Offering Memorandum

U.S.$473,767,000

Arcos Dorados Holdings Inc.

(incorporated in the British Virgin Islands)

6.625% Senior Notes due 2023

We are offering U.S.$375,000,000 aggregate principal amount of our 6.625% senior notes due 2023. The notes will mature on September 27, 2023. Interest on the notes offered hereby will accrue from September 27, 2013 and will be payable semi-annually in arrears on March 27 and September 27 of each year beginning on March 27, 2014. In addition, we have issued U.S.$98,767,000 aggregate principal amount of the notes pursuant to our Exchange Offer (as defined herein), which results in a total aggregate principal amount of notes outstanding of U.S.$473,767,000.

We may, at our option, redeem the notes, in whole or in part, at any time, by paying the greater of 100% of the outstanding principal amount and a "make-whole" amount, in each case plus accrued and unpaid interest, if any, to the date of redemption.

We may redeem the notes in whole, but not in part, at a price equal to 100% of their principal amount plus accrued and unpaid interest to the redemption date at any time upon the occurrence of specified events regarding the British Virgin Islands and other relevant jurisdictions' tax laws, as set forth in this offering memorandum.

The notes will be fully and unconditionally guaranteed on a senior unsecured basis by certain of our current and future subsidiaries. We refer to these subsidiaries as the "guarantors."

The notes offered hereby and the related guarantees (i) will rank equally with all of the existing and future unsecured and unsubordinated indebtedness of Arcos Dorados Holdings Inc. and the guarantors, (ii) will be effectively junior to all existing and future secured indebtedness of Arcos Dorados Holdings Inc. and the guarantors to the extent of the assets securing that indebtedness and (iii) will be structurally subordinated to all of the existing and future liabilities of our non-guarantor subsidiaries.

We have applied to list the notes on the Official List of the Luxembourg Stock Exchange and to trade them on the Euro MTF Market. See "Listing and General Information."

Investing in the notes involves risks. See "Risk Factors" beginning on page 16.

Issue Price: 100.909% and accrued interest, if any, from September 27, 2013.

The notes and the related guarantees have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act'), or under any state securities laws and are being offered only: (1) to qualified institutional buyers under Rule 144A and (2) outside the United States in compliance with Regulation S. Prospective purchasers that are qualified institutional buyers are hereby notified that the sellers of the notes may be relying on the exemption from the provisions of section 5 of the Securities Act provided by Rule 144A. For a description of certain restrictions on transfer, see "Transfer Restrictions."

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

Application will be made to register the Notes with the Foreign Investment and Derivative Instruments Registry (*Registro de Instrumentos de Inversión y de Operaciones de Cobertura de Riesgo Extranjeros*) of the Peruvian Banks, Insurance and Private Pension Fund Managers Superintendency (*Superintendencia de Banca, Seguros y Administradoras Privadas de Fondos de Pensiones*, or "SBS") in order to make the Notes eligible for investment by Peruvian private pension funds as required by Peruvian law.

The initial purchasers delivered the notes offered hereby to purchasers in book-entry form through the facilities of The Depository Trust Company ("DTC") and its participants, including Euroclear Systems ("Euroclear") and Clearstream Banking société anonymes ("Clearstream") on September 27, 2013.

BofA Merrill Lynch **Citigroup** **J.P. Morgan**

The date of this offering memorandum is October 29, 2013

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We have not authorized anyone to provide any information other than that contained, or incorporated by reference, in this offering memorandum. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. Neither we nor the initial purchasers are making an offer of the notes in any jurisdiction where the offer is not permitted. You should not assume that the information contained, or incorporated by reference, in this offering memorandum is accurate at any date other than the date on the front cover of this offering memorandum. Our business, financial condition, results of operations and prospects may have changed since the date on the front cover of this offering memorandum.

Unless otherwise indicated or the context otherwise requires, all references in this offering memorandum to "Arcos Dorados" or the "Company," "we," "our," "ours," "us" or similar terms refer to Arcos Dorados Holdings Inc., together with its subsidiaries. All references in this offering memorandum 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 (the "Territories" hereinafter defined) 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).

This offering memorandum has been prepared by us solely for use in connection with the proposed offering of the notes. We reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than all of the notes offered by this offering memorandum. Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc. and J.P. Morgan Securities LLC will act as initial purchasers with respect to the offering of the notes offered hereby. This offering memorandum does not constitute an offer to any other person or to the public in general to subscribe for or otherwise acquire the notes. Distribution of this offering memorandum by

you to any person other than those persons retained to advise you is unauthorized, and any disclosure of any of the contents of this offering memorandum without our prior written consent is prohibited.

You must (1) comply with all applicable laws and regulations in force in any jurisdiction in connection with the possession or distribution of this offering memorandum and the purchase, offer or sale of the notes, and (2) obtain any required consent, approval or permission for the purchase, offer or sale by you of the notes under the laws and regulations applicable to you in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales, and neither we nor the initial purchasers nor their agents have any responsibility therefor. See "Transfer Restrictions" for information concerning some of the transfer restrictions applicable to the notes.

You acknowledge that:

- you have been afforded an opportunity to request from us, and to review, all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained, or incorporated by reference, in this offering memorandum;
- you have not relied on the initial purchasers or their agents or any person affiliated with the initial purchasers or their agents in connection with your investigation of the accuracy of such information or your investment decision; and
- no person has been authorized to give any information or to make any representation concerning us or the notes other than those as set forth, or incorporated by reference, in this offering memorandum. If given or made, any such other information or representation should not be relied upon as having been authorized by us, the initial purchasers or their agents.

In making an investment decision, you must rely on your own examination of our business and the terms of this offering, including the merits and risks involved. The notes have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, these authorities have not confirmed the accuracy or determined the adequacy of this offering memorandum. Any representation to the contrary is a criminal offense.

This offering memorandum may only be used for the purpose for which it has been published. The initial purchasers are not making any representation or warranty as to the accuracy or completeness of the information contained, or incorporated by reference, in this offering memorandum, and nothing contained, or incorporated by reference, in this offering memorandum is, or shall be relied upon as, a promise or representation, whether as to the past or the future. The initial purchasers have not independently verified any of such information and assume no responsibility for the accuracy or completeness of the information contained, or incorporated by reference, in this offering memorandum.

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

Any and all website addresses included in this offering memorandum are included as textual references only, and the information contained in such websites (or accessed through them) is not incorporated into this offering memorandum, shall not be regarded as part of such offering memorandum and do not constitute investment materials.

This is an offering by Arcos Dorados Holdings Inc. and not by McDonald's Corporation or any of its affiliates. McDonald's Corporation and its affiliates make no representation or warranty, express or implied, for or in respect of the information contained, or incorporated by reference, herein.

NOTICE TO NEW HAMPSHIRE RESIDENTS

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

The notes offered hereby will be available initially only in book-entry form in minimum denominations of U.S.$100,000 and integral multiples of U.S.$1,000 in excess thereof. The notes offered hereby have been issued in the form of one or more registered global notes. The global notes have been deposited with, or on behalf of, DTC and registered in its name or in the name of Cede & Co., its nominee. Beneficial interests in the global notes will be shown on, and transfers of beneficial interests in the global notes will be effected through, records maintained by DTC and its participants. The global notes offered under Regulation S under the Securities Act, if any, have been deposited with the trustee as custodian for DTC, and beneficial interests in them may be held through the Euroclear or Clearstream. After the initial issuance of the global notes, certificated notes may be issued in registered form only in very limited circumstances. See "Book-Entry, Delivery and Form" for further discussion of these matters.

General

We and the guarantors have appointed National Registered Agents, Inc. as agent to receive service of process under the indenture governing the notes.

Additional Information

While any notes remain outstanding, we will make available, upon request, to any holder and any prospective purchaser of notes the information required pursuant to Rule 144(A)(d)(4)(i) under the Securities Act, during any period in which we are not subject to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act.

We have applied to list the notes on the Official List of the Luxembourg Stock Exchange and to trade them on the Euro MTF Market. See "Listing and General Information." We will comply with any undertakings assumed or undertaken by us from time to time to the Luxembourg Stock Exchange in connection with the notes, and we will furnish to them all such information as the rules of the Luxembourg Stock Exchange may require in connection with the listing of the notes.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references to "U.S. dollars," "dollars," "U.S.$" or "$" are to the U.S. dollar.

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 from our annual report on Form 20-F incorporated by reference in this offering memorandum includes our consolidated financial statements at December 31, 2012 and 2011 and for the years ended December 31, 2012, 2011 and 2010, which have been audited by Pistrelli, Henry Martin y Asociados S.R.L., member firm of Ernst & Young Global, as stated in their report incorporated by reference in this offering memorandum.

The summary balance sheet data as of June 30, 2013 and the income statement data for the six months ended June 30, 2013 and 2012 of Arcos Dorados Holdings Inc. are derived from our unaudited condensed consolidated financial statements incorporated by reference in this offering memorandum from our report on Form 6-K dated August 6, 2013. These unaudited statements include all normal recurring adjustments that management believes are necessary to fairly present our financial condition, operating results and cash flows. Operating results for the six months ended June 30, 2013 are not necessarily indicative of the results that may be expected for the entire year ended December 31, 2013.

Our fiscal year ends December 31. References in this offering memorandum to a fiscal year, such as "fiscal year 2012," 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 revenues and number of restaurants. As a result of the reorganization, effective January 1, 2013, Colombia and Venezuela became part of our Caribbean division, with headquarters located in Colombia. Therefore, as of the beginning of 2013, 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. In accordance with ASC 280, Segment Reporting, we have restated our comparative segment information for the six months ended June 30, 2012 included in our unaudited condensed consolidated financial statements incorporated by reference in this offering memorandum from our report on Form 6-K dated August 6, 2013. All of the segment information in our annual report on Form 20-F for the year ended December 31, 2012 was presented in accordance with the structure prevailing prior to January 1, 2013. Therefore, for purposes of this offering memorandum, we have also adjusted the segment information in this offering memorandum as of and for the years ended December 31, 2012 and 2011 based on the structure prevailing as of the date of this offering memorandum. This adjusted segment information has not been audited. We have not adjusted the segment information in this offering memorandum as of and for the years ended December 31, 2010, 2009 and 2008. Therefore, the segment information as of and for the years ended December 31, 2012 and 2011 presented in this offering memorandum is not directly comparable to the segment information as of and for the years ended December 31, 2010, 2009 and 2008 that is presented in this offering memorandum and the segment information in our consolidated financial statements at December 31, 2012 and 2011 and for the years ended December 31, 2012, 2011 and 2010 included in our annual report on Form 20-F for the year ended December 31, 2012 and incorporated by reference in this offering memorandum.

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 several joint ventures with third parties that collectively own 28 restaurants. We consider these restaurants to be Company-operated restaurants. We also have granted developmental licenses to 12 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 offering memorandum and in our annual report on Form 20-F incorporated by reference herein 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 related to our 2008 long-term incentive plan, gains from sale of property and equipment, write-off of property and equipment, contract termination losses, impairment of long-lived assets and goodwill, stock-based compensation related to the special awards under the 2011 Equity Incentive Plan and bonuses granted in connection with our initial public offering.

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 compensation expense related to the award granted to our CEO due to its special nature; gains from sale of property and equipment not related to our core business; write-offs of property and equipment and impairment of long-lived assets and goodwill that do not result in cash payments; contract termination losses due to its infrequent nature; stock-based compensation related to the special awards under the 2011 Equity Incentive Plan; and bonuses granted in connection with our initial public offering due to its special nature. In addition, in 2010 and 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 offering memorandum or incorporated by reference herein 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 website) and industry publications. 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 offering memorandum and our annual report on Form 20-F incorporated herein, 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 offering memorandum or our annual report on Form 20-F or reports on Form 6-K incorporated by reference herein.

Basis of Consolidation

The consolidated financial statements incorporated by reference herein 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, or incorporated by reference, in this offering memorandum. Accordingly, numerical figures shown as totals in some tables may not be an arithmetic aggregation of the figures that preceded them.

SUMMARY

This summary highlights information contained elsewhere, or incorporated by reference, in this offering memorandum. This summary may not contain all the information that may be important to you, and we urge you to read this entire offering memorandum carefully, including the "Risk Factors" section included elsewhere in this offering memorandum, as well as our annual report on Form 20-F for the fiscal year ended December 31, 2012, including our consolidated financial statements and notes to those statements, incorporated by reference in this offering memorandum, before deciding to invest in the notes.

Our Business

Overview

We are the world's largest McDonald's franchisee in terms of systemwide sales and number of restaurants, according to McDonald's, representing 5.6% of McDonald's global sales in 2012. 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 (since June 3, 2011), Uruguay, the U.S. Virgin Islands of St. Croix and St. Thomas, and Venezuela, which we refer to as the Territories. As of June 30, 2013, we operated or franchised 1,971 McDonald's-branded restaurants, which represented 7.0% of McDonald's total franchised restaurants worldwide, and had a total of approximately 96,100 employees throughout the Territories. In the six months ended June 30, 2013 and 2012, we paid U.S.$92.2 million and U.S.$86.9 million, respectively, in royalties to McDonald's (not including royalties paid on behalf of our franchisees). In 2012 and 2011, we paid U.S.$180.5 million and U.S.$170.4 million, respectively, in royalties to McDonald's (not including royalties paid on behalf of our franchisees).

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, as described below, which, together with the purchase of the McDonald's LatAm business, we refer to as the Acquisition. 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. As of June 30, 2013, of our 1,971 McDonald's-branded restaurants in the Territories, 1,477 (or 74.9%) were Company-operated restaurants and 494 (or 25.1%) 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 512 of our restaurants (totaling approximately 1.1 million square meters) and the buildings for all but 12 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 488 restaurants (367 Company-operated and 121 franchised), 206 McCafé locations and 1,042 Dessert Centers since the Acquisition. In addition, as of June 30, 2013, we had completed the reimaging of 490 of the 1,569 restaurants we purchased in the Acquisition, an increase of 31.2% restaurants as compared to December 31, 2012.

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 June 30, 2013, 904 (or 45.9%) of our restaurants were freestanding, 441 (or 22.4%) were food courts, 296 (or 15.0%) were in-stores and 328 (or 16.7%) were mall stores. In addition, we have two non-

traditional stores, such as food carts. These percentages vary by country, and may shift as opportunities in malls and more densely populated areas become available in some of the Territories.

Set forth below is a summary of our restaurant portfolio by division as of June 30, 2013:

	Ownership					Store Type(1)						Building/ Land(2)	
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	545	—	201	—	746	298	221	85	142	1,202	87	117	629
Caribbean Division	247	11	95	1	354	232	24	43	55	222	57	132	221
NOLAD	338	—	153	11	502	262	130	55	54	354	57	167	324
SLAD	319	17	33	—	369	112	66	113	77	279	139	96	273
Total	**1,449**	**28**	**482**	**12**	**1,971**	**904**	**441**	**296**	**328**	**2,057**	**340**	**512**	**1,447**

(1) In addition, we have two non-traditional stores, such as food carts.

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

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 revenues and number of restaurants. As a result of the reorganization effective January 1, 2013, Colombia and Venezuela became part of the Caribbean division with headquarters located in Colombia. Therefore, as of the beginning of 2013, 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. In accordance with ASC 280, Segment Reporting, we have restated our comparative segment information for the six months ended June 30, 2012 included in our unaudited condensed consolidated financial statements incorporated by reference in this offering memorandum from our report on Form 6-K dated August 6, 2013. All of the segment information in our annual report on Form 20-F for the year ended December 31, 2012 was presented in accordance with the structure prevailing prior to January 1, 2013. Therefore, for purposes of this offering memorandum, we have also adjusted the segment information in this offering memorandum as of and for the years ended December 31, 2012 and 2011 based on the structure prevailing as of the date of this offering memorandum. This adjusted segment information has not been audited. We have not adjusted the segment information in this offering memorandum as of and for the years ended December 31, 2010, 2009 and 2008. Therefore, the segment information as of and for the years ended December 31, 2012 and 2011 presented in this offering memorandum is not directly comparable to the segment information as of and for the years ended December 31, 2010, 2009 and 2008 that is presented in this offering memorandum and the segment information in our consolidated financial statements at December 31, 2012 and 2011 and for the years ended December 31, 2012, 2011 and 2010 included in our annual report on Form 20-F for the year ended December 31, 2012 and incorporated by reference in this offering memorandum.

As of June 30, 2013, 37.8% of our restaurants were located in Brazil, 18.7% in SLAD, 25.5% in NOLAD and 18.0% 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.

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

	As of and for the Six Months Ended June 30,		As of and for the Years Ended December 31,				
	2013(1)	2012(1)	2012(1)	2011(1)	2010(2)	2009(2)	2008(2)
	(in thousands of U.S. dollars, except percentages)						
Total Revenues							
Brazil	$ 919,953	$ 869,712	$ 1,797,556	$1,890,824	$1,595,571	$1,200,742	$1,237,208
Caribbean division	384,862	359,779	754,730	663,981	260,617	244,774	231,734
NOLAD	199,578	184,486	384,041	355,265	305,017	240,333	232,083
SLAD(3)	461,702	411,833	861,067	747,579	856,913	979,627	905,817
Total	**1,966,095**	**1,825,810**	**3,797,394**	**3,657,649**	**3,018,118**	**2,665,476**	**2,606,842**
Adjusted EBITDA(4)							
Brazil	$ 107,583	$ 108,294	$ 240,954	$ 289,462	$ 250,606	$ 160,037	$ 144,965
Caribbean division	23,444	25,965	69,109	53,754	23,556	21,167	22,013
NOLAD	9,617	10,430	26,738	19,551	15,400	3,918	15,961
SLAD(3)	45,596	40,384	93,756	77,214	83,998	129,889	138,683
Corporate and others	(50,143)	(39,730)	(89,996)	(100,193)	(74,446)	(48,628)	(33,648)
Total	**136,097**	**145,343**	**340,561**	**339,788**	**299,114**	**266,383**	**287,974**
Adjusted EBITDA Margin(5)							
Brazil	11.7%	12.5%	13.4%	15.3%	15.7%	13.3%	11.7%
Caribbean division	6.1	7.2	9.2	8.1	9.0	8.6	9.5
NOLAD	4.8	5.7	7.0	5.5	5.0	1.6	6.9
SLAD(3)	9.9	9.8	10.9	10.3	9.8	13.3	15.3
Total	**6.9**	**8.0**	**9.0**	**9.3**	**9.9**	**10.0**	**11.0**
Systemwide comparable sales growth(6)(7)	**10.8%**	—	**9.2%**	**13.7%**	**14.9%**	**5.5%**	—
Brazil	9.5	—	5.2	9.3	17.5	2.7	—
Caribbean division	13.5	—	13.3	14.5	4.7	4.2	—
NOLAD	(1.4)	—	4.4	8.5	9.1	(1.7)	—
SLAD	18.0	—	19.9	30.6	16.1	12.2	—

(1) Segment information as of and for the six months ended June 30, 2013 and 2012 and 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." Segment Information for 2010, 2009 and 2008 has not been restated and is therefore not comparable to 2013, 2012 and 2011 information.

(2) Segment information for 2010, 2009 and 2008 has not been restated and is therefore not comparable to 2013, 2012 and 2011 information. See "Presentation of Financial and Other Information—Operating Data."

(3) Currency controls in Venezuela and related accounting changes have had a significant effect on our results of operations and impact the comparability of our results of operations in 2010 compared to 2009.

(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 and a reconciliation thereof, see "Presentation of Financial and Other Information—Other Financial Measures" and "Summary Financial and Other Information."

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

(6) 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.

(7) 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 History and Relationship with McDonald's

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 Chairman, CEO 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 is comprised mostly of executives who had previously worked in McDonald's LatAm business or with Mr. Staton.

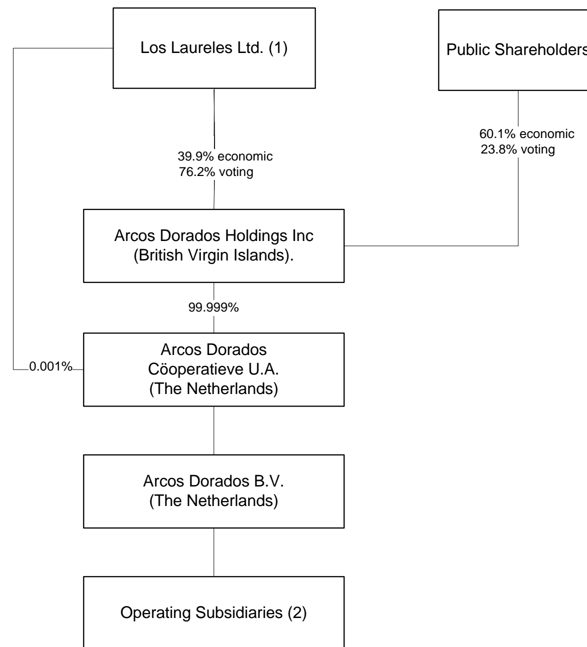
We own our McDonald's franchise rights pursuant to a Master Franchise Agreement for all of the Territories, except Brazil, which we refer to as the MFA, and a separate, but substantially identical, Master Franchise Agreement for Brazil, which we refer to as the Brazilian MFA. We refer to the MFA and the Brazilian MFA, as amended or otherwise modified to date, collectively as the MFAs.

Our Corporate Structure

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 conduct substantially all 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 Chairman and CEO. 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." in our annual report on Form 20-F incorporated by reference in this offering memorandum. 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 summarizes our corporate structure as of June 30, 2013.



(1) Includes class A shares and class B shares beneficially owned by Mr. Staton, our Chairman and CEO. Los Laureles Ltd. is beneficially owned by Mr. Staton. See "Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders—Los Laureles Ltd." in our annual report on Form 20-F incorporated by reference in this offering memorandum. 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%.

Concurrent Transactions

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 7.50% senior notes due 2019 of Arcos Dorados B.V., our indirect, wholly owned subsidiary, (the "2019 Existing Notes") (the "Tender Offer") and to exchange for the notes offered hereby any and all of Arcos Dorados B.V.'s properly tendered (and not validly withdrawn) 2019 Existing Notes (the "Exchange Offer," and together with the Tender Offer, the "Tender and Exchange Offer").

In conjunction with the Tender and Exchange Offer, Arcos Dorados B.V. solicited consents to certain proposed amendments to the indenture under which the 2019 Existing 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 Existing Notes. Adoption of the proposed amendments required the consent of holders of 2019 Existing Notes representing at least a majority in aggregate principal amount of the outstanding 2019 Existing Notes held by persons other than Arcos Dorados B.V. and its affiliates. Each holder tendering 2019 Existing Notes that were not validly withdrawn was deemed to have consented to the proposed amendments.

The Tender Offer expired at 5:00 p.m., New York City time, on September 23, 2013 (the "Tender Expiration Date"). The Exchange Offer expired at 11:59 p.m., New York City time, on October 7, 2013 (the "Exchange

Expiration Date”). Pursuant to the terms of the Tender Offer, in exchange for each U.S.$1,000 principal amount of 2019 Existing Notes properly tendered (and not validly withdrawn) on or prior to the Tender Expiration Date, holders of the 2019 Existing Notes participating in the Tender Offer received a cash payment equal to U.S.$1,082.50.

Pursuant to the terms of the Exchange Offer, holders of the 2019 Existing Notes who validly tendered for exchange by 5:00 p.m., New York City time, on September 23, 2013 (the “Early Exchange Date”), received U.S.$1,092.50 principal amount of the notes offered hereby for each U.S.$1,000 principal amount of 2019 Existing Notes properly tendered (and not validly withdrawn). Holders of the 2019 Existing Notes who validly tendered for exchange after the Early Exchange Date but on or prior to the Exchange Expiration Date received U.S.$1,062.50 principal amount of the notes offered hereby for each U.S.$1,000 principal amount of 2019 Existing Notes properly tendered (and not validly withdrawn).

We purchased all of the 2019 Existing Notes accepted by us in the Tender Offer on September 27, 2013. In addition, pursuant to the terms of the Exchange Offer, after the Early Exchange Date we elected to accept for exchange (such time, the “Early Exchange Acceptance Date”) all 2019 Existing Notes validly tendered on or prior to the Early Exchange Date. Payment for all 2019 Existing Notes validly tendered on or prior to the Early Exchange Date was made promptly following the Early Exchange Acceptance Date (the “Early Exchange Settlement Date”). The Early Exchange Settlement Date was September 27, 2013.

Promptly following the Exchange Expiration Date, we accepted for exchange any and all validly tendered 2019 Existing Notes not previously purchased (the “Final Acceptance Date”), and payment for all such notes was made promptly following the Final Acceptance Date.

We canceled U.S.$118,366,000 of the 2019 Existing Notes pursuant to the Tender Offer and U.S.$89,955,000 of the 2019 Existing Notes pursuant to the Exchange Offer on September 27, 2013. We canceled U.S.$512,000 of the 2019 Existing Notes pursuant to the Exchange Offer on October 9, 2013. We issued additional notes (the “New Notes”) in an aggregate amount of U.S.$98,767,000 in connection with the Exchange Offer. Therefore, the total outstanding principal amount of the notes on the Final Acceptance Date was U.S.$473,767,000. The New Notes constitute a single series with, are assigned the same CUSIP and ISIN numbers, and have the same terms and conditions as, the notes offered hereby. The New Notes are fungible for U.S. federal income tax purposes with the notes.

We intend to use a portion of the proceeds from this offering to fund the cash payment to the holders of the 2019 Existing Notes under the Tender Offer and to pay the fees and expenses relating to the Tender and Exchange Offer. See “Use of Proceeds.” Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc. and J.P. Morgan Securities LLC are acting as the dealer managers for the Tender and Exchange Offer. The settlement of the Tender and Exchange Offer was conditioned upon the consummation of this offering.

General Information

Our principal executive offices are located at Roque Saenz Peña 432, Olivos, Buenos Aires, Argentina (B1636 FFB). Our telephone number at this address is +54 (11) 4711-2000. Our registered office in the British Virgin Islands is at the offices of Maples Corporate Services (BVI) Limited, Kingston Chambers, P.O. Box 173, Road Town, Tortola, British Virgin Islands.

Investors should contact us for any inquiries through the address and telephone number of our principal executive offices. Our principal website is www.arcosdorados.com. The information contained on our website is not a part of this offering memorandum.

THE OFFERING

This summary highlights information presented in greater detail elsewhere in this offering memorandum or incorporated by reference herein. This summary is not complete and does not contain all the information you should consider before investing in the notes. You should carefully read this entire offering memorandum, including the information incorporated by reference from our annual report on Form 20-F, before investing in the notes, including "Risk Factors" and our consolidated financial statements.

Issuer..	Arcos Dorados Holdings Inc.
Guarantors..	Each subsidiary existing on the issue date incorporated or formed under the laws of Argentina (excluding Adcom S.A., Compañía de Inversiones Inmobiliaria S.A., Arcos Santafesinos, S.A. and Arcos Mendocinos, S.A.), Brazil, Mexico (excluding Centro Especializado de Negocios Internacionales, S. de R.L. de C.V.), Puerto Rico or Venezuela (excluding Complejo Agropecuario Carnico C.A., Gerencia Operativa ARC, C.A., Alimentos Arcos Dorados Margarita, C.A., Alimentos Arcos Dorados Punto Fijo, C.A. and Alimentos Latinoamericanos Venezuela ALV, C.A.), Golden Arch Development Corporation, Arcos Dorados B.V. and certain other subsidiaries incorporated, formed or acquired under the laws of Argentina, Brazil, Mexico, Puerto Rico or Venezuela after the issue date (collectively, the "Subsidiary Guarantors"). The Subsidiary Guarantors and the Issuer represented in the aggregate 80.8%, 77.0% and 80.7% of our consolidated total revenues, consolidated total assets and total Company-operated and franchised restaurants as of and for the six months ended June 30, 2013, respectively.
Notes offered...	U.S.$375,000,000 aggregate principal amount of 6.625% senior notes due 2023.
Issue price..	100.909% plus accrued interest, if any, from September 27, 2013.
Maturity date..	September 27, 2023.
Interest payment dates..	March 27 and September 27, commencing March 27, 2014.
Interest...	The notes will bear interest from September 27, 2013 at the annual rate of 6.625%, payable semi-annually in arrears on each interest payment date.
Optional redemption..	We may, at our option, redeem the notes, in whole or in part, at any time, by paying the greater of 100% of the outstanding principal amount and a "make-whole" amount, in each case plus accrued and unpaid interest, if any, to the date of redemption. See "Description of Notes—Optional Redemption— Optional Redemption with a Make-Whole Premium."

Optional tax redemption	We may redeem the notes in whole, but not in part, at a price equal to 100% of their principal amount plus accrued and unpaid interest to the redemption date at any time upon the occurrence of specified events regarding the British Virgin Islands and other relevant jurisdictions' tax laws. See "Description of Notes—Optional Redemption—Optional Redemption Upon Tax Event."
Ranking	The notes and guarantees will be senior unsecured obligations and will rank equal in right of payment with all of our and the Subsidiary Guarantors' existing and future senior unsecured indebtedness. The notes and the guarantees will effectively rank junior to all of our and the Subsidiary Guarantors' secured indebtedness to the extent of the value of our assets securing such indebtedness. The notes and guarantees will be structurally subordinated to all obligations of the Company's subsidiaries that are not guaranteeing the notes. As of June 30, 2013, we had consolidated total liabilities of U.S.$1,298.9 million, including consolidated total indebtedness of U.S.$692.5 million. Our non-guarantor subsidiaries, taken together, had U.S.$20.4 million of our consolidated total liabilities, including U.S.$13.4 million of our consolidated total indebtedness. As of June 30, 2013, we had no secured debt outstanding.
Change of control offer	Upon the occurrence of a Change of Control Repurchase Event (as defined in "Description of Notes"), we will be required to make an offer to purchase the notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest. See "Description of Notes—Change of Control" and " —Certain Definitions."
Covenants	The indenture 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. See "Description of Notes—Covenants."
Events of default	For a discussion of certain events of default that will permit acceleration of the principal of the notes plus accrued interest, and any other amounts due with respect to the notes, see "Description of Notes—Events of Default."

Use of proceeds..	We intend to apply the net proceeds of this offering, after deducting estimated fees, commissions and expenses relating to this offering and the concurrent Tender and Exchange Offer, to pay the principal and premium on the 2019 Existing Notes in connection with the concurrent Tender Offer, to repay certain of our short-term indebtedness with Banco Itau BBA S.A., to unwind our cross-currency interest rate swap with Bank of America, N.A. and for general corporate purposes (including possible capital expenditures depending on cash availability at year-end as well as the repayment of certain other indebtedness). See "Use of Proceeds."
Form and denomination; settlement.........................	The notes have been issued in the form of global notes without coupons, registered in the name of a nominee of DTC and its direct and indirect participants, including Euroclear and Clearstream. The notes offered hereby have been issued in minimum denominations of U.S.$100,000 and integral multiples of U.S.$1,000 in excess thereof.
Transfer restrictions...	We have not registered the notes under the Securities Act. The notes are subject to restrictions on transfer and may only be offered in transactions exempt from or not subject to the registration requirements of the Securities Act. See "Transfer Restrictions."
Listing..	We have applied to list the notes on the official list of the Luxembourg Stock Exchange and to trade them on the Euro MTF market.
Governing law...	The indenture and the notes will be governed by the laws of the State of New York.
Trustee, registrar, paying agent and transfer agent..	Citibank, N.A.
Luxembourg paying agent, transfer agent and listing agent..	Banque Internationale à Luxembourg, société anonyme
Selling restrictions...	There are restrictions on persons to whom notes can be sold, and on the distribution of this offering memorandum, as described in "Plan of Distribution."

Risk Factors

You should carefully consider all of the information contained, or incorporated by reference, in this offering memorandum prior to investing in the notes offered hereby. In particular, we urge you to carefully consider the information set forth under "Risk Factors" for a discussion of risks and uncertainties relating to us, our subsidiaries, our business, our shareholders and an investment in the notes offered hereby.

SUMMARY FINANCIAL AND OTHER INFORMATION

The summary balance sheet data as of December 31, 2012 and 2011 and the income statement data for the years ended December 31, 2012, 2011 and 2010 of Arcos Dorados Holdings Inc. are derived from the consolidated financial statements incorporated by reference in this offering memorandum, which have been audited by Pistrelli, Henry Martin y Asociados S.R.L., member firm of Ernst & Young Global. The summary balance sheet data as of December 31, 2010, 2009 and 2008 and the income statement data for the years ended December 31, 2009 and 2008 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 or incorporated by reference herein.

The summary balance sheet data as of June 30, 2013 and the income statement data for the six months ended June 30, 2013 and 2012 of Arcos Dorados Holdings Inc. are derived from our unaudited condensed consolidated financial statements incorporated by reference in this offering memorandum. These unaudited statements include all normal recurring adjustments that management believes are necessary to fairly present our financial condition, operating results and cash flows. Operating results for the six months ended June 30, 2013 are not necessarily indicative of the results that may be expected for the entire year ended December 31, 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.

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 revenues and number of restaurants. As a result of the reorganization, effective January 1, 2013, Colombia and Venezuela became part of our Caribbean division, with headquarters located in Colombia. Therefore, as of the beginning of 2013, 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. In accordance with ASC 280, Segment Reporting, we have restated our comparative segment information for the six months ended June 30, 2012 included in our unaudited condensed consolidated financial statements incorporated by reference in this offering memorandum from our report on Form 6-K dated August 6, 2013. All of the segment information in our annual report on Form 20-F for the year ended December 31, 2012 was presented in accordance with the structure prevailing prior to January 1, 2013. Therefore, for purposes of this offering memorandum, we have also adjusted the segment information in this offering memorandum as of and for the years ended December 31, 2012 and 2011 based on the structure prevailing as of the date of this offering memorandum. This adjusted segment information has not been audited. We have not adjusted the segment information in this offering memorandum as of and for the years ended December 31, 2010, 2009 and 2008. Therefore, the segment information as of and for the years ended December 31, 2012 and 2011 presented in this offering memorandum is not directly comparable to the segment information as of and for the years ended December 31, 2010, 2009 and 2008 that is presented in this offering memorandum and the segment information in our consolidated financial statements at December 31, 2012 and 2011 and for the years ended December 31, 2012, 2011 and 2010 included in our annual report on Form 20-F for the year ended December 31, 2012 and incorporated by reference in this offering memorandum.

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” included elsewhere in this offering memorandum and our consolidated financial statements and the notes thereto, incorporated by reference in this offering memorandum.

	For the Six Months Ended June 30,		For the Years Ended December 31,				
	2013	2012	2012	2011	2010	2009	2008
	(in thousands of U.S. dollars, except for share data)						
Income Statement Data:							
Sales by Company-operated restaurants	$ 1,881,761	$ 1,748,716	$ 3,634,371	$ 3,504,128	$ 2,894,466	$ 2,536,655	$ 2,480,897
Revenues from franchised restaurants	84,334	77,094	163,023	153,521	123,652	128,821	125,945
Total revenues	**1,966,095**	**1,825,810**	**3,797,394**	**3,657,649**	**3,018,118**	**2,665,476**	**2,606,842**
Company-operated restaurant expenses:							
Food and paper	(665,658)	(612,747)	(1,269,146)	(1,216,141)	(1,023,464)	(929,718)	(902,305)
Payroll and employee benefits	(409,217)	(368,706)	(753,120)	(701,278)	(569,084)	(491,214)	(461,602)
Occupancy and other operating expenses	(523,155)	(474,935)	(984,004)	(918,102)	(765,777)	(667,438)	(647,152)
Royalty fees	(92,192)	(86,937)	(180,547)	(170,400)	(140,973)	(121,901)	(118,980)
Franchised restaurants—occupancy expenses	(31,619)	(27,849)	(56,057)	(51,396)	(37,634)	(42,327)	(42,416)
General and administrative expenses	(163,452)	(152,591)	(314,619)	(334,914)	(254,165)	(189,507)	(186,098)
Other operating expenses, net	(5,236)	(5,556)	(3,261)	(14,665)	(22,464)	(16,562)	(26,095)
Total operating costs and expenses	**(1,890,529)**	**(1,729,321)**	**(3,560,754)**	**(3,406,896)**	**(2,813,561)**	**(2,458,667)**	**(2,384,648)**
Operating income	**75,566**	**96,489**	**236,640**	**250,753**	**204,557**	**206,809**	**222,194**
Net interest expense	(30,787)	(25,939)	(54,247)	(60,749)	(41,613)	(52,473)	(26,272)
Gain (loss) from derivative instruments	261	(1,326)	(891)	(9,237)	(32,809)	(39,935)	(2,620)
Foreign currency exchange results	(35,703)	(11,111)	(18,420)	(23,926)	3,237	(14,098)	(74,884)
Other non-operating (expenses) income, net	(690)	(1,260)	(2,119)	3,562	(23,630)	(1,240)	(1,934)
Income before income taxes	**8,647**	**56,853**	**160,963**	**160,403**	**109,742**	**99,063**	**116,484**
Income tax expense	(6,469)	(19,223)	(46,375)	(44,603)	(3,450)	(18,709)	(12,067)
Net income	**2,178**	**37,630**	**114,588**	**115,800**	**106,292**	**80,354**	**104,417**
Plus (less): Net loss (income) attributable to non-controlling interests	5	(127)	(256)	(271)	(271)	(332)	(1,375)
Net income attributable to Arcos Dorados Holdings Inc.	**2,183**	**37,503**	**114,332**	**115,529**	**106,021**	**80,022**	**103,042**
Earnings per share:							
Basic net income per common share attributable to Arcos Dorados Holdings Inc.	$ 0.01	$ 0.18	$ 0.55	$ 0.54	$ 0.44	$ 0.33	$ 0.43
Diluted net income per common share attributable to Arcos Dorados Holdings Inc.	$ 0.01	$ 0.18	$ 0.55	$ 0.54	$ 0.44	$ 0.33	$ 0.43

	As of June 30,	As of December 31,				
	2013	2012	2011	2010	2009	2008
	(in thousands of U.S. dollars, except for share data)					
Balance Sheet Data(1):						
Cash and cash equivalents	$ 128,841	$ 184,851	$ 176,301	$ 208,099	$ 167,975	$ 105,982
Total current assets	**550,522**	**601,498**	**588,614**	**552,355**	**394,011**	**380,275**
Property and equipment, net	1,144,619	1,176,350	1,023,180	911,730	785,862	709,667
Total non-current assets	**1,417,036**	**1,447,665**	**1,286,792**	**1,231,911**	**1,088,937**	**923,488**
Total assets	**1,967,558**	**2,049,163**	**1,875,406**	**1,784,266**	**1,482,948**	**1,303,763**
Accounts payable	211,799	244,365	220,941	217,326	151,175	148,884
Short-term debt and current portion of long-term debt	54,362	2,202	3,811	17,947	11,046	15,306
Total current liabilities	**603,706**	**578,274**	**589,292**	**605,148**	**396,810**	**388,357**
Long-term debt, excluding current portion	625,311	649,968	525,951	451,423	454,461	351,870
Total non-current liabilities	**695,198**	**724,579**	**606,485**	**629,923**	**632,092**	**474,654**
Total liabilities	**1,298,904**	**1,302,853**	**1,195,777**	**1,235,071**	**1,028,902**	**863,011**
Total common stock	491,669	484,569	484,569	377,546	377,546	377,546
Total equity	**668,654**	**746,310**	**679,629**	**549,195**	**454,046**	**440,752**
Total liabilities and equity	**1,967,558**	**2,049,163**	**1,875,406**	**1,784,266**	**1,482,948**	**1,303,763**
Shares outstanding(2)	209,864,299	209,529,412	209,529,412	241,882,966	241,882,966	241,882,966

	For the Six Months Ended June 30,		For the Years Ended December 31,				
	2013(3)	2012(3)	2012(3)	2011(3)	2010(4)	2009(4)	2008(4)
	(in thousands of U.S. dollars, except percentages)						
Other Data:							
Total Revenues							
Brazil	$ 919,953	$ 869,712	$ 1,797,556	$ 1,890,824	$ 1,595,571	$ 1,200,742	$ 1,237,208
Caribbean division	384,862	359,779	754,730	663,981	260,617	244,774	231,734
NOLAD	199,578	184,486	384,041	355,265	305,017	240,333	232,083
SLAD(5)	461,702	411,833	861,067	747,579	856,913	979,627	905,817
Total	**1,966,095**	**1,825,810**	**3,797,394**	**3,657,649**	**3,018,118**	**2,665,476**	**2,606,842**
Operating Income							
Brazil	$ 75,735	$ 84,654	$ 193,339	$ 246,926	$ 208,102	$ 127,291	$ 102,819
Caribbean division	11,054	12,514	40,692	32,745	11,189	10,448	12,454
NOLAD	(5,171)	(2,702)	(5,557)	(8,709)	(16,718)	(17,252)	(4,863)
SLAD(5)	34,170	31,577	74,824	62,094	66,288	108,261	119,716
Corporate and others and purchase price allocation	(40,222)	(29,554)	(66,658)	(82,033)	(64,304)	(21,939)	(7,932)
Total	**75,566**	**96,489**	**236,640**	**250,753**	**204,557**	**206,809**	**222,194**
Operating Margin(6)							
Brazil	8.2%	9.7%	10.8%	13.1%	13.0%	10.6%	8.3%
Caribbean division	2.9	3.5	5.4	4.9	4.3	4.3	5.4
NOLAD	(2.6)	(1.5)	(1.4)	(2.5)	(5.5)	(7.2)	(2.1)
SLAD(5)	7.4	7.7	8.7	8.3	7.7	11.1	13.2
Total	**3.8**	**5.3**	**6.2**	**6.9**	**6.8**	**7.8**	**8.5**
Adjusted EBITDA(7)							
Brazil	$ 107,583	$ 108,294	$ 240,954	$ 289,462	$ 250,606	$ 160,037	$ 144,965
Caribbean division	23,444	25,965	69,109	53,754	23,556	21,167	22,013
NOLAD	9,617	10,430	26,738	19,551	15,400	3,918	15,961
SLAD(5)	45,596	40,384	93,756	77,214	83,998	129,889	138,683
Corporate and others	(50,143)	(39,730)	(89,996)	(100,193)	(74,446)	(48,628)	(33,648)
Total	**136,097**	**145,343**	**340,561**	**339,788**	**299,114**	**266,383**	**287,974**
Adjusted EBITDA Margin(8)							
Brazil	11.7%	12.5%	13.4%	15.3%	15.7%	13.3%	11.7%
Caribbean division	6.1	7.2	9.2	8.1	9.0	8.6	9.5
NOLAD	4.8	5.7	7.0	5.5	5.0	1.6	6.9
SLAD(5)	9.9	9.8	10.9	10.3	9.8	13.3	15.3
Total	**6.9**	**8.0**	**9.0**	**9.3**	**9.9**	**10.0**	**11.0**
Other Financial Data:							
Working capital(9)	$ (53,184)	$ —	$ 23,224	$ (678)	$ (52,793)	$ (2,799)	$ (8,082)
Capital expenditures(10)	86,646	99,473	300,482	325,852	176,173	101,166	167,893
Dividends declared per common share	$ 0.24	$ 0.24	$ 0.24	$ 0.24	$ 0.17	$ —	$ —
Other Operating Data:							
Systemwide comparable sales growth(11)(12)	**10.8%**	—	**9.2%**	**13.7%**	**14.9%**	**5.5%**	—
Brazil	9.5	—	5.2	9.3	17.5	2.7	—
Caribbean division	13.5	—	13.3	14.5	4.7	4.2	—
NOLAD	(1.4)	—	4.4	8.5	9.1	(1.7)	—
SLAD	18.0	—	19.9	30.6	16.1	12.2	—
Systemwide average restaurant sales(12)(13)	**$ 1,298**	**$ 1,279**	**$ 2,603**	**$ 2,648**	**$ 2,288**	**$ 2,147**	**$ 2,186**

	For the Six Months Ended June 30,		For the Years Ended December 31,				
	2013(3)	2012(3)	2012(3)	2011(3)	2010(4)	2009(4)	2008(4)
	(in thousands of U.S. dollars, except percentages)						
Systemwide sales growth(12)(14)	**7.6%**	—	**3.6%**	**21.1%**	**10.2%**	**0.9%**	—
Brazil	6.5	—	(4.6)	19.2	34.3	(2.4)	—
Caribbean division	6.9	—	14.2	22.4	3.8	4.6	—
NOLAD	6.1	—	5.9	14.9	19.2	(12.3)	—
SLAD	11.7	—	15.4	30.4	(20.2)	9.2	—

	As of June 30,		As of December 31,				
	2013(3)	2012(3)	2012(3)	2011(3)	2010(4)	2009(4)	2008(4)
Number of systemwide restaurants	**1,971**	**1,858**	**1,948**	**1,840**	**1,755**	**1,680**	**1,640**
Brazil	746	677	731	662	616	578	564
Caribbean division	354	343	353	351	142	145	145
NOLAD	502	492	503	484	476	456	448
SLAD	369	346	361	343	521	501	483
Number of Company-operated restaurants	**1,477**	**1,380**	**1,453**	**1,358**	**1,292**	**1,226**	**1,155**
Brazil	545	499	533	488	453	432	426
Caribbean division	258	246	259	249	91	93	89
NOLAD	338	324	335	314	310	289	242
SLAD	336	311	326	307	438	412	398
Number of franchised restaurants	**494**	**478**	**495**	**482**	**463**	**454**	**485**
Brazil	201	178	198	174	163	146	138
Caribbean division	96	97	94	102	51	52	56
NOLAD	164	168	168	170	166	167	206
SLAD	33	35	35	36	83	89	85

(1) The balance sheet data as of December 31, 2010, 2009 and 2008 does not reflect the split-off of the Axionlog business, formerly known as Axis. See "Item 4. Information on the Company—B. Business Overview—Our Operations—Supply and Distribution" in our annual report on Form 20-F incorporated by reference in this offering memorandum.

(2) Data as of December 2010, 2009 and 2008 was adjusted to reflect the stock split approved on March 14, 2011. See Note 22 to our consolidated financial statements included in our annual report on Form 20-F incorporated by reference in this offering memorandum for details.

(3) Segment information as of and for the six months ended June 30, 2013 and 2012 and 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." Segment Information for 2010, 2009 and 2008 has not been restated and is therefore not comparable to 2013, 2012 and 2011 information.

(4) Segment information for 2010, 2009 and 2008 has not been restated and is therefore not comparable to 2013, 2012 and 2011 information. See "Presentation of Financial and Other Information—Operating Data."

(5) Currency controls in Venezuela and related accounting changes have had a significant effect on our results of operations and impact the comparability of our results of operations in 2010 compared to 2009.

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

(7) 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:

Consolidated Adjusted EBITDA Reconciliation	For the Six Months Ended June 30, 2013	For the Six Months Ended June 30, 2012	For the Years Ended December 31, 2012	2011	2010	2009	2008
	(in thousands of U.S. dollars)						
Net income attributable to Arcos Dorados Holdings Inc.	**$ 2,183**	**$ 37,503**	**$ 114,332**	**$ 115,529**	**$ 106,021**	**$ 80,022**	**$ 103,042**
Plus (Less):							
Net interest expense	30,787	25,939	54,247	60,749	41,613	52,473	26,272
(Gain) loss from derivative instruments	(261)	1,326	891	9,237	32,809	39,935	2,620
Foreign currency exchange results	35,703	11,111	18,420	23,926	(3,237)	14,098	74,884
Other non-operating expenses (income), net	690	1,260	2,119	(3,562)	23,630	1,240	1,934
Income tax expense	6,469	19,223	46,375	44,603	3,450	18,709	12,067
Net income attributable to non-controlling interests	(5)	127	256	271	271	332	1,375
Operating income	**75,566**	**96,489**	**236,640**	**250,753**	**204,557**	**206,809**	**222,194**
Plus (Less):							
Items excluded from computation that affect operating income:							
Depreciation and amortization	57,656	42,738	92,328	68,971	60,585	54,169	49,496
Compensation expense related to the award right granted to the CEO	—	—	—	2,214	16,392	4,334	11,060
Gains from sale of property and equipment	(2,955)	(215)	(3,328)	(7,123)	(5,299)	(8,465)	(4,592)
Write-offs of property and equipment	3,262	2,354	4,259	3,570	2,635	9,434	5,144
Impairment of long-lived assets	—	—	1,982	1,715	4,668	—	—
Stock-based compensation related to the special awards in connection with the initial public offering under the 2011 Plan	2,568	3,977	7,997	5,703	—	—	—
Cash bonus related to the initial public offering	—	—	—	1,382	—	—	—
Incremental compensation expense related to the Arcos Dorados B.V. long-term incentive plan	—	—	—	10,526	15,576	—	—
Contract termination losses	—	—	—	—	—	—	3,606
Impairment of goodwill	—	—	683	2,077	—	102	1,066
Adjusted EBITDA	**136,097**	**145,343**	**340,561**	**339,788**	**299,114**	**266,383**	**287,974**

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

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

(10) Includes property and equipment expenditures and purchase of restaurant businesses.

(11) 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.

(12) 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.

(13) 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.

(14) 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.

RISK FACTORS

Our annual report on Form 20-F for the year ended December 31, 2012, which is incorporated by reference in this offering memorandum, describes the risks with respect to our business, our industry, Latin America and the Caribbean and investments in a British Virgin Islands company. You should carefully consider these risks and uncertainties and the ones set forth below, as well as the other information in this offering memorandum, before making an investment in the notes. Our business, financial condition or results of operations could be materially and adversely affected if any of these risks occurs. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. This offering memorandum and our annual report on Form 20-F incorporated herein also contain forward-looking statements that involve risks and uncertainties. See "Cautionary Statement Regarding 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 described in our annual report on Form 20-F incorporated by reference herein or described below and elsewhere in this offering memorandum.

Certain Factors Relating to the Notes and the Guarantees

Our indebtedness could adversely affect our business, financial condition and results of operations, as well as our ability to meet our payment obligations under the notes and our other debt.

Following this offering we will have a significant amount of debt and debt service requirements. As of June 30, 2013, after giving effect to this offering, the Tender Offer, the exchange of the 2019 Existing Notes tendered through the Early Exchange Date for the notes offered hereby and the use of proceeds as described in "Use of Proceeds," we would have had approximately U.S.$920.7 million of outstanding financial debt.

This level of debt could have significant consequences on our future operations, including:

- making it more difficult for us to meet our payment and other obligations under the notes and our other outstanding debt;
- resulting in an event of default if we fail to comply with the financial and other restrictive covenants contained in our debt agreements, which event of default could result in all of our debt becoming immediately due and payable;
- reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate purposes, and limiting our ability to obtain additional financing for these purposes;
- limiting our flexibility in planning for, or reacting to, and increasing our vulnerability to, changes in our business, the industry in which we operate and the general economy; and
- placing us at a competitive disadvantage compared to our competitors that have less debt or are less leveraged.

Any of the above-listed factors could have an adverse effect on our business, financial condition and results of operations and our ability to meet our payment obligations under the notes and our other debt.

Our ability to meet our payment and other obligations under our debt instruments depends on our ability to generate significant cash flow in the future. This, to some extent, is subject to general economic, financial, competitive, legislative and regulatory factors as well as other factors that are beyond our control. We cannot assure you that our business will generate cash flow from operations, or that future borrowings will be available to us under our existing or any future credit facilities or otherwise, in an amount sufficient to enable us to meet our payment obligations under the notes and our other debt and to fund other liquidity needs. If we are not able to generate sufficient cash flow to service our debt obligations, we may need to refinance or restructure our debt, including the notes, sell assets, reduce or delay capital investments, or seek to raise additional capital. If we are unable to implement one or more of these alternatives, we may not be able to meet our payment obligations under the notes and our other debt.

Despite our current indebtedness levels, we may still be able to incur substantially more debt. This could exacerbate further the risks associated with our substantial leverage.

We and our subsidiaries may be able to incur substantial additional indebtedness, including secured indebtedness, in the future. The terms of the indenture do not restrict us from doing so. In addition, the indenture will allow us to issue additional notes under certain circumstances, which will also be guaranteed by the guarantors. The indenture will also allow us to incur certain secured debt which would be effectively senior to the notes. In addition, the indenture will not prevent us from incurring other liabilities that do not constitute indebtedness. If new debt or other liabilities are added to our current debt levels, the related risks that we now face could intensify.

Not all of our subsidiaries will be required to guarantee the notes, and the assets of any non-guarantor subsidiaries may not be available to make payments on the notes.

The notes will not be guaranteed by all of our subsidiaries. The notes will be guaranteed by our subsidiaries existing on the issue date incorporated or formed under the laws of Argentina (excluding Adcom S.A., Compañía de Inversiones Inmobiliaria S.A., Arcos Santafesinos, S.A. and Arcos Mendocinos, S.A.), Brazil, Mexico (excluding Centro Especializado de Negocios Internacionales, S. de R.L. de C.V.), Puerto Rico or Venezuela (excluding Complejo Agropecuario Carnico C.A., Gerencia Operativa ARC, C.A., Alimentos Arcos Dorados Margarita, C.A., Alimentos Arcos Dorados Punto Fijo, C.A. and Alimentos Latinoamericanos Venezuela ALV, C.A.), Golden Arch Development Corporation, Arcos Dorados B.V. and each other subsidiary incorporated, formed or acquired under the laws of Argentina, Brazil, Mexico, Puerto Rico or Venezuela after the issue date that has more than U.S.$10.0 million of indebtedness outstanding and is not an excluded subsidiary because of local laws or the existence of minority shareholders. Our non-guarantor subsidiaries represented in the aggregate 19.2%, 23.0% and 19.3% of our consolidated total revenues, consolidated total assets and total Company-operated and franchised restaurants as of and for the six months ended June 30, 2013, respectively.

In the event that any of our non-guarantor subsidiaries becomes insolvent, liquidates, reorganizes, dissolves or otherwise winds up, holders of their debt, and their trade creditors generally, will be entitled to payment on their claims from the assets of that subsidiary before any of those assets are made available to us or any guarantors. Consequently, your claims in respect of the notes will be effectively subordinated to all of the liabilities of any of our subsidiaries that is not a guarantor, including trade payables. In addition, the indenture will not contain any limitation on the amount of indebtedness or other liabilities, such as trade payables, that these subsidiaries may incur. As of June 30, 2013, our non-guarantor subsidiaries, taken together, had U.S.$20.4 million of our consolidated total liabilities.

Fraudulent conveyance laws may void the notes and/or the Subsidiary Guarantees or subordinate the notes and/or the Subsidiary Guarantees.

The issuance of the notes may be subject to review under applicable bankruptcy law or relevant fraudulent conveyance laws if a bankruptcy lawsuit is commenced by or on behalf of our or the guarantors' creditors. Under these laws, if in such a lawsuit a court were to find that, at the time the notes are issued, we:

- incurred this debt with the intent of hindering, delaying or defrauding current or future creditors; or
- received less than reasonably equivalent value or fair consideration for incurring this debt, and the issuer:
    - was insolvent or was rendered insolvent by reason of the related financing transactions;
    - was engaged, or about to engage, in a business or transaction for which our remaining assets constituted unreasonably small capital to carry on our business; or
    - intended to incur, or believed that we would incur, debts beyond our ability to pay these debts as they mature, as all of the foregoing terms are defined in or interpreted under the relevant fraudulent transfer or conveyance statutes;

then the court could void the notes or subordinate the notes to our presently existing or future debt or take other actions detrimental to you.

We cannot assure you as to what standard a court would apply in order to determine whether we were "insolvent" as of the date the notes were issued, and we cannot assure you that, regardless of the method of valuation, a court would not determine that we were insolvent on that date. Nor can we assure you that a court would not determine, regardless of whether we were insolvent on the date the notes were issued, that the payments constituted fraudulent transfers on another ground.

The guarantees may also be subject to review under various laws for the protection of creditors. The analysis set forth above would generally apply, except that the guarantees could also be subject to the claim that, since the guarantees were incurred for our benefit, and only indirectly for the benefit of the guarantors, the obligations of the guarantors thereunder were incurred for less than reasonably equivalent value or fair consideration. A court could void a guarantor's obligation under its guarantee, subordinate the guarantee to the other indebtedness of a guarantor, direct that holders of the notes return any amounts paid under a guarantee to the relevant guarantor or to a fund for the benefit of its creditors, or take other action detrimental to the holders of the notes. In addition, the liability of each guarantor under the indenture will be limited to the amount that will result in its guarantee not constituting a fraudulent conveyance, and there can be no assurance as to what standard a court would apply in making a determination as to what would be the maximum liability of each guarantor.

We may be unable to make a change of control offer required by the indenture governing the notes, which would cause defaults under the indenture governing the notes.

The terms of the notes will require us to make an offer to repurchase the notes upon the occurrence of a specified change of control event at a purchase price equal to 101% of the principal amount of the notes, plus accrued interest to the date of the purchase. Any financing arrangements we may enter may require repayment of amounts outstanding in the event of a specified change of control event and limit our ability to fund the repurchase of your notes in certain circumstances. It is possible that we will not have sufficient funds at the time of the specified change of control event to make the required repurchase of notes or that restrictions in our credit facilities and other financing arrangements will not allow the repurchases. See "Description of Notes—Change of Control."

An active trading market may not develop for the notes, which may hinder your ability to liquidate your investment.

The notes offered hereby are a new issue of securities with no established trading market. We have applied to list the notes on the Official List of the Luxembourg Stock Exchange and to trade them on the Euro MTF Market. We cannot assure you, however, that the application will be accepted or that an active trading market for the notes will develop or be sustained. Certain of the initial purchasers have informed us that they intend to make a market in the notes after the completion of this offering. However, the initial purchasers are not obligated to do so and may cease their market-making at any time. In addition, the liquidity of the trading market in the notes, and the market price quoted for the notes, may be adversely affected by changes in the overall market for fixed income securities and by changes in our financial performance or prospects or in the prospects for companies in our industry in general. As a result, we cannot assure you that an active trading market will develop for the notes. If no active trading market develops, you may not be able to resell your notes at their fair market value or at all. The reoffering and resale of the notes is subject to significant legal restrictions.

The notes are subject to transfer restrictions.

The notes have not been registered under the Securities Act or any state securities laws. As a result, holders of notes may reoffer or resell notes only if there is an applicable exemption from the registration requirements of the Securities Act and applicable state laws that apply to the circumstances of the offer and sale.

The notes will be effectively subordinated to any secured debt and to certain claims preferred by statute.

Our obligations under the notes are unsecured. As a result, the notes will be effectively subordinated to any secured debt to the extent of the value of the collateral securing such debt. As of June 30, 2013, we had no secured debt outstanding. However, the terms of the indenture permit us to incur secured debt in the future. In the event that we are not able to repay amounts due under any future secured debt obligations, creditors could proceed against the collateral guaranteeing such indebtedness. In that event, any proceeds upon a realization of the collateral would be

applied first to amounts due under the secured debt obligations before any proceeds would be available to make payments on the notes. If there is a default under our debt obligations, the value of this collateral may not be sufficient to repay both our secured creditors, if any, and the holders of the notes. Additionally, the claims of holders of the notes will rank effectively junior to certain obligations that are preferred by statute, including certain claims relating to taxes, social security and labor.

Our controlling shareholder may have interests that differ from your interests as a noteholder.

Mr. Staton, our Chairman and CEO, owns or controls common stock representing 39.9% and 76.2%, 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. So long as Mr. Staton continues to own a significant amount of the outstanding shares of our common stock, he will continue to be able to strongly influence or effectively control our decisions, including expansion plans, marketing strategies, product offerings and other significant corporate decisions and transactions.

The interests of Mr. Staton may not coincide with yours as a holder of notes. For example, Mr. Staton may have an interest in undertaking expansions, divestitures, financings and other actions that, in his judgment, could enhance his equity investments, even though those actions might involve risks to you as a holder of the notes.

The credit ratings for the notes may be lowered, suspended or withdrawn by the rating agencies.

The credit ratings of the notes may change after we issue the notes. Such ratings are limited in scope and do not address all material risks relating to an investment in the notes, but rather reflect only the views of the rating agencies at the time the ratings are issued. An explanation of the significance of such ratings may be obtained from the rating agencies. These credit ratings may change or be lowered, suspended or withdrawn entirely by the rating agencies based on certain circumstances. Any lowering, suspension or withdrawal of the credit ratings of the notes may have a material adverse effect on the market price and marketability of the notes.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This offering memorandum and our annual report on Form 20-F incorporated by reference herein contain 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, or incorporated by reference, in this offering memorandum 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 offering memorandum and in our annual report on Form 20-F incorporated by reference herein 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 "Risk Factors" in this offering memorandum and incorporated by reference from our annual report on Form 20-F. 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;

- other factors that may affect our financial condition, liquidity and results of operations; and
- other risk factors discussed under "Risk Factors" and in our annual report on Form 20-F incorporated by reference in this offering memorandum.

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.

USE OF PROCEEDS

We expect to receive net proceeds of approximately U.S.$374.8 million from the sale of the notes in this offering, after deducting estimated fees, commissions and expenses relating to this offering and the concurrent Tender and Exchange Offers of U.S.$3.6 million. We intend to apply the net proceeds of this offering (i) to pay an estimated U.S.$128.1 million of principal and premium on the 2019 Existing Notes in connection with the concurrent Tender Offer (which amount excludes accrued interest and cash in lieu of fractional bonds), (ii) to repay certain of our short-term indebtedness with Banco Itau BBA S.A. with an annual interest rate of 2.30%, amounting to approximately U.S.$60.0 million, (iii) to unwind our cross-currency interest rate swap with Bank of America, N.A. in an estimated amount of U.S.$12.0 million and (iv) for general corporate purposes (including possible capital expenditures depending on cash availability at year-end as well as the repayment of certain other indebtedness). See "Plan of Distribution."

CAPITALIZATION

The table below sets forth our capitalization (defined as short-term debt, long-term debt, derivative instruments and equity) as of June 30, 2013 derived from our condensed consolidated financial statements prepared in accordance with U.S. GAAP:

- on an actual basis;
- as adjusted to give effect to the subsequent events that occurred in July 2013 that are disclosed in Note 14 to our unaudited condensed consolidated financial statements incorporated by reference in this offering memorandum from our report on Form 6-K dated August 6, 2013, as well as the prepayment of a short-term loan as discussed in the footnote to the table below; and
- as further adjusted to give effect to the issuance of the notes offered hereby, the Tender Offer, the exchange of the 2019 Existing Notes tendered through the Early Exchange Date for the notes offered hereby and the use of proceeds as described in "Use of Proceeds," assuming gross proceeds from the sale of the notes in this offering of U.S.$378.4 million.

Investors should read this table in conjunction with our condensed consolidated financial statements that are included in our report on Form 6-K dated August 6, 2013 incorporated by reference in this offering memorandum.

	As of June 30, 2013		
	Actual	**As Adjusted**	**As Further Adjusted**
		(in thousands of U.S. dollars)	
Cash and cash equivalents	$ 128,841	$ 139,090	$ 317,347
Short-term debt:			
Short-term debt(1)	50,137	88,137	28,137
Long-term debt (including current portion):			
Derivative financial instruments	12,782	12,782	2,352
Capital lease obligations	9,600	9,600	9,600
Other long-term borrowings	8,292	8,292	8,292
2019 notes	306,931	306,931	99,737
2016 notes	304,713	304,713	304,713
Notes offered hereby	—	—	467,826
Total long-term debt	642,318	642,318	892,520
Total equity	**668,654**	**668,654**	**656,709**
Total capitalization(2)	**1,361,109**	**1,399,109**	**1,577,366**

(1) With respect to the loan agreement that we entered into with Banco Itau BBA S.A. on August 1, 2013 and the short-term loan in the amount of U.S.$25.0 million relating thereto: (i) on August 9, 2013, we prepaid an amount equal to the principal amount of U.S.$5.0 million together with accrued interest and (ii) on September 3, 2013, we entered into an amendment to the loan agreement to extend the maturity date to September 30, 2013 and change the interest rate to 2.30% per annum.

(2) We have no convertible debt securities, warrants exercisable for debt securities or other similar securities outstanding.

EXCHANGE RATES

In the six months ended June 30, 2013, approximately 76.9% of our total revenues was derived from our restaurants in Argentina, Brazil, Mexico 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.

Argentina

On January 6, 2002, the Argentine federal congress ended ten years of U.S. dollar-Argentine *peso* parity, eliminating the requirement that the Central Bank of Argentina maintain a certain level of reserves and granting the executive branch the power to set the exchange rate between the Argentine *peso* and foreign currencies and issue regulations related to the foreign exchange market. As of January 11, 2002, the Argentine *peso*/U.S. dollar exchange rate floated freely.

Heightened demand for limited U.S. dollars caused the Argentine *peso* to trade well above the rate of one Argentine *peso* per one U.S. dollar that had been previously established. Since the economic crisis in Argentina that began in December 2001, the Argentine *peso*/U.S. dollar exchange rate has fluctuated considerably. In 2002, an executive order was enacted that established a single free foreign exchange market that required all foreign exchange transactions to be carried out at a rate agreed upon between parties in accordance with the requirements of the Central Bank of Argentina. The Argentine *peso* depreciated 9.6% against the U.S. dollar in 2008, 9.9% in 2009, 4.7% in 2010, 8.2% in 2011 and 14.3% in 2012.

For the last few years, the Argentine government has maintained a policy of intervention in the foreign exchange markets, conducting periodic transactions for the purchase or sale of U.S. dollars. We cannot assure you that the Argentine government will maintain its current policies with regard to the Argentine *peso* or that the Argentine *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 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 September 6, 2013 the exchange rate for the purchase of U.S. dollars as reported by the Central Bank of Argentina was ARS$5.703 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:				
2008	3.454	3.162	3.013	3.454
2009	3.797	3.729	3.450	3.855
2010	3.976	3.912	3.794	3.986
2011	4.303	4.130	3.972	4.304
2012	4.917	4.551	4.305	4.917
Quarter Ended:				
March 31, 2013	5.147	5.028	4.923	5.147
June 30, 2013	5.385	5.239	5.130	5.385

	Period-End	Average for Period	Low	High
	(Argentine *pesos* per U.S. dollar)			
	ARS$	ARS$	ARS$	ARS$
Month Ended:				
January 31, 2013	4.977	4.949	4.923	4.977
February 28, 2013	5.045	5.011	4.983	5.045
March 31, 2013	5.122	5.084	5.048	5.122
April 30, 2013	5.184	5.156	5.130	5.184
May 31, 2013	5.284	5.240	5.190	5.284
June 30, 2013	5.385	5.329	5.288	5.385
July 31, 2013	5.507	5.441	5.390	5.507
August 31, 2013	5.671	5.581	5.508	5.671
September 30, 2013 (through September 6, 2013)	5.703	5.698	5.685	5.710

Exchange Controls

Prior to December 1989, the Argentine foreign exchange market was subject to exchange controls. From December 1989 until April 1991, Argentina had a freely floating exchange rate for all foreign currency transactions, and the transfer of dividend payments in foreign currency abroad and the repatriation of capital were permitted without prior approval of the Central Bank of Argentina. From April 1, 1991, when the Convertibility Law became effective, until December 2001, when the Central Bank of Argentina decided to close the foreign exchange market, the Argentine currency was freely convertible into U.S. dollars.

In January 2002, the Argentine government imposed a number of monetary and currency exchange control measures through Decree 1570/01, which included restrictions on the free disposition of funds deposited with banks and tight restrictions on transferring funds abroad without the Central Bank of Argentina's prior authorization subject to specific exceptions for transfers related to foreign trade. As of September 2002, the Argentine government instituted restrictions on capital flows into Argentina, which mainly consisted of the mandatory settlement (i.e., transfer into Argentina and exchange for Argentine *pesos*) of the loan proceeds from foreign indebtedness of the non-financial private sector, and a prohibition against the transfer abroad of any funds until 180 days after their entry into the country.

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 are 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 outlines several types of transactions that are exempt from its requirements, including foreign trade financings and primary offerings of debt securities issued pursuant to a public offering and listed on a self-regulated market.

In addition, section 3 of the decree stipulates 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 a self-regulated 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 a self-regulated market) and investments in securities issued by the public sector that are acquired in secondary markets, must meet certain requirements described in section 4 of the decree, as outlined below:

- the funds may only be transferred outside the local exchange market after a 365-day period from the date of entry of the funds into Argentina;
- any amounts resulting from the exchange of the funds are to be credited to an account within the Argentine banking system;

- a non-transferable, non-interest-bearing deposit must 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; and
- the deposit shall be in U.S. dollars in any of the financial entities of Argentina and may not be used as collateral or guaranty for any credit transaction. Any breach to the provisions of Decree 616/05 is subject to criminal penalties of the exchange regime.

In addition, on November 16, 2005, the Ministry of Economy and Production issued Resolution 637/05, providing that any inflow of funds to the local exchange market in connection with an initial offering of securities, bonds or certificates issued by a trustee under a trust, whether or not such securities, bonds or certificates are publicly offered and listed in a self-regulated market, shall comply with all requirements provided for section 4 of Decree 616/05 whenever those requirements are applicable to the inflow of funds to the local exchange market in connection with the acquisition of any of the assets under the trust.

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 which 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. Furthermore, foreign exchange regulations currently in place provide that previous authorization by the Central Bank of Argentina is required for access to the local foreign exchange market for the payment of certain services, including (i) information and computer services; (ii) technical or professional business services; (iii) royalties, patents and trademarks; (iv) professional athlete services; (v) copyrights; (vi) cultural, personal or recreational services; (vii) payment of commercial warranties for the export of goods and services; (viii) commercial commissions; (ix) rights of exploitation of movies, videos and foreign audio recordings; and (x) services for technology transfer pursuant to Law No. 22,426; provided, however, the contracts related to such services generate payments or new debt (in the calendar year, at the foreign exchange local market concept code level and regarding the debtor) over U.S.$100,000, and either (i) the beneficiary is a person (natural or legal entity) related to the local debtor, whether directly or indirectly; or (ii) the beneficiary is a person (natural or legal entity) located in a tax haven jurisdiction; or (iii) when the payment abroad is performed in a tax haven jurisdiction. Additionally, depending on the nature of the service rendered, an affidavit may need to be filed with the Argentine tax authority (*Administración Federal de Ingresos Públicos*, or AFIP) pursuant to the terms of AFIP General Resolution No. 3276 (as amended by AFIP General Resolution No. 3307, AFIP General Resolution No. 3376 and AFIP General Resolution No. 3395).

Import of Goods. As of 2011, the Argentine Ministry of Industry has issued several resolutions in relation to non-automatic import licensing, which require that importers provide numerous documents and information regarding the imported goods and the importers themselves. Such documents and information are analyzed by the Secretary of Foreign Trade (*Secretaría de Comercio Exterior*), which is in charge of authorizing the corresponding licenses.

Furthermore, pursuant to AFIP General Resolution No. 3252, importers shall file an affidavit with the AFIP prior to issuing purchase orders to non-Argentine suppliers. AFIP and other governmental offices (such as the Secretary of Domestic Trade (*Secretaría de Comercio Interior*)) are in charge of authorizing the corresponding affidavits.

As a consequence of the aforementioned regulations, among others, importers of goods have experienced several delays and difficulties in the process of importing goods to Argentina.

Interest Payments. Foreign currency necessary to pay interest on foreign indebtedness may be purchased and transferred abroad:

(a) up to 5 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 (Communication "A" 5264, as amended by Communication "A" 5295, Communication "A" 5318, Communication "A" 5330, Communication "A" 5339, Communication "A" 5377 and Communication "A" 5397, "Communication "A" 5264").

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.

Principal Repayments. Foreign currency necessary to pay principal on foreign indebtedness owed by the private non-financial sector may be acquired:

(a) within 10 business days prior to the stated maturity of the applicable obligation; provided that the funds disbursed under such obligation have remained in Argentina for at least 365 days; or

(b) within the term necessary for performing the payment obligations, when such payment obligations depend on the occurrence of specific conditions set forth in the related contracts, such as a cash flow excess clause or automatic cash reinvestment clause.

Principal Prepayments. The foreign currency required to prepay principal on foreign indebtedness may be acquired to make partial or full payments more than 10 business days prior to the stated maturity of the relevant obligation, provided that (i) the funds disbursed under the debt facility have remained in Argentina for at least 365 days; and either (y) the prepayment is financed totally with the disbursement of funds from outside Argentina with the purpose of carrying out capital contributions in a local company, or (z) the amount in foreign currency to be prepaid does not exceed the current value of the portion of the debt being prepaid, the prepayment is financed totally with a new cross-border loan granted by a foreign financial creditor and the terms and conditions of the new financing explicitly provide such prepayment as a condition to grant the new loan.

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. As of the date hereof, free transfers of funds abroad by local residents are subject to prior approval by the Argentine tax authority, and the local residents' ability to carry out such transfers (previously limited to U.S.$2,000,000 per calendar month) has been suspended indefinitely.

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 fully audited balance sheets (Communication "A" 5264). Moreover, pursuant to AFIP General Resolution No. 3210, AFIP General Resolution No. 3212 and AFIP General Resolution No. 3421, a new system of restrictions on the purchase of U.S. dollars was imposed. Accordingly, all U.S. dollar purchases must be registered with AFIP, which requires the purchaser to state the use of the proceeds. Purchases of foreign currency by local residents for the formation of off-shore assets and onshore foreign currency (suspended indefinitely) are not only subject to registration but also prior approval from AFIP. Under the new system, AFIP and the Central Bank of Argentina have direct access to the same data in order to monitor cash movements.

Notwithstanding the above, although the purchase of foreign currency to pay dividends abroad is legally permitted, in practice, the payment of dividends abroad is being delayed or denied as a result of factual restrictions by the Central Bank of Argentina. This limitation is part of several informal foreign exchange measures implemented by the 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.

These exchange controls impact our ability to transfer funds abroad and may prevent or delay payments that our Argentine subsidiaries are required to make outside Argentina.

Brazil

On March 4, 2005, the Brazilian Monetary Council issued Resolution No. 3,265, providing for several changes in Brazilian foreign exchange regulation, including the unification of the foreign exchange markets into a single exchange market; the easing of several rules for acquisition of foreign currency by Brazilian residents; and the extension of the term for converting foreign currency derived from Brazilian exports. On May 29, 2008, the Brazilian Monetary Council issued Resolution No. 3,568, which expressly revoked Resolution 3,265 but maintained many of the regulatory aspects concerning the monetary policies already set by the revoked resolution. Resolution No. 3,568 also included in the Brazilian Exchange Market the operations related to receipts, payments and transfers to and from abroad through the use of debit and credit cards, as well as the transactions related to international postal transfers of money, including postal vouchers, and international postal reimbursements.

Resolution 3,568 established that, without prejudice to the duty of identifying customers, operations of foreign currency purchase or sale up to U.S.$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 U.S.$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 the so-called non-resident accounts.

According to the Central Bank of Brazil, in 2008, the Brazilian *real* depreciated 31.9% in relation to the U.S. dollar; in 2009 and 2010, the Brazilian *real* appreciated 25.5% and 4.3%, respectively, in relation to the U.S. dollar; and in 2011 and 2012, the Brazilian *real* depreciated 12.6% and 9.0%, respectively, in relation to the U.S. dollar.

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.

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 September 6, 2013, the exchange rate for the purchase of U.S. dollars as reported by the Central Bank of Brazil was R$2.298 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:				
2008	2.337	2.030	1.559	2.500
2009	1.741	1.994	1.702	2.422
2010	1.666	1.759	1.655	1.881
2011	1.876	1.675	1.535	1.902
2012	2.044	1.959	1.702	2.112
Quarter Ended:				
March 31, 2013	1.976	1.998	1.953	2.047
June 30, 2013	2.216	2.067	1.974	2.265

	Period-End	Average for Period	Low	High
	(Brazilian *reais* per U.S. dollar)			
	R$	R$	R$	R$
Month Ended:				
January 31, 2013	1.988	2.031	1.988	2.047
February 28, 2013	1.975	1.973	1.957	1.989
March 31, 2013	2.019	1.981	1.953	2.019
April 30, 2013	2.002	2.002	1.974	2.024
May 31, 2013	2.132	2.035	2.003	2.132
June 30, 2013	2.216	2.173	2.124	2.265
July 31, 2013	2.290	2.252	2.227	2.290
August 31, 2013	2.373	2.342	2.272	2.446
September 30, 2013 (through September 6, 2013)	2.298	2.347	2.298	2.390

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 September 6, 2013, 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.13.31 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:				
2008	13.77	11.14	9.92	13.92
2009	13.07	13.50	12.60	15.37
2010	12.36	12.64	12.16	13.18
2011	13.98	12.43	11.50	14.24
2012	13.01	13.17	14.39	12.63
Quarter Ended:				
March 31, 2013	12.11	12.61	12.11	12.99
June 30, 2013	13.02	12.47	11.98	13.40
Month Ended:				
January 31, 2013	12.71	12.71	12.59	12.99
February 28, 2013	12.87	12.72	12.63	12.87
March 31, 2013	12.83	12.55	12.35	12.83
April 30, 2012	12.16	12.22	12.07	12.36
May 31, 2013	12.63	12.24	11.98	12.63
June 30, 2013	13.02	12.95	12.69	13.40
July 31, 2013	12.73	12.77	12.50	13.06
August 31, 2013	13.31	12.88	12.57	13.34
September 30, 2013 (through September 6, 2013)	13.31	13.34	13.31	13.44

Venezuela

Venezuela suspended foreign exchange trading on January 23, 2003 in response to a significant decrease in the amount of foreign currency generated from the sale of oil and an increase in the demand for foreign currency, which had produced a decline in Venezuela's reserves of international currencies. On February 5, 2003, the Venezuelan government adopted a series of exchange agreements, decrees and regulations establishing a new exchange control regime. The *Comisión de Administración de Divisas*, or CADIVI, administers, manages and controls the exchange control regime. Purchases and sales of foreign currencies are centralized in the Central Bank of Venezuela. The Ministry of Finance and the Central Bank of Venezuela are responsible for setting the exchange rate with respect to the U.S. dollar and other currencies.

The exchange control regime provides that all foreign currency generated through public or private sector operations must be sold to the Central Bank of Venezuela at the established exchange rate. In addition, all foreign currency that enters the country must be registered through banks and financial institutions authorized by CADIVI. If the acquisition of foreign currency by a private sector entity must be approved by CADIVI, the entity must prove, among other things, that its social security contributions and tax payments are up to date.

These approvals became more difficult to obtain over time, which led to the development of a bond-based exchange process during 2009 and the first five months of 2010 under which *bolívar fuerte*-denominated bonds were purchased in Venezuela and then were immediately exchanged outside Venezuela for bonds denominated in U.S. dollars at a specified, and less favorable, parallel market exchange rate.

During 2009, our access to the official exchange rate for purposes of paying for imports was more limited than in 2008 due to an increase in restrictions and a more rigorous approval process. In addition, we historically had not been able to access the official exchange rate for royalty payments and had instead entered into bond-based exchange transactions to make our royalty payments, honor other foreign debts and pay intercompany loans.

On January 8, 2010, the Venezuelan government announced the devaluation of the *bolívar fuerte* and the creation of a two-tiered official exchange rate system. The official exchange rate moved from 2.15 *bolívares fuertes* per U.S. dollar to 2.60 *bolívares fuertes* per U.S. dollar for essential goods and to 4.30 *bolívares fuertes* per U.S. dollar for non-essential goods.

On May 14, 2010, the Central Bank of Venezuela increased its control of the bond-based exchange process and, as a result, bond-based exchanges may solely be conducted by the Central Bank of Venezuela. Consequently, the market for exchanging bonds in Venezuela ended, limiting companies' ability to obtain foreign currency other than through foreign currency trades approved by and conducted through CADIVI or the Central Bank of Venezuela.

On June 9, 2010, the Venezuelan government, through the Central Bank of Venezuela, implemented a regulated market for trading with foreign currency, known as the System for Transactions with Securities in Foreign Currency, which we refer to as SITME. Pursuant to this system, companies without access to CADIVI can access SITME to convert a maximum cash equivalent of up to U.S.$50,000 per day or U.S.$350,000 per month of foreign currency at an exchange rate based on the range of prices for the purchase and sale of bonds published daily by the Central Bank of Venezuela. At December 31, 2012, this exchange rate was 5.3000 *bolívares fuertes* per U.S. dollar.

On December 30, 2010, the Venezuelan government announced the elimination of the official exchange rate for essential goods. Effective January 1, 2011, each U.S. dollar is valued at 4.2893 *bolívares fuertes* for purchases and 4.3000 *bolívares fuertes* for sales. In addition, the exchange rate is set at 4.3000 *bolívares fuertes* per U.S. dollar for the payment of external public debt.

On February 8, 2013, the Venezuelan government, through Foreign Exchange Agreement No. 14, established the devaluation of the official exchange rate from 4.30 to 6.30 *bolívares fuertes* per U.S. dollar, effective as of February 9, 2013. This exchange rate will also apply to the purchase of foreign currency: (i) for the payment of principal, interest, guarantees and other types of collateral related to private debt assumed with foreign creditors, (ii) to settle obligations derived from the use of patents, trademarks, licenses and franchising, and (iii) for the payment of technology imports and technical assistance agreements.

In addition, on February 8, 2013, the Venezuelan government, through Decree No. 9381, created a committee called the Superior Office for the Optimization of the Exchange Rate System (*Organo Superior para la Optimización del Sistema Cambiario*), or the Committee, which will have the authority to design, plan and execute foreign exchange policies for the purpose of balancing foreign currency flow in the Venezuelan economy. The Committee's decisions will be taken in consensus with the Central Bank of Venezuela and the Venezuelan Ministry of Planning and Finance.

Following the change in the official exchange rate, on February 13, 2013, the Central Bank of Venezuela, through an official announcement published in the Venezuelan Official Gazette number 40.109, provided notice that as of February 9, 2013, no sales would be processed and no purchase orders would be granted through SITME. Venezuelan authorized institutions must continue with the operative process required for the payment of negotiated foreign currency balances already assigned through SITME until February 8, 2013.

On March 18, 2013, the Venezuelan government announced a new complementary foreign exchange system called the Complementary System for the Acquisition of Foreign Currency (*Sistema Complementario de Adquisición de Divisas*), or SICAD. Pursuant to this new system, which is complementary to CADIVI, companies in the productive sector of the economy would have access to U.S. dollars through a controlled auction mechanism (a modified Vickrey auction mechanism). The first auction process, which took place on March 26, 2013, resulted in the trading of U.S.$200 million among 383 companies, with no official information about the related average exchange rate. Each company could place orders with a maximum amount of U.S.$2 million, 1% of the total amount available, with a base exchange rate of 6.30. Applications had to be included in the Registry of Users of the Foreign Currency Administration System (*Registro de Usuarios del Sistema de Administración de Divisas*), or RUSAD, and present a letter of credit from their bank. With this mechanism, all submitted bids are sorted by price in descending order to allocate the foreign currency to each of the bidders in the same order at the prices of each bid until availability runs out. However, the new foreign exchange oversight committee run by the Ministry of Finance has the discretional power to authorize the request. The foreign currency is not transferred until the imported merchandise has been cleared by the Venezuelan customs authority and inspected by the Central Bank of Venezuela. As of the date of this offering memorandum there have been three additional auctions on the following dates, July 11, 2013, July 26, 2013 and August 20, 2013. Each of these auctions depends on the availability of foreign currency in the country and the amount of submitted bids, therefore there is no information regarding how often the Venezuelan government will conduct the auctions. Nevertheless, the Venezuelan public press has published that the next auction will be in November. As of the date hereof, however, important information is not readily available, including the quoted average exchange rate and available amounts to be included in this system.

As a result of the foregoing, the acquisition of foreign currency by Venezuelan companies to honor foreign debt, pay dividends or otherwise move capital out of Venezuela is subject to the approval of CADIVI or the Central Bank of Venezuela, and to the availability of foreign currency within the guidelines set forth by the Venezuelan National Executive Power for the allocation of foreign currency.

The following table sets forth, for the periods indicated, the exchange rates set by the Ministry of Finance and the Central Bank of Venezuela for the purchase and sale of U.S. dollars and the payment of external public debt in U.S. dollars, in each case expressed in nominal Venezuelan *bolívares fuertes* per U.S. dollar.

	Purchase	**Sale**	**Payment of External Public Debt**
	(Venezuelan *bolívares fuertes* per U.S. dollar)		
	Bs.F	**Bs.F**	**Bs.F**
January 1, 2008 through January 7, 2010	2.1446	2.1500	2.1500

	Essential Goods	Non-essential Goods
	(Venezuelan *bolívares fuertes* per U.S. dollar)	
	Bs.F	Bs.F
January 8, 2010 through December 31, 2010	2.60	4.30

	Purchase	Sale	Payment of External Public Debt
	(Venezuelan *bolívares fuertes* per U.S. dollar)		
	Bs.F	Bs.F	Bs.F
January 1, 2011 through February 8, 2013	4.2893	4.3000	4.3000

	Purchase	Sale	Payment of External Public Debt
	(Venezuelan *bolívares fuertes* per U.S. dollar)		
	Bs.F	Bs.F	Bs.F
February 9, 2013 through September 6, 2013	6.2842	6.3000	6.3000

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

The following discussion of our financial condition and results of operations should be read in conjunction with (i) our unaudited condensed consolidated financial statements as of and for the six months ended June 30, 2013 and 2012 and (ii) the audited consolidated financial statements as of and for the years ended December 31, 2012, 2011 and 2010, and the notes thereto, incorporated by reference in this offering memorandum, as well as the information presented under "Presentation of Financial and Other Information" and "Summary Financial and Other Information."

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 "Cautionary Statement Regarding Forward-Looking Statements" and "Risk Factors."

Overview

We divide our operations into four geographical divisions: Brazil; the Caribbean division, consisting of Aruba, Curaçao, Colombia, French Guiana, Guadeloupe, Martinique, Puerto Rico, Trinidad and Tobago and 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 June 30, 2013, 37.8% of our restaurants were located in Brazil, 18.7% in SLAD, 25.5% in NOLAD and 18.0% 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 Topic 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.

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 became part of the Caribbean division with headquarters located in Colombia. In accordance with ASC 280, Segment Reporting, we have restated our comparative segment information for the six months ended June 30, 2012 included in our unaudited condensed consolidated financial statements incorporated by reference in this offering memorandum from our report on Form 6-K dated August 6, 2013. Accordingly, the discussion of our financial condition and results of operations in this offering memorandum for the six months ended June 30, 2013 compared to the six months ended June 30, 2012 is based on the new structure.

All of the segment information in our annual report on Form 20-F for the year ended December 31, 2012 was presented in accordance with the structure prevailing prior to January 1, 2013. Therefore, for purposes of this offering memorandum, we have also adjusted the segment information in this offering memorandum as of and for the years ended December 31, 2012 and 2011 based on the structure prevailing as of the date of this offering memorandum. This adjusted segment information has not been audited. We have not adjusted the segment information in this offering memorandum as of and for the years ended December 31, 2010, 2009 and 2008. Therefore, the segment information as of and for the years ended December 31, 2012 and 2011 presented in this offering memorandum is not directly comparable to the segment information as of and for the years ended December 31, 2010, 2009 and 2008 that is presented in this offering memorandum and the segment information in our consolidated financial statements at December 31, 2012 and 2011 and for the years ended December 31, 2012, 2011 and 2010 included in our annual report on Form 20-F for the year ended December 31, 2012 and incorporated by reference in this offering memorandum.

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 the six months ended June 30, 2013, sales by Company-operated restaurants and revenues from franchised restaurants represented 95.7% and 4.3% of our total revenues, respectively. In 2012, sales by Company-operated restaurants and revenues from franchised restaurants represented 95.7% and 4.3% of our total revenues, respectively. In 2011, sales by Company-operated restaurants and revenues from franchised restaurants represented 95.8% and 4.2% 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, 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 costs of overhead, including salaries and facilities, travel expenses, depreciation of office equipment, situated 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 expenses, net, include gains and losses on asset dispositions, 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-off 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. Gain (loss) from derivative instruments relates to the positive (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 monetary actualization adjustments related to tax credits, charitable donations not related to our operations, asset taxes 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 28 restaurants at June 30, 2013 (27 restaurants at December 31, 2012).

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" and "Summary Financial and Other Information." Systemwide results are driven primarily by our Company-operated restaurants, as 74.9% of our systemwide restaurants are Company-operated as of June 30, 2013. 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 are 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, primarily changes from being franchised restaurants to becoming Company-operated restaurants, 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 of 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 also 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 Topic 830, Foreign Currency Matters. See Note 3 to our consolidated financial statements. Except for our Venezuelan operations as from January 1, 2010, 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 losses” 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.

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. dollar), with remeasurement gains and losses recognized in earnings, rather than in the cumulative translation adjustment component of “Accumulated other comprehensive losses” within shareholders’ equity.

See Note 13 to our unaudited condensed consolidated financial statements for details about our operations in Venezuela, including the impact of the devaluation announced by the Venezuelan government in February 2013.

Factors Affecting Comparability of Results

Seasonality

Our sales and revenues are generally greater in the second half of the year. 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 (for the Southern hemisphere).

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.

In the fourth quarter of 2012, 2011 and 2010, we assessed all markets for impairment indicators. As a result of these assessments, we performed impairment testing of our long-lived assets in Mexico, Puerto Rico and Peru in each of those three fiscal years, as well as in Aruba, Curaçao and the U.S. Virgin Islands of St. Croix and St. Thomas in fiscal year 2012 considering the recent operating losses we incurred in these markets (indicator of potential impairment). As a result of these analyses, no impairments were recorded for our operations in Peru in fiscal years 2011 and 2010 nor in Aruba, Curaçao or the U.S. Virgin Islands of St. Croix and St. Thomas in fiscal year 2012 since the estimates of undiscounted future cash flows for each restaurant in these markets or the fair market value exceeded its carrying value. However, we did record impairment charges associated with certain restaurants in Mexico, Puerto Rico and Peru (the latter only in 2012) with undiscounted future cash flows insufficient to recover their carrying value. The impairment charges were measured by the excess of the carrying amount of each restaurant over its fair value. The impairment charges amounted to U.S.$2.0 million, U.S.$1.7 million and U.S.$4.7 million in 2012, 2011 and 2010, respectively. No impairments were recorded during the six-month periods ended June 30, 2013 and 2012.

In the fourth quarter of each year, we also performed impairment testing of our goodwill. As a result of these analyses, in 2012 and 2011 we recorded impairment charges for the full amount of goodwill that had been generated in the acquisition of restaurants in Puerto Rico and St. Croix, respectively, amounting to U.S.$0.7 million in 2012 and U.S.$2.1 million in 2011. No impairments of goodwill were recognized in 2010 nor during the six-month periods ended June 30, 2013 and 2012.

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

Share-Based Compensation

We have a share-based compensation plan 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. Effective December 31, 2010, we changed the method of measuring our liability awards from the intrinsic value method to a fair value method using the Black-Scholes model. At December 31, 2010, we considered the estimated initial public offering price per class A share (U.S.$16.50) in determining the fair value of the awards because in 2011 our Board of Directors decided that on a going forward basis the fair value would be based on that price instead of the formulas that had previously been used to value such awards. Beginning on April 14, 2011, the date of our initial public offering, we have considered the quoted market price per class A share in determining the fair value of the awards.

Accounting for the abovementioned share-based compensation plan 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). 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 audited consolidated financial statements and Note 7 to our unaudited condensed consolidated financial statements.

In addition, 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.

We made a special grant of stock options and restricted share units in 2011 in connection with our 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. We also made recurring grants of stock options and restricted share units in each of the fiscal years 2011, 2012 and 2013. 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.

Restricted share units are measured at the grant-date fair value of our class A shares as if these shares were vested and issued on the grant date. 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). See Note 7 to our unaudited condensed consolidated financial statements for more details.

Accounting for Income 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, 2012, 2011 and 2010 amounted to U.S.$236.6 million, U.S.$223.8 million and U.S.$220.2 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 expiration date for tax losses carryforward. Because of the imprecision inherent in any forward-looking data, the further into the future our estimates cover, 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. During 2012, 2011 and 2010, we recognized a gain for the change in the valuation allowance amounting to U.S.$7.7 million, U.S.$21.0 million and U.S.$91.4 million, respectively, due to improvements in projected taxable income and a relative increase of positive evidence as compared to negative evidence due to the reversal of trends of historic operating losses in some markets. 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.

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 familiar 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.

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 offering memorandum, 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.

Six Months Ended June 30, 2013 Compared to Six Months Ended June 30, 2012

Set forth below are our results of operations for the six months ended June 30, 2013 and 2012.

	For the Six Months Ended June 30,		% Increase (Decrease)
	2013	2012	
	(in thousands of U.S. dollars)		
Sales by Company-operated restaurants	$ 1,881,761	$ 1,748,716	7.6%
Revenues from franchised restaurants	84,334	77,094	9.4
Total revenues	1,966,095	1,825,810	7.7
Company-operated restaurant expenses:			
Food and paper	(665,658)	(612,747)	8.6
Payroll and employee benefits	(409,217)	(368,706)	11.0
Occupancy and other operating expenses	(523,155)	(474,935)	10.2
Royalty fees	(92,192)	(86,937)	6.0
Franchised restaurants – occupancy expenses	(31,619)	(27,849)	13.5
General and administrative expenses	(163,452)	(152,591)	7.1
Other operating expenses, net	(5,236)	(5,556)	(5.8)
Total operating costs and expenses	**(1,890,529)**	**(1,729,321)**	**9.3**
Operating income	**75,566**	**96,489**	**(21.7)**
Net interest expense	(30,787)	(25,939)	18.7
Gain (Loss) from derivative instruments	261	(1,326)	(119.7)
Foreign currency exchange results	(35,703)	(11,111)	221.3
Other non-operating expenses, net	(690)	(1,260)	(45.2)
Income before income taxes	**8,647**	**56,853**	**(84.8)**
Income tax expense	(6,469)	(19,223)	(66.3)
Net income	**2,178**	**37,630**	**(94.2)**
Plus (Less): Net loss (income) attributable to non-controlling interests	5	(127)	(103.9)
Net income attributable to Arcos Dorados Holdings Inc.	**2,183**	**37,503**	**(94.2)**

Set forth below is a summary of changes to our systemwide, Company-operated and franchised restaurant portfolios for the six months ended June 30, 2013 and 2012.

Systemwide Restaurants	For the Six Months Ended June 30,	
	2013	2012
Systemwide restaurants at beginning of period	1,948	1,840
Restaurant openings	31	31
Restaurant closings	(8)	(13)
Systemwide restaurants at end of period	1,971	1,858

Company-operated Restaurants	For the Six Months Ended June 30,	
	2013	2012
Company-operated restaurants at beginning of period	1,453	1,358
Restaurant openings	27	25
Restaurant closings	(3)	(8)
Net conversions of franchised restaurants to Company-operated restaurants	-	5
Company-operated restaurants at end of period	1,477	1,380

Franchised Restaurants	For the Six Months Ended June 30,	
	2013	2012
Franchised restaurants at beginning of period	495	482
Restaurant openings	4	6
Restaurant closings	(5)	(5)
Net conversions of franchised restaurants to Company-operated restaurants	-	(5)
Franchised restaurants at end of period	494	478

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 Six Months Ended June 30, 2013
Arcos Dorados	
Systemwide comparable sales growth	10.8%
Company-operated comparable sales growth	10.3
Franchised comparable sales growth	12.2
Systemwide Comparable Sales Growth by Division	
Brazil	9.5%
Caribbean division	13.5
NOLAD	(1.4)
SLAD	18.0
Company-operated Comparable Sales Growth by Division	
Brazil	9.3%
Caribbean division	10.3
NOLAD	(1.3)
SLAD	17.4
Franchised Comparable Sales Growth by Division	
Brazil	10.2%
Caribbean division	21.0
NOLAD	(1.7)
SLAD	22.6

Our comparable sales growth on a systemwide basis for the six months ended June 30, 2013 was driven by the increase in average check, primarily due to price increases.

Average Restaurant Sales

	For the Six Months Ended June 30,	
	2013	2012
	(in thousands of U.S. dollars)	
Systemwide average restaurant sales	$ 1,298	$ 1,279
Company-operated average restaurant sales	1,284	1,277
Franchised average restaurant sales	1,339	1,284

Our ARS for the six months ended June 30, 2013 increased because of comparable sales growth of 10.8%, and was partially offset by the depreciation of some currencies in the Territories against the U.S. dollar.

Sales Growth

	For the Six Months Ended June 30, 2013	
	(in nominal terms)	(in constant currency)
Brazil	6.5%	16.6%
Caribbean division	6.9	15.4
NOLAD	6.1	2.5
SLAD	11.7	24.0
Total Systemwide Sales Growth	7.6	16.2

In nominal terms, sales growth increased during the six months ended June 30, 2013 due to comparable sales growth of 10.8% and the net addition of 131 restaurants systemwide since January 1, 2012. We had 1,477 Company-operated restaurants and 494 franchised restaurants as of June 30, 2013, compared to 1,380 Company-operated restaurants and 478 franchised restaurants as of June 30, 2012. This was partially offset by the negative impact of the depreciation of most currencies in the Territories against the U.S. dollar.

Revenues

	For the Six Months Ended June 30,		% Increase (Decrease)
	2013	2012	
	(in thousands of U.S. dollars)		
Sales by Company-operated Restaurants			
Brazil	$ 877,362	$ 831,772	5.5%
Caribbean division	361,282	337,908	6.9
NOLAD	190,056	175,051	8.6
SLAD	453,061	403,985	12.1
Total	**1,881,761**	**1,748,716**	**7.6**
Revenues from Franchised Restaurants			
Brazil	$ 42,591	$ 37,940	12.3%
Caribbean division	23,580	21,871	7.8
NOLAD.	9,522	9,435	0.9
SLAD	8,641	7,848	10.1
Total	**84,334**	**77,094**	**9.4**
Total Revenues			
Brazil	$ 919,953	$ 869,712	5.8%
Caribbean division	384,862	359,779	7.0
NOLAD	199,578	184,486	8.2
SLAD	461,702	411,833	12.1
Total	**1,966,095**	**1,825,810**	**7.7**

Sales by Company-operated Restaurants

Total sales by Company-operated restaurants increased by U.S.$133.0 million, or 7.6%, from U.S.$1,748.7 million in the six months ended June 30, 2012 to U.S.$1,881.8 million in the six months ended June 30, 2013. The 10.3% growth in comparable sales, which resulted from a higher average check, caused sales to increase by U.S.$179.7 million. In addition, sales by Company-operated restaurants increased by U.S.$102.9 million as a result of 107 net restaurant openings since January 1, 2012, and the conversion of 12 franchised restaurants into Company-operated restaurants. This was partially offset by U.S.$149.6 million in total sales as a result of the depreciation of most currencies in the Territories against the U.S. dollar.

In Brazil, sales by Company-operated restaurants increased by U.S.$45.6 million, or 5.5%, to U.S.$877.4 million. This was the consequence of comparable sales growth of 9.3%, which contributed U.S.$77.0 million to the increase in sales. Average check growth was the primary driver of the comparable sales increase. In addition, 57 net restaurant openings since January 1, 2012 contributed U.S.$51.0 million to the increase. Sales were negatively affected by the depreciation of the *real* against the U.S. dollar, which caused sales to decrease by U.S.$82.4 million.

In the Caribbean division, sales by Company-operated restaurants increased by U.S.$23.4 million, or 6.9%, to U.S.$361.3 million. The main driver of this increase was 10.3% growth in comparable sales, which represented U.S.$34.0 million. Average check growth was the driver of comparable sales growth and resulted mainly from price increases. In addition, the net opening of 9 restaurants since January 1, 2012 contributed U.S.$13.9 million to the increase in sales. This was partially offset by the depreciation of some currencies against the U.S. dollar, mainly the Venezuelan *bolívar fuerte*, which caused sales to decrease by U.S.$24.5 million.

In NOLAD, sales by Company-operated restaurants increased by U.S.$15.0 million, or 8.6%, to U.S.$190.1 million. This growth was mainly explained by 17 net restaurant openings and the conversion of 7 franchised restaurants into Company-operated restaurants since January 1, 2012, which resulted in a sales increase of U.S.$11.1 million. In addition, the appreciation of local currencies caused sales to increase by U.S.$6.1 million. This was partially offset by a comparable sales decrease of 1.3%, causing sales to fall by U.S.$2.2 million, which was explained by a decrease in average check driven by negative product mix changes.

In SLAD, sales by Company-operated restaurants increased by U.S.$49.1 million, or 12.1%, to U.S.$453.1 million. The 17.4% growth in comparable sales, which resulted 85% from a higher average check and the rest from increased traffic, caused sales to increase by U.S.$71.0 million. In addition, the net opening of 24 Company-operated restaurants and the conversion of 5 franchised restaurants into Company-operated restaurants since January 1, 2012 resulted in a sales increase of U.S.$26.9 million. This was partially offset by the depreciation of some currencies against the U.S. dollar, mainly the Argentine *peso*, which offset the increase in sales by U.S.$48.8 million.

Revenues from Franchised Restaurants

Our total revenues from franchised restaurants increased by U.S.$7.2 million, or 9.4%, from U.S.$77.1 million in the six months ended June 30, 2012 to U.S.$84.3 million in the six months ended June 30, 2013. The main contributor to this increase was comparable sales growth of 12.2%, which resulted in an increase in revenues of U.S.$9.8 million. The net opening of 24 franchised restaurants, which was partially offset by the conversion of 12 franchised restaurants into Company-operated restaurants since January 1, 2012, caused revenues from franchised restaurants to increase by U.S.$3.1 million. Increased rental income, as most of our franchise agreements provide for rent increases when sales increase, resulted in higher revenues from franchised restaurants of U.S.$1.6 million. The depreciation of some currencies in the Territories against the U.S. dollar offset the increase in revenues by U.S.$7.3 million.

In Brazil, revenues from franchised restaurants increased by U.S.$4.7 million, or 12.3%, to U.S.$42.6 million primarily as a result of comparable sales growth of 10.2% and 27 net franchised restaurant openings since January 1, 2012, which explained U.S.$3.9 million and U.S.$3.5 million of the increase, respectively. In addition, increased rental income resulted in increased revenues from franchised restaurants of U.S.$1.3 million. This was partially offset by the depreciation of the *real* against the U.S. dollar, causing franchised revenues to decrease by U.S.$4.0 million.

In the Caribbean division, revenues from franchised restaurants increased by U.S.$1.7 million, or 7.8%, to U.S.$23.6 million. This increase is mainly explained by comparable sales growth of 21.0%, which explained U.S.$4.5 million, and rent increase amounting to U.S.$0.3 million. This was partially offset by the depreciation the Venezuelan *bolívar fuerte*, which decreased franchised revenue by U.S.$2.6 million, and the impact of the net closing of 6 restaurants since January 1, 2012, which caused revenues to decrease by U.S.$0.5 million.

In NOLAD, revenues from franchised restaurants increased by U.S.$0.1 million, or 0.9%, to U.S.$9.5 million. This growth was a result of the appreciation of the Mexican *peso*, which amounted to a U.S.$0.4 million sales increase. The results were partially offset by a 1.7% decrease in comparable sales and the conversion of 7 franchised

restaurants into Company-operated restaurants (partially offset by 1 net franchised restaurant opening) since January 1, 2012, which caused revenues from franchised restaurants to decrease by U.S.$0.2 million and U.S.$0.1 million, respectively.

In SLAD, revenues from franchised restaurants increased by U.S.$0.8 million, or 10.1%, to U.S.$8.6 million. This growth mainly resulted from a comparable sales growth of 22.6%, which increased revenues by U.S.$1.6 million. In addition, the net opening of 2 restaurants, partially offset by the conversion of 5 franchised restaurants into Company-operated restaurants since January 1, 2012, and higher rental income caused revenues to increase by U.S.$0.2 million and U.S.$0.1 million, respectively. The depreciation of the Argentine *peso* against the U.S. dollar represented a decrease in revenues of U.S.$1.2 million.

Operating Costs and Expenses

Food and Paper

Our total food and paper costs increased by U.S.$52.9 million, or 8.6%, to U.S.$665.7 million in the six months ended June 30, 2013, as compared to the same period in 2012. As a percentage of our total sales by Company-operated restaurants, food and paper costs increased 0.3 percentage points to 35.4% primarily due to the high cost of dollar-denominated inputs, especially in Venezuela.

In Brazil, food and paper costs increased by U.S.$8.7 million, or 3.2%, to U.S.$277.9 million. As a percentage of the division's sales by Company-operated restaurants, food and paper costs decreased 0.7 percentage points to 31.7%, primarily as a result of price increases above cost increases and favorable product mix shift.

In the Caribbean division, food and paper costs increased by U.S.$22.2 million, or 17.3%, to U.S.$150.6 million. As a percentage of the division's sales by Company-operated restaurants, food and paper costs increased by 3.7 percentage points to 41.7%, mainly driven by the higher costs of dollar-denominated inputs in Venezuela.

In NOLAD, food and paper costs increased by U.S.$4.0 million, or 5.4%, to U.S.$77.9 million. As a percentage of the division's sales by Company-operated restaurants, food and paper costs decreased 1.2 percentage points to 41.0%, resulting primarily from average check increases higher than the increase in costs in Mexico and Panama.

In SLAD, food and paper costs increased by U.S.$18.0 million, or 12.7%, to U.S.$159.3 million. As a percentage of the division's sales by Company-operated restaurants, food and paper costs increased 0.2 percentage points to 35.2%, mostly as a result of cost increases above average check growth in Chile.

Payroll and Employee Benefits

Our total payroll and employee benefits costs increased by U.S.$40.5 million, or 11.0%, to U.S.$409.2 million in the six months ended June 30, 2013, as compared to the same period in 2012. As a percentage of our total sales by Company-operated restaurants, payroll and employee benefits costs increased 0.7 percentage points to 21.7%. This increase in payroll and employee benefits costs as a percentage of our total sales by Company-operated restaurants is mostly attributable to wage increases that outpaced our sales growth in several markets, and the initial cost resulting from the migration to a fixed labor schedule in Brazil. Wages increased mostly due to government-mandated minimum wage increases in our major Territories and higher employee benefits.

In Brazil, payroll and employee benefits costs increased by U.S.$22.2 million, or 12.7%, to U.S.$197.3 million. As a percentage of the division's sales by Company-operated restaurants, payroll and employee benefits costs increased 1.4 percentage points to 22.5% mainly as a result of the initial cost of the migration to a fixed labor schedule along with higher employee benefits.

In the Caribbean division, payroll and employee benefits costs increased by U.S.$3.2 million, or 4.5%, to U.S.$74.2 million. As a percentage of the division's sales by Company-operated restaurants, payroll and employee benefits costs decreased 0.5 percentage points to 20.5% as a result of an increase in the average check at a greater rate than the salaries increase in Venezuela, and improved operational efficiency. Operational efficiency is defined as the number of transactions (receipts issued by cashiers) per crew hour.

In NOLAD, payroll and employee benefits costs increased by U.S.$3.5 million, or 12.3%, to U.S.$32.3 million. As a percentage of the division's sales by Company-operated restaurants, payroll and employee benefits costs increased 0.6 percentage points to 17.0% resulting from the average check increasing at a lower rate than wages. This was partially offset by an increase in operational efficiency.

In SLAD, payroll and employee benefits costs increased by U.S.$11.6 million, or 12.4%, to U.S.$105.5 million. As a percentage of the division's sales by Company-operated restaurants, payroll and employee benefits increased 0.1 percentage points to 23.3% as a result of salary increases above our average check growth, partially offset by an increase in operational efficiency.

Occupancy and Other Operating Expenses

Our total occupancy and other operating expenses increased by U.S.$48.2 million, or 10.2%, to U.S.$523.2 million in the six months ended June 30, 2013, as compared to the same period in 2012. As a percentage of our total sales by Company-operated restaurants, occupancy and other operating expenses increased 0.6 percentage points to 27.8% mainly due to an increase in depreciation and amortization and higher rent expense.

In Brazil, occupancy and other operating expenses increased by U.S.$18.0 million, or 7.7%, to U.S.$253.0 million. As a percentage of the division's sales by Company-operated restaurants, occupancy and other operating expenses increased 0.6 percentage points to 28.8% mainly due to an increase in depreciation expenses.

In the Caribbean division, occupancy and other operating expenses increased by U.S.$7.6 million, or 8.1%, to U.S.$101.2 million. As a percentage of the division's sales by Company-operated restaurants, occupancy and other operating expenses increased 0.3 percentage points to 28.0% as a result of an increase in depreciation expenses and rent expense, partially offset by lower maintenance and utility expenses.

In NOLAD, occupancy and other operating expenses increased by U.S.$6.3 million, or 10.8%, to U.S.$64.3 million. As a percentage of the division's sales by Company-operated restaurants, occupancy and other operating expenses increased 0.7 percentage points to 33.9% mainly because of higher rent expense explained by the impact of comparable sales decrease on minimum rent contracts.

In SLAD, occupancy and other operating expenses increased by U.S.$15.0 million, or 14.6%, to U.S.$117.4 million. As a percentage of the division's sales by Company-operated restaurants, occupancy and other operating expenses increased 0.6 percentage points to 25.9% mainly due to higher depreciation and amortization.

Royalty Fees

Our total royalty fees increased by U.S.$5.3 million, or 6.0%, to U.S.$92.2 million in the six months ended June 30, 2013, as compared to the same period in 2012. As a percentage of sales, royalty fees decreased 0.1 percentage points due to an extension of the relief granted by McDonald's Corporation in Venezuela due to the economic environment prevailing in that country.

In Brazil, royalty fees increased by U.S.$2.5 million, or 5.7%, to U.S.$47.2 million in the six months ended June 30, 2013, as compared to the same period in 2012, in line with the increase in sales by Company-operated restaurants. As a percentage of sales, royalty fees remained unchanged at 5.4%.

In the Caribbean division, royalty fees decreased by U.S.$0.5 million, or 3.7%, to U.S.$13.6 million in the six months ended June 30, 2013, as compared to the same period in 2012. As a percentage of sales, royalty fees decreased by 0.4 percentage points due to an extension of the relief granted by McDonald's Corporation in Venezuela due to economic environment prevailing in that country.

In NOLAD, royalty fees increased by U.S.$0.8 million, or 8.9%, to U.S.$9.2 million in the six months ended June 30, 2013, as compared to the same period in 2012, in line with the increase in sales by Company-operated restaurants.

In SLAD, royalty fees increased by U.S.$2.5 million, or 12.5%, to U.S.$22.2 million in the six months ended June 30, 2013, as compared to the same period in 2012. As a percentage of sales by Company-operated restaurants, royalty fees remained unchanged at 4.9 percentage points.

Franchised Restaurants—Occupancy Expenses

Occupancy expenses from franchised restaurants increased by U.S.$3.8 million, or 13.5%, to U.S.$31.6 million in the six months ended June 30, 2013, as compared to the same period in 2012, primarily due to higher rent expenses for leased properties as a consequence of the increase in sales generated by franchised restaurants and higher depreciation expense.

In Brazil, occupancy expenses from franchised restaurants increased by U.S.$3.2 million, or 20.0%, to U.S.$18.9 million in the six months ended June 30, 2013, as compared to the same period in 2012, primarily due to increased rent expenses for leased properties as a consequence of the increase in sales from franchised restaurants and higher depreciation expenses.

In the Caribbean division, occupancy expenses from franchised restaurants increased by U.S.$0.7 million, or 12.3%, to U.S.$6.2 million in the six months ended June 30, 2013, as compared to the same period in 2012. This is mainly explained by a higher allowance for doubtful accounts in Venezuela and higher rent expense.

In NOLAD, occupancy expenses from franchised restaurants increased by U.S.$0.2 million, or 3.6%, to U.S.$5.6 million in the six months ended June 30, 2013, as compared to the same period in 2012, primarily from higher rent expenses for leased properties.

In SLAD, occupancy expenses from franchised restaurants decreased by U.S.$0.2 million, or 9.9%, to U.S.$2.2 million in the six months ended June 30, 2013, as compared to the same period in 2012. This resulted from a lower allowance for doubtful accounts in Chile and local currency depreciation in Argentina against the U.S. dollar. This was partially offset by increased rent expenses for leased properties as a consequence of the increase in sales from franchised restaurants and higher depreciation expense.

Set forth below are the margins for our franchised restaurants in the six months ended June 30, 2013, as compared to the same period in 2012. 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 Six Months Ended June 30,	
	2013	**2012**
Brazil	55.6%	58.5%
Caribbean Division	73.8	74.9
NOLAD	41.2	42.7
SLAD	74.3	68.6
Total	**62.5**	**63.9**

General and Administrative Expenses

General and administrative expenses increased by U.S.$10.9 million, or 7.1%, to U.S.$163.5 million in the six months ended June 30, 2013, as compared to the same period in 2012. This growth was mostly due to an increase in the stock-based compensation expense related to our Long-Term Incentive Plan amounting to U.S.$11.6 million (a gain of U.S.$10.4 million in 2012 versus a loss of U.S.$1.2 million in 2013, the latter includes the result from the total equity return swap transaction entered into on August 13, 2012 with the objective of minimizing the impact of share price variation over our income statement), mainly as a consequence of the variation in our stock price from period to period. In addition, higher other compensation expenses of U.S.$1.0 million coupled with higher payroll costs amounting to U.S.$16.6 million, mainly due to salary increases linked to Argentina's inflation and new hirings in Brazil due to our expansion plan in that market, contributed to the increase. This was partially offset by the depreciation of some currencies in the Territories against the U.S. dollar, amounting to U.S.$13.3 million coupled

with a decrease of U.S.$2.6 million in outside services expenses, and a decrease of U.S.$2.2 million in withholding taxes related to our intercompany service charges.

In Brazil, general and administrative expenses increased by U.S.$0.5 million, or 1.0 %, to U.S.$46.5 million in the six months ended June 30, 2013, as compared to the same period in 2012. The increase measured in local currency is a consequence of higher payroll costs as a result of salary increases and the hiring of employees to fill new positions, most of which are related to our expansion plan, and higher professional services, amounting to U.S.$5.7 million and U.S.$0.7 million, respectively. This was partially offset by the depreciation of the *real* against the U.S. dollar amounting to U.S.$4.3 million coupled with a decrease in travel and occupancy expenses amounting to U.S.$0.7 million and U.S.$0.9 million, respectively.

In the Caribbean division, general and administrative expenses decreased by U.S.$1.6 million, or 5.4%, to U.S.$28.0 million in the six months ended June 30, 2013, as compared to the same period in 2012. This decrease resulted primarily from the depreciation of the local currency in Venezuela against the U.S. dollar, which explained U.S.$1.8 million. In addition, a decrease in travel and outside services expenses amounting to U.S.$0.6 million and U.S.$0.3 million, respectively, contributed to the decrease. This was partially offset by higher payroll costs mainly from Venezuela, due to its high inflationary levels, amounting to U.S.$0.7 million and moving expenses related to the relocation of the divisional office resulting from the restructuring of our divisions amounting to U.S.$0.5 million.

In NOLAD, general and administrative expenses increased by U.S.$2.1 million, or 17.0%, to U.S.$14.7 million in the six months ended June 30, 2013, as compared to 2012. This increase was mostly due to higher payroll costs, which explained U.S.$1.9 million, coupled with the appreciation of the local currency in Mexico against the U.S. dollar, which caused general and administrative expenses to increase by U.S.$0.6 million. This was partially offset by lower other payroll expenses amounting to U.S.$0.4 million.

In SLAD, general and administrative expenses increased by U.S.$0.3 million, or 1.4%, to U.S.$19.5 million in the six months ended June 30, 2013, as compared to the same period in 2012, primarily as a result of higher payroll costs, mainly in Argentina, due to its relatively high inflation levels, which explained U.S.$1.8 million. This was partially offset mainly by the depreciation of the Argentine *peso* against the U.S. dollar, which caused general and administrative expenses to decrease by U.S.$1.6 million.

General and administrative expenses for Corporate and others increased by U.S.$9.6 million, or 21.2%, to U.S.$54.7 million in the six months ended June 30, 2013, as compared to the same period in 2012. This increase was mostly due to an increase in the stock-based compensation expense related to our Long-Term Incentive Plan amounting to U.S.$11.6 million (a gain of U.S.$10.4 million in 2012 versus a loss of U.S.$1.2 million in 2013, the latter includes the result from the total equity return swap transaction entered into on August 13, 2012 with the objective of minimizing the impact of share price variation over our income statement), mainly as a consequence of the variation in our stock price from period to period. In addition, other compensation expenses increased by U.S.$1.0 million, coupled with higher payroll costs due to salary increases linked to Argentina's inflation, as our corporate headquarters are located in Argentina, amounting to U.S.$6.4 million and higher occupancy expenses primarily from software depreciation which amounted to U.S.$1.1 million, contributed to the increase. This was partially offset by a decrease of U.S.$3.3 million in outside services expenses, and a decrease of U.S.$2.2 million in withholding taxes related to our intercompany service charges, coupled with the depreciation of some local currencies, mainly Argentine *peso*, against the U.S. dollar which caused general and administrative expenses to decrease by U.S.$6.2 million.

Other Operating Expenses, Net

Other operating expenses, net decreased by U.S.$0.3 million, to U.S.$5.2 million in the six months ended June 30, 2013, as compared to the same period in 2012. This decrease was primarily attributable to higher gains on sale of property and equipment, partially offset by higher write-offs of property and equipment and other operating expenses.

Operating Income

	For the Six Months Ended June 30,		% Increase (Decrease)
	2013	2012	
	(in thousands of U.S. dollars)		
Brazil	$ 75,735	$ 84,654	(10.5)%
Caribbean division	11,054	12,514	(11.7)
NOLAD	(5,171)	(2,702)	(91.4)
SLAD	34,170	31,577	8.2
Corporate and others and purchase price allocation	(40,222)	(29,554)	(36.1)
Total	75,566	96,489	(21.7)

Operating income decreased by U.S.$20.9 million, or 21.7%, to U.S.$75.6 million in the six months ended June 30, 2013, as compared to the same period in 2012.

Net Interest Expense

Net interest expense increased by U.S.$4.8 million, or 18.7%, to U.S.$30.8 million in the six months ended June 30, 2013, as compared to the same period in 2012, mainly due to higher debt levels, partially offset by the positive impact of the Brazilian devaluation on debt denominated in Brazilian *reais*.

Gain (loss) from Derivative Instruments

Gain (loss) from derivative instruments decreased by U.S.$1.6 million, or 119.7%, from a loss of U.S.$1.3 million in the six months ended June 30, 2012 to a gain of U.S.$0.3 million in the six months ended June 30, 2013, primarily due to the unwinding of our bond swaps in April 2012.

Foreign Currency Exchange Results

Foreign currency exchange losses increased by U.S.$24.6 million, to a U.S.$35.7 million loss in the six months ended June 30, 2013, as compared to the same period in 2012. This was mainly a consequence of the impact on monetary assets of the elimination of the regulated foreign currency exchange system (SITME) in Venezuela and the official devaluation of the Venezuelan *bolívar fuerte*, which generated a foreign exchange loss totaling U.S.$15.4 million in February 2013. In addition, the increased depreciation of local currencies against the U.S. dollar generated a higher loss in remeasuring intercompany balances in the six months ended June 30, 2013 when compared to the same period in 2012.

Other Non-Operating Expenses, Net

Other non-operating expenses, net improved by U.S.$0.6 million to a U.S.$0.7 million loss in the six months ended June 30, 2013, as compared to the same period in 2012, primarily as a result of lower asset taxes and other non-operating expenses.

Income Tax Expense

Income tax expense decreased by U.S.$12.8 million, from U.S.$19.2 million in the six months ended June 30, 2012 to U.S.$6.5 million in the same period in 2013. Our consolidated effective tax rate increased by 41.0 percentage points to 74.8% in the six months ended June 30, 2013, as compared to the same period in 2012, mainly as a result of the negative impact of the devaluation in Venezuela, which generated a tax loss carryforward but not resulting in the recognition of a net deferred tax asset as a result of the recognition of a valuation allowance.

Net Income Attributable to Non-controlling Interests

Net income attributable to non-controlling interests for the six months ended June 30, 2013 increased by U.S.$0.1 million, when compared to the same period in 2012.

Net Income Attributable to Arcos Dorados Holdings Inc.

As a result of the foregoing, net income attributable to Arcos Dorados Holdings Inc. decreased by U.S.$35.3 million, or 94.2%, to U.S.$2.2 million in the six months ended June 30, 2013, as compared to the same period in 2012.

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

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 became part of the Caribbean division with headquarters located in Colombia. For purposes of this offering memorandum, we have restated the discussion of our financial condition and results of operations for fiscal year 2012 compared to fiscal year 2011 by applying the structure prevailing as of the date of this offering memorandum on a retroactive basis. This adjusted segment information has not been audited.

Set forth below are our results of operations for the years ended December 31, 2012 and 2011.

	For the Years Ended December 31,		% Increase (Decrease)
	2012	2011	
	(in thousands of U.S. dollars)		
Sales by Company-operated restaurants	$ 3,634,371	$ 3,504,128	3.7%
Revenues from franchised restaurants	163,023	153,521	6.2
Total revenues	**3,797,394**	**3,657,649**	**3.8**
Company-operated restaurant expenses:			
Food and paper	(1,269,146)	(1,216,141)	4.4
Payroll and employee benefits	(753,120)	(701,278)	7.4
Occupancy and other operating expenses	(984,004)	(918,102)	7.2
Royalty fees	(180,547)	(170,400)	6.0
Franchised restaurants – occupancy expenses	(56,057)	(51,396)	9.1
General and administrative expenses	(314,619)	(334,914)	(6.1)
Other operating expenses, net	(3,261)	(14,665)	(77.8)
Total operating costs and expenses	**(3,560,754)**	**(3,406,896)**	**4.5**
Operating income	**236,640**	**250,753**	**(5.6)**
Net interest expense	(54,247)	(60,749)	(10.7)
Loss from derivative instruments	(891)	(9,237)	(90.4)
Foreign currency exchange results	(18,420)	(23,926)	(23.0)
Other non-operating (expenses) income, net	(2,119)	3,562	(159.5)
Income before income taxes	160,963	160,403	0.3
Income tax expense	(46,375)	(44,603)	4.0
Net income	**114,588**	**115,800**	**(1.0)**
Less: Net income attributable to non-controlling interests	(256)	(271)	(5.5)
Net income attributable to Arcos Dorados Holdings Inc.	**114,332**	**115,529**	**(1.0)**

Set forth below is a summary of changes to our systemwide, Company-operated and franchised restaurant portfolios in 2012 and 2011.

Systemwide Restaurants	For the Years Ended December 31,	
	2012	2011
Systemwide restaurants at beginning of period	1,840	1,755
Restaurant openings	130	101
Restaurant closings	(22)	(16)
Systemwide restaurants at end of period	1,948	1,840

Company-operated Restaurants	For the Years Ended December 31,	
	2012	2011
Company-operated restaurants at beginning of period	1,358	1,292
Restaurant openings	99	79
Restaurant closings	(16)	(15)
Net conversions of franchised restaurants to Company-operated restaurants	12	2
Company-operated restaurants at end of period	1,453	1,358

Franchised Restaurants	For the Years Ended December 31,	
	2012	2011
Franchised restaurants at beginning of period	482	463
Restaurant openings	31	22
Restaurant closings	(6)	(1)
Net conversions of franchised restaurants to Company-operated restaurants	(12)	(2)
Franchised restaurants at end of period	495	482

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, 2012
Arcos Dorados	
Systemwide comparable sales growth	9.2%
Company-operated comparable sales growth	9.0
Franchised comparable sales growth	9.5
Systemwide Comparable Sales Growth by Division	
Brazil	5.2%
Caribbean division	13.3
NOLAD	4.4
SLAD	19.9
Company-operated Comparable Sales Growth by Division	
Brazil	4.8%
Caribbean division	11.7
NOLAD	4.5
SLAD	19.3
Franchised Comparable Sales Growth by Division	
Brazil	6.1%
Caribbean division	17.0
NOLAD	4.1
SLAD	24.4

Our comparable sales growth on a systemwide basis in 2012 was mainly driven by the increase in average check, which represented 89.8% of the increase in comparable sales. Average check growth resulted primarily from

price increases. An increase in traffic caused 10.2% of the increase in comparable sales and was mainly driven by our value menu program.

Average Restaurant Sales

	For the Years Ended December 31,	
	2012	2011
	(in thousands of U.S. dollars)	
Systemwide average restaurant sales	$ 2,603	$ 2,648
Company-operated average restaurant sales	2,586	2,645
Franchised average restaurant sales	2,654	2,658

Our ARS decreased in 2012 because of the depreciation of most currencies in the Territories against the U.S. dollar, which was partially offset by comparable sales growth of 9.2%.

Sales Growth

	For the Year Ended December 31, 2012	
	(in nominal terms)	(in constant currency)
Brazil	(4.6)%	11.4%
Caribbean division	14.2	14.6
NOLAD	5.9	9.9
SLAD	15.4	24.0
Total Systemwide Sales Growth	**3.6**	**14.0**

In nominal terms, sales growth increased during 2012 due to comparable sales growth of 9.2% and the net addition of 193 restaurants systemwide since January 1, 2011. We had 1,453 Company-operated restaurants and 495 franchised restaurants as of December 31, 2012, compared to 1,358 Company-operated restaurants and 482 franchised restaurants as of December 31, 2011. This was partially offset by the negative impact of the depreciation of most currencies in the Territories against the U.S. dollar.

Revenues

	For the Years Ended December 31,		% Increase (Decrease)
	2012	2011	
	(in thousands of U.S. dollars)		
Sales by Company-operated Restaurants			
Brazil	$ 1,717,761	$ 1,811,390	(5.2)%
Caribbean division	706,990	621,947	13.7
NOLAD	364,588	336,004	8.5
SLAD	845,032	734,787	15.0
Total	**3,634,371**	**3,504,128**	**3.7**
Revenues from Franchised Restaurants			
Brazil	$ 79,795	$ 79,434	0.5%
Caribbean division	47,740	42,034	13.6
NOLAD.	19,453	19,261	1.0
SLAD	16,035	12,792	25.4
Total	**163,023**	**153,521**	**6.2**

	For the Years Ended December 31,		% Increase (Decrease)
	2012	2011	
	(in thousands of U.S. dollars)		
Total Revenues			
Brazil	$ 1,797,556	$ 1,890,824	(4.9)%
Caribbean division	754,730	663,981	13.7
NOLAD	384,041	355,265	8.1
SLAD	861,067	747,579	15.2
Total	**3,797,394**	**3,657,649**	**3.8**

Sales by Company-operated Restaurants

Total sales by Company-operated restaurants increased by U.S.$130.2 million, or 3.7%, from U.S.$3,504.1 million in 2011 to U.S.$3,634.4 million in 2012. The 9.0% growth in comparable sales, 87.5% of which resulted from a higher average check and the rest of which resulted from increased traffic, caused sales to increase by U.S.$314.9 million. In addition, sales by Company-operated restaurants increased by U.S.$182.1 million as a result of 147 net restaurant openings and the conversion of 14 franchised restaurants into Company-operated restaurants since January 1, 2011. This was offset by U.S.$366.8 million as a result of the depreciation of most currencies in the Territories against the U.S. dollar.

In Brazil, sales by Company-operated restaurants decreased by U.S.$93.6 million, or 5.2%, to U.S.$1,717.8 million. The driver of the decrease was the depreciation of the *real* against the U.S. dollar, which caused sales to decrease by U.S.$290.1 million. In constant currency, sales increased by 10.8% mainly as a result of 79 net restaurant openings and the conversion of 1 franchised restaurant into a Company-operated restaurant since January 1, 2011, which contributed U.S.$110.1 million to the increase in sales in Brazil. In addition, 4.8% growth in comparable sales contributed U.S.$86.3 million to the increase. Average check growth represented 84.9% of comparable sales growth and the rest resulted from increased traffic. Average check growth resulted primarily from price increases, while the increase in traffic was primarily driven by our Big Pleasures, Small Prices value menu program.

In the Caribbean division, sales by Company-operated restaurants increased by U.S.$85.0 million, or 13.7%, to U.S.$707.0 million. The main driver of this increase was 11.7% growth in comparable sales, which represented U.S.$71.3 million. Average check was the driver of comparable sales growth and it resulted from price increases. In addition, the net opening of 20 restaurants and the conversion of 3 franchised restaurants into Company-operated restaurants since January 1, 2011 contributed U.S.$17.1 million to the increase in sales. This was partially offset by the depreciation of the European euro, which is the local currency in several of our Territories in the Caribbean, against the U.S. dollar, which caused sales to decrease by U.S.$3.3 million.

In NOLAD, sales by Company-operated restaurants increased by U.S.$28.6 million, or 8.5%, to U.S.$364.6 million. This growth was mainly explained by 18 net restaurant openings and the conversion of 7 franchised restaurants into Company-operated restaurants since January 1, 2011, which resulted in a sales increase of U.S.$24.9 million. In addition, comparable sales growth of 4.5% caused sales to increase by U.S.$15.2 million. Increase in traffic, which represented 98.8% of comparable sales increase, resulted primarily from higher volumes in the dessert category in Mexico. This was partially offset by the depreciation of local currencies in 2012, which caused sales to decrease by U.S.$11.5 million.

In SLAD, sales by Company-operated restaurants increased by U.S.$110.2 million, or 15.0%, to U.S.$845.0 million. The 19.3% growth in comparable sales, which resulted primarily from a higher average check coming from price increases, caused sales to increase by U.S.$142.1 million. In addition, the net opening of 30 Company-operated restaurants and the conversion of 3 franchised restaurants into Company-operated restaurants since January 1, 2011 resulted in a sales increase of U.S.$30.0 million. This was partially offset by the depreciation of some currencies in the region against the U.S. dollar, which offset the increase in sales by U.S.$61.9 million.

Revenues from Franchised Restaurants

Our total revenues from franchised restaurants increased by U.S.$9.5 million, or 6.2%, from U.S.$153.5 million in 2011 to U.S.$163.0 million in 2012. The main contributors to this increase were comparable sales growth of 9.5%, which resulted in an increase in revenues of U.S.$15.8 million, and the net opening of 46 franchised restaurants since January 1, 2011, which was partially offset by the conversion of 14 franchised restaurants into Company-operated restaurants during the same period, which caused revenues from franchised restaurants to increase by U.S.$6.5 million. Increased rental income, as most of our franchise agreements provide for rent increases when sales increase, resulted in higher revenues from franchised restaurants of U.S.$2.9 million. In 2012, 71% and 29% of revenues from franchised restaurants were earned on the basis of a percentage of sales and on a flat fee basis, respectively. In 2011, 73% and 27% of revenues from franchised restaurants were earned on the basis of a percentage of sales and on a flat fee basis, respectively. The depreciation of most currencies in the Territories against the U.S. dollar offset the increase in revenues by U.S.$15.7 million.

In Brazil, revenues from franchised restaurants increased by U.S.$0.4 million, or 0.5%, to U.S.$79.8 million primarily as a result of 36 net franchised restaurant openings, which were partly offset by the conversion of 1 franchised restaurant into a Company-operated restaurant, since January 1, 2011, and comparable sales growth of 6.1%, which explained U.S.$5.8 million and U.S.$4.8 million of the increase, respectively. In addition, increased rental income resulted in increased revenues from franchised restaurants of U.S.$3.2 million. This was partially offset by the depreciation of the *real* against the U.S. dollar by U.S.$13.5 million.

In the Caribbean division, revenues from franchised restaurants increased by U.S.$5.7 million, or 13.6%, to U.S.$47.7 million. This increase is mainly explained by comparable sales growth of 17.0%, which represented U.S.$6.9 million. This was partially offset by lower rental income by U.S.$0.7 million and the impact of the closing of 3 restaurants as well as the conversion of 3 franchised restaurants into Company-operated restaurants since January 1, 2011, which caused revenues to decrease U.S.$0.4 million.

In NOLAD, revenues from franchised restaurants increased by U.S.$0.2 million, or 1.0%, to U.S.$19.5 million. This growth was a result of the 4.1% increase in comparable sales and 9 net franchised restaurant openings, partially offset by the conversion of 7 franchised restaurants into Company-operated restaurants, since January 1, 2011, which caused revenues from franchised restaurants to increase U.S.$0.7 million and U.S.$0.3 million, respectively. The depreciation of the Mexican *peso* against the U.S. dollar contributed to the decrease in revenues by U.S.$0.9 million.

In SLAD, revenues from franchised restaurants increased by U.S.$3.2 million, or 25.4%, to U.S.$16.0 million. This growth mainly resulted from a comparable sales growth of 24.4%, which represented U.S.$2.9 million. In addition, the net openings of 4 restaurants partially offset by the conversion of 3 franchised restaurants into Company-operated restaurants since January 1, 2011 and higher rental income caused revenues to increase by U.S.$0.7 million and U.S.$0.9 million, respectively. The depreciation of some currencies in the region against the U.S. dollar represented a decrease in revenues of U.S.$1.3 million.

Operating Costs and Expenses

Food and Paper

Our total food and paper costs increased by U.S.$53.0 million, or 4.4%, to U.S.$1,269.1 million in 2012, as compared to 2011. As a percentage of our total sales by Company-operated restaurants, food and paper costs increased 0.2 percentage points to 34.9% primarily due to the depreciation of most currencies in the Territories against the U.S. dollar, as approximately 30% of our food and paper raw materials (excluding toys) and 100% of our Happy Meal toys are imported and paid for in U.S. dollars while our revenues are generated in local currencies.

In Brazil, food and paper costs decreased by U.S.$24.1 million, or 4.2%, to U.S.$551.4 million. As a percentage of the division's sales by Company-operated restaurants, food and paper costs increased 0.3 percentage points to 32.1%, primarily as a result of the depreciation of the Brazilian *real* against the U.S. dollar, as approximately 19% of food and paper costs are imported.

In the Caribbean division, food and paper costs increased by U.S.$31.4 million, or 13.2%, to U.S.$269.9 million. As a percentage of the division's sales by Company-operated restaurants, food and paper costs decreased by 0.2 percentage points to 38.2% mainly as a result of price increases above cost increases in Venezuela.

In NOLAD, food and paper costs increased by U.S.$10.2 million, or 7.2%, to U.S.$151.8 million. As a percentage of the division's sales by Company-operated restaurants, food and paper costs decreased 0.5 percentage points to 41.6%, resulting primarily from average check increases higher than the increase in costs in Costa Rica and Panama coupled with efficiencies.

In SLAD, food and paper costs increased by U.S.$35.7 million, or 13.7%, to U.S.$296.1 million. As a percentage of the division's sales by Company-operated restaurants, food and paper costs decreased 0.4 percentage points to 35.0%, mostly as a result of cost increases lower than the increase in the average check in Argentina.

Payroll and Employee Benefits

Our total payroll and employee benefits costs increased by U.S.$51.8 million, or 7.4%, to U.S.$753.1 million in 2012, as compared to 2011. As a percentage of our total sales by Company-operated restaurants, payroll and employee benefits costs increased 0.7 percentage points to 20.7%. This increase in payroll and employee benefits costs as a percentage of our total sales by Company-operated restaurants is mostly attributable to wage increases that outpaced our sales growth in several markets, which offset an increase in operational efficiency. Wages increased mostly due to government-mandated minimum wage increases in our major Territories.

In Brazil, payroll and employee benefits costs remained unchanged at U.S.$355.4 million. As a percentage of the division's sales by Company-operated restaurants, payroll and employee benefits costs increased 1.1 percentage points to 20.7% as a result of the government-mandated minimum wage increases above average check growth. This was partially offset by an increase in operational efficiency.

In the Caribbean division, payroll and employee benefits costs increased by U.S.$13.6 million, or 10.5%, to U.S.$143.6 million. As a percentage of the division's sales by Company-operated restaurants, payroll and employee benefits costs decreased 0.6 percentage points to 20.3% as a result of a reduction in overtime costs and the closing of 7 under-performing restaurants with higher than average payroll costs.

In NOLAD, payroll and employee benefits costs increased by U.S.$5.7 million, or 10.6%, to U.S.$59.1 million. As a percentage of the division's sales by Company-operated restaurants, payroll and employee benefits costs increased 0.3 percentage points to 16.2% resulting from the average check increasing at a lower rate than wages in Panama and Costa Rica. This was partially offset by an increase in operational efficiency and the depreciation of the Mexican *peso* against the U.S. dollar, which contributed to a decrease in payroll costs of U.S.$2.0 million.

In SLAD, payroll and employee benefits costs increased by U.S.$32.5 million, or 20.0%, to U.S.$195.0 million. As a percentage of the division's sales by Company-operated restaurants, payroll and employee benefits increased 1.0 percentage points to 23.1% as a result of salary increases higher than increases in our average check. This was partially offset by an increase in operational efficiency.

Occupancy and Other Operating Expenses

Our total occupancy and other operating expenses increased by U.S.$65.9 million, or 7.2%, to U.S.$984.0 million in 2012, as compared to 2011. As a percentage of our total sales by Company-operated restaurants, occupancy and other operating expenses increased 0.9 percentage points to 27.1% mainly due to an increase in depreciation and amortization as a result of the net openings in 2012 and higher outside services in some of the Territories.

In Brazil, occupancy and other operating expenses decreased by U.S.$9.6 million, or 1.9%, to U.S.$483.4 million. As a percentage of the division's sales by Company-operated restaurants, occupancy and other operating expenses increased 0.9 percentage points to 28.1% mainly due to an increase in outside services.

In the Caribbean division, occupancy and other operating expenses increased by U.S.$27.2 million, or 16.1%, to U.S.$196.4 million. As a percentage of the division's sales by Company-operated restaurants, occupancy and other

operating expenses increased 0.6 percentage points to 27.8% as a result of higher rent expense due to new store openings with higher average rent and higher depreciation expense.

In NOLAD, occupancy and other operating expenses increased by U.S.$9.5 million, or 8.5%, to U.S.$120.7 million. As a percentage of the division's sales by Company-operated restaurants, occupancy and other operating expenses remained unchanged at 33.1 percentage points.

In SLAD, occupancy and other operating expenses increased by U.S.$30.3 million, or 16.8%, to U.S.$211.3 million. As a percentage of the division's sales by Company-operated restaurants, occupancy and other operating expenses increased 0.4 percentage points to 25.0% mainly due to higher outside services, maintenance and repair expenses and higher preopening costs.

Royalty Fees

Our total royalty fees increased by U.S.$10.1 million, or 6.0%, to U.S.$180.5 million in 2012, as compared to 2011. As a percentage of sales, royalty fees increased 0.1 percentage points due to CIDE tax charges on royalty payments, as discussed below. This was partially offset by a partial relief granted by McDonald's Corporation in Venezuela due to the economic environment prevailing in that country.

In Brazil, royalty fees increased by U.S.$3.9 million, or 4.4%, to U.S.$92.1 million in 2012, as compared to 2011, due to CIDE tax charges on royalty payments that we started to pay in 2012. In 2011, CIDE tax charges on royalty payments were recorded within "Other operating expenses, net" as part of the accrual of the provision for contingencies. CIDE is a Brazilian social contribution tax that applies to Brazilian entities that pay royalties to non-residents. Prior to 2011, we were not required to pay CIDE under the then-existing interpretations of the Brazilian fiscal authorities. In 2011, there was a change in the interpretation of the Brazilian fiscal authorities, pursuant to which we decided to commence recognition of these charges.

In the Caribbean division, royalty fees decreased by U.S.$0.7 million, or 2.3%, to U.S.$29.6 million in 2012, as compared to 2011, due to the relief granted by McDonald's Corporation in Venezuela.

In NOLAD, royalty fees increased by U.S.$1.3 million, or 8.3%, to U.S.$17.6 million in 2012, as compared to 2011, in line with the increase in sales by Company-operated restaurants.

In SLAD, royalty fees increased by U.S.$5.6 million, or 15.7%, to U.S.$41.3 million in 2012, as compared to 2011. 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 U.S.$4.7 million, or 9.1%, to U.S.$56.1 million in 2012, as compared to 2011, primarily due to higher depreciation expense as well as higher rent expenses for leased properties as a consequence of the increase in sales generated by franchised restaurants. This was partially offset by lower allowance for doubtful accounts in Puerto Rico in 2012 as compared to 2011 and the reversal of allowances in Chile and Mexico.

In Brazil, occupancy expenses from franchised restaurants increased by U.S.$4.3 million, or 15.1%, to U.S.$32.8 million in 2012, as compared to 2011, primarily due to CIDE tax charges on royalty payments, depreciation expense and increased rent expenses for leased properties as a consequence of the increase in sales from franchised restaurants.

In the Caribbean division, occupancy expenses from franchised restaurants increased by U.S.$0.6 million, or 5.3%, to U.S.$12.4 million in 2012, as compared to 2011. This is mainly explained by higher rent expense for leased properties as a consequence of the increase in sales from franchised restaurants and higher depreciation expense, partially offset by the abovementioned lower allowance for doubtful accounts in Puerto Rico.

In NOLAD, occupancy expenses from franchised restaurants decreased by U.S.$0.3 million, or 2.7%, to U.S.$10.4 million in 2012, as compared to 2011, primarily from a partial reversal of allowances for doubtful accounts in Mexico.

In SLAD, occupancy expenses from franchised restaurants decreased by U.S.$0.9 million, or 22.7%, to U.S.$3.0 million in 2012, as compared to 2011. This resulted mainly from the reversal of allowances for doubtful accounts in Chile.

Set forth below are the margins for our franchised restaurants in 2012, as compared to 2011. 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,	
	2012	**2011**
Brazil	58.9%	64.2%
Caribbean Division	74.1	72.1
NOLAD	46.4	44.3
SLAD	81.5	70.1
Total	**65.6**	**66.5**

General and Administrative Expenses

General and administrative expenses decreased by U.S.$20.3 million, or 6.1%, to U.S.$314.6 million in 2012, as compared to 2011. This decrease was mostly due to a decrease in the stock-based compensation expense as a consequence of the impact of the variation in our stock price from period to period, which decrease amounted to U.S.$30.9 million, and from the depreciation of most currencies in the Territories against the U.S. dollar, amounting to U.S.$28.3 million. This was partially offset by an increase in expenses resulting primarily from higher payroll costs amounting to U.S.$25.5 million, mainly due to salary increases linked to Argentina's inflation and new hirings in Brazil due to the market expansion plan, higher professional services expenses amounting to U.S.$14.9 million, due to our ongoing systems integration and shared service center implementation throughout the region, and higher occupancy expenses amounting to U.S.$4.6 million.

In Brazil, general and administrative expenses decreased by U.S.$4.6 million, or 4.7%, to U.S.$92.9 million in 2012, as compared to 2011. The decrease resulted primarily from the depreciation of the *real* against the U.S. dollar amounting to U.S.$15.2 million. The increase in local currency is a consequence of higher payroll costs as a result of salary increases and the hiring of employees to fill new positions, most of which are related to our expansion plan and higher professional services, which totaled U.S.$6.9 million and U.S.$3.3 million, respectively.

In the Caribbean division, general and administrative expenses increased by U.S.$4.9 million, or 9.6%, to U.S.$55.9 million in 2012, as compared to 2011. This increase was mostly due to higher payroll costs, mainly related to salary increases due to inflation in Venezuela, which explained U.S.$5.7 million. This was partially offset by lower other general expenses and the depreciation of the European euro against the U.S. dollar, which contributed U.S.$0.4 million and U.S.$0.3 million to the decrease in expenses, respectively.

In NOLAD, general and administrative expenses decreased by U.S.$3.5 million, or 12.6%, to U.S.$24.5 million in 2012, as compared to 2011. This decrease was due in part to lower payroll costs, which explained U.S.$1.5 million. In addition, the depreciation of the local currency in Mexico against the U.S. dollar contributed to a decrease in general and administrative expenses of U.S.$1.3 million.

In SLAD, general and administrative expenses decreased by U.S.$2.7 million, or 6.7%, to U.S.$37.1 million in 2012, as compared to 2011, primarily as a result of the depreciation of some local currencies in the region against the U.S. dollar, which caused general and administrative expenses to decrease by U.S.$2.2 million, coupled with lower professional services by U.S.$1.3 million and lower occupancy expenses amounting to U.S.$0.4 million. This was partially offset by higher payroll costs of U.S.$1.3 million, mainly in Argentina.

General and administrative expenses for Corporate and others decreased by U.S.$14.4 million, or 12.1%, to U.S.$104.2 million in 2012, as compared to 2011. This decrease was mostly due to a decrease in stock-based compensation expense of U.S.$30.9 million as a consequence of the variation in our stock price from period to period and the depreciation of most local currencies in the Territories against the U.S. dollar, which explained

U.S.$9.3 million. This was partially offset by higher payroll costs due to salary increases linked to Argentina's inflation, as our corporate headquarters are located in Argentina, amounting to U.S.$13.1 million and higher professional services expenses related to our ongoing systems integration and shared service center implementation throughout the region, which increased by U.S.$12.9 million.

Other Operating Expenses, Net

Other operating expenses, net decreased by U.S.$11.4 million, to U.S.$3.3 million in 2012, as compared to 2011. This decrease was primarily attributable to the recovery of Brazilian tax credits in 2012 totaling U.S.$12.0 million.

Operating Income

	For the Years Ended December 31,		
	2012	2011	% Increase (Decrease)
	(in thousands of U.S. dollars)		
Brazil	$ 193,339	$ 246,926	(21.7)%
Caribbean division	40,692	32,475	25.3
NOLAD	(5,557)	(8,709)	36.2
SLAD	74,824	62,094	20.5
Corporate and others and purchase price allocation	(66,658)	(82,033)	18.7
Total	**236,640**	**250,753**	**(5.6)**

Operating income decreased by U.S.$14.1 million, or 5.6%, to U.S.$236.6 million in 2012, as compared to 2011.

Net Interest Expense

Net interest expense decreased by U.S.$6.5 million, or 10.7%, to U.S.$54.2 million in 2012, as compared to 2011, mainly due to the losses incurred in 2011 in connection with the partial redemption of the 2019 notes totaling U.S.$13.9 million, lower accrued interest in 2012 for U.S.$5.8 million as a consequence of this redemption, and lower other net interest charges in 2012 for U.S.$5.7 million. This was partially offset by an increase in interest expense of U.S.$18.9 million as a result of the issuances of the 2016 notes in April 2012 and July 2011.

Loss from Derivative Instruments

Loss from derivative instruments decreased by U.S.$8.3 million, or 90.4%, to U.S.$0.9 million in 2012, as compared to 2011, primarily due to the unwinding of our cross-currency interest rate swaps and mirror swaps in July 2011 (U.S.$9.7 million).

Foreign Currency Exchange Results

Foreign currency exchange results improved by U.S.$5.5 million, to a U.S.$18.4 million loss in 2012, as compared to 2011. This was mainly a consequence of the decreased depreciation of the Brazilian *real* against the U.S. dollar as well as to decreased exposure to foreign currency exchange risk in 2012 when compared to 2011, partially offset by higher losses incurred in the acquisition of U.S. dollars in Venezuela.

Other Non-Operating Income (Expenses), Net

Other non-operating income (expenses), net worsened by U.S.$5.7 million to a U.S.$2.1 million loss in 2012, as compared to 2011, primarily because in 2011 we recorded a gain as a result of the monetary actualization of certain tax credits in Brazil.

Income Tax Expense

Income tax expense increased by U.S.$1.8 million, from U.S.$44.6 million in 2011 to U.S.$46.4 million in 2012. Our consolidated effective tax rate increased by 1 percentage point to 28.8% in 2012, as compared to 2011, mainly as a result of a higher weighted-average statutory income tax rate (U.S.$4.8 million), a lower recovery of valuation allowances over deferred tax assets (U.S.$13.3 million) and a lower goodwill tax deduction in Brazil (U.S.$2.9 million) in 2012 when compared to 2011, partially offset by lower withholding income taxes on intercompany transactions (U.S.$5.6 million), lower non-deductible expenses (U.S.$6.5 million) and higher deductions related to permanent tax inflation adjustments (U.S.$7.5 million) in 2012 when compared to 2011.

Net Income Attributable to Non-controlling Interests

Net income attributable to non-controlling interests for 2012 remained unchanged at U.S.$0.3 million when compared to 2011.

Net Income Attributable to Arcos Dorados Holdings Inc.

As a result of the foregoing, net income attributable to Arcos Dorados Holdings Inc. decreased by U.S.$1.2 million, or 1.0%, to U.S.$114.3 million in 2012, as compared to 2011.

Liquidity and Capital Resources

Our financial condition and liquidity is 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. As part of the reinvestment plan with respect to the three-year period that commenced on January 1, 2011, we must reinvest an aggregate of at least U.S.$60 million per year in the Territories. In addition, we have committed to open no less than 250 new restaurants during the current three-year restaurant opening plan. At January 1, 2011 we estimated that future costs to comply with our restaurant opening commitments under the MFAs through 2013 would be between U.S.$200 million and U.S.$400 million, depending on, among other factors, the type and location of restaurants we would open. We expect to continue funding these commitments using cash flow from operations and possible future debt and/or equity financings.

Our management believes that our sources of liquidity and capital resources, including working capital, are adequate for our present requirements and business operations and will be adequate to satisfy our presently 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 U.S.$4.4 million in the six months ended June 30, 2013, compared to U.S.$38.6 million in the same period for 2012. Our investing activities program decreased by U.S.$10.6 million in the six months ended June 30, 2013 to U.S.$88.1 million. Cash provided by financing activities decreased by

U.S.$92.2 million in the six months ended June 30, 2013 to U.S.$39.4 million. This was mainly a consequence of the issuance of 2016 notes in 2012 for U.S.$149.7 million, partially offset by higher proceeds from net short-term borrowings for U.S.$47.7 million and lower payments of derivative instruments for U.S.$4.3 million in the six months ended June 30, 2013 when compared to the same period in 2012.

Net cash provided by operations was U.S.$230.1 million in 2012, compared to U.S.$261.6 million in 2011. Our investing activities program decreased by U.S.$13.7 million in 2012 to U.S.$306.4 million. Cash provided by financing activities increased by U.S.$55.0 million, from an inflow of U.S.$35.7 million in 2011 to an inflow of U.S.$90.6 million in 2012. This was mainly a consequence of the partial redemption of the 2019 notes for U.S.$152.0 million in 2011, lower net payments of derivative instruments of U.S.$114.6 million, the split-off of the Axionlog business for U.S.$35.4 million in 2011, lower settlements of short-term debt for U.S.$10.7 million and lower dividend payments of U.S.$6.6 million. This was partially offset by the issuance of class A shares in connection with the initial public offering with net proceeds amounting to U.S.$152.3 million in 2011, a decrease in the issuance of 2016 notes of U.S.$105.4 million and a decrease in the collection of collateral deposits of U.S.$15.0 million.

At June 30, 2013, our total financial debt was U.S.$691.1 million, consisting of U.S.$50.1 million in short-term debt, U.S.$629.5 million in long-term debt (primarily comprised of U.S.$306.9 million related to the 2019 notes, including the original issue discount, and U.S.$304.7 million related to the 2016 notes), and U.S.$11.5 million related to the fair market value of our outstanding derivative instruments (net of the asset portion amounting to U.S.$1.3 million).

At December 31, 2012, our total financial debt was U.S.$659.8 million, consisting of U.S.$0.6 million in short-term debt, U.S.$651.6 million in long-term debt (of which U.S.$306.8 million related to the 2019 notes, including the original issue discount, and U.S.$331.9 million related to the 2016 notes), and U.S.$7.6 million related to the fair market value of our outstanding derivative instruments (net of the asset portion amounting to U.S.$1.7 million).

Cash and cash equivalents was U.S.$128.8 million at June 30, 2013 and U.S.$184.9 million at December 31, 2012.

Comparative Cash Flows

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

	For the Six Months Ended June 30		For the Years Ended December 31,	
	2013	2012	2012	2011
	(in thousands of U.S. dollars)			
Net cash provided by operating activities	$ 4,421	$ 38,615	$ 230,113	$ 261,624
Net cash used in investing activities	(88,132)	(98,740)	(306,421)	(320,132)
Net cash provided by financing activities	39,376	131,533	90,646	35,673
Effect of exchange rate changes on cash and cash equivalents	(11,675)	(2,359)	(5,788)	(8,963)
(Decrease) increase in cash and cash equivalents	**(56,010)**	**69,049**	**8,550**	**(31,798)**

Operating Activities

	For the Six Months Ended June 30		For the Years Ended December 31,	
	2013	2012	2012	2011
	(in thousands of U.S. dollars)			
Net income attributable to Arcos Dorados Holdings Inc.	$ 2,183	$ 37,503	$ 114,332	$ 115,529
Non-cash charges and credits	91,899	63,645	131,958	137,970

	For the Six Months Ended June 30		For the Years Ended December 31,	
	2013	2012	2012	2011
	(in thousands of U.S. dollars)			
Changes in assets and liabilities	(89,661)	(62,533)	(16,177)	8,125
Net cash provided by operating activities	**4,421**	**38,615**	**230,113**	**261,624**

For the six months ended June 30, 2013, net cash provided by operating activities was U.S.$4.4 million, compared to U.S.$38.6 million in the same period ended 2012. The U.S.$34.2 million decrease is mainly attributable to lower net income adjusted for non-cash charges (U.S.$7.1 million) and to a negative change in assets and liabilities (U.S.$27.1 million).

For the year ended December 31, 2012, net cash provided by operating activities was U.S.$230.1 million, compared to U.S.$261.6 million in 2011. The U.S.$31.5 million decrease is mainly attributable to lower net income adjusted for non-cash charges (U.S.$7.2 million) and to a negative change in assets and liabilities (U.S.$24.3 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 Six Months Ended June 30		For the Years Ended December 31,	
	2013	2012	2012	2011
	(in thousands of U.S. dollars)			
Property and equipment expenditures	$ (86,322)	$ (95,553)	$ (294,478)	$ (319,859)
Purchases of restaurant businesses	(324)	(3,920)	(6,004)	(5,993)
Proceeds from sales of property and equipment	3,430	1,330	6,643	10,681
Loans to related parties	(2,000)	—	(7,000)	—
Others, net	(2,916)	(597)	(5,582)	(4,961)
Net cash used in investing activities	**(88,132)**	**(98,740)**	**(306,421)**	**(320,132)**

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

	For the Six Months Ended June 30		For the Years Ended December 31,	
	2013	2012	2012	2011
	(in thousands of U.S. dollars)			
New restaurants	$ 49,352	$ 55,598	$ 177,329	$ 139,647
Existing restaurants	24,104	27,658	79,717	139,140
Other(1)	12,866	12,297	37,432	41,072
Total property and equipment expenditures	**86,322**	**95,553**	**294,478**	**319,859**

(1) Primarily corporate equipment and other office related expenditures.

In the six months ended June 30, 2013, net cash used in investing activities was U.S.$88.1 million, compared to U.S.$98.7 million for the same period in 2012. This U.S.$10.6 million decrease was primarily attributable to lower property and equipment expenditures (U.S.$9.2 million), lower purchase of restaurant businesses (U.S.$3.6 million) and higher proceeds from sale of property and equipment (U.S.$2.1 million), partially offset by higher loans to related parties (U.S.$2.0 million) in the six months ended June 30, 2013 when compared to the same period in 2012.

Property and equipment expenditures decreased by U.S.$9.2 million, from U.S.$95.6 million in the six months ended June 30, 2012 to U.S.$86.3 million for the six months ended June 30, 2013, primarily due to the depreciation of local currencies against the U.S. dollar. In the six months ended June 30, 2013, we opened 31 restaurants and closed 8 restaurants.

Proceeds from sales of property and equipment increased by U.S.$2.1 million to U.S.$3.4 million for the six months ended June 30, 2013, as compared to the same period in 2012, primarily as a consequence of higher property and equipment sales mainly in Venezuela. In addition, in the six months ended June 30, 2013 and 2012, we used U.S.$0.3 million and U.S.$3.9 million, respectively, to convert franchised restaurants into Company-operated restaurants.

In 2012, net cash used in investing activities was U.S.$306.4 million, compared to U.S.$320.1 million in 2011. This U.S.$13.7 million decrease was primarily attributable to the adjustment downwards in our investment program by U.S.$25.4 million in 2012, partially offset by a decrease in proceeds from the sale of property and equipment (U.S.$4.0 million) and loans granted to related parties (U.S.$7.0 million).

Property and equipment expenditures decreased by U.S.$25.4 million, from U.S.$319.9 million in 2011 to U.S.$294.5 million in 2012. The decrease in property and equipment expenditures resulted from a decrease in reinvestment in existing restaurants and corporate equipment and other office expenditures (U.S.$63.1 million), partially offset by increased investment in new restaurants (U.S.$37.7 million). In 2012, we opened 130 restaurants and closed 22 restaurants.

Proceeds from sales of property and equipment decreased by U.S.$4.0 million to U.S.$6.6 million in 2012, as compared to 2011, primarily as a consequence of lower sales mainly in Puerto Rico and Venezuela (U.S.$2.5 million and U.S.$1.2 million, respectively). In addition, in 2012 and 2011 we used U.S.$6.0 million to convert franchised restaurants into Company-operated restaurants.

Financing Activities

	For the Six Months Ended June 30		For the Years Ended December 31,	
	2013	2012	2012	2011
	(in thousands of U.S. dollars)			
Partial redemption of the 2019 notes	$ —	$ —	$ —	$ (152,005)
Net payments of derivative instruments	—	(4,322)	(4,322)	(118,932)
Net short-term borrowings	50,626	2,915	(157)	(10,871)
Collateral deposits	—	—	—	15,000
Split-off of Axionlog business	—	—	—	(35,425)
Issuance of class A shares in connection with the initial public offering	—	—	—	152,281
Issuance of the 2016 notes	—	149,658	149,658	255,102
Distribution of dividends to our shareholders	(12,509)	(12,509)	(50,036)	(56,627)
Other financing activities	1,259	(4,209)	(4,497)	(12,850)
Net cash provided by financing activities	**39,376**	**131,533**	**90,646**	**35,673**

Net cash provided by financing activities was U.S.$39.4 million for the six months ended June 30, 2013, compared to U.S.$131.5 million provided in the same period for 2012. The U.S.$92.2 million decrease in the amount of cash provided by financing activities was primarily attributable to the issuance of the 2016 notes in 2012 for U.S.$149.7 million, partially offset by higher proceeds from net short-term borrowings for U.S.$47.7 million and lower payments of derivative instruments for U.S.$4.3 million in the six months ended June 30, 2013 when compared to the same period in 2012.

Net cash provided by financing activities was U.S.$90.6 million in 2012, compared to U.S.$35.7 million provided in 2011. The U.S.$55.0 million increase in the amount of cash provided by financing activities was primarily attributable to the partial redemption of the 2019 notes for U.S.$152.0 million in 2011, lower net payments of derivative instruments for U.S.$114.6 million, the split-off of the Axionlog business for U.S.$35.4 million in 2011, lower dividend payments for U.S.$6.6 million and lower settlements of short-term debt for U.S.$10.7 million, partially offset by the issuance of class A shares in connection with the initial public offering, with net proceeds amounting to U.S.$152.3 million, in 2011, a decrease in the issuance of 2016 notes of U.S.$105.4 million and a decrease in the collection of collateral deposits of U.S.$15.0 million.

Revolving Credit Facility

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 U.S.$50 million with a maturity date one year from the date of closing thereof. On August 3, 2012, Arcos Dorados B.V. renewed the revolving credit facility for an additional one-year period. On August 2, 2013, Arcos Dorados B.V. amended the revolving credit facility to increase the amount available to U.S.$75 million and to extend the maturity date to August 3, 2015. 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 a rate per annum equal to LIBOR plus 2.50%. 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) permit the consolidated net indebtedness to EBITDA ratio to be greater than 2.50 to 1 on the last day of any fiscal quarter of the borrower; and (vii) engage in transactions that violate certain anti-terrorism laws.

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.

At June 30, 2013, we had borrowed U.S.$17 million under the revolving credit facility. All amounts due under the revolving credit facility, including U.S.$23 million borrowed after period-end, were settled in July 2013 with the proceeds from a short-term loan entered into with Banco Itau BBA S.A. for U.S.$40 million. See Note 14 to our unaudited condensed consolidated financial statements incorporated by reference herein for details about changes in our borrowings after period-end.

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. 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 semi-annually in arrears on January 13 and July 13 of each year. 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 proceeds from

the issuances of the 2016 notes were used to satisfy our capital expenditure program and for general corporate purposes.

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 secured 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.

We may issue additional 2016 notes from time to time pursuant to the indenture governing the 2016 notes.

2019 Notes

In October 2009, our subsidiary, Arcos Dorados B.V., issued senior notes for an aggregate principal amount of U.S.$450 million under an indenture dated October 1, 2009, which we refer to as the 2019 notes. The 2019 notes mature on October 1, 2019 and bear interest of 7.5% per year. Interest is paid semiannually on April 1 and October 1.

The 2019 notes are 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 U.S.$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 U.S.$308.6 million of the aggregate principal amount of the 2019 notes remained outstanding. As a result of the redemption, we incurred a one-time loss of U.S.$13.9 million in July 2011, including U.S.$2.3 million related to the accelerated amortization of deferred financing costs and U.S.$11.6 million related to the redemption of the 2019 notes at a redemption price above the book value of the 2019 notes.

The 2019 notes are fully and unconditionally guaranteed on a senior unsecured basis by the majority of our subsidiaries. The 2019 notes rank equally with all of our unsecured and unsubordinated indebtedness and are effectively junior to all of our secured indebtedness. The indenture governing the 2019 notes imposes certain restrictions on us and our subsidiaries, including some restrictions on our ability to: (i) incur additional indebtedness; (ii) pay dividends or redeem, repurchase or retire our capital stock; (iii) make investments; (iv) create liens; (v) create limitations on the ability of our subsidiaries to pay dividends, make loans or transfer property to the us; (vi) engage in transactions with affiliates; (vii) sell assets including the capital stock of the subsidiaries; and (viii) consolidate, merge or transfer assets. These covenants are subject to a number of important limitations and exceptions. The indenture governing the 2019 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 then outstanding 2019 notes to be due and payable immediately.

The 2019 notes are listed on the Luxembourg Stock Exchange and trade on the Euro MTF Market.

We may issue additional notes from time to time pursuant to the indenture governing the 2019 notes.

In connection with this offering, Arcos Dorados B.V. commenced a tender offer and exchange offer and consent solicitation to purchase for cash any and all of its properly tendered (and not validly withdrawn) outstanding 2019 notes and to exchange for the notes offered hereby any and all of its properly tendered (and not validly withdrawn) 2019 notes. See "Summary—Concurrent Transactions."

Contractual Obligation and Commitments

The following table presents information relating to our contractual obligations as of December 31, 2012.

	Payment Due by Period						
Contractual Obligations	Total	2013	2014	2015	2016	2017	Thereafter
	(in thousands of U.S. dollars)						
Capital lease obligations(1)	$ 13,760	$ 1,837	$ 1,811	$ 1,463	$ 1,299	$ 745	$ 6,605
Operating lease obligations	1,008,372	140,480	131,971	122,294	111,660	101,157	400,810
Contractual purchase obligations	172,747	64,207	43,563	23,750	21,863	19,364	—
2016 notes(1)	463,907	33,724	33,724	33,724	362,735	—	—
2019 notes(1)	470,615	23,145	23,145	23,145	23,145	23,145	354,890
Other long-term borrowings(1)	4,827	845	2,209	1,773	—	—	—
Derivative instruments	7,618	2,221	(1,522)	(1,326)	8,245	—	—
Total	**2,141,846**	**266,459**	**234,901**	**204,823**	**528,947**	**144,411**	**762,305**

(1) Includes interest payments.

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.

Research and Development, Patents and Licenses

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 bone-in-chicken, Pão de Queijo (in Brazil), McBurrito a la Mexicana (in Mexico) and dessert items, to better tailor our product offerings to local tastes and to provide our customers with additional food options.

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*: Our sales have benefited, and we expect to continue to benefit, from our Territories' population size, younger age profile when compared to more developed markets and improving socio-economic conditions. 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.

- *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 allowed us to create traffic into our restaurants.

- *Increased competition in some markets*: The popularity of the QSR concept in markets such as Puerto Rico and Mexico has attracted new competitors. Even though we have been able to maintain or even increase 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.

- *Inflationary environment*: Over the last few years, we have been able through our revenue management strategy to 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 food and paper costs, occupancy and other operating expenses, general administrative expenses and labor costs.

- *Increased general and administrative costs to support future growth*: Our business has been growing at a very rapid pace, and we experienced increasing general and administrative expenses in order to support and prepare for our future growth (both operationally and as a public company). However, in 2012 and during the six-month period ended June 30, 2013, general and administrative expenses decreased as a percentage of total revenues and we expect this trend to continue in the near future.

- *Increased volatility of foreign exchange rates*: Our results of operations have been impacted by increased volatility in foreign exchange rates in many of the Territories. 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. See Note 13 to our unaudited condensed consolidated financial statements for details about the devaluation in Venezuela, which occurred in February 2013, and its impact on our results.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

DESCRIPTION OF NOTES

We have issued the notes under an indenture (the "Indenture") entered into between us, the Subsidiary Guarantors, Citibank, N.A., as trustee, registrar, paying agent and transfer agent (the "Trustee") and Banque Internationale à Luxembourg, société anonyme, as Luxembourg paying agent. We summarize below certain provisions of the Indenture, but do not restate the Indenture in its entirety. We urge you to read the Indenture because it, and not this description, defines your rights. You may obtain a copy of the Indenture in the manner described under "Available Information" in this offering memorandum, and, for so long as the notes are admitted to listing on the Luxembourg Stock Exchange for trading on the Euro MTF Market, at the office of the paying agent in Luxembourg.

You can find the definition of capitalized terms used in this section of this offering memorandum under "—Certain Definitions." In this section, when we refer to:

- the "Company," we mean Arcos Dorados Holdings Inc. (parent company only) and not its Subsidiaries; and
- the "Notes" in this section, we mean the notes offered pursuant to this offering memorandum and, unless the context otherwise requires, any Additional Notes, as described below in "—General."

General

The Notes will:

- be senior unsecured obligations of the Company;
- rank equal in right of payment with all other existing and future senior unsecured indebtedness of the Company;
- rank senior in right of payment to all existing and future subordinated indebtedness of the Company, if any;
- be effectively subordinated to all existing and future secured indebtedness of the Company to the extent of the value of the assets securing such indebtedness;
- be effectively subordinated to obligations of the Company preferred by statute or by operation of law;
- be guaranteed by each Subsidiary Guarantor with such guarantee ranking equal in right of payment with all other existing and future senior unsecured indebtedness of such Subsidiary Guarantor; and
- be effectively subordinated to all existing and future indebtedness of any Subsidiary that does not provide a Subsidiary Guarantee.

As of June 30, 2013, we had consolidated total liabilities of U.S.$1,298.9 million, including consolidated total indebtedness of U.S.$692.5 million, and we were the account party under letters of credit issued for the benefit of McDonald's Latin America that had an undrawn amount as of such date of U.S.$80.0 million. Our non-guarantor subsidiaries, taken together, had U.S.$20.4 million of our consolidated total liabilities and U.S.$13.4 million of our consolidated total indebtedness. As of June 30, 2013, we had no secured debt outstanding. As of the same date, after giving effect to this offering, the tender offer to purchase for cash any and all of the properly tendered (and not validly withdrawn) outstanding 7.50% senior notes due 2019 of Arcos Dorados B.V. (the "2019 Exiting Notes"), the exchange for the Notes offered hereby of any and all of Arcos Dorados B.V.'s properly tendered (and not validly withdrawn) 2019 Existing Notes tendered through 5:00 p.m., New York City time, on September 23, 2013 and the application of the net proceeds from this offering as described under "Use of Proceeds" in this offering memorandum, we would have had consolidated total indebtedness of U.S.$920.7 million.

The Company initially issued U.S.$375.0 million aggregate principal amount of Notes but may issue an unlimited principal amount of securities under the Indenture and may, without your consent, issue additional Notes ("Additional Notes") in one or more transactions, which have substantially identical terms (other than issue price, issue date and date from which the interest will accrue) as Notes issued on the Issue Date. Any Additional Notes

will be consolidated and form a single class with the Notes issued on the Issue Date, so that, among other things, Holders of any Additional Notes will have the right to vote together with Holders of Notes issued on the Issue Date as one class. Unless such Additional Notes are fungible with the Notes for U.S. federal income tax purposes, such Additional Notes shall be issued with a separate CUSIP number.

We also issued Additional Notes in an aggregate principal amount of U.S.$98,767,000 in connection with our offer to exchange such Additional Notes for any and all of the properly tendered (and not validly withdrawn) outstanding 7.50% Senior Notes due 2019 of Arcos Dorados B.V., such Additional Notes, together with the Notes offered hereby, having an aggregate amount of U.S.$473,767,000. Such Additional Notes constitute a single series with, are assigned the same CUSIP and ISIN numbers, and have the same terms and conditions as, the Notes offered hereby and are fungible for U.S. federal income tax purposes with the Notes offered hereby.

The Notes have been issued in the form of one or more Global Notes without coupons, registered in the name of a nominee of DTC, as depositary. The Notes have been issued in minimum denominations of U.S.$100,000 and integral multiples of U.S.$1,000 in excess thereof. See "Book-Entry, Delivery and Form" in this offering memorandum.

Principal, Maturity and Interest

The Notes will mature on September 27, 2023 unless earlier redeemed in accordance with the terms of the Notes. See "—Optional Redemption" and "—Mandatory Redemption" below.

The Notes will not be entitled to the benefit of any mandatory sinking fund.

Interest on the Notes will accrue at the rate of 6.625% per year and will be payable semi-annually in arrears on March 27 and September 27 of each year, commencing on March 27, 2014. Payments will be made to the persons who are registered Holders at the close of business on the March 15 and September 15, as the case may be, immediately preceding the applicable interest payment date (whether or not a Business Day).

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

Initially, the Trustee will act as registrar, transfer agent and paying agent for the Notes. The Company may change the registrar, transfer agent and paying agent, without notice to Holders. If a Holder of a non-Global Note in an aggregate principal amount of at least U.S.$1,000,000 has given wire transfer instructions to the Company and the Trustee, the Trustee, as paying agent, will remit all principal, premium, if any, and interest payments in respect of those Notes received from the Company in accordance with those instructions. All other payments on the non Global Notes will be made at the office or agency of the paying agent in New York City unless the Company elects to make interest payments by check mailed to the registered Holders at their registered addresses. Payments on Global Notes shall be made to DTC in accordance with its applicable procedures.

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

If any scheduled interest or principal payment date or any date for early redemption of the Notes is not a Business Day, the payment will be made on the next Business Day. No interest on the Notes will accrue as a result of this delay in payment.

Subsidiary Guarantees

The obligations of the Company pursuant to the Notes will be fully and unconditionally guaranteed (a "Subsidiary Guarantee"), jointly and severally, on an unsecured basis, by (i) each Subsidiary existing on the Issue Date incorporated or formed under the laws of Argentina (excluding Adcom S.A., Compañía de Inversiones Inmobiliaria S.A., Arcos Santafesinos, S.A. and Arcos Mendocinos, S.A.), Brazil, Mexico (excluding Centro Especializado de Negocios Internacionales, S. de R.L. de C.V.), Puerto Rico or Venezuela (excluding Gerencia

Operativa ARC, C.A., Alimentos Arcos Dorados Margarita, C.A., Alimentos Arcos Dorados Punto Fijo, C.A. and Alimentos Latinoamericanos Venezuela ALV, C.A.) (ii) Golden Arch Development Corporation, a Delaware corporation authorized to conduct business in Puerto Rico, (iii) Arcos Dorados B.V., a Dutch private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) and (iv) each other Subsidiary incorporated, formed or acquired under the laws of Argentina, Brazil, Mexico, Puerto Rico or Venezuela after the Issue Date other than the Unlevered Subsidiaries or the Excluded Subsidiaries (clauses (i), (ii), (iii) and (iv), collectively being referred to as the "Subsidiary Guarantors"). The Subsidiary Guarantors and the Issuer represented in the aggregate 80.8% of our consolidated total revenues in the six months ended June 30, 2013, 77.0% of our consolidated total assets as of June 30, 2013 and 80.7% of our total Company-operated and franchised restaurants as of June 30, 2013.

Each Subsidiary Guarantee will be limited to the maximum amount that would not render the Subsidiary Guarantor's obligations subject to avoidance under applicable fraudulent conveyance provisions of applicable law. By virtue of this limitation, a Subsidiary Guarantor's obligation under its Subsidiary Guarantee could be significantly less than amounts payable with respect to the Notes, or a Subsidiary Guarantor may have effectively no obligation under its Subsidiary Guarantee. See "Risk Factors—Risks Related to the Notes and the Guarantors—Fraudulent conveyance laws may void the notes and/or the Subsidiary Guarantees or subordinate the notes and/or the Subsidiary Guarantees."

We cannot assure you that this limitation will protect the Subsidiary Guarantees from fraudulent transfer challenges or, if it does, that the remaining amount due and collectible under the Subsidiary Guarantees would suffice, if necessary, to pay the Notes in full when due.

The Subsidiary Guarantee of a Subsidiary Guarantor will terminate upon:

- a sale or other disposition (including by way of consolidation or merger) of the Subsidiary Guarantor or the sale or disposition of all or substantially all the assets of the Subsidiary Guarantor (other than to the Company or another Subsidiary Guarantor) otherwise permitted by the Indenture; or

- defeasance or discharge of the Notes, as provided in "—Legal Defeasance and Covenant Defeasance" and "—Satisfaction and Discharge."

The Company is permitted under the terms of the Indenture to incorporate, form or acquire new Subsidiaries under the laws of Argentina, Brazil, Mexico, Puerto Rico or Venezuela that will not be required to guarantee the Notes to the extent they are (i) not permitted to do so because of local laws or the existence of minority shareholders ("Excluded Subsidiaries") or (ii) Unlevered Subsidiaries; *provided* that in the case of a new Excluded Subsidiary, the Company provides the Trustee with an Officers' Certificate certifying that such subsidiary is prevented by local law or the existence of minority shareholders from guaranteeing the Notes.

Additional Amounts

We are not currently required by British Virgin Islands law to deduct any British Virgin Island withholding taxes from payments of interest to investors. However, if we become obligated to do so (or if a Subsidiary Guarantor is obligated to deduct any withholding taxes from payments made under a Subsidiary Guarantee) we will (or, with respect to a Subsidiary Guarantee, a Subsidiary Guarantor will) pay additional amounts on those payments and certain other payments to the extent described below ("Additional Amounts").

The Company, and each Subsidiary Guarantor, will, subject to the exceptions set forth below, pay to Holders of the Notes such Additional Amounts as may be necessary so that every net payment of interest, premium upon redemption of the Notes or principal to the Holders will not be less than the amount provided for in the Notes. By net payment, we mean the amount that we (or a Subsidiary Guarantor) or our paying agent pay any Holder after deducting or withholding an amount for or on account of any present or future taxes, duties, assessments or other governmental charges imposed with respect to that payment by the British Virgin Islands or any jurisdiction where the Company or any Subsidiary Guarantor is incorporated, resident or doing business for tax purposes or from or through which any payment in respect of the Notes is made by the paying agent or the Company, or any political subdivision thereof (a "Relevant Jurisdiction"), or by any taxing authority of a Relevant Jurisdiction.

Our obligation to pay Additional Amounts is subject to several important exceptions. The Company, and each Subsidiary Guarantor, will not be required to pay Additional Amounts to any Holder for or on account of any of the following:

- any present or future taxes, duties, assessments or other governmental charges that would not have been imposed but for any present or former connection between the Holder (or a fiduciary, settlor, beneficiary, member or shareholder of the Holder) and the Relevant Jurisdiction (other than the mere receipt of a payment or the ownership or holding of a Note);
- any estate, inheritance, capital gains, excise, personal property tax, sales, transfer, gift or similar tax, assessment or other governmental charge imposed with respect to the Notes;
- any taxes, duties, assessments or other governmental charges that would not have been imposed but for the failure of the Holder or any other Person to comply with any certification, identification or other reporting requirement concerning the nationality, residence, identity or connection with the Relevant Jurisdiction, for tax purposes, of the Holder or any beneficial owner of the Note if compliance is required by law, regulation or by an applicable income tax treaty to which the Relevant Jurisdiction is a party, as a precondition to exemption from, or reduction in the rate of, the tax, assessment or other governmental charge (including withholding taxes payable on interest payments under the Notes) and we have given the Holders at least 30 days' notice that Holders will be required to provide such certification, identification or information;
- any tax, duty, assessment or other governmental charge payable otherwise than by deduction or withholding from payments on or in respect of the Notes;
- any present or future taxes, duties, assessments or other governmental charges with respect to a Note presented for payment, where presentation is required, more than 30 days after the date on which the payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later, except to the extent that the Holder of such Note would have been entitled to such Additional Amounts on presenting such Note for payment on any date during such 30-day period;
- any withholding or deduction that is required to be made pursuant to EC Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such Directive;
- any tax, assessment or other governmental charge required to be withheld by any paying agent from any payment of the principal of, or premium or interest on any Note, if such tax, assessment or other governmental charge results from the presentation of any Note for payment and the payment can be made without such withholding or deduction by the presentation of the Note for payment by at least one other available paying agent of the Company;
- any payment on the Note to a Holder that is a fiduciary, a partnership, a limited liability company or a person other than the sole beneficial owner of any such payment, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership, an interestholder in such a limited liability company or the beneficial owner of the payment would not have been entitled to the Additional Amounts had the beneficiary, settlor, member or beneficial owner been the Holder of the Note; or
- in the case of any combination of the items listed above.

Upon request, the Company will provide the Trustee with documentation reasonably satisfactory to the Trustee evidencing the payment of taxes in respect of which we have paid any Additional Amount.

Any reference in this offering memorandum, the Indenture or the Notes to principal, premium, interest or any other amount payable in respect of the Notes by us will be deemed also to refer to any Additional Amount that may be payable with respect to that amount under the obligations referred to in this section.

In the event of any merger or other transaction described and permitted under "—Covenants—Limitation on Merger, Consolidation and Sale of Assets," all references to the British Virgin Islands, the laws or regulations of the British Virgin Islands, and the political subdivisions or taxing authorities of the British Virgin Islands under this "Additional Amounts" section and under "—Optional Redemption—Optional Redemption Upon Tax Event" will be deemed to also include the jurisdiction of incorporation or tax residence of the Surviving Entity, if different from the British Virgin Islands, and any political subdivision therein or thereof, law or regulations, and any taxing authority of such other jurisdiction or any political subdivision therein or thereof, respectively.

Optional Redemption

Optional Redemption with a Make-Whole Premium

The Company may redeem the Notes on one or more occasions, in whole or in part, at any time, at its option, at a redemption price equal to the greater of (1) 100% of the outstanding principal amount of the Notes to be redeemed, and (2) the sum of the present values of the remaining scheduled payments of principal and interest on the Notes to be redeemed (exclusive of interest accrued to the date of redemption) discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Rate plus 50 basis points, in each case plus accrued and unpaid interest to the date of redemption.

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

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

"*Independent Investment Banker*" means one of the Reference Treasury Dealers appointed by the Company.

"*Reference Treasury Dealer*" means Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc. and J.P. Morgan Securities LLC or their respective affiliates which are primary United States government securities dealers and not less than one other leading primary United States government securities dealer in New York City reasonably designated by the Company; *provided* that if any of the foregoing cease to be a primary United States government securities dealer in New York City (a "Primary Treasury Dealer"), the Company will substitute therefor another Primary Treasury Dealer.

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

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

Optional Redemption Upon Tax Event

If the Company determines that, as a result of any amendment to, expiration of, or change in, the laws (or any rules or regulations thereunder) of a Relevant Jurisdiction, any taxing authority thereof or therein affecting taxation, or any amendment to or change in an official interpretation or application of such laws, rules or regulations, which amendment to, expiration of, or change of such laws, rules or regulations becomes effective or, in the case of a change in official interpretation or application, is announced or otherwise made available on or after the date of this

offering memorandum (or on or after the date a Surviving Entity assumes the obligations under the Notes, in the case of a Surviving Entity with a different Relevant Jurisdiction than the Company), the Company (or a Subsidiary Guarantor) would be obligated, to pay any Additional Amounts (see "—Additional Amounts" and "Taxation—Certain British Virgin Islands Tax Considerations"), *provided* that the Company, in its business judgment, determines that such obligation cannot be avoided by the Company taking reasonable measures available to it (including, without limitation, taking reasonable measures to change the paying agent), then, at our option, all, but not less than all, of the Notes may be redeemed at any time at a redemption price equal to 100% of the outstanding principal amount, plus any accrued and unpaid interest to the redemption date due thereon up to but not including the date of redemption; *provided* that (1) no notice of redemption for tax reasons may be given earlier than 90 days prior to the earliest date on which the Company (or a Subsidiary Guarantor) would be obligated to pay these Additional Amounts if a payment on the Notes were then due, and (2) at the time such notice of redemption is given such obligation to pay such Additional Amounts remains in effect.

Prior to the giving of any notice of redemption pursuant to this provision, the Company will deliver to the Trustee:

- an Officers' Certificate stating that we are entitled to effect the redemption and setting forth a statement of facts showing that the conditions precedent to our right to redeem have occurred; and
- an Opinion of Counsel from legal counsel in a Relevant Jurisdiction (which may be our counsel) of recognized standing to the effect that we have or will become obligated to pay such Additional Amounts as a result of such change or amendment.

Notice of the redemption, once delivered by us to the Trustee, will be irrevocable.

Optional Redemption Procedures

Notice of any redemption will be given at least 30 but not more than 60 days before the redemption date to Holders of Notes to be redeemed in accordance with the provisions described in "—Notices" below.

Notes called for redemption will become due on the date fixed for redemption. The Company will pay the redemption price for the Notes together with accrued and unpaid interest thereon to but not including the date of redemption. On and after the redemption date, interest will cease to accrue on the Notes as long as the Company has deposited with the paying agent funds in satisfaction of the applicable redemption price together with accrued and unpaid interest thereon pursuant to the Indenture. Upon redemption of the Notes by the Company, the redeemed Notes will be cancelled and cannot be reissued.

If fewer than all of the Notes are being redeemed, the Notes to be redeemed shall be selected as follows: (1) if the Notes are listed on an exchange, in compliance with the requirements of such exchange, (2) if the Notes are not so listed but are in global form, then by lot or otherwise in accordance with the procedures of DTC or the applicable depositary or (3) if the Notes are not so listed and are not in global form, on a pro rata basis to the extent practicable, or, if the pro rata basis is not practicable for any reason, by lot or by such other method as the Trustee in its sole discretion shall deem fair and appropriate; *provided* that the remaining principal amount of such Holder's Note will not be less than U.S.$100,000. Upon surrender of any Note redeemed in part, the holder will receive a new Note equal in principal amount to the unredeemed portion of the surrendered Note. Once notice of redemption is sent to the Holders, Notes called for redemption become due and payable at the redemption price on the redemption date, and, commencing on the redemption date, Notes redeemed will cease to accrue interest (unless the Company defaults in the payment of the redemption price).

Mandatory Redemption

Mandatory Redemption upon Exercise of Call Option

No later than 5 Business Days following the date upon which the Call Option Redemption Event occurs, the Company will provide the Trustee with a notice to redeem all of the Notes at a purchase price in U.S. dollars equal to 101% of the principal amount thereof, plus any accrued and unpaid interest thereon through the date of redemption (the "Call Option Exercise Payment"). For the avoidance of doubt, a Call Option Redemption Event

will only occur in connection with the exercise by McDonald's of the McDonald's Call Option under the Master Franchise Agreements with respect to the Master Franchisee or the Brazilian Master Franchisee. An exercise by McDonald's of the McDonald's Call Option with respect to any other Subsidiary of the Company shall not be treated as a Call Option Redemption Event.

Notes subject to mandatory redemption following a Call Option Redemption Event will become due on the earlier of the date fixed for redemption or the 30th day following the Call Option Redemption Event. On and after the redemption date, interest will cease to accrue on the Notes as long as the Company has deposited with the paying agent funds in an amount equal to the Call Option Exercise Payment. Upon redemption of the Notes by the Company, the redeemed Notes will be cancelled. For so long as the Notes are listed on the Luxembourg Stock Exchange for trading on the Euro MTF Market and the rules of the exchange so require, the Company will cause notices of redemption to also be published as described in "—Notices" below.

Change of Control

Upon the occurrence of a Change of Control Repurchase Event, each Holder will have the right to require that the Company purchase all or a portion (in integral multiples of U.S.$1,000; *provided* that the remaining principal amount of such Holder's Note will not be less than U.S.$100,000) of the Holder's Notes at a purchase price equal to 101% of the principal amount thereof, plus any accrued and unpaid interest thereon through the purchase date (the "Change of Control Payment").

Within 30 days following the date upon which the Change of Control Repurchase Event occurs, the Company must send a notice to each Holder, with a copy to the Trustee, offering to purchase the Notes as described above (a "Change of Control Offer") as described in "—Notices" below. The Change of Control Offer will state, among other things, the purchase date, which must be at least 30 but not more than 60 days from the date the notice is given, other than as may be required by law (the "Change of Control Payment Date").

On the Business Day immediately preceding the Change of Control Payment Date, the Company will, to the extent lawful, deposit with the paying agent funds in an amount equal to the Change of Control Payment, in respect of all Notes or portions thereof so tendered.

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

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

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

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

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

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

If a Change of Control Repurchase Event occurs, the Company may not have available funds sufficient to make the Change of Control Payment for all the Notes that might be delivered by Holders seeking to accept the Change of Control Offer. In the event the Company is required to purchase outstanding Notes pursuant to a Change of Control Offer, the Company expects that it would seek third-party financing to the extent it does not have available funds to meet its purchase obligations and any other obligations it may have. However, we cannot assure you that the Company would be able to obtain necessary financing, and the terms of the Indenture may restrict the ability of the Company to obtain such financing.

Holders will not be entitled to require the Company to purchase their Notes in the event of a takeover, recapitalization, leveraged buyout or similar transaction which is not a Change of Control.

The Company will not be required to make a Change of Control Offer upon a Change of Control if: (a) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer or (b) prior to the date the Change of Control Offer is required to be made, the Company has given notice of redemption in respect of all of the outstanding Notes in accordance with the Indenture.

One of the events that constitutes a Change of Control under the Indenture is the disposition of "all or substantially all" of the Company's assets under certain circumstances. This term varies based upon the facts and circumstances of the subject transaction and has not been interpreted under New York State law (which is the governing law of the Indenture) to represent a specific quantitative test. As a consequence, in certain circumstances there may be uncertainty in ascertaining whether a particular transaction involved a disposition of "all or substantially all" of the assets of a Person. In the event that Holders elect to require the Company to purchase the Notes and the Company contests such election, there can be no assurance as to how a court interpreting New York State law would interpret that phrase under certain circumstances.

Covenants

Limitation on Liens

The Company will not, and will not cause or permit any of its Subsidiaries to, directly or indirectly, Incur any Liens of any kind (except for Permitted Liens) against or upon any of their respective properties or assets, whether owned on the Issue Date or acquired after the Issue Date, or any proceeds therefrom, to secure any Indebtedness, unless contemporaneously therewith effective provision is made to secure the Notes, the Subsidiary Guarantees and all other amounts due under the Indenture equally and ratably with such Indebtedness (or, in the event that such Indebtedness is subordinated in right of payment to the Notes or the Subsidiary Guarantees prior to such Indebtedness) with a Lien on the same properties and assets securing such Indebtedness for so long as such Indebtedness is secured by such Lien.

Limitations on Sale and Lease-Back Transactions

The Company will not, and will not permit any of its Subsidiaries to, enter into any Sale and Lease-Back Transaction with respect to any property of such Person, unless either:

(a) the Company or that Subsidiary would be entitled pursuant to the provisions of the Indenture described above under "—Limitation on Liens" (including any exception to the restrictions set forth therein) to issue, assume or guarantee Indebtedness secured by a Lien on any such property at least equal in amount to the Attributable Debt with respect to such Sale and Lease-Back Transaction, without equally and ratably securing the Notes, or

(b) the Company or that Subsidiary shall apply or cause to be applied, in the case of a sale or transfer for cash, an amount equal to the net proceeds thereof and, in the case of a sale or transfer otherwise than for cash, an amount equal to the fair market value of the property so leased, to (1) the retirement, within 12 months after the effective date of the Sale and Lease-Back Transaction, of any of the Company's Indebtedness ranking at least pari passu with the Notes or Indebtedness of any Subsidiary, in each case owing to a Person other

than the Company or any of its Subsidiaries or (2) to the acquisition, purchase, construction or improvement of real property or personal property used or to be used by the Company or any of its Subsidiaries in the ordinary course of business.

These restrictions will not apply to:

(1) transactions providing for a lease term, including any renewal, of not more than three years; and

(2) transactions between the Company and any of its Subsidiaries or between the Company's Subsidiaries.

Limitation on Merger, Consolidation and Sale of Assets

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

(a) either:

(1) the Company is the surviving or continuing Person; or

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

(A) is a corporation organized and validly existing under the laws of the British Virgin Islands or the United States of America, any State thereof or the District of Columbia; and

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

(b) immediately before and immediately after giving effect to such transaction, no Default or Event of Default has occurred or is continuing;

(c) if the surviving or continuing Person is not the Company, each Subsidiary Guarantor has confirmed by supplemental indenture that its Subsidiary Guarantee will apply to the obligations of the Surviving Entity in respect of the Indenture and the Notes; and

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

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

The provisions of clause (b) above will not apply to any merger or consolidation of the Company into an Affiliate of the Company incorporated solely for the purpose of reincorporating the Company in another jurisdiction so long as the Indebtedness of the Company and its Subsidiaries taken as a whole is not increased thereby.

The foregoing shall not apply to (i) any transfer of assets between the Company and any Subsidiary and (ii) any transfer of assets among or between Subsidiaries.

Upon any consolidation, combination or merger or any transfer of all or substantially all of the properties and assets of the Company and its Subsidiaries in accordance with this covenant, in which the Company is not the continuing Person, the Surviving Entity formed by such consolidation or into which the Company is merged or to which such conveyance, lease or transfer is made will succeed to, and be substituted for, and may exercise every right and power of, the Company under the Indenture and the Notes with the same effect as if such Surviving Entity had been named as such and the Company shall be relieved of its obligations under the Indenture and the Notes. For the avoidance of doubt, compliance with this covenant will not affect the obligations of the Company (including a Surviving Entity, if applicable) under "—Change of Control," if applicable.

No Subsidiary Guarantor may consolidate with or merge with or into any Person, or sell, convey, transfer or dispose of, all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions, to any Person, or permit any Person to merge with or into the Subsidiary Guarantor unless:

(a) the other Person is the Company or any Subsidiary that is a Subsidiary Guarantor or becomes a Subsidiary Guarantor concurrently with the transaction; or

(b) (1) either (x) the Subsidiary Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes by supplemental indenture all of the obligations of the Subsidiary Guarantor under its Subsidiary Guarantee; and (2) immediately after giving effect to the transaction, no Default has occurred and is continuing; or

(c) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of the Subsidiary Guarantor or the sale or disposition of all or substantially all the assets of the Subsidiary Guarantor (in each case other than to the Company or a Subsidiary) otherwise permitted by the Indenture.

Reports to Holders

If at any point the Company is no longer subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, so long as any Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Company will furnish to the Holders of the Notes and to prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

If at any point the Company is no longer subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, the Company will furnish or cause to be furnished to the Trustee in English (for distribution only to the Holders of Notes):

- within 90 days after the end of the first, second and third quarters of the Company's fiscal year (commencing with the quarter ending immediately following the Company no longer being subject to such reporting requirements), quarterly unaudited financial statements (consolidated) prepared in accordance with GAAP of the Company for such period; and
- within 120 days after the end of the fiscal year of the Company (commencing with the first fiscal year ending immediately following the Company no longer being subject to such reporting requirements), annual audited financial statements (consolidated) prepared in accordance with GAAP of the Company for such fiscal year and a report on such annual financial statements by the Auditors.

Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such reports shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's or any other Person's compliance with

any of its covenants under the Indenture or the Notes (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

The Trustee shall not be obligated to monitor or confirm, on a continuing basis or otherwise, the Company's or any other Person's compliance with the covenants described above or with respect to any reports or other documents filed under the Indenture; provided, however, that nothing herein shall relieve the Trustee of any obligations to monitor the Company's timely delivery of all reports and certificates described in this section "—Reports to Holders."

Notices

Notices to Holders of non-Global Notes will be mailed to them at their registered addresses by the Company or, at the Company's request, by the Trustee. Notices to Holders of Global Notes will be given to DTC in accordance with its applicable procedures.

In addition, from and after the date the Notes are listed on the Luxembourg Stock Exchange for trading on the Euro MTF Market and so long as it is required by the rules of such exchange, all notices to Holders of Notes will be published in English:

(1) in a leading newspaper having a general circulation in Luxembourg (which currently is expected to be the *Luxemburger Wort*); or

(2) on the website of the Luxembourg Stock Exchange at www.bourse.lu/notices.

Notices will be deemed to have been given on the date of delivery to DTC or mailing, as applicable, or of publication as aforesaid or, if published on different dates, on the date of the first such publication.

Events of Default

The following are "Events of Default" under the Indenture:

(1) default in the payment when due of the principal of or premium, if any, on (including, in each case, any related Additional Amounts) any Notes, including the failure to make a required payment to purchase Notes tendered pursuant to an optional redemption, mandatory redemption or a Change of Control Offer;

(2) default for 30 days or more in the payment when due of interest (including any related Additional Amounts) on any Notes;

(3) the failure by the Company or any Subsidiary to comply with any other covenant or agreement contained in the Indenture or the Notes for 60 days or more after written notice to the Company thereof from the Trustee or the Holders of at least 25% in aggregate principal amount of the outstanding Notes;

(4) default by the Company or any Significant Subsidiary under any indebtedness for borrowed money which:

(a) is caused by a failure to pay principal of or premium, if any, or interest on such indebtedness for borrowed money prior to the expiration of any applicable grace period provided in such indebtedness for borrowed money on the date of such default; or

(b) results in the acceleration of such indebtedness for borrowed money prior to its Stated Maturity;

and the principal or accreted amount of indebtedness for borrowed money covered by clause (a) or (b) at the relevant time, (i) in the case of any or all Venezuelan Subsidiaries aggregates U.S.$50.0 million (or the equivalent in other currencies) or (ii) in the case of the Company and all other Significant Subsidiaries (other than any and all Venezuelan Subsidiaries) aggregates U.S.$40.0 million (or the equivalent in other currencies) or more;

(5) failure by the Company or any of its Significant Subsidiaries to pay one or more final judgments against any of them, (i) in the case of any and all Venezuelan Subsidiaries aggregating U.S.$50.0 million (or the equivalent in other currencies) or (ii) in the case of the Company and all other Significant Subsidiaries (other than any and all

Venezuelan Subsidiaries) aggregating U.S.$40.0 million (or the equivalent in other currencies) or more, which are not paid, discharged or stayed for a period of 60 days or more (to the extent not covered by a reputable and creditworthy insurance company);

(6) either Master Franchise Agreement shall, for any reason, be terminated; provided that no Call Option Redemption Event shall have occurred;

(7) certain events of bankruptcy affecting the Company or any of its Subsidiaries or group of Subsidiaries that, taken together, would constitute a Significant Subsidiary; or

(8) except as permitted by the Indenture, any Subsidiary Guarantee is held to be unenforceable or invalid in a judicial proceeding or ceases for any reason to be in full force and effect or any Subsidiary Guarantor denies or disaffirms its obligations under its Subsidiary Guarantee; *provided* that the Subsidiary Guarantee of a Subsidiary Guarantor becoming unenforceable or invalid as a result of a change in law shall not constitute an Event of Default under the Indenture.

If an Event of Default (other than an Event of Default specified in clauses (6) or (7) above with respect to the Company) has occurred and is continuing, the Trustee or the Holders of at least 25% in principal amount of outstanding Notes may declare the unpaid principal of and premium, if any, and accrued and unpaid interest on all the Notes to be immediately due and payable by notice in writing to the Company (if given by the Trustee or the Holders) and the Trustee (if given by the Holders) specifying the Event of Default and that it is a "notice of acceleration." If an Event of Default specified in clauses (6) or (7) above occurs with respect to the Company, then the unpaid principal of and premium, if any, and accrued and unpaid interest on all the Notes will become immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

At any time after a declaration of acceleration with respect to the Notes as described in the preceding paragraph, the Holders of a majority in principal amount of the outstanding Notes may rescind and cancel such declaration and its consequences:

(1) if the rescission would not conflict with any judgment or decree;

(2) if all existing Events of Default have been cured or waived, except nonpayment of principal or interest that has become due solely because of the acceleration;

(3) to the extent the payment of such interest is lawful, interest on overdue installments of interest and overdue principal, which has become due otherwise than by such declaration of acceleration, has been paid; and

(4) if the Company has paid the Trustee its compensation and reimbursed the Trustee for its expenses, disbursements and advances outstanding at that time.

No rescission will affect any subsequent Default or impair any rights relating thereto.

The Holders of a majority in principal amount of the outstanding Notes may waive any existing Default or Event of Default under the Indenture, and its consequences, except a default in the payment of the principal of, premium, if any, or interest on any Notes.

Subject to the provisions of the Indenture relating to the duties of the Trustee, the Trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of any of the Holders, unless such Holders have offered to the Trustee indemnity and/or security reasonably satisfactory to it. Subject to all provisions of the Indenture and applicable law, the Holders of a majority in aggregate principal amount of the then-outstanding Notes have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee.

No Holder of any Notes will have any right to institute any proceeding with respect to the Indenture or for any remedy thereunder, unless:

(1) such Holder gives to the Trustee written notice of a continuing Event of Default;

(2) Holders of at least 25% in principal amount of the then-outstanding Notes make a written request to pursue the remedy;

(3) such Holders of the Notes provide to the Trustee satisfactory indemnity;

(4) the Trustee does not comply within 60 days; and

(5) during such 60-day period the Holders of a majority in principal amount of the outstanding Notes do not give the Trustee a written direction which, in the opinion of the Trustee, is inconsistent with the request;

provided that a Holder of a Note may institute suit for enforcement of payment of the principal of and premium, if any, or interest on such Note on or after the respective due dates expressed in such Note.

The Company is required, upon becoming aware of any Default or Event of Default, to deliver to the Trustee written notice of such Default or Event of Default, the status thereof and what action the Company is taking or proposes to take in respect thereof. In the absence of any such notice of Default or Event of Default from the Company, the Trustee shall not be deemed to have notice or be charged with knowledge of any Default or Event of Default. The Indenture provides that if a Default or Event of Default occurs, is continuing and is actually known to a responsible officer of the Trustee, the Trustee must mail to each Holder notice of the Default or Event of Default within 45 days after the occurrence thereof. Except in the case of a Default or Event of Default in the payment of principal of, premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as a committee of its trust officers in good faith determines that withholding notice is in the interests of the Holders.

Legal Defeasance and Covenant Defeasance

The Company may, at its option and at any time, elect to have its obligations discharged with respect to the outstanding Notes and all obligations of the Subsidiary Guarantors discharged with respect to the Subsidiary Guarantees ("Legal Defeasance"). Legal Defeasance means that the Company will be deemed to have paid and discharged the entire indebtedness represented by the outstanding Notes on the 91st day after the deposit specified in clause (1) of the second following paragraph, except for:

(1) the rights of Holders to receive payments in respect of the principal of, premium, if any, and interest on, the Notes when such payments are due from the trust referred to below;

(2) the Company's obligations with respect to the Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payments;

(3) the rights, powers, trust, duties and immunities of the Trustee and the Company's obligations in connection therewith; and

(4) the Legal Defeasance provisions of the Indenture.

In addition, the Company may, at its option and at any time, elect to have its obligations released with respect to the covenants that are described under "—Covenants" ("Covenant Defeasance") and thereafter any omission to comply with such obligations will not constitute a Default or Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, certain events (other than non-payment and bankruptcy, receivership, reorganization and insolvency events with respect to the Company) described under "—Events of Default" will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders cash in U.S. dollars, certain direct non-callable obligations of, or guaranteed by, the United States, or a combination thereof, in such amounts as will be sufficient without reinvestment, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, premium, if any, and interest (including Additional Amounts) on the Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be;

(2) in the case of Legal Defeasance, the Company has delivered to the Trustee an Opinion of Counsel from a nationally recognized law firm in the U.S. reasonably acceptable to the Trustee and independent of the Company to the effect that:

(a) the Company has received from, or there has been published by, the Internal Revenue Service a ruling; or

(b) since the Issue Date, there has been a change in the applicable U.S. federal income tax law;

in either case to the effect that, and based thereon such Opinion of Counsel shall state that, the Holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Company has delivered to the Trustee an Opinion of Counsel from a nationally recognized law firm in the U.S. reasonably acceptable to the Trustee and independent of the Company to the effect that the Holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default has occurred and is continuing on the date of the deposit pursuant to clause (1) of this paragraph;

(5) the Company has delivered to the Trustee an Officers' Certificate stating that such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, the Indenture or any other material agreement or instrument to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

(6) the Company has delivered to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders over any other creditors of the Company or any Subsidiary of the Company or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Company or others; and

(7) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel from U.S. counsel reasonably acceptable to the Trustee and independent of the Company, each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with; and

(8) the Company has delivered to the Trustee an Opinion of Counsel from U.S. counsel reasonably acceptable to the Trustee and independent of the Company to the effect that the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect (except as to surviving rights or registration of transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when:

(1) either:

(a) all the Notes theretofor authenticated and delivered (except lost, stolen or destroyed Notes which have been replaced or paid and Notes for whose payment money has theretofor been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust) have been delivered to the Trustee for cancellation; or

(b) all Notes not theretofor delivered to the Trustee for cancellation have become due and payable, and the Company has irrevocably deposited or caused to be deposited with the Trustee funds or certain direct, non

callable obligations of, or guaranteed by, the United States sufficient without reinvestment to pay and discharge the entire Indebtedness on the Notes not theretofor delivered to the Trustee for cancellation, for principal of, premium, if any, and interest on the Notes to the date of deposit, together with irrevocable instructions from the Company directing the Trustee to apply such funds to the payment; and

(2) the Company has paid all other sums payable under the Indenture and the Notes by it; and

(3) the Company has delivered to the Trustee an Officers' Certificate stating that all conditions precedent under the Indenture relating to the satisfaction and discharge of the Indenture have been complied with.

Modification of the Indenture

From time to time, the Company, the Subsidiary Guarantors and the Trustee, without the consent of the Holders, may amend, modify or supplement the Indenture and the Notes for the following purposes:

(1) to cure any ambiguity, omission, defect or inconsistency contained therein;

(2) to provide for the assumption by a Surviving Entity of the obligations of the Company or a Subsidiary Guarantor under the Indenture;

(3) add any place of payment where the principal of or interest on the Notes is payable;

(4) to add Subsidiary Guarantees or additional guarantees with respect to the Notes or release a Subsidiary Guarantee in accordance with the terms of the Indenture;

(5) to secure the Notes;

(6) to add to the covenants of the Company for the benefit of the Holders or surrender any right or power conferred upon the Company;

(7) to provide for the issuance of Additional Notes in accordance with the Indenture;

(8) to evidence the replacement of the Trustee as provided for under the Indenture;

(9) if necessary, in connection with any release of any security permitted under the Indenture;

(10) to make any other change that does not adversely affect the rights of any Holder in any material respect;

(11) to provide for uncertificated Notes in addition to or in place of certificated Notes; or

(12) to conform the text of the Indenture, the Subsidiary Guarantees or the Notes to any provision of this "Description of the Notes."

Other modifications to, amendments of, and supplements to, the Indenture or the Notes may be made with the consent of the Holders of a majority in principal amount of the then-outstanding Notes issued under the Indenture, except that, without the consent of each Holder affected thereby, no amendment may:

(1) reduce the percentage of the principal amount of the outstanding Notes whose Holders must consent to an amendment, supplement or waiver;

(2) reduce the rate of or change or have the effect of changing the time for payment of interest on any Notes;

(3) change any place of payment where the principal of or interest on the Notes is payable;

(4) reduce the principal of or change or have the effect of changing the fixed maturity of any Notes, or change the date on which any Notes may be subject to redemption, or reduce the redemption price therefor;

(5) make any Notes payable in money other than that stated in the Notes;

(6) make any change in provisions of the Indenture entitling each Holder to receive payment of principal of, premium, if any, and interest on such Notes on or after the due date thereof or to bring suit to enforce such payment, or permitting Holders of a majority in principal amount of outstanding Notes to waive Defaults or Events of Default;

(7) amend, change or modify in any material respect the obligation of the Company to make and consummate a Change of Control Offer in respect of a Change of Control Repurchase Event that has occurred;

(8) eliminate or modify in any manner a Subsidiary Guarantor's obligations with respect to its Subsidiary Guarantee which adversely affects Holders in any material respect, except as contemplated in the Indenture;

(9) make any change in the provisions of the Indenture described under "—Additional Amounts" that adversely affects the rights of any Holder or amend the terms of the Notes in a way that would result in a loss of exemption from any applicable taxes; and

(10) make any change to the provisions of the Indenture or the Notes that adversely affects the ranking of the Notes (for the avoidance of doubt, a change to the covenants "Limitation on Liens" and "Limitations on Sale and Lease-Back Transactions" does not adversely affect the ranking of the Notes).

Governing Law; Jurisdiction

The Indenture, the Notes and the Subsidiary Guarantees will be governed by, and construed in accordance with, the law of the State of New York.

Each of the Company and the Subsidiary Guarantors will submit to the jurisdiction of the U.S. federal and New York state courts located in The City of New York, Borough of Manhattan, and the Company will appoint an agent for service of process with respect to any actions brought in these courts arising out of or based on the Indenture or the Notes.

According to the laws of the State of New York, claims against us for the payment of principal of and premium, if any, and interest on the Notes must be made within six years from the due date for payment thereof.

The Trustee

Citibank, N.A. is the Trustee under the Indenture. The principal office of the Trustee at which its corporate trust business is administered is located at (a) 480 Washington Boulevard, 30th Floor, Jersey City, New Jersey 07310, Attention: Global Transaction Services, Arcos Dorados for Note transfer purposes and presentment of Notes for final payment thereon and (b) 388 Greenwich Street, 14th Floor, New York, New York, 10013, Attention: Global Transaction Services, Arcos Dorados, for all other purposes.

Except during the continuance of an Event of Default, the Trustee will perform only such duties as are specifically set forth in the Indenture. During the existence of an Event of Default, the Trustee will exercise such rights and powers vested in it by the Indenture, and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

No Personal Liability

No past, present or future incorporator, director, officer, employee, shareholder or controlling person, as such, of the Company or any Subsidiary Guarantor will have any liability for any obligations of the Company under the Notes, the Indenture or the Subsidiary Guarantee or for any claims based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the U.S. federal securities laws or under corporate law of the British Virgin Islands.

Currency Indemnity

The Company, and each Subsidiary Guarantor, will pay all sums payable under the Indenture, the Notes or its Subsidiary Guarantee, as applicable, solely in U.S. Dollars. Any amount received or recovered in a currency other

than U.S. Dollars by any payee, in respect of any sum expressed to be due to it from the Company or any Subsidiary Guarantor, will only constitute a discharge to the Company or any such Subsidiary Guarantor to the extent of the U.S. Dollar amount which such payee is able to purchase with the amount received or recovered in that other currency on the date of the receipt or recovery or, if it is not practicable to make the purchase on that date, on the first date on which such payee is able to do so. If the U.S. Dollar amount is less than the U.S. Dollar amount expressed to be due to the Trustee under the Indenture or any Holder under the Indenture or any Note, the Company and the relevant Subsidiary Guarantor, will indemnify such payee against any loss it sustains as a result. In any event, the Company and the Subsidiary Guarantors will indemnify each payee, to the greatest extent permitted under applicable law, against the cost of making any purchase of U.S. Dollars. For the purposes of this paragraph, it will be sufficient for a payee to certify in a satisfactory manner that it would have suffered a loss had an actual purchase of U.S. Dollars been made with the amount received in that other currency on the date of receipt or recovery or, if it was not practicable to make the purchase on that date, on the first date on which it was able to do so. In addition, payees will also be required to certify in a satisfactory manner the need for a change of the purchase date.

The indemnities described above:

- constitute a separate and independent obligation from the other obligations of the Company and the Subsidiary Guarantors;
- will give rise to a separate and independent cause of action;
- will apply irrespective of any indulgence granted by any Holder or the Trustee; and
- will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under the Indenture, any Note or any Subsidiary Guarantee.

Listing

In the event that the Notes are listed on the Luxembourg Stock Exchange for trading on the Euro MTF Market, the Company will use its best efforts to maintain such listing; provided that if, as a result of a directive or legislation, the Company could be required to publish financial information either more regularly than it otherwise would be required to or according to accounting principles which are materially different from the accounting principles which the Company would otherwise use to prepare its published financial information, the Company may delist the Notes from the Luxembourg Stock Exchange in accordance with the rules of the exchange and seek an alternative admission to listing, trading and/or quotation for the Notes on a different section of the Luxembourg Stock Exchange or by such other listing authority, stock exchange and/or quotation system inside or outside the European Union as the Company's Board of Directors may decide.

Certain Definitions

The following sets forth certain of the defined terms used in the Indenture. Reference is made to the Indenture for full disclosure of all such terms, as well as any other terms used herein for which no definition is provided.

"*Acquired Indebtedness*" means Indebtedness of a Person or any of its subsidiaries existing at the time such Person becomes a Subsidiary of the Company or at the time it merges or consolidates with the Company or any of its Subsidiaries or is assumed in connection with the acquisition of assets from such Person. Acquired Indebtedness will be deemed to have been Incurred at the time such Person becomes a Subsidiary or at the time it merges or consolidates with the Company or a Subsidiary or at the time such Indebtedness is assumed in connection with the acquisition of assets from such Person.

"*Additional Amounts*" has the meaning set forth under "—Additional Amounts" above.

"*Additional Notes*" has the meaning set forth under "—General" above.

"*Affiliate*" means, with respect to any specified Person, any other Person who directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person. Solely for purposes of this definition, the term "control" means the possession, directly or indirectly, of the power to direct

or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings.

"*Attributable Debt*" means (i) with respect to a Sale and Lease-Back Transaction relative to any property, at the time of determination, the present value of the total net amount of rent required to be paid under such lease during the remaining term thereof (including any period for which such lease has been extended), discounted at the applicable rate of interest set forth or implicit in the terms of such lease (or, if not practicable to determine such rate, the weighted average interest rate per annum borne by the securities of all series then outstanding under the Indenture) and (ii) in the case of any lease which is terminable by the lessee upon the payment of a penalty, the net amount of such lease shall be the lesser of (x) the net amount determined assuming termination upon the first date such lease may be terminated (in which case the net amount shall also include the amount of the penalty, but shall not include any rent that would be required to be paid under such lease subsequent to the first date upon which it may be terminated) or (y) the net amount determined assuming no such termination.

"*Board of Directors*" means, with respect to any Person, the board of directors or similar governing body of such Person or any duly authorized committee thereof.

"*Board Resolution*" means, with respect to any Person, a copy of a resolution certified by the Secretary or an Assistant Secretary of such Person to have been duly adopted by the Board of Directors of such Person and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"*Brazilian Master Franchisee*" means Arcos Dourados Comercio de Alimentos Ltda., or any successor to its rights and obligations under the Amended and Restated Master Franchise Agreement, dated as of November 10, 2008, among McDonald's Latin America and Arcos Dourados Comercio de Alimentos Ltda, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"*Business Day*" means a day, other than a Saturday, a Sunday, or a legal holiday or a day on which commercial banks and foreign exchange markets are authorized or obligated to close in the City of New York.

"*Call Option Closing Date*" means the date on which the equity interests of the Master Franchisee or the Brazilian Master Franchisee are transferred to McDonald's upon McDonald's exercise of the McDonald's Call Option and the Call Option Price in respect thereof is paid by McDonald's to the Company.

"*Call Option Price*" means the price payable by McDonald's to the Company upon exercise by McDonald's of the McDonald's Call Option in respect of the equity interests of the Master Franchisee or the Brazilian Master Franchisee.

"*Call Option Redemption Event*" means the occurrence of the Call Option Closing Date and the payment of the Call Option Price by McDonald's to the Company, but only with respect to the Master Franchisee and/or the Brazilian Master Franchisee.

"*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.

"*Capitalized Lease Obligations*" means, as to any Person, the obligations of such Person under a lease that are required to be classified and accounted for as capital lease obligations under GAAP. For purposes of this definition, the amount of such obligations at any date will be the capitalized amount of such obligations at such date, determined in accordance with GAAP.

"*Change of Control*" means the occurrence of one or more of the following events:

(1) 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 Company (including any Surviving Entity), the Master Franchisee or the Brazilian Franchisee;

(2) individuals appointed by the Permitted Holders cease for any reason to constitute a majority of the members of the Board of Directors of the Company, the Master Franchisee or the Brazilian Franchisee;

(3) the sale, conveyance, assignment, transfer, lease or other disposition of all or substantially all of the assets of the Company, the Master Franchisee or the Brazilian 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 the Indenture, other than a Permitted Holder; or

(4) the approval by the holders of Capital Stock of the Company, the Master Franchisee or the Brazilian Franchisee of any plan or proposal for the liquidation or dissolution of the Company, the Master Franchisee or the Brazilian Franchisee, whether or not otherwise in compliance with the Indenture.

"*Change of Control Payment*" has the meaning set forth under "—Change of Control."

"*Change of Control Payment Date*" has the meaning set forth under "—Change of Control."

"*Commodity Agreement*" means, with respect to any Person, 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.

"*Change of Control Repurchase Event*" means the occurrence of both a Change of Control and a Rating Downgrade Event.

"*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 Issue Date or issued after the Issue Date, and includes, without limitation, all series and classes of such common equity interests.

"*Consolidated Net Tangible Assets*" means the total consolidated assets of the Company and its Subsidiaries, as shown on the most recent balance sheet of the Company provided to the Trustee pursuant to "Certain Covenants—Reports to Holders" (or required to be provided thereunder), less (a) all current liabilities of the Company and its Subsidiaries after eliminating (1) all intercompany items between the Company and any of its Subsidiaries or between Subsidiaries and (2) all current maturities of long-term Indebtedness; and (b) all goodwill, patents, tradenames, trademarks, copyrights, franchises, experimental expenses, organization expenses and any other amounts classified as intangible assets in accordance with GAAP; all calculated in accordance with GAAP and calculated on a pro forma basis to give effect to any acquisition or disposition of companies, divisions, lines of businesses or operations by the Company and its Subsidiaries subsequent to such date and on or prior to the date of determination.

"*Covenant Defeasance*" has the meaning set forth under "—Legal Defeasance and Covenant Defeasance."

"*Currency Agreement*" means, with respect to any Person, any foreign exchange contract, currency swap agreement or other similar agreement as to which such Person is a party designed solely to hedge foreign currency risk of such Person.

"*Default*" means an event or condition the occurrence of which is, or with the lapse of time or the giving of notice or both would be, an Event of Default.

"*Event of Default*" has the meaning set forth under "—Events of Default."

"*Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto.

"*Excluded Subsidiary*" has the meaning set forth under "—Subsidiary Guarantees" above.

"*Fair Market Value*" means, with respect to any asset, the price (after taking into account any liabilities relating to such assets) which could be negotiated in an arm's-length free market transaction, for cash, between a willing

seller and a willing and able buyer, neither of which is under any compulsion to complete the transaction; *provided* that the Fair Market Value of any such asset or assets will be determined conclusively by the Board of Directors of the Company acting in good faith, and will be evidenced by a Board Resolution.

"*Fitch*" means Fitch Inc., a subsidiary of Fimalac, S.A., and its successors.

"*Franchise Documents*" means the Master Franchise Agreements and any other documents pursuant to which the Company 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 generally accepted accounting principles in effect in the United States.

"*Hedging Obligations*" means the obligations of any Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Agreement.

"*Holder*" means the Person in whose name a Note is registered in the note register pursuant to the terms of the Indenture.

"*Incur*" means, with respect to any Indebtedness or other obligation of any Person, to create, issue, incur (including by conversion, exchange or otherwise), assume, guarantee or otherwise become liable in respect of such Indebtedness (and "Incurrence" and "Incurred" will have meanings correlative to the foregoing).

"*Indebtedness*" means, with respect to any Person, without duplication:

(1) the principal amount (or, if less, the accreted value) of all obligations of such Person for borrowed money;

(2) the principal amount (or, if less, the accreted value) of all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all Capitalized Lease Obligations of such Person;

(4) all obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations and all obligations under any title retention agreement (but excluding trade accounts payable in the ordinary course of business);

(5) all reimbursement obligations in respect of letters of credit, banker's acceptances or similar credit transactions (except to the extent incurred in the ordinary course of business and such obligation is satisfied within 20 Business Days of Incurrence);

(6) guarantees and other contingent obligations of such Person in respect of Indebtedness referred to in clauses (1) through (5) above and clause (8) below;

(7) all Indebtedness of any other Person of the type referred to in clauses (1) through (6) above which is secured by any Lien on any property or asset of such Person, the amount of such Indebtedness being deemed to be the lesser of the Fair Market Value of such property or asset and the amount of the Indebtedness so secured; and

(8) all 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).

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.

"*Interest Rate Agreement*" means, with respect to any Person, 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 solely to hedge interest rate risk of such Person.

"*Issue Date*" means the first date of issuance of Notes under the Indenture.

"*L/C Documents*" means the Letter of Credit, the Letter of Credit Agreement, the 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.

"*L/C Security Documents*" means the Security Agreement dated as of August 3, 2007 made by the Subsidiaries of the Company party thereto and the Pledge Agreement dated as of August 3, 2007 made by the Subsidiaries of the Company party thereto, in each case to secure the obligations under the Letter of Credit Agreement.

"*Legal Defeasance*" has the meaning set forth under "—Legal Defeasance and Covenant Defeasance."

"*Letter of Credit*" means the irrevocable standby letter of credit issued on August 3, 2007, for the account of the Company and the subsidiary guarantors identified thereto, for the benefit of McDonald's Latin America, pursuant to the Letter of Credit Agreement.

"*Letter of Credit Agreement*" means the Letter of Credit Reimbursement Agreement, dated as of August 3, 2007, between the Company and Credit Suisse, Cayman Islands Branch, as issuing bank.

"*Lien*" means any lien, mortgage, deed of trust, pledge, security interest, charge or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof and any agreement to give any security interest); provided that the lessee in respect of a Capitalized Lease Obligation or Sale and Leaseback Transaction will be deemed to have Incurred a Lien on the property leased thereunder; *provided* that in no event shall an operating lease be deemed to constitute a Lien.

"*Master Franchise Agreements*" means the Amended and Restated Master Franchise Agreement, dated as of November 10, 2008, among McDonald's Latin America, the Company and the other parties thereto, and the Second Amended and Restated Master Franchise Agreement, dated as of November 10, 2008, among McDonald's Latin America and Arcos Dourados Comercio de Alimentos Ltda., as the same may be amended, restated, supplemented or otherwise modified from time to time.

"*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, among McDonald's Latin America, the Company and the other parties thereto, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"*McDonald's*" means McDonald's Corporation and its Subsidiaries.

"*McDonald's Call Option*" means the "Call Option" referred to in the Master Franchise Agreements.

"*McDonald's Deposit*" shall mean any cash and investments, in an aggregate amount not to exceed $15,000,000, serving as credit support to obligations owing by the Company and the Subsidiary Guarantors to McDonald's Latin America under the Franchise Documents.

"*McDonald's Deposit Pledge Agreement*" means documentation, pursuant to which a lien in favor of McDonald's Latin America is granted over the McDonald's Deposit (and to the extent perfection of such lien is by "control" as provided in Section 9-314 of the Uniform Commercial Code, any related control agreements in customary form providing for such perfection).

"*McDonald's Foreign Pledge Agreements*" means, collectively, the pledge agreements listed on a schedule to the Indenture.

"*McDonald's Latin America*" means McDonald's Latin America, LLC, a limited liability company organized under the laws of the State of Delaware.

"*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 Amended and Restated Master Franchise Agreement, dated as of November 10, 2008, among McDonald's Latin America, the Company and the other parties thereto, as the same may be amended, restated, supplemented or otherwise modified from time to time, 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 Company 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.

"*Moody's*" means Moody's Investors Service, Inc., or any successor thereto.

"*Opinion of Counsel*" means a written opinion of counsel, who may be an employee of or counsel for the Company (except as otherwise provided in the Indenture), obtained at the expense of the Company, a Surviving Entity or a Subsidiary, and who is reasonably acceptable to the Trustee.

"*Permitted Business*" means the business or businesses conducted by the Company and its Subsidiaries as of the Issue Date and any business ancillary or complementary thereto.

"*Permitted Holders*" means (1) Woods W. Staton and any Related Party of Mr. Staton and (2) 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 (1).

"*Permitted Liens*" means any of the following Liens:

(1) Liens existing on the Issue Date and any extension, renewal or replacement thereof;

(2) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, suppliers, material- men, repairmen and other Liens imposed by law incurred in the ordinary course of business for sums not yet delinquent or being contested in good faith, if such reserve or other appropriate provision, if any, as shall be required by GAAP shall have been made in respect thereof;

(3) (a) licenses, sublicenses, leases or subleases granted by the Company or any of its Subsidiaries to other Persons not materially interfering with the conduct of the business of the Company or any of its Subsidiaries and (b) any interest or title of a lessor, sublessor or licensor under any lease or license agreement permitted by the Indenture to which the Company or any Subsidiary is a party;

(4) Liens Incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, including any Lien securing letters of credit issued in the ordinary course of business consistent with past practice in connection therewith, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, customs duties, bids, leases, government performance and return-of-money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money);

(5) Liens upon specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(6) 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 any Person in the ordinary course of business of the Company or any of its Subsidiaries;

(7) 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;

(8) Liens encumbering deposits made to secure obligations arising from statutory, regulatory, contractual, or warranty requirements of the Company or a Subsidiary, including rights of offset and set-off;

(9) Liens for taxes, assessments or other governmental charges not yet subject to penalties for nonpayment or which are being contested in good faith by appropriate proceedings, *provided* that appropriate reserves required pursuant to GAAP have been made in respect thereof;

(10) 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 such 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;

(11) deposits in the ordinary course of business securing liability for reimbursement obligations of insurance carriers providing insurance to the Company or its Subsidiaries and any Liens thereon;

(12) judgment Liens not giving rise to an Event of Default so long as 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;

(13) 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;

(14) Liens securing Hedging Obligations;

(15) Liens to secure any Refinancing Indebtedness which is Incurred to Refinance any Indebtedness which has been secured by a Lien permitted under the covenant described under "—Covenants—Limitation on Liens" not incurred pursuant to clause (18) or (20); *provided* that such new Liens:

(a) are no less favorable to the Holders of Notes and are not more favorable to the lienholders with respect to such Liens than the Liens in respect of the Indebtedness being Refinanced; and

(b) do not extend to any property or assets other than the property or assets securing the Indebtedness Refinanced by such Refinancing Indebtedness;

(16) Liens securing Indebtedness or other obligations of a Subsidiary owing to the Company or another Subsidiary;

(17) Liens securing Acquired Indebtedness not incurred in connection with, or in anticipation or contemplation of, the relevant acquisition, merger or consolidation; provided that

(a) such Liens secured such Acquired Indebtedness at the time of and prior to the Incurrence of such Acquired Indebtedness by the Company or a Subsidiary and were not granted in connection with, or in anticipation of the Incurrence of such Acquired Indebtedness by the Company or a Subsidiary; and

(b) such Liens do not extend to or cover any property of the Company or any Subsidiary other than the property that secured the Acquired Indebtedness prior to the time such Indebtedness became Acquired Indebtedness of the Company or a Subsidiary and are no more favorable to the lienholders than the Liens

securing the Acquired Indebtedness prior to the Incurrence of such Acquired Indebtedness by the Company or a Subsidiary;

(18) purchase money Liens securing Purchase Money Indebtedness or Capitalized Lease Obligations Incurred to finance the acquisition or leasing of property of the Company or a Subsidiary used in a Permitted Business; *provided* that:

(a) the related Purchase Money Indebtedness does not exceed the cost of such property and will not be secured by any property of the Company or any Subsidiary other than the property so acquired; and

(b) the Lien securing such Indebtedness will be created within 365 days of such acquisition;

(19) Liens securing an amount of Indebtedness outstanding at any one time (together with any Sale and Lease-Back Transaction (as defined below) that would otherwise be prohibited by the provisions of the Indenture described under "—Limitations on Sale and Lease-Back Transactions") not to exceed the greater of (a) U.S.$175 million (or the equivalent in other currencies) or (b) 15% of Consolidated Net Tangible Assets;

(20) Liens under the L/C Documents;

(21) Liens in favor of McDonald's Latin America created pursuant to the McDonald's Security Documents and the McDonald's Mortgages; and

(22) the interest of McDonald's Latin America, as franchisor under the Franchise Documents.

"*Person*" means an individual, partnership, limited partnership, corporation, company, limited liability company, unincorporated organization, trust or joint venture, or a governmental agency or political subdivision thereof.

"*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.

"*Purchase Money Indebtedness*" means Indebtedness Incurred for the purpose of financing all or any part of the purchase price, or other cost of construction or improvement of any property; provided that the aggregate principal amount of such Indebtedness does not exceed such purchase price or cost, including any Refinancing of such Indebtedness that does not increase the aggregate principal amount (or accreted amount, if less) thereof as of the date of the Refinancing.

"*Rating Agency*" means (1) each of Fitch, Moody's and S&P; and (2) if any of Fitch, Moody's or S&P ceases to rate the Notes or fails to make a rating of the Notes publicly available for reasons outside of our control, a "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act, selected by us as a replacement agency for Fitch, Moody's or S&P, as the case may be.

"*Rating Downgrade Event*" means the rating on the Notes is lowered from their rating then in effect as a result of any event or circumstance comprised of or arising as a result of, or in respect of, a Change of Control (or pending Change of Control) by at least two of the Rating Agencies on any date during the period (the "Trigger Period") from the date of the public announcement by the Company of a Change of Control (or pending Change of Control) until the end of the 60-day period following public announcement by the Company of the consummation of a Change of Control (which Trigger Period shall be extended following the consummation of the Change of Control so long as the rating of the Notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies). In the event that less than two Rating Agencies are providing a rating for the Notes at the commencement of any Trigger Period, then a "Rating Downgrade Event" shall be deemed to have occurred during that Trigger Period. Notwithstanding the foregoing, no Rating Downgrade Event will be deemed to have occurred as a result of any event or circumstance comprised of or arising as a result of, or in respect of, a Change of Control unless and until such Change of Control has actually been consummated.

"*Refinance*" means, in respect of any Indebtedness, to issue any Indebtedness in exchange for or to refinance, replace, defease or refund such Indebtedness in whole or in part. "Refinanced" and "Refinancing" have correlative meanings.

"*Refinancing Indebtedness*" means Indebtedness of the Company or any Subsidiary issued to Refinance any other Indebtedness of the Company or a Subsidiary so long as the aggregate principal amount (or initial accreted value, if applicable) of such new Indebtedness as of the date of such proposed Refinancing does not exceed the aggregate principal amount (or initial accreted value, if applicable) of the Indebtedness being Refinanced (plus the amount of any premium required to be paid under the terms of the instrument governing such Indebtedness and the amount of reasonable expenses incurred by the Company in connection with such Refinancing.

"*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.

"*Sale and Leaseback Transaction*" means any direct or indirect arrangement with any Person or to which any such Person is a party providing for the leasing to the Company or a Subsidiary of any property, whether owned by the Company or any Subsidiary at the Issue Date or later acquired, which has been or is to be sold or transferred by the Company or such Subsidiary to such Person or to any other Person by whom funds have been or are to be advanced on the security of such Property.

"*S&P*" means Standard & Poor's Rating Service or any successor thereto.

"*Secured Restricted Real Estate*" means the real estate listed on a schedule to the Indenture.

"*Significant Subsidiary*" means a Subsidiary of the Company that would constitute a "Significant Subsidiary" of the Company in accordance with Rule 1-02 under Regulation S-X under the Securities Act in effect on the Issue Date.

"*Stated Maturity*" means, with respect to any security, the date specified in such security as the fixed date on which the final payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency unless such contingency has occurred).

"*Subsidiary*" means, with respect to any Person, any other Person of which such Person owns, directly or indirectly, more than 50% of the voting power of the other Person's outstanding Voting Stock.

"*Subsidiary Guarantee*" means the unconditional guarantee, on a joint and several basis, of the full and prompt payment of all obligations of the Company under the Indenture and the Notes, in accordance with the terms of the Indenture.

"*Subsidiary Guarantor*" has the meaning set forth under "—Subsidiary Guarantees" above.

"*Surviving Entity*" has the meaning set forth under "—Covenants—Limitation on Merger, Consolidation and Sale of Assets."

"*Unlevered Subsidiary*" means any Subsidiary that has not more than $10.0 million of outstanding Indebtedness Incurred after the Issue Date.

"*Venezuelan Subsidiary*" means any direct or indirect Subsidiary of the Company that generates more than 50% of its revenues or holds more than 50% of its total assets in Venezuela.

"*Voting Stock*" means, with respect to any Person, securities of any class of Capital Stock of such Person then outstanding and normally entitled to vote in the election of members of the Board of Directors (or equivalent governing body) of such Person. The term "normally entitled" means without regard to any contingency.

BOOK-ENTRY, DELIVERY AND FORM

The notes are being offered and sold only:

- to qualified institutional buyers in reliance on Rule 144A (the "Rule 144A Notes"); or
- in offshore transactions in reliance on Regulation S (the "Regulation S Notes").

The notes have been issued in fully registered global form in minimum denominations of U.S.$100,000 and integral multiples of U.S.$1,000 in excess thereof. Rule 144A Notes initially are being represented by a single permanent global certificate (which may be subdivided) without interest coupons (the "Rule 144A Global Note"). Regulation S Notes initially are being represented by a single permanent global certificate (which may be subdivided) without interest coupons (the "Regulation S Global Note" and, together with the Rule 144A Global Note, the "Global Notes").

The Global Notes have been deposited upon issuance with the Trustee as custodian for The Depository Trust Company ("DTC"), in New York, New York, and registered in the name of DTC or its nominee for credit to an account of a direct or indirect participant in DTC, including Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear"), and Clearstream Banking, société anonyme ("Clearstream"), as described below under "—Depositary Procedures."

Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the Global Notes may not be exchanged for Notes in certificated form except in the limited circumstances described below under "—Exchange of Book-Entry Notes for Certificated Notes."

The notes will be subject to certain restrictions on transfer and will bear a restrictive legend as described under "Transfer Restrictions" in this offering memorandum. In addition, transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream), which may change from time to time.

Depositary Procedures

The following description of the operations and procedures of DTC, Euroclear and Clearstream are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. We take no responsibility for these operations and procedures and urge investors to contact the systems or their participants directly to discuss these matters.

DTC is a limited-purpose trust company created to hold securities for its participating organizations (collectively, the "Participants") and facilitate the clearance and settlement of transactions in those securities between Participants through electronic book-entry changes in accounts of its Participants. The Participants include securities brokers and dealers (including the initial purchasers), banks, trust companies, clearing corporations and certain other organizations. Access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly (collectively, the "Indirect Participants"). Persons who are not Participants may beneficially own securities held by or on behalf of DTC only through Participants or Indirect Participants. DTC has no knowledge of the identity of beneficial owners of securities held by or on behalf of DTC. DTC's records reflect only the identity of Participants to whose accounts securities are credited. The ownership interests and transfer of ownership interests of each beneficial owner of each security held by or on behalf of DTC are recorded on the records of the Participants and Indirect Participants.

Pursuant to procedures established by DTC:

- upon deposit of the Global Notes, DTC will credit the accounts of Participants designated by the initial purchasers with portions of the principal amount of the Global Notes; and

- ownership of such interests in the Global Notes will be maintained by DTC (with respect to the Participants) or by the Participants and the Indirect Participants (with respect to other owners of beneficial interests in the Global Notes).

Investors in the Global Notes may hold their interests therein directly through DTC, if they are Participants in such system, or indirectly through organizations (including Euroclear and Clearstream) that are Participants or Indirect Participants in such system. Euroclear and Clearstream will hold interests in the notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. The depositaries, in turn, will hold interests in the notes in customers' securities accounts in the depositaries' names on the books of DTC.

All interests in a Global Note, including those held through Euroclear or Clearstream, will be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream will also be subject to the procedures and requirements of those systems. The laws of some states require that certain persons take physical delivery of certificates evidencing securities they own. Consequently, the ability to transfer beneficial interests in a Global Note to such persons will be limited to that extent. Because DTC can act only on behalf of Participants, which in turn act on behalf of Indirect Participants, the ability of beneficial owners of interests in a Global Note to pledge such interests to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests. For certain other restrictions on the transferability of the notes, see "—Exchange of Book-Entry Notes for Certificated Notes."

Except as described below, owners of interests in the Global Notes will not have notes registered in their names, will not receive physical delivery of notes in certificated form and will not be considered the registered owners or holders thereof under the indenture for any purpose.

Payments in respect of the principal of and premium, if any, and interest on a Global Note registered in the name of DTC or its nominee will be remitted by the Trustee (or the Paying Agents if other than the Trustee) to DTC in its capacity as the registered holder under the indenture. The Company, the Registrar, the Paying Agent and the Trustee will treat the persons in whose names the notes, including the Global Notes, are registered as the owners thereof for the purpose of receiving such payments and for any and all other purposes whatsoever. Consequently, none of the Company, the Registrar, the Paying Agent, the Trustee or any agent of the Company, the Registrar, the Paying Agent or the Trustee has or will have any responsibility or liability for:

- any aspect of DTC's records or any Participant's or Indirect Participant's records relating to or payments made on account of beneficial ownership interests in the Global Notes, or for maintaining, supervising or reviewing any of DTC's records or any Participant's or Indirect Participant's records relating to the beneficial ownership interests in the Global Notes; or

- any other matter relating to the actions and practices of DTC or any of its Participants or Indirect Participants.

DTC has advised the Company that its current practice is to credit the accounts of the relevant Participants with the payment on the payment date in amounts proportionate to their respective holdings in the principal amount of the relevant security as shown on the records of DTC, unless DTC has reason to believe it will not receive payment on such payment date. Payments by the Participants and the Indirect Participants to the beneficial owners of notes will be governed by standing instructions and customary practices and will be the responsibility of the Participants or the Indirect Participants and will not be the responsibility of DTC, the Trustee, the Registrar, the Paying Agent or the Company. None of the Company, the Registrar, the Paying Agent, the Trustee or any agent of the Company, the Registrar, the Paying Agent or the Trustee will be liable for any delay by DTC or any of its Participants in identifying the beneficial owners of the notes, and the Company, the Registrar, the Paying Agent and the Trustee and their respective agents may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Except for trades involving only Euroclear and Clearstream participants, interests in the Global Notes are expected to be eligible to trade in DTC's Same-Day Funds Settlement System and secondary market trading activity

in such interests will therefore settle in immediately available funds, subject in all cases to the rules and procedures of DTC and its Participants.

Subject to the transfer restrictions described under "Transfer Restrictions" in this offering memorandum, transfers between Participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures.

Subject to the transfer restrictions described under "Transfer Restrictions" in this offering memorandum, cross-market transfers between Participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by their depositaries. Cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the ease may be, by the counterparty in that system in accordance with the rules and procedures and within the established deadlines (Brussels time) of that system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositaries to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear and Clearstream participants may not deliver instructions directly to the depositaries for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a Participant in DTC will be credited and reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. DTC has advised the Company that cash received in Euroclear or Clearstream as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream participant to a Participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

DTC has advised the Company that it will take any action permitted to be taken by a holder of notes only at the direction of one or more Participants to whose account with DTC interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of the notes as to which such Participant or Participants has or have given such direction.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the Global Notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and the procedures may be discontinued at any time. None of the Company, the Registrar, the Paying Agent or the Trustee will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

The information in this section concerning DTC, Euroclear and Clearstream and their book-entry systems has been obtained from sources that the Company believes to be reliable, but the Company takes no responsibility for the accuracy thereof.

Exchange of Book-Entry Notes for Certificated Notes

The Global Notes are exchangeable for certificated notes in definitive, fully registered form without interest coupons (the "Certificated Notes") only in the following limited circumstances:

- DTC notifies the Company that it is unwilling or unable to continue as depositary for the Global Note or DTC ceases to be a clearing agency registered under the Exchange Act at a time when DTC is required to be so registered in order to act as depositary, and in each ease the Company fails to appoint a successor depositary within 90 days of such notice; or

- if there shall have occurred and be continuing an Event of Default with respect to the notes and a majority of the holders of the notes so request.

In all cases, Certificated Notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by or on behalf of DTC (in accordance with its customary procedures) and will bear the applicable restrictive legend referred to in "Transfer Restrictions" in this offering memorandum, unless the Company determines otherwise in accordance with the indenture and in compliance with applicable law.

Transfers Within and Between Global Notes

Beneficial interests in the Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Note only if such transfer is made pursuant to Rule 144A and the transferor first delivers to the Trustee a certificate (in the form provided in the indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

Beneficial interests in the Rule 144A Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the Regulation S Global Note only upon receipt by the Trustee of a written certification (in the form provided in the indenture) from the transferor to the effect that such transfer is being made in accordance with Regulation S.

The Trustee shall be entitled to receive such evidence as may be reasonably requested by them to establish the identity and/or signatures of the transferor and transferee.

Transfers of beneficial interests within a Global Note may be made without delivery of any written certification or other documentation from the transferor or the transferee.

Transfers of beneficial interests in the Regulation S Global Note for beneficial interests in the Rule 144A Global Note or vice versa will be effected by DTC by means of an instruction originated by the Trustee through the DTC Deposit/Withdraw at Custodian system. Accordingly, in connection with any transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note or vice versa, as applicable. Any beneficial interest in one of the Global Notes that is transferred to a person who takes delivery in the form of an interest in another Global Note will, upon transfer, cease to be an interest in such Global Note and will become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Note for so long as it remains such an interest.

TAXATION

Certain British Virgin Islands Tax Considerations

General

The following is a general summary of the British Virgin Islands tax consequences as of the date hereof in relation to the acquisition, holding or disposal of notes. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to a holder of notes or a prospective holder and in view of its general nature, it should be treated with corresponding caution. Holders should consult their tax advisers with regard to the tax consequences of investing in the notes.

Except as otherwise indicated, this summary only addresses the tax legislation as in effect on the date hereof and as interpreted in case law published on or prior to the date hereof, without prejudice to any amendment introduced at a later date and implemented with or without retroactive effect.

Please note that this summary does not describe the British Virgin Islands tax consequences for a holder of the notes who will receive or has received the notes as employment income, deemed employment income or otherwise as compensation.

We are not liable to pay any form of corporate taxation in the British Virgin Islands and all dividends, interests, rents, royalties, compensations and other amounts paid by us to persons who are not persons resident in the British Virgin Islands or providing services in the British Virgin Islands are exempt from all forms of taxation in the British Virgin Islands 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 British Virgin Islands are exempt from all forms of taxation in the British Virgin Islands.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the British Virgin Islands 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 British Virgin Islands by us (and in respect of certain transactions in respect of the shares, debt obligations or other securities of British Virgin Islands incorporated companies owning land in the British Virgin Islands), 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 British Virgin Islands.

There are currently no withholding taxes or exchange control regulations in the British Virgin Islands applicable to us or our shareholders who are not providing services in the British Virgin Islands.

EC Council Directive 2003/48/EC on the taxation of savings income (the "Directive") is designed to facilitate the exchange of information on individuals' savings income between the tax authorities of the members states of the European Union (each an "EU Member State"). The Directive and associated legislation provides that institutions, termed "paying agents", must report to their local tax authority details of payments of interest or other similar income paid by them to an individual resident of or certain limited types of entities established in an EU Member State (each such individual or entity, an "Applicable Resident"). The local tax authority in turn must disclose to the tax authority in the EU Member State where the Applicable Resident is resident details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an Applicable Resident of that other EU Member State (the foregoing reporting and disclosure obligations being referred to as the "Automatic Exchange of Information Regime"). However, for a transitional period (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries), Austria and Luxembourg may instead apply (unless during such period they elect otherwise) a withholding system in relation to such payments (the foregoing withholding system being referred to as the "Transitional Withholding Tax Regime").

A number of non-EU countries and certain dependent or associated territories of certain EU Member States (including the British Virgin Islands; together with the EU Member States the "Applicable Jurisdictions"), have

adopted measures similar to either the Automatic Exchange of Information Regime or the Transitional Withholding Tax Regime in relation to payments made by a paying agent within its jurisdiction to, or collected by such a paying agent for, an Applicable Resident. In addition, the EU Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a paying agent in an EU Member State to, or collected by such a paying agent for, an individual resident or certain limited types of entities established in one of those territories. In 2008, the European Commission proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

The Directive was implemented in the British Virgin Islands by way of a series of bilateral agreements with certain Applicable Jurisdictions together with amendments to the Mutual Legal Assistance (Tax Matters) Act, 2003. When the Directive was originally introduced, the British Virgin Islands opted to give Applicable Residents the choice between the Automatic Exchange of Information Regime or a Transitional Withholding Tax Regime. However, pursuant to the Mutual Legal Assistance (Tax Matters) (Automatic Exchange Information) Order, 2011, with effect from 1 January 2012 paying agents established in the British Virgin Islands are no longer subject to, or able to rely on, the Transitional Withholding Tax Regime as a way of complying with the Directive. Therefore, with effect from that date, paying agents in the British Virgin Islands must comply with the Automatic Exchange of Information Regime.

There is no income tax treaty currently in effect between the United States and the British Virgin Islands. However, a Tax Information Exchange Agreement ("TIEA") has been in force since 2006. Under the terms of the TIEA, the United States, the United Kingdom and the British Virgin Islands have each agreed to provide each other on request with assistance through the exchange of information relating to the administration and enforcement of the domestic laws of the parties concerning the British Virgin Islands and U.S. taxes and tax matters covered by the TIEA, including information that may be relevant to the determination, assessment, verification, enforcement, or collection of tax claims with respect to persons subject to such taxes, or to the investigation or prosecution of criminal tax evasion in relation to such persons.

The government of the British Virgin Islands has stated its intention to adopt a Model 1B Intergovernmental Agreement (IGA) in response to the US Foreign Account Tax Compliance Act (FATCA) providing for automatic provision of information in relation to tax matters. Under the Model IB IGA regime, financial institutions located in the British Virgin Islands will be required to report FATCA information to the British Virgin Islands Government which in turn will report that information to the United States Internal Revenue Services.

Certain U.S. Federal Income Tax Considerations

This disclosure is limited to the U.S. federal tax issues addressed herein. Additional issues may exist that are not addressed in this disclosure and that could affect the U.S. federal tax treatment of the notes. This tax disclosure was written in connection with the promotion or marketing of the notes by the Company, and it cannot be used by any holder for the purpose of avoiding penalties that may be asserted against the holder under the Internal Revenue Code of 1986, as amended (the "Code"). Prospective investors should seek their own advice based on their particular circumstances from an independent tax adviser.

The following is a description of certain U.S. federal income tax consequences to U.S. Holders (as defined below) of acquiring, owning and disposing of notes purchased in this offering at the "issue price," which we assume will be the price indicated on the cover of this offering memorandum, and held as capital assets for U.S. federal income tax purposes.

This discussion 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 and Medicare contribution tax consequences, as well as differing tax consequences that may apply to U.S. Holders subject to special rules, such as (i) certain financial institutions, (ii) regulated investment companies, (iii) dealers or traders in securities who use a mark to market method of tax accounting, (iv) persons holding notes as part of a straddle or integrated transaction or persons entering into a constructive sale with respect to the notes, (v) persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar, (vi) entities classified as partnerships for U.S. federal income tax

purposes, (vii) tax-exempt entities, or (viii) persons holding the notes in connection with a trade or business conducted outside of the United States.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds the notes, the U.S. federal income tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. Partnerships holding the notes and partners therein should consult their tax advisers as to the particular U.S. federal income tax consequences of acquiring, owning and disposing of the notes.

This summary is based on the Code, administrative pronouncements, judicial decisions, and final, temporary, and proposed Treasury regulations, changes to any of which subsequent to the date of this offering memorandum may affect the tax consequences described herein. This summary does not address any aspect of state, local or non-U.S. taxation, or any taxes other than income taxes. Prospective investors should consult their tax advisers with regard to the application of the U.S. federal income tax laws to your particular situation, as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

As used herein, the term "U.S. Holder" means a beneficial owner of a note that is for U.S. federal income tax purposes: (i) an individual who is a citizen or resident of the United States; (ii) 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 (iii) an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

Certain Additional Payments. There are circumstances in which we might be required to make payments on a note that would increase the yield of the note, as described under "Description of Notes—Mandatory Redemption—Mandatory Redemption upon Exercise of Call Option" and "Description of Notes—Mandatory Redemption—Change of Control." The Company intends to take the position that the possibility of such payments does not result in the notes being treated as contingent payment debt instruments under the applicable Treasury Regulations. The Company's position is not binding on the Internal Revenue Service ("IRS"). If the IRS takes a contrary position, a U.S. Holder may be required to accrue interest income based upon a "comparable yield" (as defined in the Treasury Regulations) determined at the time of issuance of the notes (which is not expected to differ significantly from the actual yield on the notes), with adjustments to such accruals when any contingent payments are made that differ from the payments based on the comparable yield. In addition, any income on the sale, retirement or other taxable disposition of the notes would be treated as interest income rather than as capital gain. U.S. Holders should consult their tax advisers regarding the tax consequences if the notes were treated as contingent payment debt instruments. The remainder of this discussion assumes that the notes are not treated as contingent payment debt instruments.

Payments of Interest. Interest received by a U.S. Holder on a note will be taxed as ordinary interest income at the time it is received or accrued, depending on the holder's method of accounting for U.S. federal income tax purposes. It is expected, and this discussion assumes, that the notes will be issued without original issue discount for U.S. federal income tax purposes.

The amount of interest taxable as ordinary income will include any amounts withheld in respect of any British Virgin Island taxes and, without duplication, any Additional Amounts paid. Interest income earned with respect to a note will constitute foreign-source income for U.S. federal income tax purposes. Subject to applicable limitations, some of which may vary depending upon the U.S. Holder's particular circumstances, any British Virgin Island income taxes withheld from interest income on a note may be creditable against a U.S. Holder's U.S. federal income tax liability. The rules governing foreign tax credits are complex, and U.S. Holders should consult their tax advisers regarding the availability of foreign tax credits in their particular circumstances.

Sale, Retirement or Other Taxable Disposition of the Notes. Upon the sale, retirement or other taxable disposition of a note, a U.S. Holder will recognize taxable gain or loss equal to the difference between the amount realized on the sale, retirement or other taxable disposition and the U.S. Holder's tax basis in the note. A U.S. Holder's tax basis in a note will generally equal the cost of such note to the U.S. Holder. For these purposes, the amount realized does not include any amount attributable to accrued interest, which is treated as described under "*Payments of Interest*" above. Gain or loss realized on the sale, retirement or other taxable disposition of a note will generally be U.S.-source income for purposes of computing a U.S. Holder's foreign tax credit limitation. In addition, gain or loss will generally be capital gain or loss and will be long-term capital gain or loss if at the time of

the sale, retirement or other taxable disposition the note has been held for more than one year. Long-term capital gains recognized by non-corporate taxpayers are subject to reduced tax rates. The deduction of capital losses for U.S. federal income tax purposes is subject to limitations.

Information Reporting and Backup Withholding. Information returns may be required to be filed with the IRS in connection with payments on the notes and proceeds received from a sale or other disposition of the notes unless a U.S. Holder is an exempt recipient. A U.S. Holder may also be subject to backup withholding on these payments in respect of a note unless the U.S. Holder provides a correct taxpayer identification number and otherwise complies with applicable requirements of the backup withholding rules, or provides proof of an applicable exemption. Amounts withheld under the backup withholding rules are not additional taxes and may be refunded or credited against a U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

PLAN OF DISTRIBUTION

Subject to the terms and conditions stated in the purchase agreement dated the date of this offering memorandum, each initial purchaser has severally agreed to purchase, and we have agreed to sell to that initial purchaser, the principal amount of the notes offered hereby set forth opposite that initial purchaser's name in the table below.

Initial Purchasers	Principal Amount
Merrill Lynch, Pierce, Fenner & Smith Incorporated	U.S.$125,000,000
Citigroup Global Markets Inc.	125,000,000
J.P. Morgan Securities LLC	125,000,000
Total	**U.S.$375,000,000**

The purchase agreement provides that the obligations of the initial purchasers to purchase the notes are subject to approval of legal matters by counsel and to other conditions. The initial purchasers must purchase all the notes if they purchase any of the notes. In addition, the initial purchasers may offer and sell the notes through certain of their affiliates.

We have been advised that the initial purchasers propose to resell the notes offered hereby at the offering price set forth on the cover page of this offering memorandum inside the United States to qualified institutional buyers (as defined in Rule 144A) in reliance on Rule 144A and outside the United States to non-U.S. persons in reliance on Regulation S. The price at which the notes are offered may be changed at any time without notice.

The notes have not been registered under the Securities Act, or the securities law of any other jurisdiction, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See "Transfer Restrictions."

In addition, until 40 days after the commencement of this offering, an offer or sale of notes offered hereby within the United States by a dealer that is not participating in this offering may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A.

We have applied to list the notes on the Luxembourg Stock Exchange for trading on the Euro MTF Market. We cannot assure you that the prices at which the notes offered hereby will sell in the market after this offering will not be lower than the offering price or that an active trading market for the notes will develop and continue after this offering. The initial purchasers have advised us that they currently intend to make a market in the notes offered hereby. However, they are not obligated to do so and they may discontinue any market-making activities with respect to the notes at any time without notice. In addition, market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act. Accordingly, we cannot assure you as to the liquidity of or the trading market for the notes offered hereby.

In connection with the offering, the initial purchasers may purchase and sell notes in the open market. Purchases and sales in the open market may include short sales, purchases to cover short positions, and stabilizing purchases. Short sales involve secondary market sales by the initial purchasers of a greater number of notes than they are required to purchase in the offering. Covering transactions involve purchases of notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions involve bids to purchase notes. Any of these transactions may have the effect of preventing or retarding a decline in the market price of the notes. These transactions may also cause the price of the notes to be higher than the price that otherwise would exist in the open market in the absence of these transactions. The initial purchasers may conduct these transactions in the over-the-counter market or otherwise. If the initial purchasers commence any of these transactions, they may discontinue them at any time.

Certain of the initial purchasers and/or their affiliates may enter into derivative transactions with clients, at their request, in connection with the notes and such initial purchasers and/or their affiliates may also purchase some of the notes to hedge their risk exposure in connection with such transactions. Also, such initial purchasers and/or their affiliates may acquire the notes for their own proprietary account. Such acquisitions may have an effect on demand and the price of the offering.

In addition, in the ordinary course of their business activities, the initial purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. If any of the initial purchasers or their affiliates has a lending relationship with us, certain of those initial purchasers or their affiliates routinely hedge, and certain other of those initial purchasers or their affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, these initial purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the notes offered hereby. The initial purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

The initial purchasers have performed commercial banking, investment banking and advisory services for us and our affiliates from time to time for which they have received customary fees and reimbursement of expenses. The initial purchasers may, from time to time, engage in transactions with and perform services for us and our affiliates in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses. We are party to a cross-currency interest rate swap with Bank of America, N.A., an affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated, which we plan to repay with the proceeds of the notes offering in an estimated amount of U.S.$12.0 million (equal to the fair market value as of August 31, 2013). See "Use of Proceeds." The initial purchasers are also acting as dealer managers in the Tender and Exchange Offer for which they will receive customary fees and commissions. Certain of the initial purchasers may hold Arcos Dorados B.V.'s 2019 Existing Notes for their own accounts and would, therefore, also be able to tender or exchange their 2019 Existing Notes for the notes offered hereby pursuant to the Tender and Exchange Offer and receive the related premium.

We have agreed to indemnify the initial purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the initial purchasers may be required to make because of any of those liabilities.

We are not making an offer to sell, or seeking offers to buy, the notes in any jurisdiction where the offer and sale is not permitted. You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell the notes or possess or distribute this offering memorandum, and you must obtain any consent, approval or permission required for your purchase, offer or sale of the notes under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales. We will not have any responsibility therefor.

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") no offer of notes may be made to the public in that Relevant Member State other than:

A. to any legal entity which is a qualified investor as defined in the Prospectus Directive;

B. to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the

Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the initial purchasers; or

C. in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of notes shall require the Company or the initial purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

This offering memorandum has been prepared on the basis that any offer of notes in any Relevant Member State will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of notes. Accordingly any person making or intending to make an offer in that Relevant Member State of notes which are the subject of the offering contemplated in this offering memorandum may only do so in circumstances in which no obligation arises for the Company or any of the initial purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither the Company nor the initial purchasers have authorized, nor do they authorize, the making of any offer of notes in circumstances in which an obligation arises for the Company or the initial purchasers to publish a prospectus for such offer.

For the purpose of the above provisions, the expression “an offer to the public” in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in the Relevant Member State and the expression “Prospectus Directive” means Directive 2003/71/EC (including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member States) and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any notes under, the offer of notes contemplated by this offering memorandum will be deemed to have represented, warranted and agreed to and with us and each initial purchaser that:

(a) it is a “qualified investor” within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and

(b) in the case of any notes acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the notes acquired by it in the offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than “qualified investors” (as defined in the Prospectus Directive), or in circumstances in which the prior consent of the initial purchasers has been given to the offer or resale; or (ii) where notes have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those notes to it is not treated under the Prospectus Directive as having been made to such persons.

Any offer or sale of the notes in any member state of the European Economic Area which has implemented the Prospectus Directive must be addressed to qualified investors (as defined in the Prospectus Directive).

Notice to Prospective Investors in the United Kingdom

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are “qualified investors” (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”) and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

Notice to Prospective Investors in Switzerland

This offering memorandum does not constitute an issue prospectus pursuant to Article 652a or Article 1156 of the Swiss Code of Obligations and the notes will not be listed on the SIX Swiss Exchange. Therefore, this offering memorandum may not comply with the disclosure standards of the listing rules (including any additional listing rules or prospectus schemes) of the SIX Swiss Exchange. Accordingly, the notes may not be offered to the public in or from Switzerland, but only to a selected and limited circle of investors who do not subscribe to the notes with a view to distribution. Any such investors will be individually approached by the initial purchasers from time to time.

Notice to Prospective Investors in Mexico

The notes have not been and will not be registered with the National Securities Registry (*Registro Nacional de Valores*) maintained by the Mexican National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*) and, thus, may not be offered or sold publicly in Mexico or to Mexican investors, except that the notes may be offered and sold to Mexican qualified or institutional investors, pursuant to the private placement exemption set forth in Article 8 of the Mexican Securities Market Law (*Ley del Mercado de Valores*).

Notice to Prospective Investors in Peru

The notes have not been and will not be approved by or registered with the Peruvian securities regulatory authority, the Superintendency of the Securities Market (*Superintendencia del Mercado de Valores*). However, the notes have been registered with the Superintendency of Banking, Insurance and Private Pension Funds (*Superintendencia de Bancos, Seguros y Administradoras Privadas de Fondos de Pensiones*) in order to be offered or sold in private placement transactions addressed to Peruvian institutional investors such as Peruvian private pension funds.

Notice to Prospective Investors in Chile

The offer of the notes is subject to General Rule No. 336 of the *Superintendencia de Valores y Seguros* (the Chilean Securities Commission or "SVS"). The notes being offered will not be registered under the Securities Market Law in the Securities Registry (*Registro de Valores*) or in the Foreign Securities Registry (*Registro de Valores Extranjeros*) of the SVS and, therefore, the notes are not subject to the supervision of the SVS. As unregistered securities, we are not required to disclose public information about the notes in Chile. Accordingly, the notes cannot and will not be offered or sold to persons in Chile unless they are registered in the corresponding securities registry, except in circumstances which have not resulted and will not result in a public offering under Chilean law and in compliance with General Rule No. 336 of the SVS.

La oferta de los bonos nuevos se acoge a la Norma de Carácter General N°336 de la SVS. Los bonos que se ofrecen no están inscritos bajo la Ley de Mercado de Valores en el Registro de Valores o en el Registro de Valores Extranjeros que mantiene la SVS, por lo que tales valores no están sujetos a la supervisión de dicha SVS. Por tratarse de valores no inscritos, no existe obligación por parte del emisor de divulgar información pública respecto de estos valores en Chile. En virtud de lo anterior, los bonos no podrán ser objeto de oferta pública o venta en Chile en tanto los mismos no sean inscritos en el Registro de Valores correspondiente, excepto en circunstancias en las que no se tenga como resultado una oferta pública de conformidad con las leyes aplicables de Chile y la Norma de Carácter General N°336 emitida por la SVS.

Notice to Prospective Investors in Colombia

The notes have not been and will not be offered in Colombia through a public offering of securities pursuant to Colombian laws and regulations, nor will they be registered in the Colombian National Registry of Securities and Issuers or listed on a regulated securities trading system such as the Colombian Stock Exchange.

Notice to Prospective Investors in Belgium

No action has been taken or will be taken in Belgium to permit a public offer of the notes in accordance with the Belgian Act of 16 June 2006 on the public offer of securities and admission of securities to trading on a regulated market (the "Belgian Prospectus Act") or a takeover bid in accordance with the Belgian Act of 1 April 2007 on

takeover bids (i.e. the Belgian Takeover Act) and no notes may be offered or sold to persons in Belgium unless either such persons are qualified investors within the meaning of Article 10 of the Belgian Prospectus Act or one or more other exemptions available under Article 3 of the Belgian Prospectus Act and Article 6 (3) of the Belgian Takeover Act apply.

Notice to Prospective Investors in Luxembourg

In relation to the Grand Duchy of Luxembourg ("Luxembourg"), which has implemented the Prospectus Directive by the law of 10 July 2005 relative aux prospectus pour valeurs mobilières (the "Prospectus Law"), the notes which are subject of the Exchange Offer contemplated by the Offering Documents may not be offered to the public in Luxembourg, except that the notes may be offered to the public in Luxembourg:

a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities; or

b) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43,000,000 and (iii) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or

c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Law); or

d) any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 5 of the Prospectus Law.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any notes in Luxembourg means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes and the expression "Prospectus Directive" means Directive 2003/71/EC.

Notice to Prospective Investors in France

Neither this offering memorandum nor any other offering material relating to the notes described in this offering memorandum has been submitted to the clearance procedures of the *Autorité des Marchés Financiers* or of the competent authority of another member state of the European Economic Area and notified to the *Autorité des Marchés Financiers*. The notes have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this offering memorandum nor any other offering material relating to the notes has been or will be:

- released, issued, distributed or caused to be released, issued or distributed to the public in France; or
- used in connection with any offer for subscription or sale of the notes to the public in France.

Such offers, sales and distributions will be made in France only:

- to qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cercle restreint d'investisseurs*), in each case investing for their own account, all as defined in, and in accordance with, articles L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier*;
- to investment services providers authorized to engage in portfolio management on behalf of third parties; or
- in a transaction that, in accordance with article L.411-2-II-1°-or-2°-or 3° of the French *Code monétaire et financier* and article 211-2 of the General Regulations (*Règlement Général*) of the *Autorité des Marchés Financiers*, does not constitute a public offer (*appel public à l'épargne*).

The notes may be resold directly or indirectly, only in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French *Code monétaire et financier*.

Notice to Prospective Investors in Ireland

The notes will not and may not be offered, sold, transferred or delivered, whether directly or indirectly, otherwise than in circumstances which do not constitute an offer to the public within the meaning of the Irish Companies Act, 1963-2006, and the notes will not and may not be the subject of an offer in Ireland which would require the publication of a prospectus pursuant to Article 3 of Directive 2003/71/EC.

Notice to Prospective Investors in Hong Kong

The notes may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (cap.32, laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (cap.571, laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (cap.32, laws of Hong Kong), and no advertisement, invitation or document relating to the notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the securities and futures ordinance (cap. 571, laws of Hong Kong) and any rules made thereunder.

Notice to Prospective Investors in Singapore

This offering memorandum has not been registered as such or as a prospectus with the monetary authority of Singapore. Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under section 274 of the Securities and Futures Act, chapter 289 of Singapore (the "SFA"), (ii) to a relevant person, or any person pursuant to section 275(1a), and in accordance with the conditions, specified in section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Notice to Prospective Investors in the British Virgin Islands

The bonds may not be offered or sold in the British Virgin Islands, except in circumstances that do not constitute a public offering or distribution to the public under the laws and regulations of the British Virgin Islands.

Notice to Prospective Investors in the Netherlands

In the Netherlands, this offering memorandum may only be directed or distributed to, and the notes may only be offered or sold to, qualified investors (*gekwalificeerde beleggers*) within the meaning of article 1:1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

Notice to Prospective Investors in Brazil

The notes have not been and will not be issued nor publicly placed, distributed, offered or negotiated in the Brazilian capital markets. The issuance of the notes has not been nor will be registered with the CVM. Any public offering or distribution, as defined under Brazilian laws and regulations, of the notes in Brazil is not legal without prior registration under Law No. 6,385/76, as amended, and Instruction No. 400, issued by the CVM on December 29, 2003, as amended. Documents relating to the offering of the notes, as well as information contained therein, may not be supplied to the public in Brazil (as the offering of the notes is not a public offering of securities in Brazil), nor be used in connection with any offer for subscription or sale of the notes to the public in Brazil. Persons wishing to offer or acquire the notes within Brazil should consult with their own counsel as to the applicability of registration requirements or any exemption therefrom.

Notice to Prospective Investors in Japan

The notes offered in this offering memorandum have not been registered under the Securities and Exchange Law of Japan, and the notes have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan, except (i) pursuant to an exemption from the registration requirements of the Securities and Exchange Law, and (ii) in compliance with any other applicable requirements of Japanese law.

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.

TRANSFER RESTRICTIONS

The notes have not been registered under the Securities Act or any state securities laws, and the notes may not be offered or sold except pursuant to an effective registration statement or pursuant to transactions exempt from, or not subject to, registration under the Securities Act. Accordingly, the notes are being offered and sold only:

- in the United States to qualified institutional buyers (as defined in Rule 144A) pursuant to Rule 144A under the Securities Act; and
- outside of the United States, to certain persons, other than U.S. persons, in offshore transactions meeting the requirements of Rule 903 of Regulation S under the Securities Act.

Purchasers' Representations and Restrictions on Resale and Transfer

Each purchaser of notes (other than the initial purchasers in connection with the initial issuance and sale of notes) and each owner of any beneficial interest therein will be deemed, by its acceptance or purchase thereof, to have represented and agreed as follows:

(1) it is purchasing the notes for its own account or an account with respect to which it exercises sole investment discretion and it and any such account is either (a) a qualified institutional buyer and is aware that the sale to it is being made pursuant to Rule 144A or (b) a non-U.S. person that is outside the United States;

(2) it acknowledges that the notes have not been registered under the Securities Act or with any securities regulatory authority of any state and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

(3) it understands and agrees that notes initially offered in the United States to qualified institutional buyers will be represented by a global note and that notes offered outside the United States pursuant to Regulation S will also be represented by a global note;

(4) it will not resell or otherwise transfer any of such notes except (a) to us, (b) within the United States to a qualified institutional buyer in a transaction complying with Rule 144A under the Securities Act, (c) outside the United States in compliance with Rule 903 or 904 under the Securities Act, (d) pursuant to the exemption from registration (if available) or (e) pursuant to an effective registration statement under the Securities Act;

(5) it agrees that it will give to each person to whom it transfers the notes notice of any restrictions on transfer of such notes;

(6) it acknowledges that prior to any proposed transfer of notes (other than pursuant to an effective registration statement or in respect of notes sold or transferred either pursuant to (a) Rule 144A or (b) Regulation S) the holder of such notes may be required to provide certifications relating to the manner of such transfer as provided in the indenture;

(7) it acknowledges that the trustee, registrar or transfer agent for the notes will not be required to accept for registration transfer of any notes acquired by it, except upon presentation of evidence satisfactory to us and the trustee, registrar or transfer agent that the restrictions set forth herein have been complied with;

(8) it acknowledges that we, the initial purchasers and other persons will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of the acknowledgements, representations and agreements deemed to have been made by its purchase of the notes are no longer accurate, it will promptly notify us and the initial purchasers; and

(9) if it is acquiring the notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each account.

Legends

The following is the form of restrictive legend which will appear on the face of the Rule 144A Global Note, and which will be used to notify transferees of the foregoing restrictions on transfer:

"This Note has not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws. The holder hereof, by purchasing this Note, agrees for the benefit of Arcos Dorados Holdings Inc. (the "Company") that this Note or any interest or participation herein may be offered, resold, pledged or otherwise transferred only (1) to the Company, (2) so long as this Note is eligible for resale pursuant to Rule 144A under the Securities Act ("Rule 144A"), to a person who the seller reasonably believes is a "qualified institutional buyer" (as defined in Rule 144A) in accordance with Rule 144A, (3) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act, (4) pursuant to an exemption from registration under the Securities Act (if available) or (5) pursuant to an effective registration statement under the Securities Act, and in each of such cases in accordance with any applicable securities laws of any state of the United States or other applicable jurisdiction. The holder hereof, by purchasing this Note, represents and agrees that it shall notify any purchaser of this Note from it of the resale restrictions referred to above.

The foregoing legend may be removed from this Note only at the option of the Company."

The following is the form of restrictive legend which will appear on the face of the Regulation S Global Note and which will be used to notify transferees of the foregoing restrictions on transfer:

"This Note has not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws. The holder hereof, by purchasing this Note, agrees that neither this Note nor any interest or participation herein may be offered, resold, pledged or otherwise transferred in the absence of such registration unless such transaction is exempt from, or not subject to, such registration and in accordance with any applicable securities laws of any other applicable jurisdiction.

The foregoing legend may be removed from this Note on November 20, 2013"

Other Jurisdictions

The distribution of this offering memorandum and the offer and sale or resale of the notes may be restricted by law in certain jurisdictions. Persons into whose possession this offering memorandum comes are required by us and the initial purchasers to inform themselves about and to observe any such restrictions.

LISTING AND GENERAL INFORMATION

1. The notes have been accepted for clearance and settlement through DTC, Euroclear and Clearstream. The CUSIP and ISIN numbers for the notes are as follows:

	Restricted Global Note	Regulation S Global Note
CUSIP	03965U AB6	G0457F AD9
ISIN	US03965UAB61	USG0457FAD99
Common Code	097602204	097584737

2. Copies of our audited consolidated annual financial statements at and for the years ended December 31, 2012, 2011 and 2010, our unaudited condensed consolidated financial statements at and for the six months ended June 30, 2013, our future audited consolidated annual financial statements, and our future unaudited condensed consolidated quarterly financial statements, if any, and copies of our memorandum and articles of association and the bylaws of the subsidiary guarantors, as well as the indenture (including forms of notes and the guarantees), will be available free of charge at the offices of the principal paying agent and any other paying agent, including the Luxembourg listing agent.

3. Except as disclosed in this offering memorandum, or in our annual report on Form 20-F incorporated by reference herein, there has been no material adverse change in our financial position since June 30, 2013, the date of our latest financial statements incorporated by reference in this offering memorandum.

4. Except as disclosed in this offering memorandum, or in our annual report on Form 20-F incorporated by reference herein, we are not involved in any litigation or arbitration proceedings relating to claims or amounts that are material in the context of this offering, nor so far as we are aware is any such litigation or arbitration threatened.

5. The current registered office of each of the subsidiary guarantors is as follows: (i) Arcos Dorados B.V.: Prins Bernhardplein 200, 1097 JB Amsterdam, The Netharlands; (ii) Arcos Dorados Argentina S.A.: Santa Fe Avenue 1193, 3rd Floor, Buenos Aires, Argentina; (iii) Arcos Dourados Comércio de Alimentos Ltda.: Alameda Amazonas 253, Alphaville Industrial, Barueri, São Paulo, Brazil; (iv) Arcos Dourados Restaurantes Ltda.: Alameda Amazonas, 113, 1er piso, Alphaville Industrial, Barueri, São Paulo, Brazil; (v) Arcos SerCal Inmobiliaria, S. de R.L. de C.V.: Antonio Dovali Jaime 75, Piso 3, Col Lomas de Santa Fe, México D.F., México; (vi) Arcos SerCal Servicios, S.A. de C.V.: Antonio Dovali Jaime 75, Piso 3, Col Lomas de Santa Fe, México D.F., México; (viii) Arcos Dorados Puerto Rico, Inc.: The Prentice Hall Corporation Systems of Puerto Rico, Inc., c/o FGR Corporate Services, Inc., BBV Tower, 8th Floor, 254 Muñoz Rivera Avenue, San Juan, Puerto Rico 00918; (viii) Golden Arch Development Corporation: c/o Corporation Service Company 2711 Centerville Road, Suite 400, Wilmington, DE 19808, United States; (ix) Alimentos Arcos Dorados de Venezuela C.A.: Avenida Francisco Solano López con Calle Negrin, Centro Empresarial Sabana Grande, Piso 19, Caracas 1050, Venezuela; and (x) Compañía Operativa de Alimentos COR, C.A.: Avenida Francisco Solano López con Calle Negrin, Centro Empresarial Sabana Grande, Piso 19, Caracas 1050, Venezuela.

6. All of the guarantors, except for Arcos Dorados B.V., are in the business of operating and franchising fast food restaurants. Arcos Dorados B.V. is a holding company.

7. All of the guarantors are indirectly controlled subsidiaries. We hold 99.999% of Arcos Dorados Cöoperatieve U.A., which directly or indirectly wholly owns the subsidiary guarantors except for Arcos Dorados Argentina S.A., of which Mr. Staton owns 0.003%. We own, directly or indirectly, at least 95% of all of the subsidiary guarantors. For a detailed description of our participations in each guarantor, see "Summary—Our Corporate Structure."

8. The current address of each of the initial purchasers is as follows: (i) Merrill Lynch, Pierce, Fenner & Smith Incorporated: One Bryant Park, New York, New York 10036; (ii) Citigroup Global Markets Inc.: 388 Greenwich Street, New York, New York 10013; and (iii) J.P. Morgan Securities LLC: 383 Madison Avenue, New York, New York 10179.

9. We have applied to list the notes on the Official List of the Luxembourg Stock Exchange and to trade the notes on the Euro MTF Market. We will comply with any undertakings assumed or undertaken by us from time to time to the Luxembourg Stock Exchange in connection with the notes, and we will furnish to them all such information as the rules of the Luxembourg Stock Exchange may require in connection with the listing of the notes.

10. The issuance of the notes was authorized by our Board of Directors on August 27, 2013.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of 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 are not 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.

INCORPORATION BY REFERENCE

We incorporate herein by reference:

- our annual report on Form 20-F for the year ended December 31, 2012, which was filed with the SEC on April 26, 2013 and amended on May 20, 2013, and
- our reports on Form 6-K dated May 31, 2013, June 19, 2013, August 6, 2013 (only the unaudited condensed consolidated financial statements as of June 30, 2013 and December 31, 2012 and for the six-month periods ended June 30, 2013 and 2012) and August 16, 2013.

The annual report on Form 20-F and our reports on Form 6-K incorporated by reference in this offering memorandum are available on the SEC's website, http://www.sec.gov. All information contained in this offering memorandum is qualified in its entirety by the information, including the notes thereto, contained in the Form 20-F and our reports on Form 6-K incorporated by reference in this offering memorandum.

You may obtain a copy of the Form 20-F and our reports on Form 6-K incorporated by reference in this offering memorandum at no cost by writing or calling us at the following address:

Arcos Dorados Holdings Inc.
Roque Saenz Peña 432
Olivos, Buenos Aires B1636FFB
Argentina
Telephone +54 (11) 4711-2000

VALIDITY OF NOTES

Certain legal matters will be passed upon for us by Davis Polk & Wardwell LLP, New York, New York and by Maples and Calder, Tortola, British Virgin Islands. Certain legal matters relating to the issuance of the notes will be passed upon for the initial purchasers by Milbank, Tweed, Hadley & McCloy LLP, New York, New York and by Walkers, Tortola, British Virgin Islands.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Our consolidated financial statements as of December 31, 2012 and 2011 and for the years ended December 31, 2012, 2011 and 2010 included in our annual report on Form 20-F for the year ended December 31, 2012, and the effectiveness of our internal control over financial reporting as of December 31, 2012, have been audited by Pistrelli, Henry Martin y Asociados S.R.L., member firm of Ernst & Young Global, independent registered public accounting firm, as stated in their reports incorporated by reference in this offering memorandum.

PRINCIPAL EXECUTIVE OFFICES

Arcos Dorados Holdings Inc.
Roque Saenz Peña 432
Olivos, Buenos Aires B1636FFB
Argentina

TRUSTEE, REGISTRAR, PAYING AGENT AND TRANSFER AGENT

For Note Transfer Purposes and Final Payment
Citibank, N.A.
480 Washington Boulevard, 30th Floor
Jersey City, New Jersey 07310

For All Other Purposes
Citibank, N.A.
388 Greenwich Street
New York, New York 10013

PRINCIPAL PAYING AGENT

Citibank, N.A.
388 Greenwich Street
New York, New York 10013

LUXEMBOURG LISTING, PAYING AND TRANSFER AGENT

Banque Internationale à Luxembourg, société anonyme
69 route d'Esch
L-1470 Luxembourg

LEGAL ADVISORS TO ARCOS DORADOS HOLDINGS INC.

As to U.S. Law
Davis Polk & Wardwell LLP
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New York, New York 10017
Unites States of America

As to British Virgin Islands Law
Maples and Calder
Sea Meadow House
PO Box 173, Road Town
Tortola VG 1110
British Virgin Islands

LEGAL ADVISORS TO THE INITIAL PURCHASERS

As to U.S. Law
Milbank, Tweed, Hadley & McCloy LLP
One Chase Manhattan Plaza
New York, New York 10005
United States of America

As to British Virgin Islands Law
Walkers
171 Main Street
PO Box 92, Road Town
Tortola VG1110
British Virgin Islands

INDEPENDENT AUDITORS

Pistrelli, Henry Martin y Asociados S.R.L.
Member firm of Ernst & Young Global
25 de Mayo 487, Planta Baja
Buenos Aires C1002ABI
Argentina

Arcos Dorados Holdings Inc.

Offering Memorandum

October 29, 2013