall notify the Borrower as soon as practicable after such assignment. In connection with such assignment or participation, the assignor may transfer to the assignee or participant, as applicable thereof such information concerning the Obligors as the said assignee or participant may reasonably require (unless and to the extent expressly prohibited by applicable law). To the extent of such assignment, such assignee shall have the same rights and benefits against the Obligors as it would have had if it were the respective assigning Lender hereunder. To the extent of such participation, such participant shall be entitled to the benefits of Sections 6 and 7, as if (and to the extent it complies with such provisions as if) it were its respective participating Lender hereunder. In order to make effective and upon any assignment by any Lender of all or a portion of its rights and obligations under the Agreement, the NY Promissory Note and the Brazilian Promissory Note issued in favor of the assigning Lender shall be substituted and replaced with a new note issued to the assignee or, in the case of partial assignments, with new notes issued to the respective Lender and the assignee in accordance with their respective proportion of rights, which new note shall state (or incorporate by reference) the name, address, interest in the Advances and stated interest owing to such assignee.

Section 20. Transfer of Information. The Obligors hereby authorize the Lenders to transfer to any potential assignee or participant or any other branch, Affiliate or Subsidiary, regardless of location, such information about the Obligors as the Lenders may acquire or come to acquire, including without limitation information concerning the credit relationship between the Lenders and any Obligor.

Section 21. Waiver of Consequential Damages. Neither the Lenders nor the Administrative Agent nor any of their Affiliates or partners thereof shall have any liability with respect to, and the Obligors hereby, to the fullest extent permitted by applicable laws, waive, release and agree not to sue upon, any claim for any special, indirect, punitive, exemplary or consequential damages suffered by any Obligor in connection with, arising out of, or in any way related to this Agreement, the Transaction Documents or any other related documents or the transactions contemplated hereby or thereby or the relationship established by this Agreement or any other related documents or any act, omission or event occurring in connection therewith. The foregoing waiver and release shall not be deemed to apply to direct compensatory damages.

Section 22. Indemnification. The Obligors, jointly and severally, hereby agree to indemnify, protect, save and keep harmless each Lender and the Administrative Agent and each of their respective officers, directors, shareholders, employees, Affiliates, successors, assigns, agents and servants (each, an "**Indemnified Party**") from and against, and to pay to the respective Lender and the Administrative Agent promptly upon demand the amount of, any and all liabilities, obligations, losses, damages, penalties, injunctions, judgments, claims, actions, suits, costs, expenses or disbursements of any kind or nature whatsoever (including reasonable counsel fees) that may be imposed on, incurred by or asserted against any Indemnified Party in any way relating to or arising out, in connection with, or as a result of (i) the execution or delivery of this Agreement or any other Transaction Document, or (ii) the actual or alleged presence of hazardous materials on any property of the Borrower or any of the Guarantors or any EHS Action relating in any way to the Borrower or any of the Guarantors or (iii) any action taken or omitted by such Indemnified Party under this Agreement or any other Transaction Document, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by any Obligor or any other party, and regardless of whether any Indemnified Party is a party thereto, *provided, however*, that the Obligors shall not be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the gross negligence, bad faith or willful misconduct of such Indemnified Party as found in a final, non-appealable judgment by a court of competent jurisdiction. The Obligors also agree not to assert any claim against the Lenders or the Administrative Agent, any of their respective Affiliates, or any of their officers, directors, shareholders, employees, attorneys and agents, on any theory of liability, for special, indirect, consequential or punitive damages arising out of or otherwise relating to the this Agreement, any Transaction Document, any of the transactions contemplated hereby.

Section 23. Further Assurances. The Obligors hereby agree to execute and deliver, at the request of the Lenders or the Administrative Agent, such additional documentation as may be requested from time to time by the Lenders to evidence their respective obligations hereunder and to fully effect the purposes of the Transaction Documents.

Section 24. Costs and Expenses. (a) The Obligors shall pay all reasonable and documented costs and expenses, if any (including, but not limited to, legal fees of one primary counsel in Brazil and one primary counsel in the United States, agents' costs and all other costs related therewith) incurred by the Lenders and the Administrative Agent in connection with the execution, delivery, administration, amendment and enforcement of the Transaction Documents and the instruments and documents to be delivered hereunder. Costs shall also include those related to registration and perfection of the Collateral and the Swap Collateral.

(b) The Administrative Agent shall be entitled to the compensation to be agreed upon in writing with the Obligors, jointly and severally, for all services rendered by it under this Agreement and the Transaction Documents, and the Obligors jointly and severally, agree promptly to pay such compensation and to reimburse the Administrative Agent for its out-of-pocket expenses (including fees and expenses of counsel) incurred by it in connection with the services rendered by it under this Agreement and the Transaction Documents.

Section 25. Severability of Provisions. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction, shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 26. Confidentiality. Each Lender and the Administrative Agent agree to hold all Confidential Information obtained pursuant to the provisions of this Agreement in accordance with its customary procedure for handling such information of this nature and in accordance with safe and sound banking practices; *provided that* nothing herein shall prevent the Lender or the Administrative Agent from disclosing and/or transferring such Confidential Information (i) upon the order of any court or administrative agency or otherwise to the extent required by statute, rule, regulation or judicial process, (ii) to bank examiners or upon the request or demand of any other regulatory agency or authority, (iii) which had been publicly disclosed other than as a result of a disclosure by the Lender or the Administrative Agent prohibited by this Agreement, (iv) in connection with any litigation to which the Lender or the Administrative Agent is a party, or in connection with the exercise of any remedy hereunder or under this Agreement, (v) to the Lender's or the Administrative Agent's legal counsel and independent auditors and accountants, (vi) to the Lender's or the Administrative Agent's branches, subsidiaries, representative offices, Affiliates and agents and third parties selected by any of the foregoing entities, wherever situated, for confidential use (including in connection with the provision of any service and for data processing, statistical and risk analysis purposes), and (vii) subject to provisions substantially similar to those contained in this Section 26, to any actual or proposed participant or assignee.

Section 27. Survival. Without prejudice to the survival of any other agreement of the Obligors hereunder, the agreements and obligations of the Obligors contained in Section 7, Section 22 and Section 31 shall survive the payment in full of principal and interest hereunder and under any instrument delivered hereunder.

Section 28. Patriot Act. Each Lender hereby notifies the Obligors that pursuant to the requirements of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. 107-56, signed into law October 26, 2001, as amended from time to time (the "**Patriot Act**"), it is required to obtain, verify and record information that identifies the Obligors, which information includes the name and address of the Obligors and other information that will allow each Lender to identify the Obligors in accordance with the Patriot Act. The Borrower shall, and shall cause the Guarantors and each of its Subsidiaries to, provide such information and take such actions as are reasonably requested by the Lenders or the Administrative Agent in order to assist the Lenders or the Administrative Agent in maintaining compliance with the Patriot Act.

Section 29. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by e-mail shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 30. Headings Descriptive; Entire Agreement. The headings of the several sections and subsections of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement. This Agreement and the other Transaction Documents and the other agreements or documents specifically referred to herein constitute the entire agreement among the parties hereto and thereto regarding the subject matter hereof and thereof and supersede all prior agreements, representations and understandings relating to such subject matter.

Section 31. Administrative Agent.

(a) Appointment and Authority Each of the Lenders hereby irrevocably appoint the Administrative Agent to act on their behalf hereunder and authorize the Administrative Agent to take such actions on their behalf and to exercise such powers as are delegated to the Administrative Agent by the terms of the Transaction Documents, together with such actions and powers as are reasonably incidental thereto. The provisions of this Section 31 are solely for the benefit of the Administrative Agent and the Lenders, and neither the Borrower nor the Guarantors shall have any rights as a third party beneficiary of any of such provisions.

(b) Duties of Administrative Agent; Exculpatory Provisions. The duties of the Administrative Agent are solely administrative and ministerial in nature. The Administrative Agent shall not have any duties or obligations except those expressly set forth herein, and no implied covenants or obligations shall be read into this Agreement against the Administrative Agent. In acting under this Agreement and the Transaction Documents, the Administrative Agent does not assume any obligation towards, or any relationship of agency or trust for or with, the Borrower, the Guarantors, the Lenders or any other Person.

Without limiting the generality of the foregoing, the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, but shall be required to act or refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the written direction of the Lenders, or any party designated in writing by either one to provide instructions on its behalf, *provided that* the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent or any of its Affiliates to liability or that is contrary to applicable law. The Administrative Agent shall not be liable for any action taken or not taken by it in the absence of its own gross negligence or willful misconduct.

None of the Administrative Agent nor any Affiliate thereof shall be responsible for or have any duty to ascertain or inquire into, except, in each case, with respect to its own express obligations for the following, (i) any statement, warranty, representation or other information made or supplied in or in connection with this Agreement, (ii) the contents of any certificate, report or other document delivered hereunder or in connection herewith or the adequacy, accuracy and/or completeness of the information contained herein, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or the occurrence of any Event of Default, or (iv) the validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement, instrument or document. The Administrative Agent shall not be deemed to have knowledge of any Event of Default or of the event or events that give or may give rise to any Event of Default unless and until the Administrative Agent shall have received written notice from the Borrower or the Lenders in accordance with the terms hereof describing such Event of Default and such event or events. Notwithstanding anything contained herein to the contrary, the Administrative Agent shall not have any obligation and, in the absence of gross negligence, bad faith or willful misconduct, shall not incur any liability for its failure to take action related to or arising from the occurrence of an Event of Default.

Nothing in this Agreement shall require the Administrative Agent, its Affiliates or any of their respective managers, administrators, trustees, partners, directors, officers, employees, agents, fund managers and advisors to monitor, process, file, record or in any way administer or safeguard the Collateral, Swap Collateral, NY Promissory Notes or the Brazilian Promissory Notes or any funds related thereto or resulting from the foreclosure thereof.

Nothing in this Agreement shall require the Administrative Agent, its Affiliates or any of its or its Affiliates' respective managers, administrators, trustees, partners, directors, officers, employees, agents, fund managers and advisors to carry out any "know your customer" or other checks in relation to any Person on behalf of the Lenders and each Lender confirms to the Administrative Agent that such Lender is solely responsible for any such checks the Lender is required to carry out and that the Lender may not rely on any statement in relation to such checks made by the Administrative Agent, its Affiliates or any of its or its Affiliates' respective managers, administrators, trustees, partners, directors, officers, employees, agents, fund managers and advisors.

(c) Reliance by Administrative Agent. The Administrative Agent may conclusively rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it in good faith to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent may consult with legal counsel, independent accountants and other experts and agents selected by the Administrative Agent, and shall be entitled to rely upon, and shall not be liable for any action taken or not taken by it in accordance with, the advice of any such counsel, accountants or experts or agents. Before the Administrative Agent acts or refrains from acting, it may require instruction, an officer's certificate or an opinion of counsel or any combination of the foregoing to be provided by or on behalf of the Borrower or the Lenders and the Administrative Agent shall not be liable for any action it takes or omits to take in good faith in reliance on such instruction, officer's certificate or opinion of counsel. The Administrative Agent may, at the expense of the Borrower, consult with counsel and the written advice of such counsel or any opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(d) Resignation of Administrative Agent. Subject to the appointment and acceptance of a successor Administrative Agent as provided below, the Administrative Agent may resign at any time by giving at least thirty (30) Business Days' notice thereof to the Lenders and the Borrower, unless the Lenders and the Borrower each consent to a shorter time. The Administrative Agent may be removed at any time with or without cause by written notice to the Administrative Agent by the Majority Lenders. Upon any such resignation or removal, the Majority Lenders shall have the right to appoint a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed and shall have accepted such appointment within thirty (30) days after the retiring or removed Administrative Agent's giving of notice of resignation or the Majority Lenders' notice to remove an existing Administrative Agent, then such Administrative Agent may, on behalf of the Lenders and at the expense of the Borrower, appoint an Administrative Agent to succeed itself, which shall be a bank domiciled in a G-7 Country or Switzerland that has a combined capital and surplus of at least US$100 million (or its equivalent in any other currency), or, at the expense of the Borrower, petition any court of competent jurisdiction for the appointment of a successor Administrative Agent. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor, such successor shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the replaced Administrative Agent, and the replaced Administrative Agent shall be discharged from its duties and obligations hereunder.

(e) Risk of Administrative Agent's Funds. None of the provisions contained in this Agreement shall require the Administrative Agent to expend, advance or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there shall be reasonable ground for believing that the repayment of such funds or adequate indemnity against such liability is not satisfactorily assured to it. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement if, in connection with the taking of any such action, it shall not first be indemnified to its satisfaction against any and all risk of nonpayment, liability and expense that may be incurred by it, its agents or its counsel by reason of taking or continuing to take any such action.

(f) Appointment of Administrative Agent/Attorneys. The Administrative Agent may execute any of its duties and obligations hereunder either directly or by or through agents or attorneys and, with respect to any such agents or attorneys appointed by the Administrative Agent. The Administrative Agent shall not be responsible for any negligence or willful misconduct on the part of any such agent or attorney appointed in good faith and with due care by it hereunder.

(g) Incumbency Certificate/Specimen Signatures. The Administrative Agent may at any time request, and the Borrower, the Guarantors and/or the Lenders shall deliver, an officer's certificate setting forth the specimen signatures and the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Agreement, which officer's certificate may be signed by any Person authorized to sign an officer's certificate, including any Person specified as so authorized in any such certificate previously delivered and not superseded.

(h) Force Majeure. Notwithstanding any provision herein to the contrary, in no event shall the Administrative Agent be liable for any failure or delay in the performance of its obligations under this Agreement because of circumstances beyond its control, including, but not limited to, acts of God, flood, war (whether declared or undeclared), terrorism, fire, riot, strikes or work stoppages for any reason, embargo, government action, including any laws, ordinances, regulations or the like which restrict or prohibit the providing of the services contemplated by this Agreement, inability to obtain material, equipment, or communications or computer facilities, or the failure of equipment or interruption of communications or computer facilities, and other causes beyond its control whether or not of the same class or kind as specifically named above.

(i) Damages. Anything in this Agreement to the contrary notwithstanding, in no event shall the Administrative Agent be liable under or in connection with the Transaction Documents for indirect, special, incidental, punitive or consequential losses or damages of any kind whatsoever, including but not limited to lost profits, whether or not foreseeable, even if the Administrative Agent has been advised of the possibility thereof and regardless of the form of action in which such damages are sought.

(j) Rights and Obligations.

(x) The Administrative Agent may:

(i) assume, absent actual knowledge or written notice to the contrary, that (A) any representation made by any Person in connection with any Transaction Document is true, (B) no Event of Default exists, (C) no Person is in breach of or in default under its obligations under any Transaction Document and (D) any right, power, authority or discretion vested herein upon any other agent has not been exercised;

(ii) assume, absent actual knowledge or written notice to the contrary, that any notice or certificate given by any Person has been validly given by a Person authorized to do so and act upon such notice or certificate unless the same is revoked or superseded by a further such notice or certificate;

(iii) assume, absent written notice to the contrary, that the address, e-mail and telephone numbers for the giving of any written notice to any Person hereunder is that identified in Section 36 until it has received from such Person a written notice designating some other office of such Person to replace any such address or e-mail or telephone number and act upon any such notice until the same is superseded by a further such written notice;

(iv) employ, at the expense of the Borrower, attorneys, consultants, accountants or other experts whose advice or services the Administrative Agent may reasonably determine is necessary (*provided that* in connection with an exercise of remedies following the occurrence of an Event of Default, the Administrative Agent shall be permitted to employ any such Person at the expense of the Borrower as it determines to be necessary in its sole discretion), may pay fees and expenses for the advice or service of any such Person and may rely upon any advice so obtained; *provided that* the Administrative Agent shall be under no obligation to act upon such advice if it does not deem such action to be appropriate;

(v) rely on any matters of fact which might reasonably be expected to be within the knowledge of any Person upon a certificate signed by or on behalf of such party;

(vi) rely upon any communication, certification, notice or document reasonably believed by it to be genuine;

(vii) refrain from acting or continuing to act in accordance with any instructions contemplated to be provided hereunder to begin any legal action or proceeding arising out of or in connection with any Transaction Document until it shall have received such indemnity or security as it may reasonably require (whether by payment in advance or otherwise) for all costs, claims, losses, expenses (including reasonable legal fees and expenses) and liabilities which it will or may expend or incur in complying or continuing to comply with such instructions; *provided that* nothing in this clause shall be deemed to obligate any Lenders to provide any such indemnity or security; and

(viii) seek instructions from the Majority Lenders as to the exercise of any of its rights, powers, authorities or discretions hereunder and in the event that it does so, it shall not be considered as having acted unreasonably when acting in accordance with such instructions or, in the absence of any (or any clear) instructions, when refraining from taking any action or exercising any right, power or discretion hereunder.

(y) The Administrative Agent shall:

(i) promptly deliver to each of the Lenders the non-administrative notices, certificates, reports, opinions, agreements and other documents which it receives under this Agreement and the other Transaction Documents in its capacity as Administrative Agent;

(ii) except as otherwise expressly provided in any Transaction Document, perform its duties in accordance with the Transaction Documents and any instructions given to it by the Majority Lenders or Lenders, as applicable, which instructions shall be binding on all Lenders hereto;

(iii) upon request of any Lender, organize conference calls or meetings for discussion among the Lenders of any proposed waivers, amendments or other action in respect of any Transaction Document; and

(iv) if so instructed by the Majority Lenders, refrain from exercising any right, power, authority or discretion vested in it hereunder or under the other Transaction Documents in respect of the Transaction Documents.

(k) Non-Action. The Administrative Agent shall not be required to take any action under this Agreement if taking such action (x) would subject the Administrative Agent to a tax in any jurisdiction where it is not then subject to a tax, if the Administrative Agent would not be indemnified for such tax hereunder, or (y) would require the Administrative Agent to qualify to do business in any jurisdiction where it is not then so qualified.

(l) Authorization. Notwithstanding anything to the contrary contained herein, all rights and remedies of the Lenders under this Agreement or any Transaction Document may be exercised by the Administrative Agent, if so directed by the Majority Lenders or Lenders, as applicable, or as the Majority Lenders, or Lenders, as applicable, may otherwise direct.

(m) Administrative Agent as Lender. With respect to the Advance made by it, any Person serving also as Administrative Agent hereunder shall have the same rights and powers under the Transaction Documents as any other Lender and may exercise the same as though it were not the Administrative Agent. The term "Lender" when used with respect to the Administrative Agent, shall, unless otherwise expressly indicated, include that Person in its individual capacity. The Administrative Agent and its Affiliates may accept deposits from, lend money to, act as trustee under indentures of, act as financial advisor or in any other advisory capacity for and generally engage in any kind of business with, any Person as if the Administrative Agent were not the Administrative Agent hereunder, without any duty to account therefor to the Lenders.

(n) Administrative Agent as Calculation Agent. The Administrative Agent is only responsible for the determination, calculation or adjustment as expressly set forth as its responsibility in this Agreement.

(o) Administrative Agent Indemnity. The Lenders agree to indemnify the Administrative Agent and each of its Affiliates, and their respective officers, directors, employees and representatives retained by the Administrative Agent for the purposes of performing its duties under this Agreement and each of the Transaction Documents (each, an "**Administrative Indemnitee**") ratably in accordance with the principal amounts of the Advances held by the Lenders for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever (including reasonable legal fees and expenses) that may be imposed on, incurred by or asserted against the Administrative Indemnitee arising out of or by reason of any investigation in any way relating to or arising out of this Agreement or any other Transaction Document or the enforcement of any of the terms hereof or thereof or of any such other documents, *provided that* no Lender shall be liable for any of the foregoing to the extent they arise from the gross negligence or willful misconduct of any other Lender, the Administrative Agent or the party to be indemnified.

Section 32. Intercreditor Arrangements.

(a) *Pro Rata* Treatment. Except as otherwise provided herein, each payment of principal and interest on the Advances shall be shared among the Lenders *pro rata* according to their respective Proportionate Share.

(b) Sharing of Non-*Pro Rata Payments*.

(i) Except as otherwise provided herein, each Lender agrees that in the event any Lender shall obtain payment of any amounts due to it on or in respect of the obligations under the Transaction Documents (except with respect to the Swap Collateral, which is for the sole benefit of each of the Swap Providers party to a Swap Fiduciary Assignment), whether through exercise of a right of setoff, banker's lien or counterclaim or from any security or from any realization (whether through attachment, foreclosure or otherwise) of assets of the Obligors, and such payment is greater than the amount allocable to such Lender under Section 32(a) (*Pro Rata Treatment*), such Lender shall promptly remit to the other Lenders the amount of such payment necessary to ensure that each Lender shall have received the Proportionate Share amount due to that Lender. If any such redistributed or shared payment is rescinded or must otherwise be restored by the Lender that first obtained it, each other Lender that shares the benefit of such payment shall return to such Lender its portion of the payment so rescinded or required to be restored. Each Lender shall notify each other Lender of any payment received in respect of the obligations under the Transaction Documents in excess of its Proportionate Share.

(ii) Nothing contained in this Section 32 shall require any Lender to exercise any such right or shall affect the right of any Lender to exercise, and retain the benefits of exercising, any such right with respect to any other indebtedness or obligation of the Obligors. If, under any applicable bankruptcy, insolvency or other similar law, any Lender receives a secured claim in lieu of a set-off to which this Section 32 applies, such Lender shall, to the extent practicable, exercise its rights in respect of such secured claim in a manner consistent with the rights of the Lender entitled under this Section 32 to share in the benefits of any recovery on such secured claim.

(c) Presumption Regarding Payments. Any payment received pursuant to the Fiduciary Assignment of Receivables that is subject to the provisions of this Section 32 (*Intercreditor Arrangements*) may be presumed to have been properly received in accordance with this Section 32 (*Intercreditor Arrangements*) unless the Administrative Agent notifies all Parties that such payment was not made *pro rata* among the Lenders according to their respective Proportionate Share.

Section 33. Collateral Account.

(a) Establishment of Account. The Borrower confirms that the Collateral Account has been created on or before the date hereof, which account shall continue to be maintained thereafter in accordance with the terms of this Section 33 and the Fiduciary Assignment of

Receivables. The Borrower hereby authorizes and acknowledges that the Brazilian Account Manager shall credit the Collateral Account with the amounts of any payments in respect of Receivables or other payments directed thereto and all interest which may accrue thereon and other proceeds therefrom, as more fully set forth in the Fiduciary Assignment of Receivables and herein. Subject to the provisions hereof and of the Fiduciary Assignment of Receivables, the Collateral Account shall be under the full control of the Brazilian Account Manager.

(b) Deposits into Collateral Account. The Borrower shall deposit into the Collateral Account upon receipt, and shall instruct all Persons from whom such amounts are due to the Borrower to pay directly into the Collateral Account, all amounts due and payable to the Borrower in respect of the Receivables.

(c) Releases from Collateral Account. Except when a Triggering Event or Event of Default has occurred, as provided in this Section 33, subparagraphs (d) and (e), each amount deposited into the Collateral Account shall be withdrawn from the Collateral Account on the first Business Day after receipt thereof and transferred to the Borrower, as provided for in the Fiduciary Assignment of Receivables.

(d) Remedies During Triggering Events.

(i) Upon the occurrence of any Triggering Event, the Brazilian Account Manager shall, as provided for in the Fiduciary Assignment of Receivables, hold all amounts on deposit in or credited to the Collateral Account for the benefit of the Administrative Agent (for the accounts of the Lenders) until such amounts equal the Debt Retention Amount (any such amount, the "**Withheld Amount**").

(ii) If at any time such Triggering Event has been waived or cured in accordance with the cure right set forth in Section 33 (f), any amounts then on deposit in or credited to the Collateral Account shall be immediately released to the Borrower. If any payment date falls within the cure period for any Triggering Event in accordance with Section 33(f), any amounts then on deposit in or credited to the Collateral Account shall only be released to the Borrower after the Administrative Agent confirms that such payment has been made by the Obligors.

(iii) In the event that the Triggering Event has not been waived or cured in accordance with Section 33(f), the Brazilian Account Manager shall withdraw and transfer such Withheld Amount to the Brazilian Reais accounts specified by each of the Lenders, all as set forth in the instructions from the Administrative Agent as notified in writing by the Lenders, and thereafter transfer amounts on deposit in or credited to the Collateral Account (that are, for avoidance of doubt, in an aggregate amount greater than the Withheld Amount) to the Borrower.

(iv) In the event that, upon the conversion of any Withheld Amounts that are denominated in Reais to U.S. Dollars for application to the payment of any amount due to the Lenders, the U.S. Dollars actually received by the Lenders are less than the sum originally due to the Lenders in U.S. Dollars, the Obligors shall indemnify the Lenders and the Administrative Agent against any loss or damage which arises from any variation in rates of exchange between the currency in which such amount was due and the currency in which any payment was made between the date of the said amount becoming due and the date of actual receipt in U.S. Dollars thereof.

(e) Triggering Events. Section 33(d) above shall apply in case any of the following events occurs (each a "**Triggering Event**"):

i. The average monthly Receivables cash flow (by reference to each six-month period) that has been transferred through the Collateral Account is less than (a) R$40 million in 2016; (b) R$41 million in 2017; (c) R$42 million in 2018; and (d) R$43 million in 2019. The average monthly Receivables cash flow (by reference to each six-month period) shall be calculated monthly (on the basis of a continuing six-month period and commencing on the date falling six (6) months after the Disbursement Date) by the Brazilian Account Manager and informed to the Lenders and the Administrative Agent (as provided for in the Fiduciary Assignment of Receivables);

ii. The Collateral Coverage Ratio shall be lower than 1.25 to 1.00 for two consecutive fiscal quarters;

iii. The Collateral Coverage Ratio shall be lower than 1.00 to 1.00 at any time;

iv. A Default shall occur and be continuing under Section 10 (c) or (d); or

v. Any other Default shall occur and be continuing.

(f) Triggering Event Cure. (i) The Obligors may cure any non-compliance with any of the Triggering Events set forth in Section 33(e)(i) and (ii) by taking all actions necessary or required under the Fiduciary Assignment of Receivables and Applicable Law to assign additional Visa and MasterCard debit card and credit card receivables owing to the Borrower (originally not bound by the Fiduciary Assignment of Receivables) in order to restore the minimum Collateral Coverage Ratio, as further described in the Fiduciary Assignment of Receivables, within thirty (30) Business Days of the relevant determination date evidencing such non-compliance. (ii) The Obligors may cure any non-compliance with the Triggering Event set forth in Section 33(e)(iii) by taking all actions necessary or required under the Fiduciary Assignment of Receivables and Applicable Law to assign additional Visa and MasterCard debit card and credit card receivables owing to the Borrower (originally not bound by the Fiduciary Assignment of Receivables) in order to restore the minimum Collateral Coverage Ratio, as further described in the Fiduciary Assignment of Receivables, within three (3) Business Days of the relevant determination date evidencing such noncompliance.

(g) Events of Default Notice. Upon the occurrence of any Event of Default, the Administrative Agent shall, upon receipt of written instructions from the Majority Lenders, provide notice thereof to the Brazilian Account Manager of such Event of Default. Upon receipt of such notice, the Brazilian Account Manager shall hold all amounts on deposit in or credited to the Collateral Account for the benefit of the Administrative Agent (for the accounts of the Lenders), and make no disbursements thereof unless otherwise directed in writing by the Administrative Agent, unless the Brazilian Account Manager receives written notice from the Administrative Agent as notified in writing by the Majority Lenders that such Event of Default has been waived or cured or no longer exists, in which event the terms of this Section 33(g) shall thereafter be inapplicable to such Event of Default.

(h) Remedies During Events of Default. Notwithstanding any provisions to the contrary herein, while an Event of Default has occurred and is continuing, upon receiving written instructions from the Administrative Agent as directed in writing by the Majority Lenders, the Brazilian Account Manager shall apply or direct the application of any cash balance then on deposit in or credited to the Collateral Account to the payment to the Lenders of any of the obligations of the Obligors under the Transaction Documents then due and unpaid (including any amounts accelerated), all as set forth in the instructions from the Administrative Agent as notified in writing by the Majority Lenders.

(i) Collateral Coverage Ratio Calculation. The Collateral Coverage Ratio shall be calculated and informed to the Lenders and the Administrative Agent as provided for in the Fiduciary Assignment of Receivables.

(j) All transfers made pursuant to this Section 33 shall be made via wire transfer to the accounts specified in writing to the applicable payor by the applicable recipient from time to time.

Section 34. Waivers. To the fullest extent permitted by law, the Guarantors hereby irrevocably waive promptness, diligence, presentment, demand, protest, notice of acceptance and any other notice with respect to the Transaction Documents and the obligations under this Section 34 and any requirement that the Lenders protect, secure, perfect or otherwise take action to ensure any security interest or Lien on any Property subject thereto or exhaust any right or take any action against the Borrower or any other person or any Collateral. The Guarantors also irrevocably waive, to the fullest extent permitted by law, all defenses which at any time may be available to them in respect of the guaranteed obligations and the obligations under this Section 34 by virtue of any statute of limitations, valuation, stay, moratorium law or other similar law now or hereafter in effect. In addition, the Guarantors irrevocably and unconditionally waive all benefits under Articles 366, 821, 824, 827, 829 sole paragraph, 834, 835, 837, 838 and 839 of the Brazilian Civil Code and Articles 77 and 595 of the Brazilian Code of Civil Procedure or any equivalent articles that may replace them.

Section 35. Guaranty. (a) For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and as an inducement to the Lenders to make the Advances available to the Borrower, each Guarantor hereby unconditionally and irrevocably guarantees to the Lenders and the Administrative Agent and each of their respective successors and assigns (as primary obligor and not merely as a surety) the prompt payment in full when due (whether at stated maturity, by acceleration or otherwise) of the principal of and interest on the

Advances, the NY Promissory Notes, the Brazilian Promissory Notes, the Swap Agreements and all other amounts whatsoever from time to time owing to the Lenders by the Borrower under this Agreement, the NY Promissory Notes, the Brazilian Promissory Notes, the Swap Agreements or any other agreement or instrument referred to herein or therein; and (such obligations being herein collectively called the "**Guaranteed Obligations**"). Each Guarantor hereby further agrees that if the Borrower shall fail to pay in full when due (whether at stated maturity, by acceleration or otherwise) any of the Guaranteed Obligations, each Guarantor will promptly pay the same, without any demand or notice whatsoever, and that in the case of any extension of time of payment or renewal of any of the Guaranteed Obligations, the same will be promptly paid in full when due (whether at extended maturity, by acceleration or otherwise) in accordance with the terms of such extension or renewal.

(b) Obligations Unconditional. The obligations of each Guarantor under Section 35(a) hereof are absolute and unconditional, joint and several, irrespective of the value, genuineness, validity, regularity or enforceability of the obligations of the Borrower under this Agreement, the NY Promissory Notes, the Brazilian Promissory Notes or any other agreement or instrument referred to herein or therein, or any substitution, release or exchange of any other guarantee of or security for any of the Guaranteed Obligations, and, to the fullest extent permitted by applicable law, irrespective of any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor, it being the intent of this Section 35(b) that the obligations of each Guarantor hereunder shall be absolute and unconditional, under any and all circumstances. Without limiting the generality of the foregoing, to the fullest extent permitted by applicable law it is agreed that the occurrence of any one or more of the following shall not alter or impair the liability of the Guarantors hereunder which shall remain absolute and unconditional as described above:

(i) at any time or from time to time, without notice to the Guarantors, the time for any performance of or compliance with any of the Guaranteed Obligations shall be extended or renewed, or such performance or compliance shall be waived;

(ii) any of the acts mentioned in any of the provisions of this Agreement, the NY Promissory Notes, the Brazilian Promissory Notes or any other agreement or instrument referred to herein or therein shall be done or omitted;

(iii) the maturity of any of the Guaranteed Obligations shall be accelerated, or any of the Guaranteed Obligations shall be modified, supplemented or amended in any respect, or any right under this Agreement, the NY Promissory Notes, the Brazilian Promissory Notes or any other agreement or instrument referred to herein or therein shall be waived or any other guarantee of any of the Guaranteed Obligations, including any change of the manner or place of payment or any security therefor shall be released or exchanged in whole or in part or otherwise dealt with or any substitution, non-perfection or impairment of any Collateral or Swap Collateral securing payment of the Guaranteed Obligations;

(iv) any Lien granted to, or in favor of, the Lenders as security for any of the Guaranteed Obligations shall fail to be perfected;

(v) any law, regulation, decree or order of any jurisdiction, or any other event, affecting any term of the Guaranteed Obligations or the Lenders' rights with respect thereto, including, without limitation: (A) the application of any such law, regulation, decree or order, including any prior approval, which would prevent the exchange of a non-USD currency for U.S. Dollars or the remittance of funds outside of such jurisdiction or the unavailability of U.S. Dollars in any legal exchange market in such jurisdiction in accordance with normal commercial practice; or (B) a declaration of banking moratorium or any suspension of payments by banks in such jurisdiction or the imposition by such jurisdiction or any governmental authority thereof of any moratorium on, the required rescheduling or restructuring of, or required approval of payments on, any indebtedness in such jurisdiction; or (C) any expropriation, confiscation, nationalization or requisition by such country or any governmental authority that directly or indirectly deprives the Borrower of any assets or their use or of the ability to operate its business or a material part thereof; or (D) any war (whether or not declared), insurrection, revolution, hostile act, civil strife or similar events occurring in such jurisdiction which has the same effect as the events described in clause (A), (B) or (C) above (in each of the cases contemplated in clauses (A) through (D) above, to the extent occurring or existing on or at any time after the date of the Guaranteed Obligations;

(vi) any illegality, lack of validity or enforceability of any Guaranteed Obligation;

(vii) the existence of any claim, set-off or other rights that the Guarantors may have at any time against the Borrower, the Lenders, or any other corporation or person, whether in connection herewith or any unrelated transactions, *provided that* nothing herein will prevent the assertion of any such claim by separate suit or compulsory counterclaim;

(viii) any change in the corporate existence, structure or ownership of the Borrower, or any bankruptcy, insolvency, reorganization, liquidation or similar proceedings in respect of the Borrower shall be commenced or prosecuted; or

(ix) any other circumstance (including, without limitation, any statute of limitations) or any existence of or reliance on any representation by the Lenders that might otherwise constitute a defense available to, or a legal or equitable discharge of, the Borrower or the Guarantors or any other guarantor or surety.

Each Guarantor hereby expressly waives diligence, presentment, demand of payment, protest and all notices whatsoever, and any requirement that the Lenders or the Administrative Agent exhaust any right, power or remedy or proceed against the Borrower under this Agreement, the NY Promissory Notes, the Brazilian Promissory Notes or any other agreement or instrument referred to herein or therein, or against any other Person under any other guarantee of, or security for, any of the Guaranteed Obligations.

Without limiting the generality of the foregoing, each Guarantor guarantees that it shall pay the Lenders strictly in accordance with the express terms of the Advances, the NY Promissory Notes, the Brazilian Promissory Notes, including in the amounts and in the currency expressly agreed to hereunder, irrespective of and without giving effect to any laws of the jurisdiction where the Borrower is principally located in effect from time to time, or any order, decree or regulation in the jurisdiction where the Borrower is principally located.

The amounts payable at any time to each Lender with respect to the Guaranteed Obligations shall be a separate and independent debt, and each Lender shall be entitled to protect and enforce its rights arising out hereof and it shall not be necessary for any other Lender to be joined as an additional party in any proceeding for such purpose.

(c) Reinstatement. The obligations of each Guarantor under this Section 35 shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of the Borrower in respect of the Guaranteed Obligations is rescinded or must be otherwise restored by any holder of any of the Guaranteed Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise and each Guarantor agrees that it will indemnify the Lenders on demand for all reasonable costs and expenses (including, without limitation, fees of counsel) incurred by the Lenders in connection with such rescission or restoration, including any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any bankruptcy, insolvency or similar law.

(d) Remedies. Each Guarantor agrees that, as between the Guarantors and the Lenders, the obligations of the Borrower under this Agreement, the NY Promissory Notes, and the Brazilian Promissory Notes may be declared to be forthwith due and payable as provided in Section 11 hereof (and shall be deemed to have become automatically due and payable in the circumstances provided in said Section 11(h)) for purposes of Section 35(a) hereof notwithstanding any stay, injunction or other prohibition preventing such declaration (or such obligations from becoming automatically due and payable) as against the Borrower and that, in the event of such declaration (or such obligations being deemed to have become automatically due and payable), such obligations (whether or not due and payable by the Borrower) shall forthwith become due and payable by the Guarantor for purposes of this Section 35.

(e) Instrument for the Payment of Money. Each Guarantor hereby acknowledges that the guarantee in this Section 35 constitutes an instrument for the payment of money, and consents and agrees that the Lenders, at their sole option, in the event of a dispute by the Guarantors in the payment of any moneys due hereunder, shall have the right to bring motion action under New York CPLR Section 3213.

(f) Taxes on Guarantee Payments. All payments made by the Guarantors under this Section 35 shall be payable in the manner required for payments by the Borrower hereunder, including: (i) the obligation to make all such payments in accordance with Section 6 of this Agreement, (ii) the obligation to pay interest at the Default Rate and (iii) the obligation to pay all amounts due hereunder and under the NY Promissory Notes in U.S. Dollars or the Brazilian Promissory Notes in *Reais*. The Guarantors agree to complete and deliver all forms reasonably requested by the Lenders in connection therewith to ensure that withholding is not required by the Obligors, Lenders or the Administrative Agent.

(g) Continuing Guarantee. The guarantee in this Section 35 is a continuing guarantee, and shall apply to all Guaranteed Obligations whenever arising

(h) Waiver. Notwithstanding the preceding paragraph, each Guarantor hereby undertakes that, without limiting any of its obligations hereunder, if and to the extent that Brazilian law shall be deemed to apply to any of its obligations hereunder, for those purposes, its obligation to make payment hereunder shall be deemed to be that of a "*fiadora e principal pagadora, solidariamente responsável*" with the Borrower. In addition, for such purposes, each Guarantor hereby expressly waives and renounces, to the fullest extent permitted by applicable law, any and all rights and/or benefits they may have under articles 333 sole paragraph, 366, 827, 829, 830, 834, 835, 837, 838 and 839 of Law No. 10,406 of January 10, 2002, as amended, and articles 130 and 794 of Law No. 13,105 of March 16, 2015, as amended. Notwithstanding the preceding paragraph, each Guarantor hereby undertakes that, without limiting any of its obligations hereunder, if and to the extent that Uruguayan law shall be deemed to apply to any of its obligations hereunder, for those purposes, its obligation to make payment hereunder shall be deemed to be that of a "*fiador solidario*" with the Borrower. In addition, for such purposes, each Guarantor hereby expressly waives and renounces, to the fullest extent permitted by applicable law, any and all rights and/or benefits they may have of first claim and division and the rights arising from sections 1542 of the Uruguayan Civil Code accepting that this guarantee shall include and guarantee the renewals, extensions, redocumentations or refinancings of the Guaranteed Obligations, even in the cases of novation of the debt.

(i) Subrogation. Upon making a payment under this Section 35, the Guarantors shall be subrogated to the rights of the payee against the Borrower with respect to such obligation; provided that the Guarantors shall not enforce any payment by way of subrogation, indemnity or otherwise, or exercise any other right, against the Borrower (or otherwise benefit from any payment or other transfer arising from any such right) so long as any payment obligations (other than on-going but not yet incurred indemnity obligations) of the Borrower remain unpaid and/or unsatisfied under the Transaction Documents.

(i) Stay of Acceleration. If acceleration of the time for payment of any amounts payable under the Transaction Documents is stayed due to any event described in Section 11(h), then all such amounts otherwise subject to acceleration under this Agreement shall nonetheless be payable by the Guarantors hereunder immediately upon demand by the Lenders.

Section 36. Notices. (a) Except as otherwise expressly provided herein or in any Transaction Document, all notices and other communications provided for hereunder or thereunder shall be (i) in writing (including by facsimile or electronic mail), (ii) written in the English language and (iii) emailed or sent by overnight courier (if for inland delivery) or international courier (if for overseas delivery) to a party hereto at its address and contact number specified in Schedule III or at such other address and contact number as is designated by such party in a written notice to the other parties hereto.

(b) All notices, demands, requests, consents and other communications described in clause (a) shall be effective (i) if delivered by hand, including any overnight courier service, upon personal delivery, (ii) if delivered by mail, upon delivery, (iii) if delivered by posting to an Approved Electronic Platform, an Internet website or a similar telecommunication device requiring that a user have prior access to such Approved Electronic Platform, website or other device (to the extent permitted by Section 37 (*Posting of Approved Electronic Communications*) to be delivered thereunder), when such notice, demand, request, consent and other communication shall have been made generally available on such Approved Electronic Platform, Internet website or similar device to the class of Person being notified (regardless of whether any such Person must accomplish, and whether or not any such Person shall have accomplished, any action prior to obtaining access to such items, including registration, disclosure of contact information, compliance with a standard user agreement or undertaking a duty of confidentiality) and such Person has been notified with respect to such posting that a communication has been posted to the Approved Electronic Platform, (iv) if delivered by facsimile, upon receipt of confirmation of successful transmission, and (v) if delivered by electronic mail, when transmitted to an electronic mail address as provided in clause (a); *provided that* notices and communications to the Administrative Agent shall not be effective until received by the Administrative Agent.

(c) Notwithstanding clauses (a) and (b) (unless the Administrative Agent requests that the provisions of clauses (a) and (b) be followed) and any other provision in this Agreement or any other Transaction Document providing for the delivery of any Approved Electronic Communication by any other means, the Borrower shall and shall ensure that any other Obligor delivers all Approved Electronic Communications to the Administrative Agent by properly transmitting such Approved Electronic Communications in an electronic/soft medium in a format acceptable to the Administrative Agent to the email address provided by it or such other electronic mail address (or similar means of electronic delivery) as the Administrative Agent may notify to the Borrower. Nothing in this clause (c) shall prejudice the right of the Administrative Agent or any Lender to deliver any Approved Electronic Communication to an Obligor in any manner authorized in this Agreement or to request that an Obligor effect delivery in such manner.

Section 37. Posting of Approved Electronic Communications. (a) Each of the Lenders and the Borrower agrees that the Administrative Agent may, but shall not be obligated to, make the Approved Electronic Communications available to the Lenders by posting such Approved Electronic Communications on *Debt Domain*, *Intralinks* or a substantially similar electronic platform chosen by the Administrative Agent to be its electronic transmission system (the "**Approved Electronic Platform**").

(b) Although the Approved Electronic Platform and its primary web portal are secured with generally-applicable security procedures and policies implemented or modified by the Administrative Agent from time to time and the Approved Electronic Platform is secured through a single-user-per-deal authorization method whereby each user may access the Approved Electronic Platform only on a deal-by-deal basis, each of the Lenders and the Borrower acknowledge and agree that the distribution of material through an electronic medium is not necessarily secure and that there are confidentiality and other risks associated with such distribution. In consideration for the convenience and other benefits afforded by such distribution and for the other consideration provided hereunder, the receipt and sufficiency of which is hereby acknowledged, each of the Lenders and the Borrower hereby approve distribution of the

Approved Electronic Communications through the Approved Electronic Platform and understands and assumes the risks of such distribution.

(c) THE APPROVED ELECTRONIC PLATFORM AND THE APPROVED ELECTRONIC COMMUNICATIONS ARE PROVIDED “AS IS” AND “AS AVAILABLE”. NEITHER THE ADMINISTRATIVE AGENT NOR ANY OTHER MEMBER OF THE ADMINISTRATIVE AGENT’S GROUP WARRANTS THE ACCURACY, ADEQUACY OR COMPLETENESS OF THE APPROVED ELECTRONIC COMMUNICATIONS OR THE APPROVED ELECTRONIC PLATFORM AND EACH EXPRESSLY DISCLAIMS ANY LIABILITY FOR ERRORS OR OMISSIONS IN THE APPROVED ELECTRONIC COMMUNICATIONS OR THE APPROVED ELECTRONIC PLATFORM. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY THE ADMINISTRATIVE AGENT OR ANY OTHER MEMBER OF THE ADMINISTRATIVE AGENT’S GROUP IN CONNECTION WITH THE APPROVED ELECTRONIC COMMUNICATIONS OR THE APPROVED ELECTRONIC PLATFORM.

(d) Each of the Lenders and the Borrower agree that the Administrative Agent may, but (except as may be required by applicable law) shall not be obligated to, store the Approved Electronic Communications on the Approved Electronic Platform in accordance with the Administrative Agent’s generally-applicable document retention procedures and policies.

Section 38. Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Transaction Document or in any other agreement, arrangement or understanding among any parties to any Transaction Document, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Transaction Document, other than as an Excluded Liability may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-in Action on any such liability, including, if applicable:

1. a reduction in full or in part or cancellation of any such liability including without limitation a reduction in any accrued or unpaid interest in respect of such liability;

2. a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Transaction Document; or

3. the variation of the terms of such liability under this Agreement or any other Transaction Document in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

ARCOS DOURADOS COMÉRCIO DE ALIMENTOS LTDA.
as Borrower

By: /s/ Boris Gris
Name: Boris Gris
Title: Attorney-in-Fact

ARCOS DORADOS HOLDINGS INC.
as Initial Guarantor

By: /s/ Mariano Tannenbaum
Name: Mariano Tannenbaum
Title: Finance and Planning Senior Director

ARCOS DEL SUR S.R.L.
as Initial Guarantor

By: /s/ Woods Staton
Name: Woods Staton
Title: Director

(Common Terms Agreement)

CITIBANK, N.A.
as Administrative Agent

By: /s/ Rolfo Velance
Name: Rolfo Velance
Title: Attorney-in-Fact

(Common Terms Agreement)

CITIBANK, N.A.
as an initial Lender

By: /s/ Rolfo Velance
Name: Rolfo Velance
Title: Attorney-in-Fact

(Common Terms Agreement)

ITAU BBA INTERNATIONAL PLC
as Initial Lender

By: /s/ Washington de Jesus Bonifacio
Name:
Title:

Washington de Jesus Bonifacio
RG: 21.483.111
CPF: 125.336.788-48

By: /s/ Evelin Manente de Morais Vera
Name:
Title:

Evelin Manente de Morais Vera
CPF: 177.350.288-30
RG: 24.452.174-8

(Common Terms Agreement)

BANK OF AMERICA N.A.
as an Initial Lender

By: /s/ Renata Peixoto
Name: Renata Peixoto
Title: Managing Director

(Common Terms Agreement)

BANCO SANTANDER (BRASIL) S.A.,
CAYMAN ISLANDS BRANCH
as an Initial Lender

By: /s/ João Guilherme Bertti Targino
Name:
Title:

João Guilherme Bertti Targino
Coordenador
594636

By: /s/ Roberto Gândara Gregorio
Name:
Title:

Roberto Gândara Gregorio
Coord . Corporate
610241

(Common Terms Agreement)

JPMORGAN CHASE BANK, N.A.
as an Initial Lender

By: /s/ Jason Trala
Name: Jason Trala
Title: Executive Director

(Common Terms Agreement)

EXHIBIT A

FORM NOTICE OF BORROWING

[Letterhead of the Borrower]

Date of this Notice of Borrowing: [ ], 2016

To: [*Lender*]

cc:	Administrative Agent	
	Address:	388 Greenwich Street, 14th Floor New York, NY 10013
Attention:		Albert P. Mari
Email:		albert.p.mari@citi.com
Telephone No.:		+ 1212 816 1807

Reference is made to the Common Terms Agreement, dated as of [ ], 2016 (as amended, amended and restated, extended, supplemented or otherwise modified or replaced from time to time, the "Agreement"), among by and among Arcos Dourados Comércio de Alimentos Ltda. (the "Borrower"), the financial institutions from time to time party thereto as lenders and Citibank, N.A., as the Administrative Agent. All capitalized terms used but not defined herein have the meanings assigned to such terms in the Agreement.

This Notice of Borrowing (this "Notice") is delivered to you pursuant to and in accordance with Section 2 of the Agreement.

The Borrower hereby irrevocably requests a borrowing under the Agreement, as follows:

(a) Lender: [__]

(b) Disbursement Date: [__], 2016

(c) Amount of Advance: US$[__], equal to the Lender Commitment (the "Borrowing")

The undersigned hereby instructs the Lender to cause such Borrowing to be effected by wire transfer of the amount of such Borrowing to the following account:

Bank: [__]
ABA: [__]
Account #: [__]
Account Name: [__]

Each condition set forth in Section 8 of the Agreement has been satisfied as of the date hereof unless waived in writing by the Administrative Agent (acting at the direction of the Majority Lenders).

[*signature page follows*]

ARCOS DOURADOS COMÉRCIO DE ALIMENTOS LTDA.
as Borrower

By: ______________________________
Name:
Title:

EXHIBIT B

FORM OF BRAZILIAN PROMISSORY NOTE

(Free translation: the Brazilian Promissory Note will be executed in Portuguese.)

Due date: Payable at sight

Amount: US$[__] ([__] US dollars)

Place of Payment: City of São Paulo, State of São Paulo, Brazil

On the due date above mentioned, by this sole counterpart of Promissory Note we hereby irrevocably and unconditionally promise to pay, in immediately available and freely transferable funds, to [*Name of Lender*] (the "**Lender**"), the sum in Reais equivalent to US$[__] ([__] US dollars), by conversion into Reais at the exchange rate of sale of US dollars published by the Central Bank of Brazil on its website (www.bcb.gov.br), in the first business day prior to the payment date, or any other rate that may replace it pursuant to regulation issued by the Central Bank of Brazil.

This Promissory Note shall be presented for payment at any time within [__] ([__]) days counted from the date hereof.

This Promissory Note is issued in the City of São Paulo, State of São Paulo, Brazil on the date set forth, and shall be governed by and construed in accordance with the laws of the Federative Republic of Brazil.

Under the laws of Brazil, according to the Decree No. 57,663/66 and the Civil Code, the issuer expressly agrees that the presentation for payment on demand of this promissory note shall be extended until [__].

Date: [__]

ARCOS DOURADOS COMÉRCIO DE ALIMENTOS LTDA.

By:
Title:

Guaranteed by *aval*:

ARCOS DEL SUR S.R.L.

ARCOS DORADOS HOLDINGS INC.

NOTA PROMISSÓRIA

Vencimento: à vista

Valor: US$[__] ([__] dólares dos Estados Unidos)

Praça de Pagamento: Cidade de São Paulo, Estado de São Paulo, Brasil

No dia do vencimento acima indicado pagaremos por esta única via de Nota Promissória, de forma irrevogável e incondicional, à [*Name of Lender*] ("**Credor**") ou à sua ordem, em fundos imediatamente disponíveis e livres para transferência, a quantia em Reais equivalente a US$[__] ([__] dólares dos Estados Unidos), apurada pela taxa média de venda de dólares dos Estados Unidos da América no mercado de câmbio, divulgada pelo Banco Central do Brasil em seu website (www.bcb.gov.br), taxa essa referente ao dia útil imediatamente anterior ao do efetivo pagamento deste título, ou qualquer outra taxa de câmbio que venha, por medida do Banco Central do Brasil, a substituir a referida taxa de câmbio.

A presente Nota Promissória poderá ser apresentada para pagamento a qualquer tempo, dentro de [__] ([__]) dias a contar desta data.

Esta Nota Promissória é emitida na Cidade de São Paulo, Estado de São Paulo, Brasil, na data estabelecida abaixo, e será regida e constituída de acordo com as leis da República Federativa do Brasil.

A emitente expressamente concorda que a apresentação para pagamento à vista desta nota promissória poderá ser feita até [__] , de acordo com o estabelecido no Decreto n°. 57,663/66 e Código Civil.

Data: [__]

ARCOS DOURADOS COMÉRCIO DE ALIMENTOS LTDA.

Nome:
Cargo:

Garantida por *aval*:

ARCOS DEL SUR S.R.L.

Nome:
Cargo:

ARCOS DORADOS HOLDINGS INC.

Nome:
Cargo:

EXHIBIT C

FORM OF SOLVENCY CERTIFICATE

São Paulo, [ ], 2016

This Solvency Certificate is being executed and delivered pursuant to Section 8 of that certain Common Terms Agreement (the "***Agreement***"; the terms defined therein being used herein as therein defined).

I, [__], the [Chief Financial Officer] of the Borrower, in such capacity and not in an individual capacity, hereby certify as follows:

1. I am generally familiar with the businesses and assets of the Borrower and the Guarantors, taken as a whole, and am duly authorized to execute this Solvency Certificate on behalf of the Borrower and the Guarantors pursuant to the Agreement; and

2. As of the date hereof and after giving effect to the incurrence of the indebtedness and obligations being incurred in connection with the Agreement and the Transaction Documents, that, (i) the sum of the debt (including contingent liabilities) of the Borrower and the Guarantors, taken as a whole, does not exceed the fair value of the assets of the Borrower and the Guarantors, taken as a whole; (ii) the present fair saleable value of the assets of the Borrower and the Guarantors, taken as a whole, is not less than the amount that will be required to pay the probable liabilities of the Borrower and the Guarantors, taken as a whole, on their debts as they become absolute and matured; (iii) the capital of the Borrower and the Guarantors, taken as a whole, is not unreasonably small in relation to the business of the Borrower or the Guarantors, taken as a whole, contemplated as of the date hereof; and (iv) the Borrower and the Guarantors, taken as a whole, do not intend to incur, or believe that they will incur, debts (including current obligations and contingent liabilities) beyond their ability to pay such debts as they mature in the ordinary course of business. For the purposes hereof, the amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

IN WITNESS WHEREOF, I have executed this Solvency Certificate on the date first written above.

____
By: [__]
Title: [Chief Financial Officer]

EXHIBIT D

FORM OF LOAN AGREEMENT

LOAN AGREEMENT

Dated as of [__], 2016
Among

ARCOS DOURADOS COMÉRCIO DE ALIMENTOS LTDA.

as Borrower

ARCOS DORADOS HOLDINGS INC.

ARCOS DEL SUR S.R.L.

as Guarantors

CITIBANK, N.A.

as Administrative Agent

And

[__]

as Lender

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LOAN AGREEMENT

This Loan Agreement, dated as of [__] 2016 (this "**Agreement**"), is entered by and among Arcos Dourados Comércio de Alimentos Ltda., a company organized and existing under the laws of Brazil (the "**Borrower**"), Arcos Dorados Holdings Inc., a company incorporated and existing under the laws of the British Virgin Islands ("**Arcos Dorados**"), Arcos del Sur S.R.L., a limited liability company organized and existing under the laws of Uruguay ("**Arcos Del Sur**" and, together with Arcos Dorados, the "**Guarantors**"), [_______] as a Lender (the "**Lender**"), and Citibank, N.A., as the administrative agent for the Lenders (the "**Administrative Agent**").

WHEREAS, the Borrower, the Administrative Agent, the Lender and the other lenders named therein entered into the Common Terms Agreement dated as of March 28, 2016 setting forth the terms under which the Lender is to make an Advance to the Borrower (the "**Common Terms Agreement**"); and

WHEREAS, the Borrower desires that the Lender make the Advance to it, and the Lender wishes to make the Advance to the Borrower, all on the terms and conditions set forth herein and in the Common Terms Agreement;

NOW, THEREFORE, in consideration of the foregoing, the agreements contained herein and in the Common Terms Agreement and other good and valid consideration, the receipt and adequacy of which are hereby expressly acknowledged, the parties hereto agree as follows:

Section 1. Definitions and Principles of Construction.

(a) Definitions. Unless otherwise defined herein, terms defined in Section 1 of the Common Terms Agreement are used herein as defined therein, and the principles of construction set forth in Section 1 of the Common Terms Agreement shall apply to this Agreement as if set forth herein. For purposes of this Agreement, the following terms shall have the respective meanings set forth below:

"Administrative Agent"	shall have the meaning ascribed thereto in the preamble hereof.
"Advance"	shall have the meaning ascribed to such term in the Common Terms Agreement.
"Agreement"	shall have the meaning ascribed thereto in the preamble hereof.
"Applicable Margin"	[shall mean [__]% per annum][Not Applicable in the case of Fixed Interest Rate Advances].[1]

[1] Select as appropriate depending on whether Advances bear interest at the fixed or floating interest rate.

"Borrower"	shall have the meaning ascribed thereto in the preamble hereof.
"Commitment"	shall mean the obligation of the Lender to make a single Advance in an aggregate amount set opposite its name in Exhibit A to this Agreement.
"Common Terms Agreement"	shall have the meaning ascribed thereto in the recitals hereof.
"Default Rate"	shall mean, in respect of any principal of the Advance, the interest rate otherwise applicable to the Advance plus two percent (2%) per annum.
"Fixed Interest Rate"	[__]% per annum.
"Governmental Authority"	shall have the meaning ascribed to such term in the Common Terms Agreement.
"Interest Rate"	for any Interest Period, the rate at which interest is payable on the Advance in accordance with Section 3(b).
"Lender"	shall have the meaning ascribed thereto in the preamble hereof.
"Lending Office"	shall mean the office of the Lender designated by the Lender in Exhibit B hereto or such other office of the Lender as the Lender may specify from time to time to the Administrative Agent and the Borrower.
"LIBOR"	means, with respect to the Advance bearing Variable Interest Rate, for any Interest Period, the offered rate for deposits in U.S. Dollars administered by ICE Benchmark Administration Limited (or any other Person that takes over the administration of such rate) for a period equal to such Interest Period (or, if no such comparable period is quoted, an interpolated rate on a linear basis based on the offered rates for the two nearest periods as reasonably determined by the Administrative Agent) which appears on pages LIBOR01 or LIBOR02 of the Thomson Reuters screen (or on any successor or substitute page or service providing rate quotations comparable to those currently provided on such page, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to U.S. Dollar deposits in the London interbank market) at or about 11:00 a.m., London time, two Business Days prior to the beginning of such Interest Period. After the occurrence and

during the continuance of an Event of Default, the term "Interest Period" shall include any period selected by the Administrative Agent as instructed by the Majority Lenders. If the LIBOR determined by the Administrative Agent is inferior to zero, then the LIBOR applicable hereto shall be deemed to be equal to zero.

"Majority Lenders" shall have the meaning ascribed to such term in the Common Terms Agreement.

"Variable Interest Rate" shall mean LIBOR plus Applicable Margin.

(b) Incorporation of Common Terms Agreement by Reference. This Agreement is made a part of the Common Terms Agreement, and the Common Terms Agreement, together with this Agreement, shall be read and construed together. This Agreement and the Common Terms Agreement shall be viewed as, and shall constitute, one agreement governing the terms and conditions with respect to the Advances. In case of any conflict or inconsistency between this Agreement and the Common Terms Agreement, this Agreement shall prevail.

Section 2. Commitment, Advance, Notes and Prepayments.

(a) Commitment. Subject to the terms and conditions set forth in this Agreement and the Common Terms Agreement, and for the Stated Use described in the Common Terms Agreement, the Lender agrees to make the Advance to the Borrower in an aggregate principal amount equal to the Lender's Commitment, as set forth in Exhibit A.

(b) The Borrowing.

(I) Procedures for the Advance; Drawdowns. Except as otherwise provided in this Agreement or in the Common Terms Agreement, the Advance shall be made by the Lender, if, and only if:

(a) on or prior to the Disbursement Date, the Lender has received a copy of the Notice of Borrowing (with a copy to the Administrative Agent) from the Borrower pursuant to Section 2(b) of the Common Terms Agreement; and

(b) on or prior to the Closing Date, all required documentation has been provided and all applicable conditions precedent pursuant to the Common Terms Agreement and this Agreement have been satisfied or waived by the Lenders, all in accordance with Section 8 of the Common Terms Agreement.

(II) Failure to Fund. The Lender shall not be responsible for the failure of any of the other Lenders to fund their respective Advances on the Disbursement Date.

(III) Notification Regarding Advances. The Administrative Agent shall promptly provide (and, where time periods for such provision are specified, within the time periods so specified) to the Lender a copy of all notices and documents which it receives pursuant to the Common Terms Agreement.

(IV) Advance. The Advance shall be made in accordance with Section 2 of the Common Terms Agreement.

(c) Lending Office. The Advance made by the Lender shall be made and maintained at the Lender's Lending Office, as described in Exhibit B.

(d) Notes. To further evidence its obligation to repay the Advance, with interest accrued and unpaid thereon, the Borrower and the Guarantors shall, in accordance with Section 8 of the Common Terms Agreement, issue and deliver to the Lender, prior to the Advance, the NY Promissory Note and the Brazilian Promissory Note, as defined in the Common Terms Agreement.

(e) Optional Prepayments. The Borrower may, in accordance with the provisions of Section 3(c) of the Common Terms Agreement, prepay in whole or in part the Advance together with any accrued and unpaid interest on the amount to be prepaid and any applicable Break-Funding Costs. In connection with any such optional prepayment, the Borrower shall be responsible for all applicable amounts specified in Section 3(c) and Section 7 of the Common Terms Agreement.

(f) Mandatory Prepayments. The Borrower shall make mandatory prepayments of the Advance in accordance with the terms and conditions set forth in Section 3(c) of the Common Terms Agreement together with any accrued and unpaid interest on the amount to be prepaid and any applicable Break-Funding Costs. In connection with any such mandatory prepayment, the Borrower shall be responsible for all applicable amounts specified in Section 3(c) and Section 7 of the Common Terms Agreement.

(g) Interest Rate Election. No later than two (2) Business Days after receipt by the Lender of a copy of the Notice of Borrowing with respect to the Lender's Advance, the Lender shall notify the Borrower of its election of whether the Advance should bear interest at the Variable Interest Rate or the Fixed Interest Rate; *provided that* if the Lender fails to so notify the Borrower of such election, the Advance of the Lender shall at all times bear interest at the Variable Interest Rate; *provided further* that the election made by the Lender with respect to the initial Interest Period shall also apply to each Interest Period thereafter until the Maturity Date.

(h) Prepayments Generally. The Advance or portion thereof prepaid pursuant to Sections 2(f) and 2(g) hereof may not be reborrowed.

Section 3. Payments of principal and interest.

(a) Repayment of Advance. The Borrower shall repay the Advance to the Administrative Agent for the account of the Lender by wire transfer to the Payment Account designated by the Administrative Agent, in U.S. Dollars, in immediately available funds, in accordance with Section 5 of the Common Terms Agreement and according to the Amortization Schedule set forth in Schedule I of the Common Terms Agreement.

(b) Interest.

(I) The Borrower shall pay to the Administrative Agent, for the account of the Lender, interest on the unpaid principal amount of the Advance for the period from and including the Disbursement Date to but excluding the date the Advance is paid in full, at a rate *per annum* for each Interest Period relating thereto equal to the Interest Rate.

(II) Interest payable under Section 3(b)(I) above shall be subject to the following terms and conditions:

(a) Each payment of interest to be made by the Borrower with respect to an Interest Period shall be due and payable on an Interest Payment Date.

(b) Except as otherwise provided herein, the rate of interest to be applied on all obligations of the Borrower hereunder shall be the Interest Rate.

(c) Any amount due hereunder on account of principal of the Advance and, including to the extent permitted under applicable law, any amount of interest on the Advance which is not paid on each of its due dates shall accrue interest at the Default Rate from the date of such non-payment until the date the Lender receive such overdue amount.

(d) During each Interest Period, the Variable Interest Rate Advance shall bear interest at the applicable Variable Interest Rate for that Interest Period.

(e) During each Interest Period, the Fixed Interest Rate Advance shall bear interest at the Fixed Interest Rate for that Interest Period.

(III) If, with respect to any Variable Interest Rate Advance, on or prior to the second Business Day immediately preceding any Interest Period (determination date of LIBOR) (an "**Affected Interest Period**"):

(a) the Administrative Agent determines that by reason of circumstances affecting the London interbank Eurodollar market, reasonable and adequate means do not exist for determining LIBOR pursuant to the definition thereof; or

(b) the Lender determines (and notifies the Administrative Agent) that the relevant rates of interest referred to in the definition of LIBOR upon the basis of which the rate of interest for such Affected Interest Period is to be determined will not adequately and fairly cover the cost to such Lender of making or maintaining its Advance for such Affected Interest Period, the Administrative Agent shall notify the Borrower thereof (a "**Rate Determination Notice**") as soon as practicable thereafter, and the Lender and the Borrower shall negotiate in good faith with a view to agreeing upon a substitute interest rate basis for the Advance which shall reflect the cost to the Lender of funding its Advance from alternative sources (a "**Substitute Basis**") and if such Substitute Basis is so agreed upon during the ten (10) day period following the delivery of a Rate Determination Notice (the "**Negotiation Period**"), such Substitute Basis shall apply to the Advance in lieu of LIBOR to all Interest Periods commencing on or after the first day of the Affected Interest Period, until the Administrative Agent determines in the case of Section 3(b)(III)(a) that the circumstances giving rise to such notice have ceased to apply. If a Substitute Basis is not agreed upon during the Negotiation Period, the Administrative Agent shall determine the weighted average of the rates certified from time to time by each of the Lenders in a certificate delivered to the Administrative Agent as the rate basis reflecting the cost to the Lender of funding its Advance for the Interest Period commencing on or after the first day of the Affected Interest Period, until the Administrative Agent determines in the case of Section 3(b)(III)(a) that the circumstances giving rise to such notice have ceased to apply and such rate basis shall be binding upon the Borrower and the Lender and shall apply in lieu of LIBOR for the Affected Interest Period.

(IV) Interest on the Advance shall accrue from day to day, shall be computed on the basis of a year of 360 days and the actual number of days elapsed from and including the first day of each Interest Period to, but excluding, the last day of such Interest Period. The computation of interest shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

Section 4. Payments; Pro Rata Treatment; Computations; Etc.

(a) Payments.

(I) Except to the extent otherwise provided herein or in the relevant Transaction Document, all payments and prepayments of principal of and interest on the Advance, fees, indemnities and other amounts payable by the Borrower under this Agreement and the Common Terms Agreement shall be made in U.S. Dollars, in immediately available funds, without deduction, set-off or counterclaim, to the Administrative Agent (for the account of the Lenders), by credit directly into the Payment Account specified in the Common Terms Agreement (or such other account in New York as the Administrative Agent shall have specified to the Borrower in writing from time to time), not later than 11:00 a.m. New York City time on the date on which such payment shall become due (each such payment made after such time on such due date to be deemed to have been made on the next succeeding Business Day).

(II) If the due date of any payment of any obligation hereunder would otherwise fall on a day that is not a Business Day, such due date shall be extended to the next succeeding Business Day (and interest shall be payable for any principal so extended for the period of such extension), unless such succeeding Business Day would fall in the next calendar month, in which case, such due date shall be on the immediately preceding Business Day.

(b) Pro Rata Treatment. Except as otherwise provided in this Agreement or in Section 32 of the Common Terms Agreement, the Advances shall be made and allocated, and each payment of principal and interest on the Advances shall be shared among the Lenders *pro rata* according to their respective Proportionate Shares.

(c) Non-Receipt of Funds. Section 32(c) and Section 5(d) of the Common Terms Agreement are hereby incorporated by reference herein, *mutatis mutandis*, as if fully set forth herein.

Section 5. Conditions precedent.

(a) Advance. The obligation of the Lender to make the Advance is subject to the satisfaction or waiver of each of the conditions and requirements of Section 8 of the Common Terms Agreement.

Section 6. Representations and Warranties.

(a) Incorporation of Common Terms Agreement. Section 9 of the Common Terms Agreement is hereby incorporated by reference herein, *mutatis mutandis*, as if fully set forth herein and are also considered made as of the date hereof.

Section 7. Covenants of the Borrower.

(a) Incorporation of Common Terms Agreement. The Borrower hereby covenants to comply with each of the covenants set forth in Section 10 of the Common Terms Agreement and otherwise observe and perform all of the obligations undertaken by it in the Common Terms Agreement, the terms of which are hereby incorporated by reference herein, *mutatis mutandis*, as if fully set forth herein.

Section 8. Events of Default.

(a) Incorporation of Common Terms Agreement. The occurrence of any of the Events of Default set forth in Section 11 of the Common Terms Agreement, the terms of which are hereby incorporated by reference herein, *mutatis mutandis*, as if fully set forth herein, shall constitute an Event of Default under this Agreement.

Section 9. Agents.

(a) Incorporation of Common Terms Agreement. Section 31 and Section 33 of the Common Terms Agreement are hereby incorporated by reference herein, *mutatis mutandis*, as if fully set forth herein.

Section 10. Miscellaneous.

(a) Incorporation of Common Terms Agreement. The provisions of Sections 13, 14, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 29, 30, 34, 36 and 37 of the Common Terms Agreement are incorporated by reference herein, *mutatis mutandis*, as if fully set forth in this Agreement.

Section 11. Guaranty.

(a) Incorporation of Common Terms Agreement. Section 35 of the Common Terms Agreement is hereby incorporated by reference herein, *mutatis mutandis*, as if fully set forth herein.

Section 12. Amendments, Etc.

(a) No amendment, modification, termination or waiver of any provision of this Agreement or any instrument delivered hereunder, shall in any event be effective unless the same shall be in writing and signed by the Lender, the Administrative Agent, the Borrower and the Guarantors, provided that, any amendment, modification, termination or waiver of any provision shall relate to matters set forth exclusively in this Agreement and shall not relate to matters set forth in the Common Terms Agreement, which will be governed by the amendment provisions prescribed therein.

Section 13. Consent to Jurisdiction; Waiver of Immunities.

(a) This Agreement shall be deemed to have been made in New York County, New York. The Obligors and the Lender hereby irrevocably submit to the non-exclusive jurisdiction of any New York State or Federal court sitting in New York City in any action or proceeding arising out of or relating to this Agreement and the Obligors hereby irrevocably agree that all claims in respect of such action or proceeding may be heard and determined in such New York State or Federal court. The Obligors hereby irrevocably waive, to the fullest extent it may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding. The Obligors hereby irrevocably appoint **NATIONAL REGISTERED AGENTS, INC.** (the "**Process Agent**"), with an office on the date hereof at 875 Avenue of the Americas, Suite 501, New York, New York 10001, as their agent and attorney-in-fact with special powers to receive on behalf of such Obligor and its Property, as applicable, service of copies of the summons and complaint (including any *citação inicial*) and any other process which may be served in any such action or proceeding. Such service may be made by mailing or delivering a copy of such process to the relevant Obligor in care of the Process Agent at the Process Agent's above address, and the Obligors hereby irrevocably authorize and direct the Process Agent to accept such service on its behalf. The Obligors acknowledge and agree that the irrevocability of the appointment of the Process Agent is a condition of this Agreement and of the Advance. As an alternative method of service, the Obligors also irrevocably consent to the service of any and all process in any such action or proceeding by the mailing of copies of such process to such Obligor at its address specified in Section 36 of the Common Terms Agreement. The Obligors shall issue an appointment letter in the format satisfactory to the Lender ("**Appointment Letter**") whereby such Obligors shall formally appoint the Process Agent per the terms of this Agreement. The Obligors agree that nothing in this Agreement shall affect the Lender's right to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against each Obligor in any other jurisdiction. The Obligors agree that a final judgment against any of them in any such action or proceeding shall be conclusive and may be enforced in other jurisdiction within or outside the United States by suit on the judgment, a certified copy of which shall be conclusive evidence of the judgment, or in any other manner provided by law.

(b) Nothing in this Section 13 shall affect the right of the Lender to serve legal process in any other manner permitted by law or affect the right of the Lenders to bring any action or proceeding against any Obligor or its properties in the courts of any other jurisdictions.

(c) To the extent that any Obligor has acquired or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its Property, the Obligors hereby irrevocably waive such immunity in respect of their obligations under this Agreement, the Commons Terms Agreement, the NY Promissory Note and the Brazilian Promissory Note.

Section 14. Governing Law.

(a) This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, United States.

(b) For purposes solely of Article 9 of Brazilian Decree Law No. 4.657 dated September 4, 1942, the transactions contemplated hereby have been proposed to the Borrower by the Lender.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and acknowledged by their respective officers or representatives hereunto duly authorized, as of the date first above written.

ARCOS DOURADOS COMÉRCIO DE ALIMENTOS LTDA.
as Borrower

By: ______________________________
Name:
Title:

ARCOS DORADOS HOLDINGS INC.
as Guarantor

By: ______________________________
Name:
Title:

ARCOS DEL SUR S.R.L.
as Guarantor

By: ______________________________
Name:
Title:

CITIBANK, N.A.
as Administrative Agent

By: ____________________________
Name:
Title:

[__]
As Lender

By: ____________________________
Name:
Title:

<u>EXHIBIT A</u>
<u>LENDER COMMITMENT</u>

LENDER	**COMMITMENT**
[__]	US$[__]

EXHIBIT B
LENDING OFFICE OF THE LENDER

[__]

EXHIBIT E

FORM OF OFFICER'S CERTIFICATE

Officer's Certificate

Each of (i) Arcos Dourados Comércio de Alimentos Ltda., a company organized and existing under the laws of Brazil (the "**Borrower**"), (ii) Arcos Dorados Holdings Inc., a company incorporated and existing under the laws of the British Virgin Islands ("**Arcos Dorados**") and (iii) Arcos del Sur S.R.L., a limited liability company organized and existing under the laws of Uruguay ("**Arcos Del Sur**" and, together with Arcos Dorados and the Borrower, the "**Obligors**"), pursuant to Section 8 of the Common Terms Agreement ("CTA"), hereby certifies that (capitalized terms not defined herein shall have the meanings ascribed to them in the CTA):

(1) Each of the representations and warranties made in the CTA (other than those made as of a specified date) is true and correct on and as of the date hereof as though made on and as of the date hereof, and each of the representations and warranties as of a specified date in the CTA was true and correct as of such date, except to the extent that the failure of such representations and warranties to be true and correct do not, individually or in the aggregate, cause or result in a Material Adverse Effect.

(2) Each of the agreements, covenants and obligations required by the Obligors to be performed or complied with by each Obligor at or before the Disbursement Date has been duly performed or complied with in all material respects.

(3) No event has occurred and is continuing, or would result from the Advances or the use of proceeds thereof, which constitutes an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

(4) No event or condition has or could be expected to have a Material Adverse Effect has occurred since [December 31, 2014].

(5) The persons named below are duly appointed, qualified and acting officers of the respective Obligor holding the office or offices set forth opposite his name, the signature appearing opposite the name below is the true and genuine signature of that person, and the person named below is authorized to execute and deliver, on behalf of each Obligor, each of the Transaction Documents to which it is a party and all other agreements, documents and certificates to be delivered by each Obligor pursuant thereto.

Obligor	**Name**	**Signature**	**Office**
Arcos Dourados Comércio de Alimentos Ltda.	[__]	______________________	[__] Officer
Arcos Dorados Holdings Inc.	[__]	______________________	[__] Officer
Arcos del Sur S.R.L.	[__]	______________________	[__] Officer

(6) Attached hereto as Exhibit A is a true, complete and correct copy of each Obligor's Articles of Incorporation, Bylaws or similar organizational documents as in full force and effect at date hereof.

(7) Attached hereto as Exhibit B are true, complete and correct copies of the resolutions dated [ ] duly adopted by the Board of Directors or similar corporate board of each Obligor authorizing and approving the transactions contemplated under the Transaction Documents.

IN WITNESS WHEREOF, each Obligor has caused this certificate to be executed on its behalf by the undersigned on and as of [ ], 2016.

ARCOS DOURADOS COMÉRCIO DE ALIMENTOS LTDA.

By: ____________________________
Name:
Title:

ARCOS DORADOS HOLDINGS INC.

By: ____________________________
Name:
Title:

ARCOS DEL SUR S.R.L.

By: ____________________________
Name:
Title:

EXHIBIT F

FORM OF ASSIGNMENT AND ASSUMPTION CERTIFICATE

Form of Assignment and Assumption Certificate

(Delivered pursuant to Section 19 of the
Common Terms Agreement)

Date of this Certificate: [__]

For Assignment Date: [__]

Citibank N.A
as Administrative Agent
388 Greenwich Street, 14th Floor
New York, NY 10013

Attention: Albert P. Mari
Email: albert.p.mari@citi.com

Ladies and Gentlemen:

1. [*Assignee Lender*] (the "Assignee") delivers this Certificate to you pursuant to that certain Common Terms Agreement, dated as of [__], 2016 (the "Agreement"), by and among Arcos Dourados Comércio de Alimentos Ltda., a company organized and existing under the laws of Brazil (the "Borrower"), Citibank, N.A., as the administrative agent (the "Administrative Agent"), [*Assignor Lender*] (the "Lender") and the other parties thereto. Capitalized terms used but not defined herein shall have the respective meanings ascribed thereto in, or incorporated by reference in, the Agreement or the Loan Agreement, as applicable.

2. The Lender confirms that the Lender's participation set forth on the Schedule hereto is an accurate summary of its participation in the Agreement and requests the Assignee to accept and procure the transfer to the Assignee of the Percentage Transferred of the Lender's participation specified in the Schedule hereto by counter-signing and delivering this Certificate to the Administrative Agent and the Borrower at their respective addresses for the service of notices specified in the Agreement or as otherwise notified by them pursuant to the terms thereof.

3. The Assignee hereby requests, subject to Section 19 of Agreement, the Borrower to accept (and the Administrative Agent to acknowledge) this Certificate so as to take effect in accordance with the terms thereof on the Assignment Date stated above or on such later date as may be determined in accordance with the terms thereof.

4. The Assignee confirms that it has received a copy of each of the Transaction Documents together with such other information as it has required in connection with this transaction and that it has not relied and will not hereafter rely on the Lender to check or inquire on its behalf into the legality, validity, effectiveness, adequacy, accuracy or completeness of any such information and further agrees that it has not relied and will not rely on the Lender to assess or keep under review on its behalf the financial condition, creditworthiness, condition, affairs, status or nature of the Borrower or any other party to any of the Transaction Documents.

5. The Assignee hereby undertakes with the Lender, the Borrower and each of the other parties to the Agreement that it will perform in accordance with their terms all those obligations which by the terms of the Loan Agreement and the other Transaction Documents will be assumed by it after delivery of this Certificate to the Administrative Agent and the Borrower.

6. The Lender makes no representation or warranty and assumes no responsibility with respect to the legality, validity, effectiveness, adequacy, accuracy or enforceability of any of the Transaction Documents or any document relating thereto and assumes no responsibility for the financial condition of any party thereto or for the performance and observance by such party of any of its obligations under any of the Transaction Documents or any document relating thereto and any and all such conditions and warranties, whether express or implied by law or otherwise, are hereby excluded.

7. The Lender hereby gives notice that nothing herein or in the Transaction Documents (or any document relating thereto) shall oblige it to (i) accept a re-transfer from the Assignee of the whole or any part of its rights, benefits and/or obligations under the Agreement transferred pursuant hereto or (ii) support any losses directly or indirectly sustained or incurred by the Assignee for any reason whatsoever including, without limitation, the non-performance by the Borrower or any other party to any of the Transaction Documents (or any document relating thereto) of its obligations under any such document. The Assignee hereby acknowledges the absence of any such obligation as is referred to in (i) or (ii) above.

8. This Certificate shall be governed by the law of the State of New York of the United States of America and shall for all purposes be governed by and construed in accordance with the law of such state; *provided, however*, that to the extent that any terms of this Certificate are incorporated in and made part of any other Transaction Documents, any such term so incorporated shall for all purposes of such Transaction Documents be governed by and construed in accordance with the law governing the Transaction Documents into which such term is so incorporated.

IN WITNESS WHEREOF, the undersigned have executed this Certificate as of the respective dates set forth below.

[Signature Pages Follow]

[*Assignor Lender*]

By ________________________________
Name:
Title:
Date:

[*Assignee Lender*]

By ________________________________
Name:
Title:
Date:

ARCOS DOURADOS COMÉRCIO DE
ALIMENTOS LTDA.

By ________________________________
Name:
Title:
Date:

Acknowledged:

CITIBANK, N.A.

By ________________________________
Name:
Title:
Date:

SCHEDULE TO ASSIGNMENT AND ASSUMPTION CERTIFICATE

1. Lender / Assignor: [__]

2. Assignee: [__]

3. Assignment Date: [__]

4. Commitment and Advance Currency: U.S. Dollars

5. Lender's Commitment: [__]

6. Amount to be Transferred: [__]

7. Percentage Transferred: [__]

8. Administrative Details of Assignee: [__]

   Address:[__]

   ContactDepartment and Name: [__]

   Accountfor Payments: [__]

   E-mail:[__]

   Facsimile:[__]

   Telephone:[__]

EXHIBIT G

FORM OF NY PROMISSORY NOTE

US$ [__]

São Paulo, State of São Paulo, Brazil

Dated [__]

FOR VALUE RECEIVED, the undersigned, **Arcos Dourados Comércio de Alimentos Ltda.**, a corporation organized and existing under the laws of the Federative Republic of Brazil, enrolled with the CNPJ/MF under number [__] (the "**Borrower**"), HEREBY PROMISES TO PAY to [*Name of Lender*] (the "**Lender**"), on the Lender's first demand therefor, the principal sum of [__] U.S. Dollars (US$ [__]). The Borrower also promises to pay interest on the unpaid principal amount hereof from the date hereof until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the Agreement referred to below.

Both principal and interest hereunder are payable in lawful money of the United States of America (in freely transferable U.S. Dollars) to the Lender, not later than 11:00 a.m. (New York City time) at the offices of [__], in same day funds, free and clear of, and without deduction for, any and all present and future taxes, levies, imposts, charges and withholdings whatsoever imposed, assessed, levied, or collected by or for the account of the government of any country or any political subdivision or taxing authority thereof other than the taxes imposed on the income of the Lender by the United States of America or any political subdivision thereof.

The Borrower hereby waives presentment at maturity, demand and all notices whatsoever. The failure of any holder of this Promissory Note to exercise any of its rights hereunder in any particular instance shall not constitute a waiver thereof in that or any subsequent instance.

This Promissory Note is the Note referred to in that Common Terms Agreement, dated as of [__] (as may be amended, supplemented or otherwise modified from time to time, the "Agreement"), among the Borrower, **Arcos Dorados Holdings Inc.** and **Arcos del Sur S.R.L.** (the "**Guarantors**"), the Lenders and others which, among other things, contains provisions for the acceleration of the maturity hereof upon the happening of certain stated events therein specified. The obligations of the Borrower under this Promissory Note and the Agreement are guaranteed by the Guarantors. Upon any assignment by the Lender of all or a portion of its rights and obligations under the Agreement, this Note shall be substituted and replaced with a new note issued to the assignee or, in the case of partial assignments, with new notes issued to the Lender and the assignee in accordance with their respective proportion of rights.

This Promissory Note shall be governed by, and construed and enforced in accordance with, the law of the State of New York, United States.

ARCOS DOURADOS COMÉRCIO DE ALIMENTOS LTDA.

By:
Title:

ARCOS DEL SUR S.R.L.

By:
Title:

ARCOS DORADOS HOLDINGS INC.

By:
Title:

SCHEDULE I

AMORTIZATION SCHEDULE

Date	**Amount**
September 30, 2017	10% of the Advances at the Disbursement Date
March 31, 2018	15% of the Advances at the Disbursement Date
September 30, 2018	15% of the Advances at the Disbursement Date
March 31, 2019	20% of the Advances at the Disbursement Date
September 30, 2019	20% of the Advances at the Disbursement Date
March 31, 2020	20% of the Advances at the Disbursement Date

SCHEDULE II

LIST OF RESTAURANTS

CNPJ	NOME DO RESTAURANTE	ESTADO	CIDADE	BAIRRO	CEP	ENDEREÇO
42591651017542	HENRIQUE SCHAUMANN	SP	SAO PAULO	Cerqueira Cesar	5413010	AV. HENRIQUE SCHAUMANN, 80/124
42591651111999	SHOPPING METRO ITAQUERA	SP	SAO PAULO	Itaquera	8220385	AV. JOSE PINHEIRO BORGES, S/N
42591651018786	ABRAAO DE MORAES	SP	SAO PAULO	Bosque da Saude	4123001	AV. PROF. ABRAAO DE MORAES, 1180
42591651032690	VILA MATILDE	SP	SAO PAULO	Tatuape	3501000	AV. CONDE DE FRONTIN, 2200
42591651084223	AEROPORTO GUARULHOS	SP	GUARULHOS	Aeroporto Guarulhos	7141900	RUA JAMIL JOAO ZARIF, S/N
42591651016066	BANDEIRANTES	SP	SAO PAULO	Indianopolis	4086020	AVENIDA DOS JURUPIS, 1948
42591651091602	SHOPPING INTERLAGOS	SP	SAO PAULO	Jardim Umuarama	4661200	AV. INTERLAGOS, 2255
42591651097554	AV. JACU PESSEGO	SP	SAO PAULO	Itaquera	8210450	AV. NOVA TRABALHADORES, 5500
42591651032347	AV. ZACHI NARCHI	SP	SAO PAULO	Santana	2033000	AV. ATALIBA LEONEL, 1438
42591651085203	GUARULHOS	SP	GUARULHOS	Macedo	7111000	AVENIDA PAULO FACCINI, 1058
42591651012583	ABC PLAZA SHOPPING	SP	SANTO ANDRE	Campestre	9080500	AV. INDUSTRIAL, 600
42591651024590	PRACA PANAMERICANA	SP	SAO PAULO	Alto de Pinheiros	5461000	PRACA PANAMERICANA, 60
42591651065784	ALPHAVILLE TREVO	SP	BARUERI	Alphaville	6454000	ALAMEDA RIO NEGRO, 878
42591651028749	GUARULHOS SHOP. CENTER	SP	GUARULHOS	Itapejica	7034911	ROD. PRES. DUTRA, KM 230 - ANTIGO 397/650
42591651023941	SHOPPING CENTER LESTE	SP	SAO PAULO	Vila Matilde	3527000	AV. ARICANDUVA, 5555
42591651025308	SHOPPING METRO TATUAPE	SP	SAO PAULO	Tatuape	3306010	RUA DOMINGOS AGOSTIM, S/N
42591651077600	AV DOM PEDRO	SP	SANTO ANDRE	Jardim	9080110	AV. DOM PEDRO II, 339
42591651079734	PARQUE DOM PEDRO	SP	CAMPINAS	Santa Genebra	13080395	AV. PROJETADA LESTE, 500
42591651043381	GRANJA VIANA	SP	COTIA	Jardim Dinorah	6700000	RODOVIA RAPOSO TAVARES, KM 23
42591651068104	RADIAL LESTE	SP	SAO PAULO	Mooca	3102002	AV. ALCANTARA MACHADO, 2.078
42591651073531	SAO PAULO MARKET CENTER	SP	SAO PAULO	Jardim Campo Grande	4795000	AV. DAS NACOES UNIDAS, 22540
42591651135073	CURITIBA CABRAL	PR	CURITIBA	Cabral	80035000	AV. MUNHOZ DA ROCHA, 513
42591651039511	DOMINGOS DE MORAES	SP	SAO PAULO	Vila Mariana	4036000	RUA DOMINGOS DE MORAES, 1954
42591651088644	SANTO ANDRE	SP	SANTO ANDRE	Casa Branca	9020020	PRACA DR ADHEMAR DE BARROS, 25
42591651144730	EMBU DRIVE	SP	EMBU	QUINHAU	6803000	AVENIDA ELIAS YASBEK, 606
42591651015418	ENG. CAETANO ALVARES	SP	SAO PAULO	Mandaqui	2416000	RUA PROFESSOR VALERIO GIULI, 104
42591651129260	CHACARA FLORA	SP	SAO PAULO	Santo Amaro	4662002	AV. WASHINGTON LUIZ, 1400
42591651044787	CLUBE PORTUGUES	PE	RECIFE	Parque Amorim	52031330	AV. AGAMENON MAGALHAES, 990
42591651013806	AV. PRESTES MAIA	SP	SANTO ANDRE	Vila Alpina	9071000	AV. PRESTES MAIA, 1400
42591651015256	BRAZ LEME	SP	SAO PAULO	Santana	2022020	AV. BRAZ LEME, 2162
42591651090541	SANTOS SANTA CASA	SP	SANTOS	Jabaquara	11075101	AV. DR. CLAUDIO LUIZ DA COSTA, 129
42591651023607	WASHINGTON LUIZ	SP	SAO PAULO	Chacara Flora	4626000	AV. WASHINGTON LUIZ, 3990
42591651130276	TABOAO DA SERRA	SP	TABOAO DA SERRA	Parque Santos Dumont	6754190	RUA DO TESOURO, 414
42591651119469	SHOPPING UNIAO DE OSASCO	SP	OSASCO	VILA YARA	6020010	AV. DOS AUTONOMISTAS, 1400
42591651173242	BARUERI DRIVE	SP	BARUERI	CENTRO	6401160	RUA HENRIQUETA MENDES GUERRA, 486
42591651153217	MARGINAL TIETE DRIVE	SP	SAO PAULO	FREGUESIA DO Ó	2701000	AVENIDA OTAVIANO ALVES DE LIMA, 2.888
42591651036687	SHOPPING METRO TATUAPE 2	SP	SAO PAULO	Tatuape	3314030	RUA DR. MELO FREIRE, S/N
42591651067051	CARREFOUR SAO BERNARDO	SP	SAO BERNARDO DO CAMPO	Jardim 3 Marias	9750001	AV. SENADOR VERGUEIRO, 2000
42591651023003	SHOPPING CENTER	SP	SAO PAULO	Pinheiros	5402918	AV. REBOUCAS, 3970

CNPJ	NOME DO RESTAURANTE	ESTADO	CIDADE	BAIRRO	CEP	ENDEREÇO
42591651070869	ELDORADO METRO SAO JOAQUIM	SP	SAO PAULO	Sao Judas	1504000	RUA VERGUEIRO, 84
42591651017895	EDGAR FACO	SP	SAO PAULO	Piqueri	2924000	AV. GENERAL EDGAR FACO, 740
42591651004998	ASA SUL 114	DF	BRASILIA	Asa Sul	70377400	SHCS EQ 114/115
42591651125868	AUTO SHOPPING SAO PAULO LESTE	SP	SAO PAULO	VILA MATILDE	3527908	AVENIDA ARICANDUVA, 5555
42591651081550	SHOPPING TABOAO	SP	TABOAO DA SERRA	Cidade Intercap	6768200	RODOVIA REGIS BITTENCOURT, BR 116, KM 271,5
42591651003169	TIJUCA	RJ	RIO DE JANEIRO	Tijuca	20540003	RUA BARAO DE MESQUITA, 262
42591651031537	CARREFOUR OSASCO	SP	OSASCO	Vila Yara	6020012	AV. DOS AUTONOMISTAS, 1542
42591651164847	KENNEDY DRIVE	SP	SAO CAETANO DO SUL	SANTA PAULA	9570000	AVENIDA PRESIDENTE KENNEDY, 1.050
42591651137521	ASSEMBLEIA	MG	BELO HORIZONTE	Santo Agostinho	30170050	RUA MATIAS CARDOSO, 26
42591651001972	NORTE SHOPPING	RJ	RIO DE JANEIRO	Cachambi	20751000	AV. DOM HELDER CAMARA, 5474
42591651036849	JOSE MARIA WHITAKER	SP	SAO PAULO	Planalto Paulista	4057000	AV. JOSE MARIA WHITAKER, 81
42591651076042	PRESTES MAIA	SP	SAO BERNARDO DO CAMPO	Santa Terezinha	9770000	AV. FRANCISCO PRESTES MAIA, 1061
42591651070940	AV NAZARE	SP	SAO PAULO	Ipiranga	4262200	AV. NAZARE, 1.674
42591651010530	LAGO SUL	DF	BRASILIA	Asa Sul	70237400	EQS 404/405
42591651136479	FLORIANOPOLIS	SC	FLORIANOPOLIS	Agronomica	88025000	RUA FREI CANECA, 121
42591651073027	SUDOESTE	DF	BRASILIA	Setor Sudoeste	70670619	CLSW - QUADRA 104- BLOCO A
42591651094377	PRAIA GRANDE SHOPPING	SP	PRAIA GRANDE	Tude de Bastos	11726000	AV. AYRTON SENNA DA SILVA, 1511
42591651090460	SAO BERNARDO DRIVE	SP	SAO BERNARDO DO CAMPO	Centro	9710202	AV. BRIGADEIRO FARIA LIMA, 3.109
42591651032428	CENTRAL PLAZA SHOPPING	SP	SAO PAULO	Vila Independencia	4220020	RUA GUAMIRANGA, 301
42591651051724	ALPHAVILLE 5	SP	SANTANA DE PARNAIBA	Centro	6500000	AV. DR. YOJIRO TAKAOKA, S/N
42591651044000	AV. ARICANDUVA	SP	SAO PAULO	Vila Nova York	3990000	AV. ARICANDUVA, 4840
42591651179526	CAIEIRAS DRIVE	SP	CAIEIRAS	SERPA	7713000	RODOVIA PRESIDENTE TANCREDO DE ALMEIDA NEVES, 1996
42591651014608	OSASCO PLAZA SHOPPING	SP	OSASCO	Centro	6093000	RUA ANTONIO AGU, 240A
42591651042733	SHOPPING TAMBORE 2	SP	BARUERI	Tambore	6455000	AVENIDA PIRACEMA, 669
42591651144579	AVENIDA ELISEU DE ALMEIDA 2	SP	SAO PAULO	INSTITUTO DE PREVIDENCIA	5533000	AVENIDA ELISEU DE ALMEIDA, S/N
42591651110321	SHOPPING METRO EXPANSAO	SP	SAO PAULO	Tatuape	3066030	RUA GONCALVES CRESPO, S/N
42591651084061	GUARULHOS CENTRO	SP	GUARULHOS	Centro	7010040	RUA NOVE DE JULHO, 42
42591651032266	ANALIA FRANCO DRIVE	SP	SAO PAULO	Vila Regente Feijo	3342000	AV. REGENTE FEIJO, 1644
42591651057765	AV ERMANO MARQUETTI	SP	SAO PAULO	Agua Branca	5038000	AV. ERMANO MARCHETTI, 457
42591651049908	AV MUTINGA	SP	SAO PAULO	Pirituba	5154000	AV. MUTINGA, S/N
42591651023437	SHOPPING CENTER LESTE 2	SP	SAO PAULO	Vila Matilde	3527000	AV. ARICANDUVA, 5555
42591651102493	SUBURBANA	RJ	RIO DE JANEIRO	Engenho de Dentro	20771002	AV. DOM HELDER CAMARA, 5895
42591651059709	BOA VIAGEM DRIVE	PE	RECIFE	Boa Viagem	51111190	RUA ARTUR MUNIZ, 122
42591651060120	SAIDA SUL	DF	BRASILIA	Nucleo Bandeirante	71725800	SPM/SUL EPIA, CONJ. D
42591651058575	SHOPPING INTERLAGOS 2	SP	SAO PAULO	Jardim Umuarama	4661200	AV. INTERLAGOS, 2255
42591651131833	VALQUEIRE	RJ	RIO DE JANEIRO	Vila Valqueire	21331720	ESTRADA INTENDENTE MAGALHAES, 1212/1214
42591651165061	AEROPORTO DE CONGONHAS	SP	SAO PAULO	VILA CONGONHAS	4626911	AVENIDA WASHINGTON LUIZ, S/N
42591651071911	SHOPPING SANTA CRUZ	SP	SAO PAULO	Vila Mariana	4036100	RUA DOMINGOS DE MORAIS, 2564
42591651113851	BOURBON SHOPPING	SP	SAO PAULO	Pompeia	5005900	RUA TURIASSU, 2.100
42591651126082	BURITI DRIVE	MG	BELO HORIZONTE	BURITIS	30493030	AVENIDA ENGENHEIRO CARLOS GOULART, 21
42591651024670	AUGUSTA	SP	SAO PAULO	Cerqueira Cesar	1310200	AV. PAULISTA, 2034
42591651045244	ANALIA FRANCO TULIPAS	SP	SAO PAULO	V. Regente Feijo	3342000	AV. REGENTE FEIJO, 1739
42591651023518	LAPA	SP	SAO PAULO	Lapa	5073000	RUA DOZE DE OUTUBRO, 128/132
42591651061444	AV JOAO DIAS	SP	SAO PAULO	Santo Amaro	4724001	AV. JOAO DIAS, 872

CNPJ	NOME DO RESTAURANTE	ESTADO	CIDADE	BAIRRO	CEP	ENDEREÇO
42591651059628	CASA FORTE	PE	RECIFE	Casa Forte	52060590	AV. DEZESSETE DE AGOSTO, 584
42591651078096	ACLIMACAO	SP	SAO PAULO	Aclimacao	1531001	AV. DA ACLIMACAO, 879
42591651141634	SHOPPING BARUERI	SP	BARUERI	ALDEIA	6440180	RUA GENERAL DE DIVISAO PEDRO RODRIGUES DA SILVA S/N
42591651057099	AV MIGUEL CONEJO	SP	SAO PAULO	Freguesia do O	2731050	RUA MATHEUS LEAO, 43
42591651104194	BELVEDERE	MG	BELO HORIZONTE	Santa Lucia	30350610	RUA MARIA LUIZA SANTIAGO, S/N
42591651134506	ARACAJU DRIVE	SE	ARACAJU	Suica	49050000	AV. HERMES FONTES, 1118
42591651089535	SAO CARLOS DRIVE	SP	SAO CARLOS	Centro	13560002	AV. SAO CARLOS, 3.134
42591651126163	PIRACICABA DRIVE	SP	PIRACICABA	CENTRO	13416230	AVENIDA INDEPENDENCIA, 2854
42591651091513	IMIGRANTES	SP	SAO BERNARDO DO CAMPO	Jardim Monte Carlo	9835800	RODOVIA DOS IMIGRANTES, KM 35
42591651165819	AGUIA DE HAIA	SP	SAO PAULO	PARQUE PAINEIRAS	23694000	AVENIDA AGUIA DE HAIA, S/N
42591651141472	AUTONOMISTA DRIVE	SP	OSASCO	OSASCO	#REF!	AV. DOS AUTONOMISTAS, 3330 E 3336
42591651057927	TAQUARICHIM	SP	SAO PAULO	Saude	4296100	RUA TAQUARICHIM, 266
42591651086510	PAES DE BARROS	SP	SAO PAULO	Parque da Mooca	3149000	AV. PAES DE BARROS, 2880
42591651176349	AEROPORTO JK	DF	BRASILIA	LAGO SUL	71608900	AEROPORTO INTERNACIONAL DE BRASILIA
42591651066080	AV AGUAS ESPRAIADAS	SP	SAO PAULO	CIDADE MANCOES	4576100	AVENIDA JORNALISTA ROBERTO MARINHO, 2050
42591651098100	BELEM DRIVE	PA	BELEM	Nazare	60040170	AV. GOV. MAGALHAES BARATA, 44
42591651098798	SAO CAETANO DO SUL	SP	SAO CAETANO DO SUL	Fundacao	9520150	AV DO ESTADO, 1700 E 1750

SCHEDULE III

ADDRESSES FOR NOTICES

ARCOS DOURADOS COMÉRCIO DE ALIMENTOS LTDA. **as Borrower**	Attn.: Mr. Boris Gris Address: Alameda Amazonas, 253 - Alphaville - Barueri - São Paulo - 06454-070 Tel.: +55 11 4196 9897 E-mail: boris.gris@br.mcd.com
ARCOS DORADOS HOLDINGS INC. **as Initial Guarantor**	Attn.: Mr. Mariano Tannenbaum Address: Roque Saez Peña 432 B1636FFB — Olivos Buenos Aires Argentina Tel.: +5411-4047 3662 E-mail: mariano.tannenbaum@ar.mcd.com
ARCOS DEL SUR S.R.L. **as Initial Guarantor**	Attn.: Mr. Woods Staton Address: Roque Saez Peña 432 B1636FFB — Olivos Buenos Aires Argentina Tel.: +5411-4711-2021 E-mail: Woods.staton@uy.mcd.com
CITIBANK, N.A. **as Administrative Agent**	Attn: Albert P. Mari Address: 388 Greenwich Street, 14th floor, New York, NY 10013 — United States Attention: Albert P. Mari Email: albert.p.mari@citi.com
CITIBANK, N.A. **as Initial Lender**	Attn.: Gustavo Lauro Address: 399 Park Avenue, New York, NY 10043 — United States Tel.: + 55 11 3232-7587 E-mail: gustavo.lauro@citi.com
BANK OF AMERICA N.A. **as Initial Lender**	Att.: Thiago Guimarães dos Santos Phone: +55 11 3140 4870 E-mail: dg.Credit_Ops_Brazil@bankofamerica.com Address: Av. Pres. Juscelino Kubitschek, 1327 — 12º andar Zip Code: 04543-011 São Paulo - SP - Brasil Att.: Ivan Pajuelo Rojas Director — Wholesale Credit Chile E-mail: ivan.pajuelo@baml.com Phone: +56 224 909 631 Address: Av Apoquindo, 2827

	Zip Code: 8320000 Santiago — Chile Att.: Victor Macedo Vice President — Wholesale Credit Brazil E-mail: victor.macedo@baml.com Phone: +55 11 2188 4043 Address: Av Brigadeiro Faria Lima, 3400 – 16º andar Zip Code: 04538-132 São Paulo – SP – Brasil
ITAU BBA INTERNATIONAL PLC **as Initial Lender**	Attn.: Rita C. Campos / Loans Address: The Broadgate Tower 20, 20 Primrose Street, London EC2A 2EW England Tel.: +351 21 381 10 15 E-mail: Loans@itaubba.com
JPMORGAN CHASE BANK, N.A. **as Initial Lender**	JPM-Bangalore Loan Operations Prestige Tech Park, Floor 4 Sarjapur Outer Ring Rd, Vathur Hobli Bangalore, India 560 087 Attention: Bharath Devaraju Fax: 201-244-3885 Telephone: (+91-80) 667 65334 ext. 65334 Email: na_cpg@jpmorgan.com Attention: Asha Nanjappa Fax: 201-244-3885 Telephone: (+91-80) 667 60775 Email: na_cpg@jpmorgan.com
BANCO SANTANDER (BRASIL) S.A., **CAYMAN ISLANDS BRANCH** **as Initial Lender**	Attn.: Ms. Sandra Mendonca Fernandes Gomes Address: Waterfront Centre Building, 28, North Church Street - 2nd floor, P.O. Box 10444 - KY1-1004, Grand Cayman, Cayman Islands Tel.: + (55 11) 5538-6607 E-mail: Sgomes@santander.com.br Attn.: Rogerio Alves Zorzan Email: rogerio.zorzan@santander.com.br Attn. Ag.Grand Cayman-339-Gerencia Geral Email: ag033900@santander.com.br

Exhibit 4.28

U.S.$25,000,000

CREDIT AGREEMENT

dated as of August 31, 2015

among

ARCOS DORADOS B.V.,
as Borrower

CERTAIN SUBSIDIARIES OF THE BORROWER,
as Guarantors

and

JPMORGAN CHASE BANK, N.A.,
as Lender

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CREDIT AGREEMENT, dated as of August 31, 2015 (the "Agreement"), among ARCOS DORADOS B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) organized under the laws of The Netherlands with seat in Amsterdam (the "Borrower"), (b) CERTAIN SUBSIDIARIES OF THE BORROWER, as Guarantors (as defined below), and JPMORGAN CHASE BANK, N.A., as lender (the "Lender").

W I T N E S S E T H:

WHEREAS, the Lender has agreed to make available to the Borrower a revolving credit facility on the terms and subject to the conditions contained in this Agreement;

WHEREAS, each Guarantor will benefit from the extension of credit to the Borrower by the Lender;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows.

ARTICLE I

DEFINITIONS

Section 1.1 Defined Terms. As used in this Agreement, the following terms shall have the meanings specified below:

"Additional Guarantor" means each Subsidiary of the Borrower that becomes, at any time after the Closing Date, an additional Guarantor hereunder pursuant to Section 5.5.

"Affiliate" of any Person, means any Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, "control" of a Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise.

"Aggregate Commitment Amount" means U.S.$25,000,000.

"Anti-Corruption Laws" means all laws, rules, and regulations of any jurisdiction applicable to the Borrower or any of its Affiliates from time to time concerning or relating to bribery or corruption.

"Applicable Law" means, as to any Person, all applicable constitutions, treaties, laws, statutes, codes, ordinances, orders, decrees, rules and regulations of any Governmental Authority binding upon such Person or to which such a Person is subject.

"Applicable Margin" means a rate *per annum* equal to 2.25%.

"Availability Period" the period commencing on and including the Closing Date and ending on the Commitment Termination Date.

Base Rate" means, for any day, a fluctuating rate *per annum* equal to the highest of (a) the rate of interest in effect for such day as publicly announced from time to time by the Lender as its "prime rate," (b) the Federal Funds Effective Rate, as in effect for such day, plus 0.5% and (c) the LIBO Rate for an interest period of one month, plus 1.00%, as adjusted to conform to changes as of the opening of business on the date of any change of such LIBO Rate. Any change in such prime rate announced by the Lender shall take effect at the opening of business on the day specified in the public announcement of such change.

"Board" means the Board of Governors of the Federal Reserve System, together with any successor.

"Borrowing" means a borrowing of Loans made by the Lender pursuant to Section 2.1.

"Borrowing Date" means a Business Day within the Availability Period specified in a Borrowing Notice as the date on which the Borrower shall make a Borrowing hereunder.

"Borrowing Notice" is defined in Section 2.2(a).

"Brazilian Guarantor" means each Guarantor organized under the laws of the Federative Republic of Brazil.

"Brazilian Master Franchisee" means Arcos Dourados Comercio de Alimentos Ltda., or any successor to its rights and obligations under the Second Amended and Restated Master Franchise Agreement, dated as of November 10, 2008 (as the same may be amended, restated, supplemented or otherwise modified from time to time), among McDonald's Latin America and Arcos Dourados Comércio de Alimentos Ltda.

"Breakage Costs" means any loss or expense incurred by the Lender, which shall consist of losses or expenses incurred in liquidating or employing deposits from third parties (but excluding loss of margin for the remaining portion of any Interest Period after the date of the event that gave rise to such loss or expense) as a result of (a) any payment or prepayment of any Loan accruing interest at the LIBO Rate on a day other than the last day of the Interest Period therefor (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise) or (b) any failure by the Borrower to prepay or borrow any Loan accruing interest at the LIBO Rate on a date or in the amount notified by the Borrower. For purposes of calculating Breakage Costs, each Loan shall be deemed to have been funded at the LIBO Rate applicable to such Loan by a matching deposit or other borrowing in the interbank eurodollar market for a comparable amount and for a comparable period, whether or not such Loan was in fact so funded. A certificate of the Lender setting forth in reasonable detail its calculation of such losses or expenses incurred shall be conclusive absent manifest error.

"Business Day" means any day, other than a Saturday or Sunday, on which (a) banking institutions in the State of New York are open for general business, and (b) when used in connection with the determination of the LIBO Rate, dealings in U.S. dollar deposits are carried out between banks in the London inter-bank market.

"Capital Lease Obligations" of any Person, means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP.

"Capital Stock" means, with respect to any Person, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated and whether or not voting) of equity of such Person, including each class of Common Stock, Preferred Stock, limited liability interests or partnership interests, but excluding any debt securities convertible into such equity.

"Change of Control" means the occurrence of one or more of the following events:

(a) the Permitted Holders cease to be the "beneficial owners" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act) of 30.0% of the voting power of the Voting Stock of the Borrower, the Brazilian Master Franchisee or the Master Franchisee;

(b) individuals appointed by the Permitted Holders cease for any reason to constitute a majority of the members of the Board of Directors of the Borrower (*de directie*), the Brazilian Master Franchisee or the Master Franchisee;

(c) the sale, conveyance, assignment, transfer, lease or other disposition of all or substantially all of the assets of the Borrower, the Brazilian Master Franchisee or the Master Franchisee, determined on a Consolidated basis, to any "person" (as defined in Sections 13d and 14d under the Exchange Act), whether or not otherwise in compliance with this Agreement, other than a Permitted Holder; or

(d) the approval by the holders of Capital Stock of the Borrower, the Brazilian Master Franchisee or the Master Franchisee of any plan or proposal for the liquidation or dissolution of any such Person, whether or not otherwise in compliance with this Agreement.

"Change in Law" means, with respect to the Lender, the adoption of, or change in, any law, rule, regulation, policy, guideline or directive (whether or not having the force of law) or any change in the interpretation or application thereof by any Governmental Authority having jurisdiction over the Lender, in each case after the date hereof; provided, that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Closing Date" is defined in Section 4.1.

"Combined/Consolidated Basis" means, when used with respect to the determination of any amount, that such amount is to be determined by combining the relevant amount determined with respect to the Guarantors within a certain Territory and the Consolidated Subsidiaries of such Guarantors operating within the same Territory (but excluding in any event any Non-Guarantor Subsidiary of any such Guarantor that does not have operations within the same Territory) on a Consolidated basis, all in accordance with GAAP.

"Commitment" means the Lender's obligation to make Loans to the Borrower in an aggregate principal amount not to exceed, at any time, the Aggregate Commitment Amount as in effect at such time.

"Commitment Fee" is defined in Section 2.7.

"Commitment Termination Date" shall mean the earliest of (a) the date which is one Business Day prior to the Maturity Date and (b) the date on which the Commitments are terminated pursuant to the last paragraph of Section 7.1.

"Common Stock" means, with respect to any Person, 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 Closing Date or issued after the Closing Date, and includes, without limitation, all series and classes of such common equity interests.

"Consolidated" refers to the consolidation of accounts of a Person and its Subsidiaries in accordance with GAAP.

"Consolidated EBITDA" means, with respect to any Person for any period, Consolidated Net Income for such Person for such period, plus the following (without duplication) to the extent deducted or added in calculating such Consolidated Net Income:

(1) Consolidated Interest Expense for such Person for such period;

(2) Consolidated Income Tax Expense for such Person for such period;

(3) Consolidated Non-cash Charges for such Person for such period;

(4) any non-operating and/or non-recurring charges, expenses or losses of such Person and its Subsidiaries for such period; and

(5) the amount of loss on any sale of accounts receivables and related assets to a Securitization Subsidiary in connection with a Permitted Receivables Financing;

less (x) all non-cash credits and gains increasing Consolidated Net Income for such Person for such period, (y) 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 and (z) non-operating and/or non-recurring income or gains (less all fees and expenses related thereto) increasing Consolidated Net Income of such Person and its Subsidiaries for such period.

Notwithstanding the foregoing, the items specified in clauses (1) and (3) above for any Subsidiary will be added to Consolidated Net Income in calculating Consolidated EBITDA for any period:

(a) 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; and

(b) to the extent that a corresponding amount would be permitted at the date of determination to be distributed to such Person by such Subsidiary pursuant to its charter and bylaws (*estatutos sociales*) and each law, regulation, agreement or judgment applicable to such distribution.

"Consolidated Income Tax Expense" means, with respect to any Person for any period, the provision for federal, state, local and any other income taxes payable by such Person and its Subsidiaries for such period as determined on a Consolidated basis in accordance with GAAP.

"Consolidated Indebtedness" means, as of any date of determination, all Indebtedness (including the Loans) of a Person and its Subsidiaries determined on a Consolidated basis.

"Consolidated Interest Expense" means, with respect to any Person for any period, the sum (without duplication) determined on a Consolidated basis in accordance with GAAP of:

(1) the aggregate of cash and non-cash interest expense of such Person and its Subsidiaries for such period determined on a Consolidated basis in accordance with GAAP, including, without limitation, the following (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;

(c) the net costs under Hedging Obligations (including amortization of fees) in respect of Indebtedness or that are otherwise treated as interest expense or equivalent under GAAP; provided that if Hedging Obligations result in net benefits rather than costs, such benefits will be credited to reduce Consolidated Interest Expense unless, pursuant to GAAP, such net benefits are otherwise reflected in Consolidated Net Income;

(d) all capitalized interest;

(e) the interest portion of any deferred payment obligation;

(f) any premiums, fees, discounts, expenses and losses on the sale of accounts receivable (and any amortization thereof) payable by the Borrower or any Subsidiary in connection with a Permitted Receivables Financing;

(g) commissions, discounts and other fees and charges Incurred in respect of letters of credit or bankers' acceptances; and

(h) any interest expense on 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, whether or not such Guarantee or Lien is called upon; and

(2) the interest component of Capital Lease Obligations paid, accrued and/or scheduled to be paid or 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 will be excluded therefrom to the extent reflected in such aggregate net income (loss):

(1) net after-tax gains or losses from asset sale transactions or abandonments or reserves relating thereto;

(2) net after-tax items classified as extraordinary, special (reflected as a separate line item on a consolidated income statement prepared in accordance with GAAP) gains or losses or income or expense or charge including, without limitation, any severance expense, and fees, expenses or charges related to any offering of Capital Stock of such Person, any Investment, asset acquisition or Indebtedness;

(3) the net income (or loss) of any other Person (other than such Person and any Subsidiary of such Person); except that such Person's equity in the net income of any such other Person will be included up to the aggregate amount of cash actually distributed by such other Person during such period to such Person or a Subsidiary of such Person as a dividend or other distribution; and except further that such Person's equity in the net loss of any other Person will be included to the extent such loss has been funded with cash from such Person or a Subsidiary of such Person;

(4) 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 Closing Date;

(5) any gain (or loss) from foreign exchange translation or change in net monetary position;

(6) any net gain or loss (after any offset) resulting in such period from Hedging Obligations entered into for bona fide hedging purposes and not for speculative purposes; provided that the net effect on income or loss (including in any prior periods) will be included upon any termination or early extinguishment of such Hedging Obligations, other than any Hedging Obligations with respect to Indebtedness (that is not itself a Hedging Obligation) and that are extinguished concurrently with the termination or other prepayment of such Indebtedness; and

(7) the cumulative effect of changes in accounting principles.

"Consolidated Net Indebtedness" means, with respect to any Person as of any date of determination, an amount equal to Consolidated Indebtedness minus cash and cash equivalents and consolidated marketable securities recorded as current assets (except for any Capital Stock in any Person) in all cases determined in accordance with GAAP and as set forth in the most recent consolidated balance sheet of such Person and its Subsidiaries.

"Consolidated Net Indebtedness to EBITDA Ratio" means, at any date of determination, the ratio (expressed as a decimal) of: (a) Consolidated Net Indebtedness of the Borrower as at such date divided by (b) Consolidated EBITDA of the Borrower for the four (4) most recent fiscal quarters ending on or before such date.

"Consolidated Non-cash Charges" means, with respect to 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).

"Consolidated Total Assets" means, as of any date of determination, the total assets shown on the Consolidated balance sheet of the Borrower and its Subsidiaries as of the most recent date for which such a balance sheet is available, determined on a Consolidated basis in accordance with GAAP, calculated on a *pro forma* basis to give effect to any acquisition or disposition of companies, divisions, lines of business or operations by the Borrower and its Subsidiaries subsequent to such date and on or prior to the date of determination.

"Consolidated Net Worth" means, for any period, for the Borrower and its Subsidiaries on a Consolidated basis, the total shareholder's equity (or total assets minus total liabilities) which would appear as such on the Consolidated balance sheet of the Borrower and its Subsidiaries on a Consolidated basis, as determined in accordance with GAAP.

"Contingent Obligation" means, as to any Person, (without duplication): (a) a guarantee, an indemnity obligation in respect of a guarantee or performance bond (including a *fianza*), an endorsement or an *aval*, (b) a contingent agreement to purchase or to furnish funds for the payment or maintenance of, or otherwise to be or become contingently liable under or with respect to, any Indebtedness, other obligations, net worth, working capital or earnings of any Person, (c) an agreement to purchase, sell or lease (as lessee or lessor) Property or services, primarily in each case for the purpose of enabling a debtor to make payment of its obligations, or (d) an agreement to assure a creditor against loss; *in each case* including causing a bank or other Person to issue a letter of credit or other similar instrument for the benefit of any Person, but excluding endorsement for collection or deposit in the ordinary course of business. The amount of any Contingent Obligation of any Person shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as determined in good faith.

"Contributing Subsidiary" is defined in Section 5.5(b).

"CRR" means the Regulation (EU) No 575/2013 of the European Parliament and of the Council of June 26, 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.

"CS L/C Documents" means the CS Letter of Credit, the CS Letter of Credit Agreement, the CS L/C Security Documents and each other agreement, instrument or document delivered in connection with the foregoing, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"CS L/C Security Documents" means the security agreement dated as of August 3, 2007 made by the Subsidiaries of the Borrower party thereto and the pledge agreement dated as of August 3, 2007 made by the Subsidiaries of the Borrower party thereto, in each case to secure the obligations under the CS Letter of Credit Agreement.

"CS Letter of Credit" means the irrevocable standby letter of credit issued on August 3, 2007, for the account of the Borrower and the subsidiary guarantors identified thereto, for the benefit of McDonald's Latin America, pursuant to the CS Letter of Credit Agreement.

"CS Letter of Credit Agreement" means the Letter of Credit Reimbursement Agreement, dated as of August 3, 2007, between the Borrower and Credit Suisse, Cayman Islands Branch, as issuing bank.

"Costa Rican Guarantor" means each Guarantor organized under the laws of Costa Rica.

"Debtor Relief Laws" means the Bankruptcy Code of the United States of America, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, *recuperação judicial*, *regime de administração especial temporária*, *concurso mercantil*, *quiebra* or similar debtor relief laws of the United States of America, The Netherlands, Mexico, Costa Rica, Panama, Brazil, and/or any other jurisdictions applicable to the Borrower or any Guarantor from time to time in effect affecting the rights of creditors generally.

"Default" means any event or condition that, with the giving of any notice, the passage of time, or both, would result in 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

"Dollars" and "U.S.$" means the lawful currency of the United States.

"Environmental Laws" means any and all Brazilian, U.S., state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any Hazardous Materials into the environment.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Event of Default" means any of the events specified in Article VII; provided that any requirement set forth therein for the giving of notice, the lapse of time, or both, has been satisfied.

"Exchange Act" means the Securities Exchange Act of 1934.

"Excluded Subsidiary" means any Subsidiary of the Borrower that is prevented or prohibited from becoming a Guarantor under local laws or pursuant to its organizational documents or due the existence of minority shareholders.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to the Lender or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, or required to be withheld or deducted from any such payment: (a) Taxes imposed on or measured by its overall net income (however denominated), and branch profits and franchise taxes, in each case, (i) imposed by the jurisdiction (or any political subdivision thereof) under the Applicable Law of which such recipient is organized, is doing business, is considered a resident for tax purposes, or in which its principal office is located or, in which its applicable lending office is located; (ii) imposed as the result of any other present or former connection between the Lender and the jurisdiction imposing such Tax (other than connections arising from such Lender having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document); or (iii) imposed by the Netherlands as a result of the Lender owning, directly or indirectly, 5% or more of the Capital Stock of the Borrower from a Dutch law perspective; (b) withholding Taxes to the extent attributable to the Lender's failure to provide to the Borrower, at the time or times required by Applicable Law such properly completed and executed documentation reasonably requested by the Borrower as the Lender is legally entitled to provide and will permit such payments to be made without withholding or at a reduced rate of withholding, as applicable; and (c) any U.S. federal withholding Taxes imposed under FATCA.

"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 Borrower acting in good faith, and will be evidenced by a board resolution.

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code and any intergovernmental agreements (together with any law implementing such agreements).

"Federal Funds Effective Rate" means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the U.S. Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to the Lender on such day on such transactions as determined by the Lender; provided further that if the Federal Funds Effective Rate shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

"Fee Letter" means that certain fee letter dated as of the date hereof between the Borrower and the Lender.

"Financial Officer" of any Person means the chief financial officer, principal accounting officer, treasurer, assistant treasurer or controller of such Person.

"Franchise Documents" means the Master Franchise Agreements and any other documents pursuant to which the Borrower or any of its Subsidiaries has acquired the right to operate any franchised restaurant in Argentina, Aruba, Brazil, Chile, Colombia, Costa Rica, Curacao, Ecuador, French Guiana, Guadeloupe, Martinique, Mexico, Panama, Peru, Puerto Rico, Trinidad and Tobago, Uruguay, Venezuela and the U.S. Virgin Islands of St. Thomas and St. Croix, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"GAAP" means the generally accepted accounting principles in the United States of America, as in effect from time to time, consistently applied throughout the periods involved.

"Governmental Authority" means, as applicable, the government of Brazil, Mexico, Costa Rica, Panama, The Netherlands, the United States, any other nation, or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Guarantor" means Arcos Dourados Comércio de Alimentos Ltda., ADCR Inmobiliaria S.A., Arcos Dorados Costa Rica ADCR, S.A., Arcos Dorados Panamá, S.A., Sistemas MCopco Panamá, S.A., and each Additional Guarantor.

"Guaranty" means the guarantee by the Guarantors pursuant to Article VIII.

“Hazardous Materials” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

“Hedging Obligations” means the obligations of any Person pursuant to (i) 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, (ii) 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, or (iii) any commodity swap agreement, commodity cap agreement, commodity collar agreement, commodity or raw material futures contract or any other agreement as to which such Person is a party designed to manage commodity risk of such Person.

“Impacted Interest Period” is defined in the definition of “LIBO Rate.”

“Indebtedness” means, for any Person (without duplication):

(a) the principal amount (or, if less, the accreted value) of all obligations for borrowed money,

(b) obligations evidenced by bonds, debentures, notes or similar instruments (other than rental obligations under operating leases, whether or not evidenced by notes),

(c) obligations of such Person issued or assumed as the deferred purchase price of Property or services and obligations under any title retention agreement (excluding trade accounts payable in the ordinary course of business),

(d) reimbursement obligations in respect of letters of credit, banker’s acceptances or similar credit transactions (except to the extent they relate to trade payables in the ordinary course of business and such obligation is satisfied within twenty (20) Business Days of incurrence),

(e) indebtedness (excluding prepaid interest thereon) secured by any Lien on any Property of such Person, whether or not such liabilities have been assumed by such Person (the amount of such Indebtedness being deemed to be the lesser of the Fair Market Value of such Property and the amount of the indebtedness so secured),

(f) Capital Lease Obligations,

(g) net obligations under Hedging Obligations of such Person (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time),

(h) all liabilities recorded on the balance sheet of such Person in connection with a sale or other disposition of accounts receivable and related assets;

(i) all Disqualified Capital Stock issued by such Person with the amount of Indebtedness represented by such Disqualified Capital Stock being equal to the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price, but excluding accrued dividends, if any; *provided* that

(i) if the Disqualified Capital Stock does not have a fixed repurchase price, such maximum fixed repurchase price will be calculated in accordance with the terms of the Disqualified Capital Stock as if the Disqualified Capital Stock were purchased on any date on which Indebtedness will be required to be determined hereunder; and

(ii) if the maximum fixed repurchase price is based upon, or measured by, the fair market value of the Disqualified Capital Stock, the fair market value will be the Fair Market Value thereof;

(j) the amount of all Permitted Receivables Financings of such Person; and

(k) Contingent Obligations relating to any of the foregoing Indebtedness.

The amount of Indebtedness of any Person at any date will be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of any contingency obligations at such date.

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in (a), Other Taxes.

"Interest Payment Date" means, for each Loan, the last day of each Interest Period applicable to such Loan.

"Interest Period" means, with respect to each Loan, initially the period commencing on (and including) the date such Loan is made and ending (but excluding, for purposes of calculating interest) on the numerically corresponding day three calendar months (or, solely for purposes of computing the Base Rate by reference to the LIBO Rate, one calendar month) thereafter, and thereafter, each period commencing on (and including) the last day of the immediately preceding Interest Period applicable to such Loan and ending (but excluding, for purposes of calculating interest) on the numerically corresponding day three calendar months (or, solely for purposes of computing the Base Rate by reference to the LIBO Rate, one calendar month) thereafter; provided that (a) if any Interest Period would otherwise end on a day which is not a Business Day, that Interest Period shall be extended to the next succeeding Business Day, unless the result of such extension would be to carry such Interest Period into another calendar month, in which event such Interest Period shall end on the immediately preceding Business Day; (b) any Interest Period that would otherwise extend beyond the Maturity Date shall end on the Maturity Date, respectively; and (c) any Interest Period that begins on the last day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of a calendar month.

"Interpolated Rate" means, at any time, for any Interest Period, the rate *per annum* (rounded to the same number of decimal places as the LIBO Screen Rate) determined by the Lender (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) the LIBO Screen Rate for the longest period for which the LIBO Screen Rate is available for Dollars) that is shorter than the Impacted Interest Period; and (b) the LIBO Screen Rate for the shortest period (for which that LIBO Screen Rate is available for Dollars) that exceeds the Impacted Interest Period, in each case, at such time.

"Investment" means, with respect to any Person, any: (1) direct or indirect loan, advance or other extension of credit (including, without limitation, a Contingent Obligation) to any other Person (other than advances or extensions of credit to customers in the ordinary course of business); (2) capital contribution (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) to 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.

"LIBO Rate" means, with respect to any Interest Period, the London interbank offered rate as administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate for Dollars) for a period equal in length to such Interest Period as displayed on pages LIBOR01 or LIBOR02 of the Reuters screen that displays such rate (or, in the event such rate does not appear on a Reuters page or screen, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time as selected by the Lender in its reasonable discretion; in each case the "LIBO Screen Rate") at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period; provided that if the LIBO Screen Rate shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement; provided further that if the Screen Rate shall not be available at such time for such Interest Period (an "Impacted Interest Period") with respect to Dollars then the LIBO Rate shall be the Interpolated Rate; provided that if any Interpolated Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

"LIBO Screen Rate" is defined in the definition of "LIBO Rate."

"Lien" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing); provided that in no event shall an operating lease be deemed to constitute a Lien.

"Loan" is defined in Section 2.1.

"Loan Documents" means, collectively, this Agreement, the Note, the Fee Letter and each Subsidiary Joinder Agreement (if any).

“Loan Parties” means the Borrower and the Guarantors.

“Master Franchise Agreements” means the Amended and Restated Master Franchise Agreement, dated as of November 10, 2008 (as the same may be amended, restated, supplemented or otherwise modified from time to time), among McDonald’s Latin America, the Borrower and the other parties thereto, and the Second Amended and Restated Master Franchise Agreement, dated as of November 10, 2008 (as the same may be amended, restated, supplemented or otherwise modified from time to time), among McDonald’s Latin America and Arcos Dourados Comércio de Alimentos Ltda.

“Master Franchisee” means LatAm, LLC, or any successor to its rights and obligations under the Amended and Restated Master Franchise Agreement, dated as of November 10, 2008 (as the same may be amended, restated, supplemented or otherwise modified from time to time), among McDonald’s Latin America, the Borrower and the other parties thereto.

“Material Adverse Effect” means a material adverse effect on (a) the business, properties, operations or financial condition of the Borrower and its Subsidiaries, taken as a whole, (b) the ability of the Loan Parties, taken as a whole, to pay or perform their respective obligations, liabilities and indebtedness under the Loan Documents as such payment or performance becomes due in accordance with the terms thereof, (c) the rights and remedies of the Lender under any Loan Document or the validity, legality, binding effect or enforceability thereof.

“Material Subsidiary” means, at any time, any Guarantor and any other Subsidiary of the Borrower that (a) represents 10% or more of Consolidated EBITDA of the Borrower for the four fiscal quarters most recently ended at the time of determination, or (b) holds assets representing 10% or more of Consolidated Total Assets. As of the Closing Date (determined based on the financial condition and results of operations as of and for the period of four (4) fiscal quarters ended on June 30, 2015), the Material Subsidiaries are as set forth on Schedule 1.1.

“Maturity Date” means the first anniversary of the Closing Date.

“McDonald’s Mortgage” means any mortgages granted in favor of McDonald’s Latin America on Secured Restricted Real Estate, in each case securing obligations owing to McDonald’s Latin America under the Master Franchise Agreement in an aggregate amount not to exceed the undrawn portion of the Letter of Credit on the date of termination thereof.

“McDonald’s Security Documents” means the McDonald’s U.S. Stock Pledge Agreement, dated as of August 3, 2008, made by the Borrower and the other parties thereto in favor of McDonald’s Latin America, the McDonald’s Foreign Pledge Agreements and the McDonald’s Deposit Pledge Agreement and any other agreement, instrument or document under which any Lien is granted to secure obligations under the Franchise Documents, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Non-Guarantor Subsidiary” means, as of any time of determination, each Subsidiary of the Borrower that is not a Guarantor at such time.

“Non-Public Lender” means (i) prior to the publication of an interpretation of “public” as referred to in the CRR by the competent Government Authority or Government Authorities, an entity which (x) assumes existing rights and/or obligations vis-à-vis the Borrower, the value of which is at least EUR 100,000 (or its equivalent in another currency), (y) provides repayable funds for an initial amount of at least EUR 100,000 (or its equivalent in another currency) or (z) otherwise qualifies as not forming part of the public; and (ii) upon the interpretation of the term "public" as referred to in the CRR being published by the relevant Government Authority or Government Authorities, an entity which is not considered to form part of the public on the basis of such interpretation.

"Note" means each promissory note executed by the Borrower in favor of the Lender, substantially in the form of Exhibit B.

"Obligations" means all advances to, and debts, liabilities, obligations, covenants and duties of, the Borrower and the Guarantors arising under any Loan Document or otherwise with respect to any Loan, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against the Borrower, any Guarantor or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed or allowable claims in such proceeding.

"Other Taxes" means all present or future stamp, court or documentary, intangible, recording, filing or any other similar Taxes, charges or levies arising from any payment made hereunder or under any other Loan Document or from the execution, delivery, registration or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document.

"Panamanian Guarantor" means each Guarantor organized under the laws of Panama.

"Permitted Holders" means (a) any Person that is an Affiliate of the Borrower prior to an event giving rise to a Change of Control (and not established as an Affiliate in order to effect what would otherwise be a Change of Control), (b) Woods W. Staton and any Related Party of Woods W. Staton and (c) any Person both the Capital Stock and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are owned directly or indirectly 51% or more by Persons specified in clause (b).

"Permitted Receivables Financing" means any receivables financing facility or arrangement pursuant to which a Securitization Subsidiary purchases or otherwise acquires accounts receivable of the Borrower or any Subsidiary and enters into a third party financing thereof on terms that the Board of Directors of the Borrower or such Subsidiary has concluded are customary and market terms fair to such Person.

"Person" means an individual, partnership, corporation, business trust, joint stock company, limited liability company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

"Preferred Stock" means, with respect to any Person, 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.

"Property" shall mean any right or interest in or to property, assets, rights or revenues of any kind whatsoever, whether real, personal or mixed, whether existing or future and whether tangible or intangible, including intellectual property.

"Regulation U" means Regulation U (12 C.F.R. Part 221) of the Board, as the same may be modified and supplemented and in effect from time to time.

"Regulation X" means Regulation X (12 C.F.R. Part 224) of the Board, as the same may be modified and supplemented and in effect from time to time.

"Related Party" means, with respect to any Person, (1) any Subsidiary, spouse, descendant or other immediate family member (which includes any child, stepchild, parent, stepparent, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law) (in the case of an individual), of such Person, (2) any estate, trust, corporation, partnership or other entity, the beneficiaries and stockholders, partners or owners of which consist solely of one or more Permitted Holders referred to in clause (1) of the definition thereof and /or such other Persons referred to in the immediately preceding clause (1), or (3) any executor, administrator, trustee, manager, director or other similar fiduciary of any Person referred to in the immediately preceding clause (2), acting solely in such capacity.

"Sanctioned Person" means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, or by the United Nations Security Council, the European Union or The Netherlands, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person owned 50% or more any such Person or Persons described in the foregoing clause (a).

"Sanctioned Country" means, at any time, a country or territory which is itself the subject or target of any Sanctions (at the time of this Agreement, Cuba, Crimea, Iran, North Korea, Sudan and Syria).

"Sanctions" means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, or (b) the United Nations Security Council, the European Union, The Netherlands or Her Majesty's Treasury of the United Kingdom.

"Securitization Subsidiary" means (a) a Subsidiary that is designated a "Securitization Subsidiary" by the Board of Directors of the Borrower, (b) that does not engage in, and whose charter prohibits it from engaging in, any activities other than Permitted Receivables Financings and any activity necessary, incidental or related thereto, (c) no portion of the Indebtedness or any other obligation, contingent or otherwise, of which is guaranteed by the Borrower or any Material Subsidiary, is recourse to or obligates the Borrower or any Material Subsidiary of the Borrower in any way, subjects any property or asset of the Borrower or any Material Subsidiary of the Company, directly or indirectly, contingently or otherwise, to the satisfaction thereof and (d) with respect to which neither the Borrower nor any Material Subsidiary has any obligation to maintain or preserve its financial condition or cause it to achieve certain levels of operating results other than, in respect of clauses (c) and (d), pursuant to customary representations, warranties, covenants and indemnities entered into in connection with a Permitted Receivables Financing.

"Subsidiary" means, as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock of each class or other interests having ordinary voting power (other than stock or other interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are, at the time owned, or the management of which is otherwise controlled by, such Person or by one or more Subsidiaries of such Person. Unless otherwise specified, all references herein to a "Subsidiary" or to "Subsidiaries" shall refer to a Subsidiary or Subsidiaries of the Borrower

"Subsidiary Joinder Agreement" means each agreement executed by an Additional Guarantor in the form of Exhibit E.

"Taxes" means any and all present or future taxes, duties, levies, imposts, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, whether computed on a separate, consolidated, unitary, combined or other basis and any and all liabilities (including interest, fines, penalties or additions to tax) with respect to the foregoing.

"Territory" means, with respect to any Guarantor and any Subsidiary of any Guarantor, the country in which such Subsidiary is organized and has its primary operations.

"United States" means the United States of America.

"Voting Stock" means Capital Stock in any Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or individuals performing similar functions) of such Person, even if the right so to vote has been suspended by the happening of such a contingency.

Section 1.2 Rules of Construction.

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Document), (ii) any reference herein to any Person shall be construed to include such Person's successors and assigns, (iii) the words "herein," "hereof" and "hereunder," and words of similar import when used in any Loan Document, shall be construed to refer to such Loan Document in its entirety and not to any particular provision thereof, (iv) all references in a Loan Document to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, the Loan Document in which such references appear, (v) any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (vi) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and Properties, including cash, securities, accounts and contract rights.

(b) In this Agreement and each other Loan Document, unless the context clearly requires otherwise (or such other Loan Document clearly provides otherwise), (i) “amend” shall mean “amend, restate, amend and restate, supplement or modify;” and “amended,” “amending” and “amendment” shall have meanings correlative to the foregoing; (ii) in the computation of periods of time from a specified date to a later specified date, “from” shall mean “from and including,” “to” and “until” shall mean “to but excluding,” and “through” shall mean “to and including;” (iii) “hereof,” “herein” and “hereunder” (and similar terms) in this Agreement or any other Loan Document refer to this Agreement or such other Loan Document, as the case may be, as a whole and not to any particular provision of this Agreement or such other Loan Document; and (iv) references to “the date hereof” shall mean the date first set forth above.

(c) In this Agreement unless the context clearly requires otherwise, any reference to (i) an Exhibit or Schedule is to an Exhibit or Schedule, as the case may be, attached to this Agreement and constituting a part hereof, and (ii) a Section or other subsection is to a Section or such other subsection of this Agreement.

(d) Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP; *provided* that, if the Borrower notifies the Lender that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision, regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

(e) For purposes of Section 5.5(a) and Section 6.6, the definitions of Consolidated Net Indebtedness, Consolidated EBITDA and Consolidated Net Indebtedness to EBITDA Ratio will be calculated after giving effect on a pro forma basis in good faith for the period of such calculation for the following:

(i) 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 prior to or on 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

(ii) any asset sale transaction or asset acquisition by such Person or any of its Subsidiaries, including any asset sale or 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 prior to or on such date of determination, as if such asset sale transaction or asset acquisition occurred on the first day of the four-quarter period.

For purposes of making such pro forma computation, the amount of Indebtedness under any revolving credit facility will be computed based on:

(A) the average daily balance of such Indebtedness during such four-quarter period; or

(B) if such facility was created after the end of such four-quarter period, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the date of such calculation,

in each case giving pro forma effect to any borrowings related to any transaction referred to in clause (ii) of this Section 1.2(e).

ARTICLE II

LOANS

Section 2.1 Loans. Subject to the terms and conditions set forth herein, the Lender agrees to make loans (each such loan, a "Loan") to the Borrower from time to time, on any Business Day during the Availability Period, subject to Section 2.2, in an aggregate amount not to exceed, at any time outstanding, the Aggregate Commitment Amount. Within the limits of the Commitment, and subject to the other terms and conditions hereof, the Borrower may borrow under this Section 2.1, repay and reborrow under this Section 2.1.

Section 2.2 Borrowing.

(a) To request a Borrowing, the Borrower shall give the Lender an irrevocable notice substantially in the form of Exhibit A (the "Borrowing Notice") signed by the Borrower and appropriately completed, not later than by 11:00 a.m. (New York City time) three Business Days prior to the date the Borrowing is desired. The initial borrowing shall (i) be in a principal amount of at least U.S.$100,000 and (ii) be provided by a Lender that is a Non-Public Lender.

(b) Upon satisfaction of the applicable conditions set forth in Section 4.2, the Lender shall make the amount of the requested Loan available to the Borrower in immediately available funds on the Borrowing Date specified in the Borrowing Notice.

Section 2.3 Termination of Commitment. The Commitment shall automatically terminate at 5:00 p.m. (New York City time) on the Commitment Termination Date.

Section 2.4 Repayment of the Loans. The Borrower hereby unconditionally promises to pay to the Lender on the Maturity Date the aggregate principal amount of all Loans outstanding on such date.

Section 2.5 Optional Prepayment; Mandatory Prepayment.

(a) The Borrower shall have the right, upon three Business Days' irrevocable notice to the Lender, to prepay on any Business Day, without premium or penalty, all or any portion of the Loans then outstanding. Prepayments must be accompanied by a payment of all accrued and unpaid interest on the amount so prepaid through the date of prepayment.

(b) If on any Business Day for any reason the total outstanding principal amount of the Loans at any time exceeds the Aggregate Commitment Amount then in effect, the Borrower shall immediately prepay Loans in an aggregate amount equal to such excess.

(c) Each payment pursuant to this Section 2.5 shall be accompanied by accrued interest to such date on the amount prepaid and any additional amounts required to be paid pursuant to Section 2.15.

Section 2.6 Interest Rates and Interest Payment Dates.

(a) Except as set forth in clause (b) below or in Section 2.9 or 2.11, each Loan shall bear interest on the unpaid principal amount thereof, for the period from (and including) the day such Loan is made to, but excluding, the day such Loan is paid at a rate *per annum* equal to the LIBO Rate determined for the Interest Period then in effect, plus the Applicable Margin. Accrued (and theretofore unpaid) interest on each Loan shall be payable (i) in arrears on each Interest Payment Date, (ii) on the date of any prepayment (on the amount prepaid) and (iii) at maturity (whether at stated maturity, by acceleration or otherwise) and, after such maturity, on demand.

(b) During the continuance of any Event of Default, (i) all principal of any Loan shall bear interest, payable on demand, for each day until paid at a rate *per annum* equal to the rate that is 2% in excess of the interest rate then applicable to the Loan, and at any time following the termination of the Interest Period then in effect such rate shall be equal to 2% plus the Base Rate plus 1.50% determined from time to time and (ii) to the extent permitted by Applicable Law, any overdue interest or other amounts owing hereunder shall bear interest, payable on demand, for each day until paid at a rate *per annum* equal to 2% plus the Base Rate plus 1.50% determined from time to time. Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable upon demand.

(c) All computations of interest for Loans determined by reference to the Base Rate shall be made on the basis of a year of 365 days or 366 days, as the case may be, and actual days elapsed. All other computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed.

(d) Each determination by the Lender of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error. The Lender shall, at the request of the Borrower, deliver to the Borrower a statement showing the quotations used by the Lender in determining the LIBO Rate or the Base Rate, as applicable.

Section 2.7 Commitment Fee. The Borrower agrees to pay to the Lender on the last day of each March, June, September and December, commencing with December 31, 2015, and on the Commitment Termination Date, a commitment fee (the "Commitment Fee"), at a rate of 0.75% *per annum* on the average daily amount of the unutilized portion of the Commitment of the fiscal quarter of the Borrower ended on such day. The phrase "unutilized portion of the Commitment" as used in the preceding sentence means, as of any day, the positive difference between (a) the amount of the Commitment, and (b) the outstanding principal amount of the Loans. The Commitment Fee shall be computed on the basis of the actual number of days elapsed in a year of 360 days. The Commitment Fee due to the Lender shall commence to accrue on the Closing Date, shall be payable in arrears and shall cease to accrue on the date on which the Commitment shall be terminated or terminates as provided herein.

Section 2.8 Note.

(a) The obligation of Borrower to repay the aggregate principal balance of all Loans hereunder outstanding at any one time shall be evidenced by a note governed by the laws of the State of New York executed by the Borrower, as issuer, payable to the order of the Lender, substantially in the form of Exhibit B, as such Note may be modified or amended from time to time.

(b) The payment of any part of the principal of the Note shall discharge the obligation of the Borrower under this Agreement to pay principal of the Loans evidenced by the Note *pro tanto*, and the payment of any principal of a Loan in accordance with the terms hereof shall discharge the obligations of the Borrower under the Note *pro tanto*.

(c) In the event of any inconsistency between this Agreement and the Note with respect to the calculation of interest or any other amount due hereunder, this Agreement shall prevail.

Section 2.9 Inability to Determine Interest Rate. If, prior to the commencement of any Interest Period, the Lender determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the LIBO Rate for such Interest Period or that the LIBO Rate for such Interest Period will not adequately and fairly reflect the cost of the Lender of making or maintaining the Loans for such Interest Period, then the Lender shall give notice thereof to the Borrower by telephone or telecopy as practicable thereafter and each Loan shall bear interest at a rate *per annum* equal to the Base Rate plus the Applicable Margin for such Interest Period and each subsequent Interest Period until the Lender notifies the Borrower that the circumstances giving rise to such notice no longer exist.

Section 2.10 Payments Generally. Except as otherwise expressly provided herein, all payments by the Borrower hereunder shall be made to the Lender, at the Lender's office in Dollars and in immediately available funds not later than 4:00 p.m. (New York time) on the date specified herein. If any payment to be made by the Borrower shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected on computing interest or fees, as the case may be.

Section 2.11 Illegality. If any Change in Law makes it unlawful, or any Governmental Authority of competent jurisdiction has asserted that it is unlawful, for the Lender or its applicable lending office to make, maintain or fund the Loans, or to determine or charge interest rates based upon the LIBO Rate, or any Governmental Authority has imposed material restrictions on the authority of the Lender to purchase or sell, or to take deposits of, Dollars in the London interbank market, then, on notice thereof by the Lender to the Borrower, (i) any obligation of the Lender to make or continue Loans at the LIBO Rate shall be suspended, and (ii) if such notice asserts the illegality of the Lender making or maintaining Loans the interest rate on which is determined by reference to the LIBO Rate component of the Base Rate, the interest rate on which the Loans shall, if necessary to avoid such illegality, be determined by the Lender without reference to the LIBO Rate component of the Base Rate, in each case until the Lender notifies the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, (x) all Loans shall commence to bear interest at the Base Rate (which shall, if necessary to avoid such illegality, be determined by the Lender without reference to the LIBO Rate component of the Base Rate) plus 1.50%, either on the last day of the Interest Period therefor, if the Lender may lawfully continue to maintain the Loans bearing interest at the LIBO Rate to such day, or immediately, if the Lender may not lawfully continue to maintain such Loans bearing interest at the LIBO Rate and (y) if such notice asserts the illegality of the Lender determining or charging interest rates based upon the LIBO Rate, the Lender shall, during the period of such suspension, compute the Base Rate without reference to the LIBO Rate component thereof until the Borrower is advised in writing by the Lender that it is no longer illegal for the Lender to determine or charge interest rates based upon the LIBO Rate. Upon any such conversion of Loans from bearing interest at the LIBO Rate to the Base Rate, the Borrower shall pay to the Lender all accrued and unpaid interest on the amount so converted.

Section 2.12 Taxes.

(a) Any and all payments by or on account of any obligation of the Borrower or any Guarantor hereunder or under any other Loan Document shall, to the extent permitted by Applicable Law, be made free and clear of and without deduction or withholding for any Taxes. If, however, Applicable Law requires the Borrower or any Guarantor to withhold or deduct any Tax, such Tax shall be withheld or deducted in accordance with such Applicable Law as determined by the Borrower or such Guarantor.

(b) If the Borrower or any Guarantor shall be required by Applicable Law to withhold or deduct any Taxes from any payment, then (i) the Borrower or such Guarantor shall withhold or make such deductions as are determined by the Borrower or such Guarantor to be required, (ii) the Borrower or such Guarantor shall timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with Applicable Law, and (iii) to the extent that the withholding or deduction is made on account of Indemnified Taxes, the sum payable by the Borrower or such Guarantor shall be increased by such additional amounts as necessary so that after any such required withholding or the making of all such required deductions (including withholding or deductions applicable to additional sums payable under this Section 2.12) the Lender receives an amount equal to the sum it would have received had no such withholding or deduction been made.

(c) Without limiting the provisions of clause (a) above, the Borrower shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with Applicable Law.

(d) Without limiting the provisions of clause (a), (b) or (c) above, the Borrower shall, and does hereby indemnify the Lender, and shall make payment in respect thereof, within ten days after written demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributed to amounts payable under this Section 2.12) withheld or deducted by the Borrower or any Guarantor or paid by the Lender, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of any such payment or liability delivered to the Borrower by the Lender shall be conclusive absent manifest error.

(e) Within 30 calendar days, upon request by the Lender, after any payment of Taxes by the Borrower to a Governmental Authority as provided in this Section 2.12, the Borrower shall deliver to the Lender the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment or any other evidence available that is reasonably satisfactory to the Lender.

(f) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower, at the time or times reasonably requested by the Borrower, such properly completed and executed documentation reasonably requested by the Borrower as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower, shall deliver such other documentation reasonably requested by the Borrower as will enable the Borrower to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation shall not be required if in the Lender’s reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(g) If the Lender determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 2.12 (including the payment of additional amounts pursuant to this Section 2.12), it shall pay to the Borrower an amount equal to such refund (but only to the extent of indemnity payments made under this Section 2.12 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of the Lender and without interest (other than any interest paid by the relevant taxation authority with respect to such refund). Upon the request of the Lender, the Borrower shall repay to the Lender the amount paid over pursuant to this Section 2.12(g)(f) (plus any penalties, interest or other charges imposed by the relevant taxation authority) in the event that the Lender is required to repay such refund to such taxation authority. Notwithstanding anything to the contrary in this Section 2.12(g)(f), in no event will the Lender be required to pay any amount to the Borrower pursuant to this Section 2.12(g)(f) the payment of which would place the Lender in a less favorable net after-Tax position than the Lender would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This paragraph shall not be construed to require the Lender to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the Borrower.

Section 2.13 Requirements of Law.

(a) In the event that any Change in Law or compliance by the Lender with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority occurring after the date hereof:

(i) does or shall impose, modify or hold applicable any reserve, special deposit or similar requirement against assets held by, or deposits or other liabilities in or for the account of, advances or loans by, or other credit extended by, any office of the Lender which are not otherwise included in the determination of the LIBO Rate; or

(ii) does or shall impose on the Lender or the London interbank market any other condition affecting this Agreement or the Loans;

and the result of any of the foregoing is to increase the cost to the Lender or its lending office of making or maintaining advances or extensions of credit or to reduce any amount received or receivable hereunder, whether of principal, interest or otherwise (other than an increase in cost or reduction in amount attributable to Taxes, as to which Section 2.12 shall govern), in each case, in respect of the Loans, then, in any such case, the Borrower shall pay the Lender, within 30 days from demand, such additional amount or amounts as will compensate it for such additional cost incurred or reduction suffered.

(b) If the Lender reasonably determines in good faith that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on the Lender's capital or on the capital of the Lender's holding company, if any, as a consequence of this Agreement, the Commitment or the Loans to a level below that which the Lender or the Lender's holding company could have achieved but for such Change in Law (taking into consideration the Lender's policies and the policies of the Lender's holding company with respect to capital adequacy), then from time to time the Borrower will pay to the Lender such additional amount or amounts as will compensate the Lender or the Lender's holding company for any such reduction suffered.

(c) A certificate of the Lender setting forth in reasonable detail the basis for the calculation of the amount or amounts necessary to compensate the Lender or its holding company, as the case may be, as specified in clauses (a) or (b) of this Section and delivered to the Borrower shall be conclusive absent manifest error. The Borrower shall pay the Lender the amount shown as due on any such certificate within 30 days after receipt thereof. Failure or delay on the part of the Lender to demand compensation pursuant to the foregoing provisions of this Section shall not constitute a waiver of the Lender's right to demand such compensation; provided, however, that the Borrower shall not be required to compensate the Lender pursuant to this Section 2.13 for any increased cost incurred more than 180 days before it notifies the Borrower of the Change in Law giving rise to such increased cost and of its intention to claim compensation therefore. However, if the Change in Law giving rise to such increased cost or reduction is retroactive, then the 180-day period referred to above will be extended to include the period of retroactive effect thereof.

Section 2.14 Mitigation Obligations. If the Lender requests compensation under Section 2.13, or requires the Borrower or any Guarantor to pay any Indemnified Taxes or additional amounts to the Lender or any Governmental Authority for the account of the Lender pursuant to Section 2.12, then the Lender shall (at the request of the Borrower or the Guarantor) use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of the Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.12 or Section 2.13, as the case may be, in the future, and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to the Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by the Lender in connection with any such designation or assignment.

Section 2.15 Breakage Costs. The Borrower agrees to reimburse the Lender for any Breakage Costs. The Borrower shall pay the Lender the amount shown as due on any certificate delivered by the Lender to the Borrower setting forth in reasonable detail Breakage Costs incurred within 30 days after receipt thereof.

Section 2.16 Survival. The provisions of Sections 2.11, 2.12, 2.13 and 2.15 shall survive termination of the Commitment and the repayment of all Obligations hereunder.

REPRESENTATIONS AND WARRANTIES

The Borrower and each Guarantor hereby represents and warrants to the Lender as of the Closing Date and on each Borrowing Date, that:

Section 3.1 Financial Condition; No Material Adverse Effect. (a) The audited Consolidated balance sheets of the Borrower and its Subsidiaries as at December 31, 2014, including the related schedules and notes thereto, and the unaudited Consolidated balance sheets of the Borrower and its Subsidiaries as at March 31, 2015, including the related schedules and notes thereto, in each case, present fairly the financial condition of the Borrower and its Subsidiaries as of the end of such fiscal year and fiscal quarter, respectively, and results of their operations and the changes in their undistributed net assets for the fiscal year and fiscal quarter, respectively, then ended.

(b) Since December 31, 2014, there has been no event or circumstance that has had or would reasonably be expected to have a Material Adverse Effect.

Section 3.2 Existence and Qualification; Power. The Borrower and each Material Subsidiary (a) is duly organized or formed, validly existing and, as applicable, in good standing under the Laws of the jurisdiction of its incorporation or organization, (b) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) own or lease its assets and carry on its business and (ii) execute, deliver and perform its obligations under the Loan Documents to which it is a party, and (c) is duly qualified and is licensed and, as applicable, in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license; except in each case referred to in clause (a) (a) but only with respect to any Material Subsidiary that is not a Guarantor, (b)(i) or (c), to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect.

Section 3.3 Authorization; Enforceable Obligations; No Contravention. The execution, delivery and performance of this Agreement and the other Loan Documents by the Loan Parties have been duly authorized by all necessary action, and this Agreement is and the other Loan Documents, when executed, will be legal, valid and binding obligations of the Loan Parties party thereto, enforceable in accordance with their respective terms, except as enforceability may be limited by applicable Debtor Relief Laws. The execution, delivery and performance of this Agreement and the other Loan Documents (i) are not in contravention of law or of the terms of any Loan Party's organizational documents, and (ii) will not result in the breach of or constitute a default under, or result in the creation of a Lien or require a payment to be made under any indenture, agreement or undertaking to which the Borrower or any Guarantor is a party or by which it or its property may be bound or affected, except in the case referred to in this clause (ii), to the extent that such breach, default, Lien or payment would not reasonably be expected to have a Material Adverse Effect.

Section 3.4 Governmental Authorization; Other Consents. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority, including the Central Bank of Brazil, or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Borrower or any Guarantor of this Agreement or any other Loan Document, which has not been duly obtained, except for, with respect to the Brazilian Guarantor, the notarization and consularization of this Agreement, the translation of this Agreement into Portuguese by a certified public translator and the filing of such translated and notarized and consularized Agreement with the relevant Registry of Titles and Documents in Brazil which shall be completed within twenty (20) days after the date on which the Borrower has received the original signature pages from each of the counterparties to this Agreement.

Section 3.5 No Material Litigation. Except as set forth on Schedule 3.5, there is no action, suit, investigation or proceeding at law or in equity or by or before any governmental instrumentality or agency or arbitral body pending, or, to the knowledge of the Borrower or any Guarantor, threatened by or against the Borrower or any of its Material Subsidiaries or affecting the Borrower or any of its Material Subsidiaries or any Properties or rights of the Borrower or any of its Material Subsidiaries, which, if adversely determined, would reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.

Section 3.6 Taxes. The Borrower and each of its Material Subsidiaries has filed or caused to be filed all federal and state and local tax returns which are required to be filed by it, except where the failure to file such tax returns would not reasonably be expected to result in a Material Adverse Effect, and, except for (i) taxes and assessments being contested in good faith by appropriate proceedings diligently conducted and against which adequate reserves have been established in accordance with GAAP or (ii) taxes the payment of which would not reasonably be expected to result in a Material Adverse Effect, have paid or caused to be paid all taxes as shown on said returns or on any assessment received by it, to the extent that such taxes have become due.

Section 3.7 Compliance with Laws. The Borrower and each of its Material Subsidiaries are in compliance in all material respects with the requirements of all laws and all orders, writs, injunctions and decrees applicable to it or to its properties, except (i) in such instances in which such requirement of law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (ii) where the failure to be in compliance would not reasonably be expected to result in a Material Adverse Effect.

Section 3.8 Intellectual Property; Licenses, Etc. The Borrower and each of its Material Subsidiaries own, or possess the right to use, all of the trademarks, service marks, trade names, copyrights, patents, patent rights, franchises, licenses and other intellectual property rights that are reasonably necessary for the operation of their respective businesses, without conflict in any material respects with the rights of any other Person. To the best knowledge of the Borrower and each Guarantor, no slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by the Borrower or any of its Material Subsidiaries infringes upon any rights held by any other Person, except for any such infringement which, either individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. No claim or litigation regarding any of the foregoing is pending or, to the best knowledge of the Borrower or any Guarantor, threatened, which, either individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

Section 3.9 Ranking. The payment obligations in respect of the Loans will constitute unsecured, direct and unconditional obligations of the Borrower and the Guarantors, and shall rank at least *pari passu* with all other existing and future unsecured, unsubordinated indebtedness of the Borrower and the Guarantors, except for any obligations that have priority under applicable laws.

Section 3.10 Full Disclosure. The reports, financial statements, certificates and other information furnished by or on behalf of the Loan Parties to the Lender in connection with the negotiation of this Agreement or delivered hereunder, taken as a whole, do not contain any untrue statement of a material fact or omits a material fact necessary to make the statement made not misleading; provided that, with respect to projected financial information, the Borrower and each Guarantor represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

Section 3.11 Form of Documents. Each of the Loan Documents to which any Loan Party is a party is in proper legal form under the laws of the jurisdiction in which such Loan

Party is organized for the enforcement thereof against such Loan Party under such laws; *provided* that, in the event of enforcement of any of the Loan Documents, including this Agreement, against any Guarantor, a translation of that document into the official language of the court presiding over such proceedings, prepared by a court-approved translator or other official translator may be required, in respect of which such Guarantor would have the opportunity to review and comment, and proceedings would thereafter be based upon the agreed upon translation.

Section 3.12 Environmental Matters. Except for matters that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect: (a) the properties presently owned, leased or operated by the Loan Parties and their Subsidiaries are in compliance with all Environmental Laws; (b) none of the Loan Parties nor any of their Subsidiaries has received any written complaint or notice of violation or liability under Environmental Laws with regard to any Loan Party or any Subsidiary thereof; (c) there are no administrative actions or judicial proceedings pending under any Environmental Law against any Loan Party or any Subsidiary thereof, and (d) none of the Loan Parties nor any of their Subsidiaries is subject to any Environmental Liability applicable to it.

Section 3.13 Use of Proceeds. The Borrower will use the proceeds of the Loans for working capital and other lawful general corporate purposes. No proceeds of the Loans will be used for any purpose which violates or is inconsistent with the provisions of Regulation U or Regulation X.

Section 3.14 Investment Company Act. No Loan Party is required to register as an "investment company" as defined in the Investment Company Act of 1940, as amended.

Section 3.15 Anti-Corruption Law and Sanctions. The Borrower has implemented and maintains in effect policies and procedures reasonably designed to promote compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and the Borrower, its Subsidiaries and, to the knowledge of the Borrower, their respective directors, officers, employees and agents are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of the Borrower, any Subsidiary or, to the knowledge of the Borrower, any of their respective directors, officers, employees or agents that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person.

Section 3.16 Consolidated EBITDA of Guarantors. As of the Closing Date, the Consolidated EBITDA of the Guarantors party to this Agreement (calculated on a Combined/Consolidated Basis) for the period of four (4) fiscal quarters ended on March 31, 2015 represents at least 80% of Consolidated EBITDA of the Borrower for such period. No Subsidiary of any Guarantor included in the calculation of the Consolidated EBITDA of the Guarantors within any one Territory determined on a Combined/Consolidated Basis for such period accounts for 2% or more of the Consolidated EBITDA of the Guarantors within such Territory (calculated on a Combined/Consolidated Basis) for such period.

ARTICLE IV

CONDITIONS PRECEDENT

Section 4.1 Conditions to Closing. This Agreement and the obligations of the Lender to make Loans hereunder shall become effective on such date the Lender shall have received each of the following documents and the following conditions shall have been satisfied on or prior to such date (such date, the "Closing Date"), each of which shall be reasonably satisfactory to the Lender in form and substance (or such condition shall have been waived in writing by the Lender):

(a) the Lender shall have received each Loan Document (other than any Guaranty Joinder Agreement) duly executed and delivered on behalf of the Borrower and each Guarantor, as applicable;

(b) incumbency certificates evidencing the identity, authority and capacity of each officer of the Borrower and each Guarantor authorized to act on behalf of such Person in connection with this Agreement and the other Loan Documents to which such Person is a party;

(c) favorable opinions of (i) Davis Polk& Wardwell LP, special New York counsel to the Loan Parties, (ii) in-house Brazilian counsel to Arcos Dourados Comércio de Alimentos Ltda., (iii) in-house Panamanian counsel to Arcos Dorados Panamá and Sistemas MCopco Panamá S.A., (iv) in-house Costa Rican counsel to ADCR Inmobiliaria S.A. and Arcos Dorados Costa Rica ADCR, S.A., and (v) NautaDutilh New York P.C., Dutch counsel to the Borrower, in each case substantially in the form attached hereto as Exhibits D-1, D-2, D-3, D-4 and D-5 respectively;

(d) a certificate signed by the chief financial or accounting officer of the Borrower (A) confirming (1) that no Default or Event of Default shall have occurred and be continuing, (2) that the representations and warranties of the Loan Parties set out in the Loan Documents shall be (x) if any such representation and warranty is qualified as to materiality or by reference to the existence of a Material Adverse Effect, true and correct (as so qualified) on and as of the Closing Date, or (y) if any such representation and warranty is not so qualified, true and correct in all material respects on and as of the Closing Date and (B) accompanied by true and correct copies of organizational documents, resolutions and powers of attorney of each Loan Party and its legal representatives;

(e) the Borrower and each Guarantor shall have delivered evidence that a process agent shall have accepted appointment to receive service of process on the Borrower and such Guarantor, in form and substance reasonably satisfactory to the Lender; and

(f) the Borrower shall have paid all fees and other amounts due and payable on or before the Closing Date by the Borrower to the Lender (including fees and expenses of counsel to the Lender) to the extent invoiced to the Borrower prior to the Closing Date.

The Lender shall notify the Borrower of the Closing Date, and such notice shall be conclusive and binding. Notwithstanding the foregoing, the obligations of the Lenders to make Loans and of the Issuing Bank to issue Letters of Credit hereunder shall not become effective unless each of the foregoing conditions is satisfied (or waived in writing by the Lender) at or prior to 2:00 p.m., New York time, on October 1, 2015 (and, in the event such conditions are not so satisfied or waived, the Commitment shall terminate at such time).

Section 4.2 Conditions to each Borrowing. The obligation of the Lender to make a Loan is subject to the satisfaction, unless waived in writing by the Lender, of the further conditions precedent that:

(a) the Closing Date shall have occurred;

(b) the Lender shall have received a Borrowing Notice in accordance with Section 2.2;

(c) the representations and warranties of the Loan Parties set out in the Loan Documents shall be (A) if any such representation and warranty is qualified as to materiality or by reference to the existence of a Material Adverse Effect, true and correct (as so qualified) on and as of the Borrowing Date, or (B) if any such representation and warranty is not so qualified, true and correct in all material respects on and as of the Borrowing Date; provided, that for purposes of this Section 4.2(c), the representation and warranty of the Borrower contemplated in Section 3.1(a) shall be deemed to refer to the last day of the period covered by the most recent financial statements furnished to the Lender hereunder;

(d) the sum of the outstanding principal amount of the Loans plus the amount of the requested Loan shall be equal to or less than the Aggregate Commitment Amount; and

(e) immediately prior and after the borrowing of the Loan on the Borrowing Date, no Default or Event of Default shall have occurred and be continuing.

ARTICLE V

AFFIRMATIVE COVENANTS

Until the Commitments have been terminated and all Obligations of the Borrower under the Loan Documents have been paid in full:

Section 5.1 Financial Statements and Other Information. The Borrower shall furnish to the Lender:

(a) as soon as available and in any event within 120 days after the end of each fiscal year of the Borrower, a Consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such fiscal year and the related Consolidated statements of income, changes in shareholders' equity, and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all prepared in accordance with GAAP applied on a consistent basis and certified by independent public accountants of nationally recognized standing;

(b) as soon as available and in any event within 90 days after the end of each of the first three quarters of each fiscal year of the Borrower, a Consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such quarter and the related Consolidated statement of income for such quarter and for the portion of the Borrower's fiscal year then ended, and the related Consolidated statements of cash flows and changes in shareholders' equity for the portion of the fiscal year then ended, in each case setting forth in comparative form, as applicable, the figures for the corresponding quarter and the corresponding portion of the Borrower's previous fiscal year, all in reasonable detail and duly certified (subject to normal year-end adjustments and the absence of footnotes) by the chief financial officer of the Borrower as having been prepared in accordance with GAAP applied on a consistent basis;

(c) concurrently with the delivery of the financial information pursuant to clauses (a) and (b) above, a compliance certificate substantially in form of Exhibit C hereto, executed by the chief financial or accounting officer of the Borrower, (i) certifying to the best of his knowledge, that no Default or Event of Default has occurred and is continuing or, if a Default or Event of Default has occurred and is continuing, specifying the details thereof and any action taken or proposed to be taken with respect thereto and (ii) showing compliance with Sections 5.5 and 6.6;

(d) promptly upon the Borrower's or any Guarantor's obtaining knowledge of any Default or Event of Default, a certificate of the chief financial officer of the Borrower setting forth the details thereof;

(e) promptly upon any Loan Party entering into any Indebtedness in excess of the equivalent of U.S.$40,000,000, copies of the transaction documents related to such Indebtedness;

(f) from time to time such additional information regarding the financial condition or business of the Borrower and the Material Subsidiaries as the Lender may reasonably request; provided that the Borrower shall not be required to provide pursuant to this Section 5.1(f) any information that (x) is subject to attorney-client or similar privilege or constitutes attorney work product, (y) is a confidential or proprietary trade secret or (z) is commercially strategic information (as determined in good faith by the Borrower); and

(g) within five Business Days from any Loan Party's obtaining knowledge thereof, notice of (i) any breach or non-performance of, or any default under, a contractual obligation of the Borrower or any Material Subsidiary thereof; (ii) the commencement of, or any material development in, any dispute, litigation, investigation, proceeding or suspension between the Borrower or any Material Subsidiary thereof and any Governmental Authority, including relating to tax events and liabilities; or (iii) the commencement of, or any material development in, any litigation or proceeding affecting the Borrower or any Material Subsidiary thereof, including pursuant to any applicable Environmental Laws, in each case, only if such event or development has resulted or would reasonably be expected to result in a Material Adverse Effect.

Each notice pursuant to Section 5.1(d) or (g) shall be accompanied by a statement of the chief financial officer of the Borrower setting forth details of the occurrence referred to therein and stating what action the Borrower and/or the applicable Subsidiary has taken and proposes to take with respect thereto and, if applicable, shall describe with particularity any and all provisions of this Agreement and any other Loan Document that have been breached.

Documents required to be delivered pursuant to Section 5.1(a) or 5.1(b) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which the Borrower posts such documents, or provides a link thereto, on the Borrower's Web site on the Internet at the website address provided to the Lender pursuant to Section 9.4, or (ii) on which such documents are posted on the Guarantor's behalf on an Internet or intranet website, if any, to which the Lender has access (whether a commercial, third-party website or whether sponsored by the Lender); provided that the Borrower shall notify the Lender (by telecopier or electronic mail) of the posting of any such documents.

Section 5.2 Other Affirmative Covenants. Each Loan Party shall (and the Borrower shall cause each Material Subsidiary to):

(a) (i) preserve, renew and maintain in full force and effect its legal existence and good standing under the laws of the jurisdiction of its organization, (ii) take all reasonable action to maintain all material rights, privileges, permits and licenses and necessary or desirable in the ordinary course of its business, and (iii) preserve or renew those registered patents, trademarks, trade names and service marks reasonably necessary in the ordinary course of its business, in each case, except in the case of any Loan Party, unless such failure to preserve, renew or maintain would not reasonably be expected to result in a Material Adverse Effect;

(b) comply with the requirements of all applicable laws, rules, regulations, and orders of Governmental Authorities unless such failure to comply would not reasonably be expected to result in a Material Adverse Effect;

(c) pay and discharge when due all obligations including taxes, assessments, and governmental charges or levies imposed on it or on its income or profits or any of its property, except for any such tax, assessment, charge, or levy the payment of which is being contested in good faith and by proper proceedings and against which adequate reserves are being maintained and unless any such failure to pay or discharge would not reasonably be expected to result in a Material Adverse Effect;

(d) maintain all of its material properties owned or used in its business in good working order and condition ordinary wear and tear excepted, except where the failure to do so would not reasonably be expected to result in a Material Adverse Effect;

(e) maintain insurance in such amounts, with such deductibles, and against such risks as is customary for similarly situated businesses, except where the failure to do so would not reasonably be expected to result in a Material Adverse Effect;

(f) maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP shall be made of all material financial transactions and material matters involving its assets and business and the assets and businesses of its respective Subsidiaries;

(g) following the occurrence and during the continuance of any Event of Default, permit representatives of the Lender, during normal business hours, to examine, copy, and make extracts from its books and records, to inspect its properties, and to discuss its business and affairs and the business and affairs of its Subsidiaries with its officers and directors; provided that the Borrower shall not be required to provide pursuant to this Section 5.2 (g) any information that (x) is subject to attorney-client or similar privilege or constitutes attorney work product, (y) is a confidential or proprietary trade secret or (z) is commercially strategic information (as determined in good faith by the Borrower).

Section 5.3 Use of Proceeds. The Borrower shall use proceeds of the Loan solely for working capital and other general corporate purposes and not use such Loan proceeds for any purpose which violates or is inconsistent with the provisions of Regulation U or Regulation X.

Section 5.4 Rank of Obligations. Each Loan Party shall cause the payment obligations in respect of outstanding amounts under this Agreement and the other Loan Documents to rank at least *pari passu* with all other existing and future unsecured indebtedness of each Loan Party and to constitute direct, unconditional and unsubordinated obligations of each Loan Party, except for any obligations that have priority under applicable laws.

Section 5.5 Subsidiaries.

(a) If as of the last day of any fiscal quarter of the Borrower (for purposes of this Section 5.5, the "reference date"), the Consolidated EBITDA of the Guarantors party to this Agreement (calculated on a Combined/Consolidated Basis) as of the reference date for the period of four (4) fiscal quarters preceding such reference date (for purposes of this Section 5.5, the "reference period"), represents less than 80% of Consolidated EBITDA of the Borrower for the reference period, the Borrower shall, at its sole cost and expense, within thirty (30) days following the earliest of the date when financial statements (a) are actually delivered (or otherwise made available) with respect to such fiscal quarter or (b) required to be delivered pursuant to Section 5.1 (a) or (b) with respect to such fiscal quarter, cause one or more Subsidiaries to become party to this Agreement as a Guarantor by (i) executing a Subsidiary Joinder Agreement and (ii) delivering (A) an incumbency certificate evidencing the identity, authority and capacity of each officer of such Subsidiary authorized to act on behalf of such Person in connection with this Agreement, (B) true, correct and complete copies of organizational documents, resolutions and powers of attorney of such Subsidiary and its legal representatives, (C) evidence of acceptance of appointment of a process agent to receive service of process for such Subsidiary in form and substance satisfactory to the Lender and (D) in the case of any such Subsidiary organized under the laws of Mexico, a power of attorney for lawsuits and collections granted by such Subsidiary, certified by a Mexican notary public, in form and substance reasonably satisfactory to the Lender, appointing such process agent to act as such on behalf of such Subsidiary, such that the Consolidated EBITDA of Guarantors party to this Agreement (including such new Guarantor(s) on a pro forma basis) (in each case, calculated on a Combined/Consolidated Basis) represents 80% or more of Consolidated EBITDA of the Borrower for the reference period.

(b) If as of any reference date, (i) the portion of the Consolidated EBITDA of any Guarantor party to this Agreement (calculated on a Combined/Consolidated Basis) for the period of four (4) fiscal quarters preceding such reference date attributable to any Non-Guarantor Subsidiary of such Guarantor with operations within the same Territory as such Guarantor (such Subsidiary, a "Contributing Subsidiary") represents 2% or more of the Consolidated EBITDA of the Guarantors within such Territory (calculated on a Combined/Consolidated Basis), and (ii) the Consolidated EBITDA of the Guarantors party to this Agreement (calculated on a Combined/Consolidated Basis) as of the reference date for such reference period would represent less than 80% of Consolidated EBITDA of the Borrower for the reference period if the relevant amounts attributable to such Contributing Subsidiary included in the Consolidated EBITDA of the Guarantors within its Territory (calculated on a Combined/Consolidated Basis) were to be excluded from the calculation of Consolidated EBITDA from the Guarantors within such Territory (on a Combined/Consolidated Basis), the Borrower shall, at its sole cost and expense, within thirty (30) days following the earliest of the date when financial statements (a) are actually delivered (or otherwise made available) with respect to such fiscal quarter or (b) required to be delivered pursuant to Section 5.1(a) or (b) with respect to such fiscal quarter, cause each such Contributing Subsidiary (or, if such Contributing Subsidiary is an Excluded Subsidiary, one or more other Subsidiaries for which the portion of Consolidated EBITDA of the Borrower attributable to such Subsidiary or Subsidiaries for the applicable reference period represented at least the same percentage of the Consolidated EBITDA of the Borrower as the percentage represented by the portion attributable to any such Contributing Subsidiary), to become party to this Agreement as a Guarantor by (i) executing a Subsidiary Joinder Agreement and (iii) delivering (A) an incumbency certificate evidencing the identity, authority and capacity of each officer of such Subsidiary authorized to act on behalf of such Person in connection with this Agreement, (B) true, correct and complete copies of organizational documents, resolutions and powers of attorney of such Subsidiary and its legal representatives, (C) evidence of acceptance of appointment of a process agent to receive service of process for such Subsidiary in form and substance satisfactory to the Lender and (D) in the case of any such Subsidiary organized under the laws of Mexico, a power of attorney for lawsuits and collections granted by such Subsidiary, certified by a Mexican notary public, in form and substance reasonably satisfactory to the Lender, appointing such process agent to act as such on behalf of such Subsidiary.

(c) The Borrower may, at its sole cost and expense, at any time and from time to time, cause any Subsidiary of the Borrower to become an Additional Guarantor by executing and delivering to the Lender (i) a duly executed Subsidiary Joinder Agreement and (ii) (A) an incumbency certificate evidencing the identity, authority and capacity of each officer of such Subsidiary authorized to act on behalf of such Person in connection with this Agreement, (B) true, correct and complete copies of organizational documents, resolutions and powers of attorney of such Subsidiary and its legal representatives, (C) evidence of acceptance of appointment of a process agent to receive service of process for such Subsidiary in form and substance satisfactory to the Lender and (D) in the case of any such Subsidiary organized under the laws of Mexico, a power of attorney for lawsuits and collections granted by such Subsidiary, certified by a Mexican notary public, in form and substance reasonably satisfactory to the Lender, appointing such process agent to act as such on behalf of such Subsidiary.

Section 5.6 Anti-Corruption and Sanctions.

(a) The Borrower will maintain in effect policies and procedures reasonably designed to promote compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

(b) The Borrower shall not, and shall not permit any of its Subsidiaries or its or their respective directors, officers, employees and agents to, use the proceeds of any Loan (A) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (B) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, except to the extent permissible for a Person required to comply with Sanctions or (C) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

ARTICLE VI

NEGATIVE COVENANTS

So long as the Lender shall have any Commitment hereunder, or any Loan or other Obligation hereunder shall remain unpaid or unsatisfied, no Loan Party shall (and the Borrower will not permit any Material Subsidiary to):

Section 6.1 Liens. Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, or assign any accounts or other right to receive income, other than:

(a) Liens pursuant to any Loan Document;

(b) Liens for Taxes not yet due or which are being contested in good faith and by appropriate proceedings, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP;

(c) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business which are not overdue for a period of more than 90 days or which are being contested in good faith and by appropriate proceedings, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP;

(d) pledges or deposits in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation, including any Lien securing letters of credit issued in the ordinary course of business consistent with past practice in connection therewith;

(e) Liens incurred or deposits made to secure the performance of tenders, bids, leases, trade contracts and leases (other than indebtedness), statutory obligations, surety and appeal bonds, customs duties, performance bonds, government performance and return-of-money bonds and other obligations of a like nature incurred in the ordinary course of business;

(f) encumbrances, ground leases, easements or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including, without limitation, minor defects or irregularities in title and similar encumbrances) as to the use of real properties or liens incidental to the conduct of the business of the applicable Person or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(g) Liens securing any judgments for the payment of money not constituting an Event of Default so long as any such Lien is adequately bonded and any appropriate legal proceedings which may have been duly initiated for the review of such judgment have not been finally terminated or the period within which such proceeding may be initiated has not expired; or

(h) (i) licenses, sublicenses, leases or subleases granted by the Borrower, any Guarantor or any Material Subsidiary to other Persons not materially interfering with the conduct of the business of such Borrower, Guarantor or Material Subsidiary and (ii) any interest or title of a lessor, sublessor or licensor under any lease or license agreement permitted by the Agreement to which the applicable Person is a party;

(i) Liens upon specific items of inventory or other goods and proceeds of the applicable 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;

(j) Liens on patents, trademarks, service marks, trade names, copyrights, technology, know-how and processes to the extent such Liens arise from the granting of license to use such patents, trademarks, service marks, trade names, copyrights, technology, know-how and processes to the applicable Person in the ordinary course of business of such Person or its Subsidiaries;

(k) 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;

(l) Liens encumbering deposits made to secure obligations arising from statutory, regulatory, contractual, or warranty requirements of the applicable person, including rights of offset and set-off;

(m) deposits in the ordinary course of business securing liability for reimbursement obligations of insurance carriers providing insurance to the applicable Person and any Liens thereon;

(n) Liens arising solely by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary institution;

(o) Liens securing the obligations of the applicable Person pursuant to Hedging Obligations;

(p) Liens securing any Indebtedness which is incurred to refinance any Indebtedness which has been secured by a Lien permitted under this Section 6.1 not incurred pursuant to clause (s) or (u) hereof; provided that such new Liens:

(i) are no less favorable to the Lender and are not more favorable to the lienholders with respect to such Liens than the Liens in respect of the Indebtedness being refinanced; and

(ii) do not extend to any property or assets other than the property or assets securing the Indebtedness refinanced by such refinancing Indebtedness;

(q) Liens securing Indebtedness or other obligations of a Material Subsidiary owing to the Borrower, any Guarantor or another Material Subsidiary and permitted to be incurred under this Agreement;

(r) Liens securing acquired Indebtedness not incurred in connection with, or in anticipation or contemplation of, the relevant merger, consolidation or amalgamation; provided that (i) such Liens secured such acquired Indebtedness at the time of and prior to the incurrence of such acquired Indebtedness by the applicable Person and were not granted in connection with, or in anticipation of the incurrence of such acquired Indebtedness by such Person, and (ii) such Liens do not extend to or cover any property of the applicable Person other than the property that secured the acquired Indebtedness prior to the time such Indebtedness became acquired Indebtedness of such Person and are no more favorable to the lienholders than the Liens securing the acquired Indebtedness prior to the incurrence of such acquired Indebtedness by such Person;

(s) purchase money Liens securing purchase money Indebtedness or Capital Lease Obligations incurred to finance the acquisition or leasing of property of the applicable Person used in the business of the Borrower and its Subsidiaries; provided that (i) the related purchase money Indebtedness does not exceed the cost of such property and will not be secured by any property of the applicable Person other than the property so acquired and (ii) the Lien securing such Indebtedness will be created within 365 days of such acquisition;

(t) Liens arising under any Permitted Receivables Financing;

(u) Liens securing an amount of Indebtedness outstanding at any one time not to exceed the greater of (i) U.S.$50,000,000 (or the equivalent in other currencies) or (ii) 7.5% of Consolidated Total Assets;

(v) Liens on the Capital Stock of any Subsidiary (other than any Material Subsidiary);

(w) Liens under the CS L/C Documents;

(x) Liens in favor of McDonald's Latin America created pursuant to the McDonald's Security Documents and the McDonald's Mortgages;

(y) the interest of McDonald's Latin America, as franchisor under the Franchise Documents; or

(z) Liens existing on the Closing Date and any extension, renewal or replacement thereof, other than Liens pursuant to any Loan Document.

Section 6.2 Reserved.

Section 6.3 Fundamental Changes.

(a) Enter into any merger, consolidation or amalgamation in which (i) the Borrower or a Guarantor is not the surviving entity, or (ii) if any Guarantor merges with the Borrower, the Borrower is not the surviving entity, or (iii) any Person merges, consolidated or amalgamates with and into any Guarantor and (except as set forth in the preceding clause (a)(ii)) the surviving entity is not a Guarantor or does not become an Additional Guarantor in accordance with the provisions of Section 5.5(b).

(b) Enter into any merger, consolidation or amalgamation of the Borrower whereby the Borrower's Consolidated Net Worth less its tangible assets immediately after giving effect to any such transaction would be less than the Borrower's Consolidated Net Worth less its tangible assets immediately prior to any such transaction.

(c) Sell, assign, lease, transfer or otherwise dispose of all or substantially all of the Borrower's or any Guarantor's business or Property, other than any sale, assignment, lease, transfer or other disposition of Property (i) by the Borrower to (A) any Guarantor or (B) or any other Person that substantially concurrently with such sale, assignment, lease, transfer or other disposition of the business or Property of a Guarantor shall become an Additional Guarantor in accordance with the provisions of Section 5.5(b) or (ii) by any Guarantor of its business or Property to (A) any other Guarantor, (B) the Borrower, or (C) any other Person that substantially concurrently with such sale, assignment, lease, transfer or other disposition of the business or Property of a Guarantor shall become an Additional Guarantor in accordance with the provisions of Section 5.5(b); provided that any sale, assignment, lease, transfer or other disposition of all or substantially all of the Borrower's or any Guarantor's business or Property to any Subsidiary that is not a Guarantor that is immediately followed as part of a series of related transactions by another sale, assignment, lease, transfer or other disposition of such business or Property to a Guarantor or another Person that substantially concurrently shall become a Guarantor shall not constitute a breach of this Section 6.3(c).

Section 6.4 Affiliate Transactions. Enter into any transaction with (i) any of its Affiliates or (ii) any other Person holding more than 20% or more of any of the Borrower's Capital Stock, unless:

(a) the terms of such transaction are no less favorable 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 Borrower;

(b) in the event that such transaction involves aggregate payments, or transfers of property or services with a Fair Market Value, in excess of U.S.$15,000,000 (or the equivalent in other currencies), the terms of such transaction will be set forth in an officers' certificate delivered to the Lender stating that such transaction complies with clause (a) above; and

(c) in the event that such transaction involves aggregate payments, or transfers of property or services with a Fair Market Value, in excess of U.S.$20,000,000 (or the equivalent in other currencies), the terms of such transaction will be approved by a majority of the members of the Borrower's Board of Directors (including a majority of the disinterested members thereof), the approval to be evidenced by a board resolution stating that the Board of Directors of the Borrower has determined that such transaction complies with clause (a) above;

provided that the provisions of this Section 6.4 shall not apply to:

(iii) transactions with or among the Borrower and any Subsidiary or between or among Subsidiaries;

(iv) reasonable fees and compensation paid to, and any indemnity provided on behalf of, officers, directors and employees of the Borrower or any Subsidiary;

(v) transactions undertaken pursuant to the terms of any agreement or arrangement to which the Borrower or any of its Subsidiaries is a party as of or on the Closing Date, as these agreements or arrangements may be amended, modified, supplemented, extended, renewed or replaced from time to time; provided that any future amendment, modification, supplement, extension, renewal or replacement entered into after the Closing Date will be permitted to the extent that its terms are not more materially disadvantageous to the Lender than the terms of the agreements or arrangements in effect on the Closing Date;

(vi) the entering into of a customary agreement providing registration rights to the shareholders of the Borrower and the performance of such agreements;

(vii) transactions or payments, including grants of securities, stock options and similar rights, pursuant to any employee, officer or director compensation or benefit plans or arrangements entered into in the ordinary course of business or approved by the Borrower's Board of Directors in good faith;

(viii) any employment agreements entered into by the Borrower or any of its Subsidiaries in the ordinary course of business;

(ix) dividends or distributions payable in Capital Stock of the Borrower; dividends or distributions payable to the Borrower and/or a Subsidiary; or dividends, distributions or returns of capital made on a pro rata basis to the Borrower and its Subsidiaries, on the one hand, and minority holders of Capital Stock of a Subsidiary, on the other hand (or on a less than pro rata basis to any minority holder);

(x) sales of accounts receivable, or participations therein, or any related transaction, in connection with any receivables financing;

(xi) loans and advances to officers, directors and employees of the Borrower or any Material Subsidiary in the ordinary course of business and not exceeding U.S.$10,000,000 (or the equivalent in other currencies) outstanding at any one time; and

(xii) Investments by the Borrower or any of its Subsidiaries, in an aggregate amount at the time of such Investment not to exceed the greater of U.S.$30,000,000 and 2.5% of Consolidated Total Assets of the Borrower at the time of Investment (or the equivalent in other currencies), outstanding at any one time (with the fair market value of each such Investment being measured at the time made and without giving effect to subsequent changes in value).

Section 6.5 Lines of Businesses. Engage in any line of business substantially different from those lines of business conducted by the Borrower and its Material Subsidiaries on the date hereof or any business substantially related or incidental thereto.

Section 6.6 Consolidated Net Indebtedness to EBITDA Ratio. Permit the Consolidated Net Indebtedness to EBITDA Ratio to be, as of the last day of any fiscal quarter of the Borrower, greater than 3.50 to 1.

ARTICLE VII

EVENTS OF DEFAULT

Section 7.1 Events of Default. Upon the occurrence and during the continuance of any of the following events:

(a) the Borrower shall fail to (i) pay any principal or any portion thereof, of any Loan when due in accordance with the terms hereof or (ii) pay any interest, fee or any other amount, or any portion thereof, payable under any Loan Document within five (5) days after any such amount becomes due in accordance with the terms thereof; or

(b) any representation, warranty or certification made or deemed made by any Loan Party in any Loan Document, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with any Loan Document (or any amendment or modification hereof or thereof or waiver thereunder), shall prove to have been incorrect or misleading in any material respect on or as of the date made or deemed made; or

(c) the Borrower shall default in the observance or performance of any agreement contained in Section 5.1(a), 5.1(b), (c) or (d) or Article VIIArticle VI of this Agreement; or

(d) any Loan Party shall default in the observance or performance of any other covenant or agreement contained in any Loan Document (other than those specified in clause (a) or (c) of this Section 7.1) and such default shall continue unremedied for a period of 30 days after the Borrower's receipt of written notice of such default from the Lender; or

(e) (A) the Borrower or any of its Material Subsidiaries (i) fails to make any payment in respect of any Indebtedness (other than Indebtedness hereunder) or guaranty obligation having an aggregate principal amount (including amounts owing to all creditors under any combined or syndicated credit arrangement) in excess of U.S.$40,000,000 when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise), beyond the period of grace, if any, provided in the instrument or agreement under which such Indebtedness was created, or (ii) fails to observe or perform any other agreement or condition relating to any such Indebtedness or guaranty obligation or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur, the effect of which default or other event is to cause, or to permit the holder or holders of such Indebtedness or beneficiary or beneficiaries of such guaranty obligation (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness to be demanded or become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity, or such guaranty obligation to become payable or cash collateral in respect thereof to be demanded; provided that this clause (ii) shall not apply to Indebtedness that is required to be repaid or redeemed as a result of the voluntary sale or transfer of property or assets unless such Indebtedness is not paid within the time period provided for such repayment or redemption in, or such repayment or redemption requirement is not waived in accordance with the terms of, the documentation governing such Indebtedness; or (B) the Borrower, any Guarantor, any Material Subsidiary or Arcos Dorados Holdings Inc. (i) fails to make any payment in respect of any Indebtedness (other than Indebtedness hereunder) or guaranty obligation owing to the Lender or any of its Affiliates in excess of U.S.$2,000,000 when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise), beyond the period of grace, if any, provided in the instrument or agreement under which such Indebtedness was created, or (ii) fails to observe or perform any other agreement or condition relating to any such Indebtedness or guaranty obligation or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur, the effect of which default or other event is to cause, or to permit the holder or holders of such Indebtedness or beneficiary or beneficiaries of such guaranty obligation (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness to be demanded or become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity, or such guaranty obligation to become payable or cash collateral in respect thereof to be demanded; provided that this clause (ii) shall not apply to Indebtedness that is required to be repaid or redeemed as a result of the voluntary sale or transfer of property or assets unless such Indebtedness is not paid within the time period provided for such repayment or redemption in, or such repayment or redemption requirement is not waived in accordance with the terms of, the documentation governing such Indebtedness; provided further that this Section 7.1(e)(B) shall not apply in respect of any Lender other than JP Morgan Chase Bank, N.A. and its Affiliates (including, for the avoidance of doubt, any Person (other than JP Morgan Chase Bank, N.A. and its Affiliates) that becomes a Lender in accordance with Section 9.5); or

(f) (i) any Loan Party is unable or admits in writing its inability or fails generally to pay its debts as they become due; or (ii) the Borrower or any Material Subsidiary institutes or consents to the institution of any proceeding under Debtor Relief Laws, or makes an assignment for the benefit of creditors; or applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or for all or any material part of its property; or (iii) any receiver, trustee, custodian, conservator, liquidator, rehabilitator, *conciliador* or similar officer is appointed with respect to the Borrower or any Material Subsidiary or their respective Property without the application or consent of the Borrower or such Material Subsidiary (as applicable) and the appointment continues undischarged or unstayed for 60 calendar days; or (iv) any proceeding under Debtor Relief Laws relating to the Borrower or any Material Subsidiary or to all or any material part of its property is instituted without the consent of the Borrower or such Material Subsidiary (as applicable) and continues undismissed or unstayed for 60 calendar days, or an order for relief is entered in any such proceeding; or

(g) One or more final non-appealable, judgments or orders against the Borrower or any Material Subsidiary is entered for the payment of money in an aggregate amount (as to all such judgments) in excess of U.S.$40,000,000 (determined in each case net of recoveries from insurance companies not contesting coverage) and such judgment or order remains unsatisfied without procurement of a stay of execution within 60 calendar days after the date of entry of judgment; or

(h) a Change of Control shall occur; or

(i) any Loan Document, at any time after its execution and delivery and for any reason other than the agreement of the Lender or satisfaction in full of the Obligations hereunder, ceases to be in full force and effect or is declared by a court of competent jurisdiction to be null and void, illegal, invalid or unenforceable in any respect; or any Loan Party denies that it has any or further liability or obligation under any Loan Document (other than by reason of the satisfaction in full of the Obligations hereunder); or any Loan Party challenges the validity of or purports to revoke, terminate or rescind any Loan Document.

Upon the occurrence of an Event of Default, the Lender may declare the Commitment to be terminated, whereupon the Commitment shall be terminated, and/or declare all sums outstanding hereunder and under the other Loan Documents, including all interest thereon, to be immediately due and payable, whereupon the same shall become and be immediately due and payable, all without notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor, or other notices or demands of any kind or character, all of which are hereby expressly waived; provided, however, that upon the occurrence of an actual or deemed entry of an order for relief with respect to any Loan Party under any Debtor Relief Law, the Commitment shall automatically terminate, and all sums outstanding hereunder and under each other Loan Document, including all interest thereon, shall become and be immediately due and payable, all without notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor, or other notices or demands of any kind or character, all of which are hereby expressly waived.

ARTICLE VIII

GUARANTY

Section 8.1 Guaranty.

(a) For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Guarantor hereby, jointly and severally, as primary obligor and not merely as surety, unconditionally guarantees the full and punctual payment (whether at stated maturity, upon acceleration or otherwise) of the payment Obligations (howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, now or hereafter existing, or due or to become due) under the Loan Documents. Upon the failure by the Borrower to pay punctually any of its Obligations, the Guarantors (jointly and severally) shall immediately pay the amount not so paid. The obligations of the Guarantors under this Article shall constitute a guaranty of payment and not merely a guaranty of collection.

(b) All payments by any Guarantor under this Article shall be payable in the manner required for payments by the Borrower under Section 2.12 and (ii) the obligation to pay interest at the rates set forth in Section 2.6(b).

Section 8.2 Guaranty Unconditional. The obligations of the Guarantors under this Article shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by any reason, including: any extension, renewal, settlement, compromise, waiver or release in respect of any Obligation(s) and/or the Commitment under the Loan Documents, by operation of law or otherwise,

(b) any modification or amendment of or supplement to this Agreement or any other Loan Document,

(c) any change in the existence, structure or ownership of the Borrower or any other Credit Party, or any event described in Section 7.1(f) with respect to any Person,

(d) the existence of any claim, set-off or other rights that a Guarantor may have at any time against the Borrower, any other Loan Party, the Lender or any other Person, whether in connection herewith or any unrelated transactions,

(e) any invalidity, irregularity or unenforceability relating to or against the Borrower or any other Loan Party for any reason of any Loan Document, or any provision of Applicable Law purporting to prohibit the payment by the Borrower or any other Loan Party of any of the Obligations, or

(f) any other act or omission to act or delay of any kind by the Borrower and/or any other Loan Party, the Lender or any other Person or any other circumstance whatsoever that might, but for the provisions of this paragraph, constitute a legal or equitable discharge of (or defense against) the Obligations and the Guarantors' obligations under this Article other than prior payment of the Obligations.

Section 8.3 Discharge only upon Payment in Full; Reinstatement in Certain Circumstances. The Guarantors' obligations hereunder shall remain in full force and effect until all of the payment Obligations shall have been paid in full and all of the Commitments shall have terminated. If at any time any payment made under this Agreement or any other Loan Document is rescinded or must otherwise be restored or returned upon the insolvency, bankruptcy or reorganization of a Loan Party or any other Person or otherwise, then the Guarantors' obligations hereunder with respect to such payment shall be reinstated at such time as though such payment had been due but not made at such time and each Guarantor hereby expressly waives the benefit of any statute of limitations or prescriptive term affecting the Guarantor's liability in respect thereof.

Section 8.4 Waivers by the Guarantors.

(a) Each Guarantor hereby irrevocably and unconditionally waives, to the fullest extent permitted by Applicable Law: (i) notice of acceptance of the Guaranty provided in this Article and notice of any liability to which this Guaranty may apply, (ii) all notices that may be required by Applicable Law or otherwise to preserve intact any rights of the Lender against the Borrower and/or any other Guarantor, including any demand, presentment, protest, proof of notice of non-payment, notice of any failure on the part of the Borrower and/or any other Guarantor to perform and comply with any covenant, agreement, term, condition or provision of any agreement and any other notice to any other party that may be liable in respect of the Obligations guaranteed hereby (including the Borrower, any other Guarantor and any other guarantor thereof from time to time) except any of the foregoing as may be expressly required hereunder, (iii) any right to proceed against the Borrower, proceed against or exhaust any security for the Obligations, or pursue any other remedy in the power of the Lender whatsoever and (iv) any requirement that the Lender exhaust any right, power, privilege or remedy, or mitigate any damages resulting from a default, under any Loan Document, or proceed to take any action against a Loan Party or any other Person under or in respect of any Loan Document or otherwise, or protect, secure, perfect or ensure any Lien on any collateral.

(b) If, and to the extent that, Brazilian law shall be deemed to apply to any or all of any Brazilian Guarantor's obligations hereunder, for those purposes:

(i) each Brazilian Guarantor agrees that its obligations to make payment hereunder shall be deemed to be a first demand obligation (*garantia exigível à primeira demanda*) to fulfill and comply with, as a joint and several responsibility (*responsabilidade solidária*), all of the outstanding obligations assumed by the Borrower under the Agreement, in the capacity of a "*FIADOR E PRINCIPAL PAGADOR, solidariamente responsável*" with the Borrower, in connection therewith. In addition, for such purposes, each Brazilian Guarantor hereby expressly (A) waives and renounces the benefit of order (*benefício de ordem*) of demanding and rights provided by the Brazilian Civil Code (Law 10,406/02), specifically in accordance with Articles 827 et seq. of the Brazilian Civil Code and (ii) recognizes that this Guaranty shall not be considered as a limited instrument of guarantee, for the purposes of Article 822 of the Brazilian Civil Code; and

(ii) each Brazilian Guarantor expressly waives the benefits set forth in Articles 364, 366, 821, 827, 830, 831, 834, 835, 836, 837, 838 and 839 of the Brazilian Civil Code and Article 595 of the Brazilian Code of Civil Procedure.

(c) Each Mexican Guarantor hereby waives, to the extent applicable, any rights to the benefits of *orden*, *excusión*, *división*, *quita* and *espera* arising from Articles 2814, 2815, 2817, 2818, 2819, 2820, 2821, 2822, 2823, 2826, 2837, 2839, 2840, 2845, 2846, 2847 and any other related or applicable Articles that are not explicitly set forth herein because of the Subsidiary Guarantor's knowledge thereof, of the *Código Civil Federal of Mexico* and the *Código Civil* of each State of the Mexican Republic and for the Federal District of Mexico.

Section 8.5 Subrogation. Upon a Guarantor's making payment with respect to any obligation under this Article, such Guarantor shall be subrogated to the rights of the payee against the Borrower (or the other obligor) with respect to such obligation; provided, that such Guarantor shall not enforce any payment by way of subrogation, indemnity or otherwise, or exercise any other right, against the Borrower (or such other obligor) so long as any Obligations (other than on-going but not yet incurred indemnity obligations) remain unpaid and/or the Commitment remains outstanding.

Section 8.6 Stay of Acceleration. If acceleration of the time for payment of any Obligations is stayed due to any event described in Section 7.1(f), then all such amounts otherwise subject to acceleration under this Agreement shall nonetheless be payable by the Guarantors hereunder.

ARTICLE IX

MISCELLANEOUS

Section 9.1 Right of Set-Off. Without limiting any of the obligations of any Loan Party or the rights of the Lender hereunder, if any Loan Party shall fail to pay when due (whether at stated maturity, by acceleration or otherwise), by the expiration of the grace period provided by Section 7.1(a) (if any), any amount payable by it hereunder, then (to the extent not in violation of applicable law) the Lender may, without prior notice to any Loan Party (which notice is expressly waived by it to the fullest extent permitted by applicable law), set off and apply against such amount any and all general deposits (time or demand, provisional or final, in any currency, matured or unmatured) at any time held or any other debt owing by the Lender or any of its Affiliates (in each case, including any branch or agency thereof) to or for the credit or account of any Loan Party. The Lender shall promptly provide notice of any such set-off by it to the Borrower; provided, that failure by the Lender to provide such notice shall not give any Loan Party any cause of action or right to damages or affect the validity of such set-off and application.

Section 9.2 New York Time. All references herein and in the other Loan Documents to any time of day shall mean the local (standard or daylight, as in effect) time of New York, New York unless otherwise expressly provided herein or therein.

Section 9.3 Amendments; Waivers. No amendment or waiver of any provision of this Agreement or of any other Loan Document and no consent by the Lender to any departure therefrom by any Loan Party shall be effective unless such amendment, waiver or consent shall be in writing and signed by a duly authorized officer of the Lender and the Borrower or the applicable Loan Party, as the case may be, and any such amendment, waiver or consent shall then be effective only for the period and on the conditions and for the specific instance specified in such writing. No failure or delay by the Lender in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other rights, power or privilege. The remedies provided for herein are cumulative and not exclusive of any remedies provided by law.

Section 9.4 Notices.

(a) Except as otherwise expressly provided herein, notices and other communications to each party provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed or sent by telecopy to the address provided from time to time by such party. Any such notice or other communication sent by overnight courier service, mail or telecopy shall be effective on the earlier of actual receipt and (i) if sent by overnight courier service, the scheduled delivery date, (ii) if sent by mail, the fourth Business Day after deposit in the U.S. mail first class postage prepaid, and (iii) if sent by telecopy, when transmission in legible form is complete. All notices and other communications sent by the other means listed in the first sentence of this Paragraph shall be effective upon receipt. Notwithstanding anything to the contrary contained herein, all notices (by whatever means) to the Lender pursuant to Section 2.2 shall be effective only upon receipt. Any notice or other communication permitted to be given, made or confirmed by telephone hereunder shall be given, made or confirmed by means of a telephone call to the intended recipient at the number specified in writing by such Person for such purpose, it being understood and agreed that a voicemail message shall in no event be effective as a notice, communication or confirmation hereunder.

(b) The Lender shall be entitled to rely and act upon any notices (including telephonic notices of borrowings and continuations) purportedly given by or on behalf of a Loan Party even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Borrower shall indemnify each Indemnitee from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of any Loan Party. All telephonic notices to and other communications may be recorded and each party hereby consents to such recording.

Section 9.5 Successors and Assigns. This Agreement shall inure to the benefit of the parties hereto and their respective successors and assigns, except that no Loan Party may assign its rights and obligations hereunder. The Lender may at any time (i) assign all or any part of its rights and obligations hereunder to any other Person, with the Borrower's prior written consent, (it being understood that the Lender shall not be entitled to the benefits of Section 2.12 after the effective date of the assignment except to the extent that the Lender's rights under Section 2.12 arise from facts and circumstances occurring prior to the effective date of the assignment which consent shall be deemed granted if the Borrower fails to respond to a written request for its consent within three (3) Business Days (provided that such consent (x) shall not be unreasonably withheld or delayed and (y) shall not be required with respect to (A) any assignment to an Affiliate of the Lender, or (B) any assignment made following the occurrence and during the continuance of any Event of Default) and, provided further, that if such assignment constitutes the first loan extended by such person to the Borrower under this Agreement, the amount assigned must be at least U.S.$100,000, and (ii) grant to any other Person participating interests in all or any part of its rights and obligations hereunder in the case of this clause (ii) without notice to, or consent of, the Borrower or any other Loan Party; provided, that any such assignment or granting of participation interests shall only be permitted if such other Person is a Non-Public Lender. Upon the sale by the Lender of a participation to any third party, (1) the Lender's obligations under this Agreement shall remain unchanged, (2) the Lender shall remain solely responsible to the Loan Parties for the performance of such obligations and (3) the Loan Parties shall continue to deal solely and directly with the Lender in connection with the Lender's rights and obligations under the Loan Documents. Any agreement or instrument pursuant to which the Lender sells such a participation shall provide that the Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement without obtaining the consent of the participant; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification that shall (a) extend the Commitment Termination Date or increase the Aggregate Commitment Amount, (b) postpone any date fixed by this Agreement for any payment of principal, interest, fees or other amounts due to the Lender hereunder, (c) reduce the principal of, or the rate of interest specified herein on, any Loan or any fees or other amounts payable hereunder or (d) release any Guarantor or amend, modify or waive the provisions of Section 5.5 or Article VII if the effect of any such release, amendment, modification or waiver would be to release all or a substantial portion of the Guaranty. The Loan Parties agree to execute any documents reasonably requested by the Lender in connection with any such assignment. All information provided by or on behalf of any Loan Party to the Lender or its Affiliates may be furnished by the Lender to its Affiliates and to any actual or proposed assignee or participant, subject to Section 9.16 below. In no case shall the Loan Parties be responsible for any direct or indirect increases in costs, Taxes or other expenses caused by assignments or the grant of participations to third parties as provided in this Section 9.5 in excess of those which would have been payable had there been no assignment or participation except: (i) such assignment was made or participation sold following the occurrence and during the continuance of any Event of Default, or (ii) to the extent of Taxes resulting from a Change in Law that occurs after the assignment or the grant of participation.

Section 9.6 Reimbursement of Costs and Expenses. The Borrower shall pay the Lender, on demand, all reasonable and documented out-of-pocket expenses (including the reasonable fees and disbursement of one external legal counsel in each relevant jurisdiction) incurred by the Lender in connection with the preparation, execution, delivery, administration, modification, amendment and enforcement (whether through negotiations, legal proceedings or otherwise) of this Agreement, any Loan Document or any other instruments or agreements executed in connection herewith. The agreements in this Section 9.6 shall survive the termination of the Commitment and the repayment, satisfaction or discharge of all the other obligations and liabilities of the Borrower under the Loan Documents. All amounts due under this Section 9.6 shall be payable promptly and in any event within ten (10) days after demand therefor.

Section 9.7 Indemnification. Without duplication of Section 2.12(d) (which shall solely govern with respect to Taxes other than any Taxes that represent losses or damages arising from any non-Tax claim), the Borrower shall indemnify and hold harmless the Lender, its affiliates, and their respective partners, directors, officers, employees, agents and advisors (collectively the "Indemnitees") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the fees, charges and disbursements of external counsel for any Indemnitee (limited, so long as there is no conflict of interest between or among any Indemnitees, to the fees, charges and disbursements of one external counsel for all Indemnitees in each relevant jurisdiction)), incurred by any Indemnitee or asserted against any Indemnitee by any third party or by the Borrower arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder, or the consummation of the transactions contemplated hereby or thereby, (ii) the Loans or the use or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Borrower or any Material Subsidiary, or any Environmental Liability related in any way to the Borrower or any Material Subsidiary or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (i) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or (ii) result from a claim brought by the Borrower or any other Loan Party against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other Loan Document if the Borrower or such Loan Party has obtained a final non-appealable judgment in its favor in respect of such claim as determined by a court of competent jurisdiction. To the fullest extent permitted by applicable law, the Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, the Loan or the use of the proceeds thereof. No Indemnitee shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnitee through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby other than for direct or actual damages resulting from the gross negligence, bad faith or willful misconduct of such Indemnitee as determined by a final and nonappealable judgment of a court of competent jurisdiction. The agreements in this Section 9.7 shall survive the termination of the Commitment and the repayment, satisfaction or discharge of all the other obligations and liabilities of the Borrower under the Loan Documents. All amounts due under this Section 9.7 shall be payable within ten (10) days after demand therefor.

Section 9.8 Severability. If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (i) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (ii) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 9.9 Counterparts. This Agreement may be executed in one or more counterparts, and each counterpart, when so executed, shall be deemed an original but all such counterparts shall constitute but one and the same instrument.

Section 9.10 Governing Law; Jurisdiction. THIS AGREEMENT IS GOVERNED BY, AND SHALL BE CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE JURISDICTION OF THE UNITED STATES DISTRICT COURT AND EACH STATE COURT IN THE CITY OF NEW YORK AND ANY APPELLATE COURT FROM ANY THEREOF AND ANY COURT IN ITS RESPECTIVE DOMICILE, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY OF THE LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED THEREBY, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT. EACH LOAN PARTY IRREVOCABLY CONSENTS TO THE SERVICE OF ANY AND ALL PROCESS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES OF SUCH PROCESS TO THE BORROWER AT ITS ADDRESS SET FORTH BENEATH ITS SIGNATURE HERETO. EACH PARTY HERETO IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

Section 9.11 Jury Trial Waiver. EACH PARTY HERETO WAIVES ITS RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

Section 9.12 Process Agent Appointment. FOR THE PURPOSE OF PROCEEDINGS IN THE COURTS OF THE STATE OF NEW YORK AND THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK (IN EACH CASE LOCATED IN THE BOROUGH OF MANHATTAN IN NEW YORK CITY), THE BORROWER AND EACH

GUARANTOR HEREBY IRREVOCABLY DESIGNATES AS OF THE DATE HEREOF NATIONAL REGISTERED AGENTS, INC. (THE "AGENT") WITH OFFICES CURRENTLY LOCATED AT 875 AVENUE OF THE AMERICAS, SUITE 501, NEW YORK, NEW YORK 10001, AS ITS AGENT FOR SERVICE OF PROCESS. IN THE EVENT THAT SUCH AGENT OR ANY SUCCESSOR SHALL CEASE TO BE LOCATED IN THE BOROUGH OF MANHATTAN, EACH LOAN PARTY SHALL PROMPTLY AND IRREVOCABLY BEFORE THE RELOCATION OF SUCH AGENT FOR SERVICE OF PROCESS, IF PRACTICABLE, OR PROMPTLY THEREAFTER DESIGNATE A SUCCESSOR AGENT, WHICH SUCCESSOR AGENT SHALL BE LOCATED IN THE BOROUGH OF MANHATTAN, AND NOTIFY THE LENDER THEREOF, TO ACCEPT ON ITS BEHALF SERVICE OF ANY AND ALL PROCESS OR OTHER DOCUMENTS WHICH MAY BE SERVED IN ANY ACTION OR PROCEEDING IN ANY OF SUCH COURTS AND FURTHER AGREES THAT SERVICE UPON SUCH AGENT SHALL CONSTITUTE VALID AND EFFECTIVE SERVICE UPON SUCH LOAN PARTY AND THAT FAILURE OF ANY SUCH AGENT TO GIVE ANY NOTICE OF SUCH SERVICE TO SUCH GUARANTOR SHALL NOT AFFECT THE VALIDITY OF SUCH SERVICE OR ANY JUDGMENT RENDERED IN ANY ACTION OR PROCEEDING BASED THEREON. EACH OF THE PARTIES HERETO AGREES THAT SERVICE OF ANY AND ALL SUCH PROCESS OR OTHER DOCUMENTS ON SUCH PERSON MAY ALSO BE EFFECTED BY REGISTERED MAIL TO ITS ADDRESS AS PROVIDED PURSUANT TO SECTION 9.4. WITH RESPECT TO EACH LOAN PARTY, SERVICE OF ANY AND ALL SUCH PROCESS OR OTHER DOCUMENTS TO THE AGENT OR SUCH OTHER AGENT FOR SERVICE OF PROCESS DESIGNATED BY SUCH LOAN PARTY IN ACCORDANCE WITH THIS AGREEMENT SHALL CONSTITUTE VALID AND EFFECTIVE SERVICE ONLY IF MADE IN PERSON TO THE AGENT OR SUCH OTHER AGENT FOR SERVICE OF PROCESS.

Section 9.13 Waiver of Immunity. To the extent that any Loan Party has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its assets, such Loan Party each hereby irrevocably waives such immunity in respect of its obligations under this Agreement and the other Loan Documents. The foregoing waiver is intended to be effective to the fullest extent now or hereafter permitted by applicable law.

Section 9.14 USA PATRIOT Act. The Lender hereby notifies each Loan Party that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies each Loan Party, which information includes the name and address of each Loan Party and other information that will allow the Lender to identify each Loan Party in accordance with the Act. Each Loan Party shall, promptly following a request by the Lender, provide all documentation and other information that the Lender requests in order to comply with its ongoing obligations under applicable "know your customer" an anti-money laundering rules and regulations, including the Act.

Section 9.15 Judgment Currency. All payments made under this Agreement and any notes shall be made in Dollars, the "Agreement Currency"), and, if for any reason any payment made hereunder or under any Loan Document is made in a currency (the "Other Currency") other than the applicable Agreement Currency, then to the extent that the payment actually received by the Lender, when converted into the applicable Agreement Currency at the Rate of Exchange (as defined below) on the date of payment (or, if conversion on such date is not practicable, as soon thereafter as it is practicable for the Lender to purchase the applicable Agreement Currency) falls short of the amount due under the terms of this Agreement or any Loan Document, the Borrower shall, as a separate and independent obligation of the Borrower, indemnify the Lender and hold the Lender harmless from and against the amount of such shortfall. If the amount of the Agreement Currency so purchased is greater than the sum originally due to the Lender, the Lender agrees to repay such excess to the Borrower. As used in this Paragraph, the term "Rate of Exchange" means the rate at which the Lender is able on the relevant date in accordance with normal banking procedures to purchase the applicable Agreement Currency with the Other Currency and shall include any premiums and out-of-pocket costs of exchange payable in connection with the purchase of or conversion into, the applicable Agreement Currency.

Section 9.16 Confidentiality. The Lender agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and its and its Affiliates' respective partners, directors, officers, employees, agents, trustees, advisors and representatives, including accountants and legal counsel (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority (including any self-regulatory authority, such as the National Association of Insurance Commissioners) in connection with any examination of the Lender provided that the Lender shall, unless prohibited by any requirement of law, notify the Borrower of any disclosure pursuant to this clause (b) as far in advance as is reasonably practicable under such circumstances, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to the extent reasonably required (determined solely in the judgment of the Lender) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (e) subject to an agreement containing provisions substantially the same as those of this Section for the benefit of the Borrower, to (i) any assignee of or participant in, or any prospective assignee of or participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (f) with the consent of the Borrower, (g) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Lender or any of its Affiliates on a nonconfidential basis from a source other than the Borrower or (h) to any other party hereto. For the purposes of this Section, "Information" means all information (x) received from the Borrower or any other Loan Party relating to the Borrower or any other Loan Party or its business or (y) obtained by the Lender based on a review of the books and records of the Borrower or any of its Subsidiaries, other than any such information that is available to the Lender on a nonconfidential basis prior to disclosure by the Borrower or any other Loan Party or is independently developed by the Lender without reference to the Information; provided that, in the case of information received from the Borrower or any other Loan Party after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Section 9.17 Entire Agreement. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES HERETO AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES HERETO.

[*Remainder of this page intentionally left blank*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

ARCOS DORADOS B.V.,
as Borrower

By: /s/ Mariano Tannenbaum
Name: Mariano Tannenbaum
Title: Attorney-in-Fact

ARCOS DOURADOS COMERCIO DE ALIMENTOS, LTDA., as a Guarantor

By: /s/ Mariano Tannenbaum
Name: Mariano Tannenbaum
Title: Attorney-in-Fact

ADCR INMOBILIARIA S.A., as a Guarantor

By: /s/ Mariano Tannenbaum
Name: Mariano Tannenbaum
Title: Attorney-in-Fact

ARCOS DORADOS COSTA RICA ADCR, S.A.,
as a Guarantor

By: /s/ Mariano Tannenbaum
Name: Mariano Tannenbaum
Title: Attorney-in-Fact

ARCOS DORADOS PANAMÁ, S.A,
as a Guarantor

By: /s/ Mariano Tannenbaum
Name: Mariano Tannenbaum
Title: Attorney-in-Fact

SISTEMAS MCOPCO PANAMÁ, S.A,
as a Guarantor

By: /s/ Mariano Tannenbaum
Name: Mariano Tannenbaum
Title: Attorney-in-Fact

LENDER:

JPMORGAN CHASE BANK, N.A.,
as Lender

By: /s/ Christophe Vohmann
Name: Christophe Vohmann
Title: Executive Director

STATE OF NEW YORK)
)
COUNTY OF NEW YORK)

On this 1st day of September, 2015, before me, a notary public within and for said county, personally appeared Christophe Vohmann to me personally known who being duly sworn, did say that he is the Executive Director of JPMorgan Chase Bank, N.A., one of the persons described in and which executed the foregoing instrument, and acknowledges said instrument to be the free act and deed of said persons.

By: /s/ Margarita Torress

Title: Notary Public, State of New York
No. 01TO6041062
Qualified in Bronx County,
filed in NY County
Commission Expires: May 1, 2018

MARGARITA TORRES
Notary Public, State of New York
Qualified in Bronx County
No. 01TO6041062
My Commission Expires May 1, 2018

SEAL

Schedule 1.1

Material Subsidiaries

Arcos Dorados Argentina S.A.

Arcos Dourados Comércio de Alimentos Ltda.

EXHIBIT A

FORM OF BORROWING NOTICE

Date: __________, _____

To: JPMorgan Chase Bank, N.A., as Lender

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement, dated as of August 31, 2015 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement;" the terms defined therein being used herein as therein defined), among Arcos Dorados B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) organized under the laws of The Netherlands with seat in Amsterdam (the "Borrower"), certain Subsidiaries of the Borrower, as Guarantors, and JPMorgan Chase Bank, N.A. (the "Lender").

The undersigned hereby requests a Borrowing of Loans as follows:

1. On ________________________________ (a Business Day).

2. In the amount of U.S.$_________________.

The undersigned hereby certifies that:

a. The Borrowing requested herein complies with Section 2.1 of the Agreement.

b. The representations and warranties of the Loan Parties set out in the Loan Documents are (A) if any such representation and warranty is qualified as to materiality or by reference to the existence of a Material Adverse Effect, true and correct (as so qualified) on and as of the date of the Borrowing, or (B) if any such representation and warranty is not so qualified, true and correct in all material respects on and as of the date of the Borrowing; provided, that the representation and warranty of the Borrower contemplated in Section 3.1(a) of the Credit Agreement shall be deemed to refer to the last day of the period covered by the most recent financial statements furnished to the Lender under the Credit Agreement.

c. Immediately prior and after the borrowing of the Loan on the date of the Borrowing requested hereby, no Default or Event of Default shall have occurred and be continuing.

d. The sum of the outstanding principal amount of the Loans plus the amount of the Loan requested hereby is equal to or less than the Aggregate Commitment Amount.

ARCOS DORADOS B.V.

By: ____________________
Name: ____________________
Title: Attorney-in-Fact

EXHIBIT B

FORM OF NOTE

_____ [ ], 2015

FOR VALUE RECEIVED, the undersigned (the "Borrower"), hereby promises to pay to JPMORGAN CHASE BANK, N.A. or registered assigns (the "Lender"), on the Maturity Date (or such earlier date as the Loans may become due pursuant to the terms of the Agreement referred to below) in accordance with the provisions of the Agreement the principal amount of twenty five million (U.S.$25,000,000), or such lesser principal amount of Loans due and payable by the Borrower to the Lender on the Maturity Date (or such earlier date as the Loans may become due pursuant to the terms of the Agreement) under that certain Credit Agreement, dated as of August 31, 2015 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement;" the terms defined therein being used herein as therein defined), among the Borrower, certain Subsidiaries of the Borrower, as Guarantors, and the Lender.

The Borrower promises to pay interest on the unpaid principal amount of each Loan from the date of such Loan until such principal amount is paid in full, at such interest rates and at such times as provided in the Agreement. All payments of principal and interest shall be made to the Lender in Dollars in immediately available funds at the Lender's office pursuant to Section 2.10 of the Credit Agreement. If any amount is not paid in full when due hereunder, such unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the per annum rate set forth in the Agreement.

This Note is the Note referred to in the Agreement, is entitled to the benefits thereof and may be prepaid in whole or in part subject to the terms and conditions provided therein. This Note is also entitled to the benefits of the Guaranty. Upon the occurrence and continuation of one or more of the Events of Default specified in the Agreement, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable all as provided in the Agreement. Loans made by the Lender shall be evidenced by one or more loan accounts or records maintained by the Lender in the ordinary course of business. The Lender may also attach schedules to this Note and endorse thereon the date, amount and maturity of its Loans and payments with respect thereto.

The Borrower, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor and non-payment of this Note.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

ARCOS DORADOS B.V.

By: ____________________

Name: ____________________

Title: Attorney-in-Fact

LOANS AND PAYMENTS WITH RESPECT THERETO

Date	Amount of Loan Made	End of Interest Period	Amount of Principal or Interest Paid This Date	Outstanding Principal Balance This Date	Notation Made By

EXHIBIT C

Financial Statement Date: _______,

To: JPMorgan Chase Bank, N.A., as

Lender Ladies and Gentlemen:

Reference is made to that certain Credit Agreement, dated as of August 31, 2015 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement;" the terms defined therein being used herein as therein defined), among Arcos Dorados B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) organized under the laws of The Netherlands with seat in Amsterdam (the "Borrower"), certain Subsidiaries of the Borrower, as Guarantors, and JPMorgan Chase Bank, N.A. (the "Lender").

The undersigned Chief Financial Officer hereby certifies (in its capacity as an officer of the Borrower and not in his/her personal capacity) as of the date hereof that he/she is the _________________________ of the Borrower, and that, as such, he/she is authorized to execute and deliver this Certificate to the Lender on the behalf of the Borrower, and that:

[Use following paragraph 1 for fiscal ***year-end*** *financial statements]*

1. The Borrower has delivered the year-end audited financial statements required by Section 5.1(a) of the Agreement for the fiscal year of the Borrower ended as of the above date certified by independent public accountants of nationally recognized standing.

[Use following paragraph 1 for fiscal ***quarter-end*** *financial statements]*

1. The Borrower has delivered the unaudited financial statements required by Section 5.1(b) of the Agreement for the fiscal quarter of the Borrower ended as of the above date. Such financial statements fairly present the financial condition, results of operations and cash flows of the Borrower and its Subsidiaries in accordance with GAAP applied on a consistent basis as at such date and for such period, subject only to normal year-end audit adjustments and the absence of footnotes.

2. A review of the activities of the Borrower during such fiscal period has been made by, or under the supervision of, the undersigned with a view to determining whether during such fiscal period the Borrower performed and observed all its Obligations under the Loan Documents, and

[select one:]

[to the best knowledge of the undersigned, no Default or Event of Default has occurred and is continuing.]

--or--

[to the best knowledge of the undersigned, the following is a list of Defaults and/or Events of Default that have occurred and are continuing and their nature and status:]

3. The calculations set forth on Schedule 1 attached hereto are true and accurate on and as of the date of this Certificate.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of _________________, _____.

ARCOS DORADOS B.V.

By: ______________________________
Name: ______________________________
Title: ______________________________

For the Quarter/Year ended ___________________ ("Statement Date", and the period of four fiscal quarters ended on such date, the "Statement Period")

SCHEDULE 1
to the Compliance Certificate
(U.S.$ in 000's)

I. Section 5.5 – Guarantors' Share of Consolidated EBITDA.

A. Consolidated EBITDA of the Borrower for Statement Period:

1.	Consolidated Net Income of the Borrower during Statement Period:	U.S.$	______
2.	Consolidated Interest Expense of the Borrower during Statement Period:	U.S.$	______
3.	Consolidated Income Tax Expense of the Borrower during Statement Period:	U.S.$	______
4.	Consolidated Non-cash Charges of the Borrower during Statement Period:	U.S.$	______
5.	any non-operating and/or non-recurring charges, expenses or losses of the Borrower and its Subsidiaries during Statement Period:	U.S.$	______
6.	the amount of loss on any sale of accounts receivables and related assets to a Securitization Subsidiary in connection with a Permitted Receivables Financing:	U.S.$	______
7.	all non-cash credits and gains increasing Consolidated Net Income for the Borrower during Statement Period:	U.S.$	______
8.	all cash payments made the Borrower and its Subsidiaries during Statement Period relating to non-cash charges that were added back in determining Consolidated EBITDA in any prior period:	U.S.$	______
9.	non-operating and/or non-recurring income or gains (less all fees and expenses related thereto) increasing Consolidated Net Income of the Borrower and its Subsidiaries during Statement Period:	U.S.$	______
10.	Consolidated EBITDA (Line I.A.1 plus Line I.A.2 plus Line I.A.3 plus Line I.A.4 plus Line I.A.5 plus Line I.A.6 less Line I.A.7 less Line I.A.8 less Line I.A.9):	U.S.$	______

B. Consolidated EBITDA attributable to Guarantors:

1.	portion of Consolidated EBITDA attributable to the Guarantors within the Territory of Brazil on a Combined/Consolidated Basis	U.S.$	________
2.	portion of Consolidated EBITDA attributable to the Guarantors Guarantors within the Territory of Costa Rica on a Panama on a Combined/Consolidated Basis	U.S.$	________
3.	portion of Consolidated EBITDA attributable to the Guarantors Guarantors within the Territory of Panama on a Panama on a Combined/Consolidated Basis	U.S.$	________
[4.]	[portion of Consolidated EBITDA attributable to the Guarantors within the Territory of ________]	U.S.$	________
[5.]	Consolidated EBITDA (Line I.B.1 <u>plus</u> Line I.B.2 <u>plus</u> Line I.B.3 [<u>plus</u> Line I.B.4][1]):	U.S.$	________

C. Guarantors' share of Consolidated EBITDA (Line I.B.[5] <u>divided by</u> Line I.A.10): ______%

Minimum permitted: *80%*

II. Section 6.6 – Consolidated Net Indebtedness to EBITDA Ratio.

A. Consolidated Net Indebtedness of Borrower as at Statement Date:

1.	Consolidated Indebtedness:	U.S.$	________
2.	cash and cash equivalents and consolidated marketable securities recorded as current assets (except for any Capital Stock in any Person):	U.S.$	________
3.	Consolidated Net Indebtedness (Line II.A1 <u>less</u> Line II.A.2):	U.S.$	________

B. Consolidated EBITDA for Statement Period (from Line I.A.10): U.S.$ ________

C. Consolidated Net Indebtedness to EBITDA Ratio (Line II.A.3 – I.A.10):

Maximum permitted: *3 to 1*

[1] Include if there are any Additional Guarantors and insert additional lines as necessary.

EXHIBIT E

FORM OF
SUBSIDIARY JOINDER AGREEMENT

SUBSIDIARY JOINDER AGREEMENT (this "Agreement") dated as of ________, ___, by ______________, a ____________ [corporation] (the "Additional Guarantor"), in favor of JPMorgan Chase Bank, N.A., as Lender (the "Lender"). Unless otherwise defined herein, capitalized terms used herein and defined in that certain Credit Agreement, dated as of August 31, 2015 (as amended, restated, extended, supplemented or otherwise modified from time to time, the "Credit Agreement;" the terms defined therein being used herein as therein defined), among Arcos Dorados B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) organized under the laws of The Netherlands with seat in Amsterdam (the "Borrower"), certain Subsidiaries of the Borrower, as Guarantors, and the Lender, are used herein as therein defined and the rules of construction set forth in Section 1.2 thereof shall apply hereto.

WHEREAS, the Borrower has entered into the Credit Agreement providing for the making of Loans,

WHEREAS, in connection with the Credit Agreement, certain of the Borrower's Subsidiaries have entered into (or are required to enter into) the Credit Agreement as Guarantors thereunder,

WHEREAS, pursuant to Section 5.5 of the Credit Agreement, the Borrower [is required to][may] cause one or more additional Subsidiaries to become a party to the Credit Agreement as Guarantors, and

WHEREAS, the Additional Guarantor desires to execute and deliver this Agreement in order to become a party to the Credit Agreement pursuant to Section 5.5 of the Credit Agreement,

NOW, THEREFORE, IT IS AGREED as follows:

SECTION 1. Joinder.

(a) By executing and delivering this Agreement, the Additional Guarantor hereby becomes a party to the Credit Agreement as a "Guarantor" thereunder, expressly assumes all obligations and liabilities of a "Guarantor" thereunder and ratifies, as of the date hereof, and agrees to be bound by, all of the terms, provisions and conditions contained in the Credit Agreement.

(b) Without limiting the generality of the terms of paragraph (a), the Additional Guarantor hereby unconditionally and irrevocably guarantees the prompt payment and performance of the Obligations in full when due (whether at stated maturity, upon acceleration or otherwise), and agrees that if the Borrower fails to pay any Obligation when due, it will forthwith, on written demand, pay the amount not so paid at the place and in the manner specified in the Credit Agreement, including, in particular, in accordance with Section 2.12 of the Credit Agreement (and without duplication of any amount thereof previously paid by any other Guarantor thereunder and not rescinded or refunded), and that in the case of any extension of time of payment or renewal of any of the Obligations, the same will be promptly paid in full when due (whether at extended maturity, upon acceleration or otherwise) in accordance with the terms of such extension or renewal. The Additional Guarantor further agrees that its guarantee hereunder and under the Credit Agreement constitutes a guarantee of payment when due and not of collection and that the obligations of the Guarantors under the Credit Agreement shall be joint and several. The Additional Guarantor hereby acknowledges that it has received a copy of the Credit Agreement, as it may have been amended or supplemented from time to time.

(c) The Additional Guarantor hereby makes each of the representations and warranties contained in Article III of the Credit Agreement on the date hereof as if such representations and warranties were made as of the date hereof, after giving effect to this Agreement.

(d) The Additional Guarantor hereby waives acceptance by the Lender of the Guaranty by the Additional Guarantor upon the execution of this Agreement by the Additional Guarantor.

SECTION 2. Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures were upon the same agreement.

SECTION 3. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF NEW YORK (NOT INCLUDING SUCH STATE'S CONFLICT OF LAWS PROVISIONS OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

IN WITNESS WHEREOF, the undersigned has caused this Agreement to be duly executed and delivered as of the date first above written.

[ADDITIONAL GUARANTOR]

By: ____________________
Name: ____________________
Title: ____________________

Address:

ACKNOWLEDGED:

JPMORGAN CHASE BANK, N.A., as the Lender

By: ______________________________
Name: ______________________________
Title: ______________________________

WAIVER AND AMENDMENT TO
CREDIT AGREEMENT

THIS WAIVER AND AMENDMENT TO CREDIT AGREEMENT is made and dated as of March 16, 2016 (the "Amendment") among ARCOS DORADOS B.V., a private company with limited liability (*besloten venootschap met beperkte aansprakelijkheid*) organized under the laws of The Netherlands with seat in Amsterdam (the "Borrower"), certain subsidiaries of the Borrower as guarantors (the "Guarantors"), and JPMORGAN CHASE BANK, N.A., as lender (the "Lender") and amends that certain Credit Agreement dated as of August 31, 2015 (as the same has been amended prior to the date hereof and may be further amended or modified from time to time, the "Credit Agreement").

R E C I T A L S

WHEREAS, the Lender has agreed, subject to the terms and conditions hereinafter set forth, to amend the Credit Agreement in certain respects as set forth below and to grant the Borrower a waiver in respect of the incurrence of a lien as further described below.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereby agree as follows:

1. Terms. All terms used herein shall have the same meanings as in the Credit Agreement unless otherwise defined herein.

2. Amendment. Upon the occurrence of the Amendment Effective Date (defined below)

Section 1.1 of the Credit Agreement is hereby amended by amending the definition therein of "Guarantors" in its entirety as follows: "Guarantor" means Arcos Dourados Comércio de Alimentos Ltda., ADCR Inmobiliaria S.A., Arcos Dorados Costa Rica ADCR, S.A., Arcos Dorados Panamá, S.A., Sistemas MCopco Panamá, S.A., Arcos Dorados Holding Inc. and each Additional Guarantor.

3. Waiver. The Borrower has notified the Lender that certain Loan Parties and/or Material Subsidiaries intend to create, incur, assume or suffer to exist certain Liens in consideration for the incurrence of certain Indebtedness in an amount of approximately US$166,000,000 by Arcos Dourados Comércio de Alimentos Ltda. (in the form of a 4131 facility) (the "**Transaction**") that does not comply with Section 6.1 (*Liens*) of the Credit Agreement. It is proposed that such Liens shall comprise Liens on certain Visa and MasterCard credit card and debit card receivables derived from restaurants operated by Arcos Dorados in Brazil. In reliance of the veracity and accuracy of the information provided by the Borrower, the Lender hereby waives any Default or Event of Default that may occur pursuant to the Credit Agreement solely in connection with the Transaction.

4. Representations and Warranties. As of the date hereof, the Borrower, and as of the Amendment Effective Date, the Borrower and each Guarantor, hereby represents and warrants to the Lender that after giving effect to this Amendment:

4.1 Authorization; Enforceable Obligations; No Contravention. The execution, delivery and performance of this Amendment by the Loan Parties have been duly authorized by all necessary action, and this Amendment is a legal, valid and binding obligation of the Loan Parties party hereto, enforceable in accordance with its terms, except as enforceability may be limited by applicable Debtor Relief Laws. The execution, delivery and performance of this Amendment (i) are not in contravention of law or of the terms of any Loan Party's organizational documents, and (ii) will not result in the breach of or constitute a default under, or result in the creation of a Lien or require a payment to be made under any indenture, agreement or undertaking to which the Borrower or any Guarantor is a party or by which it or its property may be bound or affected, except in the case referred to in this clause (ii), to the extent that such breach, default, Lien or payment would not reasonably be expected to have a Material Adverse Effect.

4.2 Governmental Authorization; Other Consents. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority, including the Central Bank of Brazil, or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Borrower or any Guarantor of this Amendment, which has not been duly obtained, except for the filing of the Minutes of the Quotaholders' Meeting (*Ata de Reunião de Quotistas*) authorizing the Amendment with the Commercial Registry of the State of São Paulo (*Junta Comercial do Estado de São Paulo*).

4.3 Incorporation of Certain Representations. After giving effect to the terms of this Amendment, the representations and warranties of the Borrower and the Guarantors set forth in Article III of the Credit Agreement (except as to such representations and warranties made as of an earlier specified date which are true and correct as of the date made) are true and correct as of the date hereof, (A) if any such representation and warranty is qualified as to materiality or by reference to the existence of a Material Adverse Effect, in all respects (as so qualified), or (B) if any such representation and warranty is not so qualified, in all material respects; *provided*, that for purposes of this Section 4.3, the representations and warranties of the Borrower contemplated in Section 3.1 of the Credit Agreement shall be deemed to refer to the last day of the period covered by the most recent financial statements furnished to the Lender under the Credit Agreement; *provided further* that the representation and warranty set forth in Section 3.16 of the Credit Agreement is made hereby with respect to the period of four (4) fiscal quarters ended on June 30, 2015.

4.4 Default. Both before and after giving effect to this Amendment, no Default or Event of Default under the Credit Agreement has occurred and is continuing.

5. Conditions, Effectiveness. This Amendment shall become effective as of the date (the "Amendment Effective Date") on which each of the following conditions shall have been satisfied:

(a) The Lender shall have received this Amendment duly executed and delivered on behalf of the Borrower and each Guarantor.

(b) The Borrower shall have paid on or before the Amendment Effective Date all fees and other amounts due and payable by the Borrower to the Lender (including fees and expenses of counsel to the Lender) in accordance with the Credit Agreement (as amended hereby) to the extent invoiced to the Borrower prior to the Amendment Effective Date.

(c) All consents, licenses and approvals required in connection with the execution, delivery and performance by the Loan Parties of this Amendment shall have been received by the Loan Parties.

6. Miscellaneous.

6.1 Effectiveness of the Credit Agreement and other Loan Documents. Except as hereby expressly amended, the Credit Agreement, the Note, the Fee Letter and each Subsidiary Joinder Agreement (if any), shall each remain in full force and effect, are hereby ratified and confirmed in all respects on and as of the date hereof, and each Loan Party hereby reaffirms its obligations thereunder.

6.2 Post Amendment Effective Date Covenants.

(a) Within twenty-one calendar days after the Amendment Effective Date, Arcos Dourados Comércio de Alimentos Ltda. shall file the Minutes of the Quotaholders' Meeting (*Ata de Reunião de Quotistas*) authorizing the Amendment with the Commercial Registry of the State of São Paulo (*Junta Comercial do Estado de São Paulo*).

(b) The Loan Parties shall furnish the Lender with true and correct copies of such resolutions and powers of attorney authorizing the Amendment as the Lender may reasonably request within twenty-one calendar days of the Amendment Effective Date.

(c) Failure by any Loan Party to perform the covenants set forth in this Section 6.2 shall result in automatic termination of this Amendment and shall render this Amendment null and void and without any effect.

6.3 Waivers. This Amendment is limited solely to the matters expressly set forth herein and is specific in time and in intent and does not constitute, nor should it be construed as, a waiver or amendment of any other term or condition, right, power or privilege under the Credit Agreement or under any agreement, contract, indenture, document or instrument mentioned therein; nor does it preclude or prejudice any rights of the Lender thereunder, or any exercise thereof or the exercise of any other right, power or privilege, nor shall it require the Lender to agree to an amendment, waiver or consent for a similar transaction or on a future occasion, nor shall any future waiver of any right, power, privilege or default hereunder, or under any agreement, contract, indenture, document or instrument mentioned in the Credit Agreement, constitute a waiver of any other right, power, privilege or default of the same or of any other term or provision.

6.4 Loan Document. This Amendment is a Loan Document.

6.5 Counterparts. This Amendment may be executed in any number of counterparts, and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

6.6 Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of New York.

6.7 Jurisdiction; Process Agent. Sections 9.10 and 9.12 of the Credit Agreement shall apply *mutatis mutandis* to this Amendment.

[*Remainder of Page Intentionally Left Blank.*]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first written above.

ARCOS DORADOS B.V.,
as Borrower

By: /s/ Mariano Tannenbaum
Name: Mariano Tannenbaum
Title: Attorney-in-Fact

ARCOS DOURADOS COMERCIO DE ALIMENTOS, LTDA., as a Guarantor

By: /s/ Mariano Tannenbaum
Name: Mariano Tannenbaum
Title: Attorney-in-Fact

ADCR INMOBILIARIA, S.A.
as a Guarantor

By: /s/Mariano Tannenbaum
Name: Mariano Tannenbaum
Title: Attorney-in-Fact

ARCOS DORADOS COSTA RICA ADCR, S.A., as a Guarantor

By: /s/Mariano Tannenbaum
Name: Mariano Tannenbaum
Title: Attorney-in-Fact

ARCOS DORADOS PANAMÁ, S.A.,
as a Guarantor

By: /s/ Mariano Tannenbaum
Name: Mariano Tannenbaum
Title: Attorney-in-Fact

SISTEMAS MCOPCO PANAMÁ, S.A.,
as a Guarantor

By: /s/ Mariano Tannenbaum
Name: Mariano Tannenbaum
Title: Attorney-in-Fact

ARCOS DORADOS HOLDING INC.,
as a Guarantor

By: /s/ Mariano Tannenbaum
Name: Mariano Tannenbaum
Title: Attorney-in-Fact

LENDER:

JPMORGAN CHASE BANK, N.A.,
as Lender

By: /s/ Christophe Vohmann
Name: Christophe Vohmann
Title: Executive Director

Exhibit 8.1

Subsidiaries of Registrant

Name	Place of Incorporation
Adcon S.A.	Argentina
Administrative Development Company	Delaware
Aduy S.A.	Uruguay
Alimentos Arcos Dorados de Venezuela C.A.	Venezuela
Alimentos Arcos Dorados Margarita, C.A.	Venezuela
Alimentos Arcos Dorados Punto Fijo, C.A.	Venezuela
Alimentos Latinoamericanos Venezuela ALV, C.A.	Venezuela
Arcgold del Ecuador, S.A.	Ecuador
Arcos del Sur, S.R.L.	Uruguay
Arcos Dorados Argentina S.A.	Argentina
Arcos Dorados Aruba N.V.	Aruba
Arcos Dorados B.V.	Netherlands
Arcos Dorados Caribbean Development Corp.	Delaware
Arcos Dorados Colombia S.A.S	Colombia
Arcos Dorados Coöperatieve U.A.	Netherlands
Arcos Dorados Costa Rica ADCR, S.A.	Costa Rica
ADCR Inmobiliaria, S.A.	Costa Rica
Arcos Dorados Curacao, N.V.	Curacao
Arcos Dorados French Guaiana	French Guaiana
Arcos Dorados Guadeloupe	Guadeloupe
Arcos Dorados Martinique	Martinique
Arcos Dorados Panama, S.A.	Panama
Arcos Dorados Puerto Rico, LLC	Puerto Rico
Arcos Dorados Restaurantes de Chile, Ltda.	Chile
Arcos Dorados Trinidad Limited	Trinidad and Tobago
Arcos Dorados USVI, Inc.(St. Croix)	USVI
Arcos Dourados Comercio de Alimentos Ltda.	Brazil
Arcos Dourados Restaurantes Ltda.	Brazil
Arcos SerCal Inmobiliaria, S. de R.L. de C.V.	Mexico
Arcos Dorados BraPa S.A.	Panama
Compañía de Inversiones Inmobiliarias S.A.	Argentina
Complejo Agropecuario Carnico (Carnicos), C.A.	Venezuela
Arcos Dorados de Uruguay S.A.	Uruguay
Gerencia Operativa ARC, C.A.	Venezuela
Compañía Operativa de Alimentos COR, C.A.	Venezuela
Golden Arch Development LLC	Delaware
LatAm, LLC	Delaware
Logistics and Manufacturing LOMA Co.	Delaware
Management Operations Company	Delaware
Operaciones Arcos Dorados de Perú, S.A.	Perú
Restaurant Realty of Mexico, Inc.	Delaware
Sistemas Central America, S.A.	Panama
Sistemas McOpCo Panama, S.A.	Panama
Arcos Dorados Latam LLC	Delaware
Arcos SEM Panama SA	Panama
Arcos Dorados Paisas S.A.S.	Colombia
Arcos Mendocinos S.A.	Argentina
Arcos Santafesinos S.A.	Argentina

EXHIBIT 12.1

CERTIFICATION

I, Sergio Alonso, certify that:

1. I have reviewed this annual report on Form 20-F of Arcos Dorados Holdings Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 29, 2016

/s/ Sergio Alonso
Name: Sergio Alonso
Title: Chief Executive Officer

EXHIBIT 12.2

CERTIFICATION

I, José Carlos Alcantara, certify that:

1. I have reviewed this annual report on Form 20-F of Arcos Dorados Holdings Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 29, 2016

/s/ José Carlos Alcantara
Name: José Carlos Alcantara
Title: Chief Financial Officer

EXHIBIT 13.1

CERTIFICATION

The certification set forth below is being submitted in connection with the annual report of Arcos Dorados Holdings Inc. on Form 20-F for the year ended December 31, 2015 (the “Report”) for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code. Sergio Alonso, the Chief Executive Officer of Arcos Dorados Holdings Inc., certifies that, to the best of his knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Arcos Dorados Holdings Inc.

Date: April 29, 2016

/s/ Sergio Alonso
Name: Sergio Alonso
Title: Chief Executive Officer

EXHIBIT 13.2

CERTIFICATION

The certification set forth below is being submitted in connection with the annual report of Arcos Dorados Holdings Inc. on Form 20-F for the year ended December 31, 2015 (the “Report”) for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code. José Carlos Alcantara, the Chief Financial Officer of Arcos Dorados Holdings Inc., certifies that, to the best of his knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Arcos Dorados Holdings Inc.

Date: April 29, 2016

/s/ José Carlos Alcantara
Name:José Carlos Alcantara
Title: Chief Financial Officer

Exhibit 15.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statement:

(1) Registration Statement (Form S-8 No. 333-173496) pertaining to the Equity Incentive Plan of Arcos Dorados Holdings Inc;

of our report dated March 16, 2016 (except Note 26, as to which the date is April 29, 2016), with respect to the consolidated financial statements and our report dated March 16, 2016, with respect to the effectiveness of internal control over financial reporting, of Arcos Dorados Holdings Inc., included in this Annual Report (Form 20-F) for the year ended December 31, 2015.

Buenos Aires, Argentina
April 29, 2016

/s/ Pistrelli, Henry Martin y Asociados S.R.L.
PISTRELLI, HENRY MARTIN Y ASOCIADOS S.R.L.
Member of Ernst & Young Global