



U.S. Tax Consequences for Recent Stock Dividend

The stock dividend paid by the Company on August 12 will not be taxable to the Company's U.S. shareholders (except to the extent of cash received in lieu of fractional shares, as discussed below). Instead of taking the stock dividend into income (and paying tax), U.S. holders are required to allocate their basis in the shares in respect of which the dividend was paid between those "old" shares and the "new" shares they received in the dividend based on the relative fair market value of each. U.S. shareholders who received cash in lieu of fractional shares will be treated as having received the fractional shares in the stock dividend and then as having exchanged the fractional shares for cash. These holders will generally recognize gain or loss equal to the difference between the tax basis allocable to the fractional shares and the amount of cash received.

Below please find the IRS Form 8937.

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer			
1 Issuer's name Arcos Dorados Holdings Inc.		2 Issuer's employer identification number (EIN) 98-0684215	
3 Name of contact for additional information Patricia De Hart	4 Telephone No. of contact +54 11 4711 2677	5 Email address of contact Patricia.DeHart@ar.mcd.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact Roque Saenz Peña 432 Olivos		7 City, town, or post office, state, and ZIP code of contact B1636FFB Buenos Aires Argentina	
8 Date of action August 12, 2020	9 Classification and description Common Stock		
10 CUSIP number G0457F107	11 Serial number(s) N/A	12 Ticker symbol ARCO	13 Account number(s) N/A

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **On August 12, 2020, Arcos Dorados Holdings Inc. distributed a dividend of one share for every seventy-five shares held by its shareholders and paid cash in lieu of fractional shares.**

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **Pursuant to Internal Revenue Code 307(a), a shareholder who receives a non-taxable stock dividend must allocate the basis in the stock in respect of which the dividend was paid between this stock and the stock received in the dividend. In this case, because one (1) share was distributed for every seventy-five (75) shares outstanding, each share following the distribution would have 98.68421 percent (75/76) of the basis the stockholder had in each share prior to the distribution.**

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **See above**

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶
Internal Revenue Code Sections 305(a) and 307(a).

Multiple horizontal lines for listing applicable Internal Revenue Code sections.

18 Can any resulting loss be recognized? ▶ ARCO shareholders who received cash in lieu of fractional shares will be treated as having received the fractional shares in the stock dividend and then as having exchanged the fractional shares for cash. These holders will generally recognize gain or loss equal to the difference between the tax basis allocable to the fractional shares and the amount of cash received.

Multiple horizontal lines for providing additional information regarding the loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶

Multiple horizontal lines for providing other necessary information.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here Signature ▶ [Handwritten Signature] Date ▶ AUGUST 24, 2020

Print your name ▶ PATRICIA DE HOER Title ▶ CORPORATE SR TAX DIRECTOR

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶	Firm's EIN ▶			
	Firm's address ▶	Phone no.			

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054