

ARCOS DORADOS HOLDINGS INC.
A British Virgin Islands company
(the “**Company**”)

Compensation and Nomination Committee Charter
Adopted on December 12, 2014

Purpose and Scope

The Compensation and Nomination Committee (the “**Committee**”) is created by the Board of Directors of the Company (the “**Board**”) to discharge the responsibilities set forth in this Charter. The Committee shall have the authority and membership and shall operate according to the procedures provided in this Charter.

Membership

The Committee shall consist of at least four members. The Board shall appoint Directors to the Committee and as vacancies or newly created positions occur. Committee members may be removed by the Board at any time.

A Director will serve on the Committee until the termination of the appointment by the Board, until a successor is appointed or until such person ceases to be a Director.

Responsibilities

In addition to any other responsibilities which may be assigned from time to time by the Board, the Committee is responsible for the following matters.

1. Compensation Matters:

Executive Compensation

- The Committee shall approve the compensation of the Management Board of the Company; and the compensation of other top level executives of the Company, as the Committee deems necessary in order to attract and retain talented executives. The Management Board is composed of the following positions: Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, the Vice-Presidents of Marketing, Supply Chain, Development and Human Resources, and each of the Divisional Presidents. In reviewing and approving the compensation of the Management Board, the Committee shall, among other things:
 - (i) approve corporate goals and objectives relevant to compensation; (ii) evaluate the executives’ performance in light of such goals and objectives and recommend compensation based on such evaluation, including such other factors as the Committee deems appropriate and in the best interests of the Company; and (iii) recommend any long-term incentive component of compensation.

Compensation Policies and Plans

- The Committee shall evaluate the Company’s compensation and benefits policies, including the review and recommendation of any incentive-compensation and equity-based plans of the Company that are subject to Board approval. In reviewing such compensation and

benefits policies, the Committee may consider the recruitment, development, promotion, retention and compensation of executive officers and other employees of the Company and any other factors that it deems appropriate.

Director Compensation

- The Committee shall also review and approve compensation for the Company's directors (including any equity-based compensation).

2. Nomination Matters

Nomination of Candidates to the Board

- The Committee will identify and propose to the Board candidates for nomination and election or re-election as Directors to the Board.
- When there is a vacancy on the Board or when there is a newly created directorship, the Committee will be in charge of nominating prospective candidates for the final approval by the Board.
- The Committee will research and propose the most qualified and knowledgeable people, who the Committee believes will represent the best interests of the Company. When making recommendations, the Committee will look at professional attributes, background, reputation, experience and personal traits, among other things, of prospective candidates.
- The Committee will also make recommendations to the Board concerning Director nominations submitted by shareholders.

Performance Review

- The Committee will review board members' performance and attendance at the Board and Board Committee meetings on an annual basis, in order to determine if their position as director is still beneficial to the Board as a whole and to the Company. This review and reassessment will help the committee propose any changes.

Structure of the Board of Directors

- The Committee will review and make recommendations to the Board concerning the criteria for selection and retention of Directors, the composition of the Board and the structure and functions of the Board and its committees.
- The Committee will review and make recommendations to the Board with respect to the size and composition of the Board and will establish and review the qualification criteria for Board members with a view to the Board possessing, as a whole, an appropriate mix of expertise, skills, attributes and personal and professional backgrounds given the nature of the Company's business.
- The Committee will review the appropriateness of any qualifications, policies or restrictions on Board service, including term limits, any retirement policy, and the participation of Directors on the boards of directors of other companies or organizations.

- The Committee will recommend procedures for selection of the Chairman of the Board (the “Chairman”) and if considered necessary or appropriate an alternate thereto or other “lead director”.
- The Committee will develop lists of potential candidates, expectations and plans, as appropriate, for Board member succession.

Resignation and Termination of a Board Member

- The Committee will be responsible for considering and evaluating any offer by a director to resign from the Board, and for making recommendations to the Board with respect to such resignation.
- The Committee will be responsible for evaluating and recommending termination of membership of individual Directors in accordance with the Company’s Memorandum and Articles of Association, corporate governance principles and guidelines, for cause or for other appropriate reasons.

Nomination of candidates for top-level executive positions

- When there is a vacancy or a change in the Management Board of the Company (including the position of the Chief Executive Officer) or in any other position considered to be a top level executive of the Company, the Committee will review and propose prospective candidates for the final approval by the full board.
- The Committee will propose the most qualified and knowledgeable people, who the Committee believes would represent the best interests of the Company. When making recommendations, the Committee members will look at professional attributes, background, reputation and personal traits, among other things, of prospective executive candidates.

Board Committees

- The Committee will identify and recommend to the Board Directors to serve as members of each of the Board’s Committees.
- The Committee will establish and coordinate with the Chair of each Committee the criteria and method for evaluating the effectiveness of such Committee.

Director Orientation and Continued Education

- The Committee will work with the Chief Executive Officer (the “CEO”) of the Company, to establish an orientation program for new directors, which shall be designed to, among other things, familiarize new directors with the full scope of the Company’s business and operations, key management personnel and risks, and the expectations regarding the contribution of time or resources of the directors.
- The Committee will work with the CEO to establish continuing education programs for existing directors, which are appropriate and relevant to enable the directors to maintain and enhance their skills and abilities and ensure their knowledge and understanding of the Company’s business remains current.

General

The Committee will perform such other duties and responsibilities as may be assigned to the Committee by the Board of Directors from time to time or as may be required under applicable law or by any applicable regulatory authority.

3. Succession Planning

- Succession planning will be at the top of the Committee's priorities, in order to try to avoid situations in which a vacancy in a senior or key position is left without the right candidate available to fill it.
- Key positions can be defined as those positions that are crucial for the operations of the Company and, because of skill, seniority and/or experience, will be hard to replace.
- The Committee will monitor and supervise the implementation of the succession plan by the Human Resources division of the Company, in order to achieve the best combination of training and development of existing staff, together with external recruitment.

Reporting to the Board

- The Committee shall report to the Board periodically.
- The Chairman of the Committee will from time to time or upon request by the Board, provide a report on the activities of the Committee. Topics of special interest for the Board of the Company are the management's succession planning and the compensation for both top executives and directors.

Meetings, Procedures and Authority

1. Meetings and Procedures

- The Committee shall meet as often as it considers necessary and, subject to the terms hereof and applicable law, otherwise establish its procedures and govern itself as the members may see fit in order to carry out and fulfill its duties and responsibilities hereunder.
- Meetings of the Committee may be called at the request of a director on the Committee or the CEO to be held at such times and places as the person calling such meeting may determine. Not less than twenty-four (24) hours advance notice of each meeting shall be given orally or in writing personally delivered or by facsimile or electronic mail together with an agenda to each member on the Committee unless all members on the Committee present at that meeting agree to waive notice and any absent members have waived notice or otherwise signify their consent to the holding of such meeting.
- A majority of members on the Committee will constitute a quorum (provided that a quorum shall not be less than two (2) members). Decisions of the Committee will be by an affirmative vote of the majority of those members of the Committee voting at a meeting. In the event of an equality of votes, the Chair will not have a casting or deciding vote. The Committee may also act by resolution in writing signed by all the members of the Committee.

- The Board, or failing that, the Committee itself, shall select from among its members to act as the Chairman of the Committee (or in his or her absence, an alternate Chair).
- The Secretary of the Committee shall be elected by the members of the Committee.
- The Committee shall keep or cause to be kept minutes or other records of its meetings and proceedings and provide such records to the Company as the Committee may so determine.
- Any member may participate in a meeting by telephone or video conference, and a member participating in a meeting pursuant to either of these methods shall be deemed to be present in person at the meeting.

2. Authority

- The Company shall provide the Committee with such resources, personnel and authority as the Committee may require in order to properly carry out and discharge its roles and responsibilities hereunder.
- As a result, the Committee shall have the power and authority to conduct or authorize studies and investigations into any matter of interest or concern within the scope of its responsibilities that the Committee deems appropriate, and shall have the sole authority to retain or terminate any advisor, search firm, consultant, legal counsel or other experts to assist in the conduct of any such study or investigation, including the authority to approve fees payable to such experts and any other terms of retention.
- The engagement and payment by the Company for the services of an outside advisor retained by the Committee is subject to approval by the Chairman of the Committee.
- The Committee may invite Management, directors, employees or other persons as it sees fit from time to time to attend its meetings, provided, however, that only members of the Committee may participate in the deliberation, and vote on any matter to be decided by the Committee.
- No executive officer of the Company should attend that portion of any meeting where such executive's performance, compensation or succession plan is discussed, unless specifically invited by the Committee.
- The Committee and its members shall have access to such documents or records of the Company and to such officers, employees or advisors of the Company or require their attendance at any meeting of the Committee, all as the Committee or the members thereof may consider necessary in order to fulfill and discharge their responsibilities hereunder.
- This Charter may, at any time, and from time to time, be altered, modified or amended in such manner as may be approved by the Committee and by the Board of Directors.