FORM 10-Q

Restaurant Brands International Inc. - N/A

Filed: October 24, 2016 (period: September 30, 2016)

Quarterly report with a continuing view of a company's financial position

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

Form 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2016

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

For the transition period from _________ to _________

Commission file number: 001-36786

RESTAURANT BRANDS INTERNATIONAL INC.
(Exact Name of Registrant as Specified in its Charter)

Canada **(State or Other Jurisdiction of Incorporation or Organization)**	**98-1202754** **(I.R.S. Employer Identification No.)**
226 Wyecroft Road **Oakville, Ontario** **(Address of Principal Executive Offices)**	**L6K 3X7** **(Zip Code)**

(905) 845-6511
(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 20, 2016, there were 234,111,128 common shares of the Registrant outstanding.

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RESTAURANT BRANDS INTERNATIONAL INC. AND SUBSIDIARIES

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PART I — Financial Information

Item 1. Financial Statements

RESTAURANT BRANDS INTERNATIONAL INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(In millions of U.S. dollars, except share data)
(unaudited)

	As of	
	September 30, 2016	**December 31, 2015**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,274.4	$ 757.8
Trade and notes receivable, net of allowance of $14.1 million and $14.2 million, respectively	374.3	422.0
Inventories and other current assets, net	170.8	132.2
Advertising fund restricted assets	57.7	57.5
Total current assets	1,877.2	1,369.5
Property and equipment, net of accumulated depreciation of $446.6 million and $339.3 million, respectively	2,095.8	2,150.6
Intangible assets, net	9,434.0	9,147.8
Goodwill	4,762.0	4,574.4
Net investment in property leased to franchisees	100.1	117.2
Other assets, net	924.3	1,051.6
Total assets	$ 19,193.4	$ 18,411.1
LIABILITIES, REDEEMABLE PREFERRED SHARES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts and drafts payable	$ 352.1	$ 361.5
Other accrued liabilities	506.8	441.3
Gift card liability	124.2	168.5
Advertising fund liabilities	112.7	93.6
Current portion of long term debt and capital leases	94.1	56.1
Total current liabilities	1,189.9	1,121.0
Term debt, net of current portion	8,421.3	8,462.3
Capital leases, net of current portion	213.9	203.4
Other liabilities, net	903.5	795.9
Deferred income taxes, net	1,648.7	1,618.8
Total liabilities	12,377.3	12,201.4
Redeemable preferred shares; $43.775848 par value; 68,530,939 shares authorized, issued and outstanding at September 30, 2016 and December 31, 2015	3,297.0	3,297.0
Shareholders' Equity:		
Common shares, no par value; unlimited shares authorized at September 30, 2016 and December 31, 2015; 234,097,876 shares issued and outstanding at September 30, 2016; 225,707,588 shares issued and outstanding at December 31, 2015	1,935.8	1,824.5
Retained earnings	367.4	245.8
Accumulated other comprehensive income (loss)	(594.9)	(733.7)
Total Restaurant Brands International Inc. shareholders' equity	1,708.3	1,336.6
Noncontrolling interests	1,810.8	1,576.1
Total shareholders' equity	3,519.1	2,912.7
Total liabilities, redeemable preferred shares and shareholders' equity	$ 19,193.4	$ 18,411.1

See accompanying notes to condensed consolidated financial statements.

RESTAURANT BRANDS INTERNATIONAL INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(In millions of U.S. dollars, except per share data)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	**2015**	**2016**	**2015**
Revenues:				
Sales	$ 586.4	$ 545.9	$1,635.5	$1,613.2
Franchise and property revenues	489.3	473.8	1,398.9	1,382.0
Total revenues	1,075.7	1,019.7	3,034.4	2,995.2
Cost of sales	455.0	446.6	1,279.0	1,354.6
Franchise and property expenses	111.9	114.4	330.2	365.2
Selling, general and administrative expenses	82.2	104.3	228.5	317.3
(Income) loss from equity method investments	(2.6)	1.0	(16.6)	5.7
Other operating expenses (income), net	8.7	9.4	38.2	82.2
Total operating costs and expenses	655.2	675.7	1,859.3	2,125.0
Income from operations	420.5	344.0	1,175.1	870.2
Interest expense, net	117.3	116.0	349.6	362.3
(Gain) loss on early extinguishment of debt	—	0.4	—	40.0
Income before income taxes	303.2	227.6	825.5	467.9
Income tax expense	64.6	44.7	171.0	140.7
Net income	238.6	182.9	654.5	327.2
Net income attributable to noncontrolling interests (Note 12)	84.8	65.8	224.8	71.3
Preferred share dividends	67.5	67.5	202.5	203.7
Net income attributable to common shareholders	$ 86.3	$ 49.6	$ 227.2	$ 52.2
Earnings per common share				
Basic	$ 0.37	$ 0.25	$ 0.98	$ 0.26
Diluted	$ 0.36	$ 0.24	$ 0.96	$ 0.25
Weighted average shares outstanding				
Basic	233.9	202.4	232.5	202.3
Diluted	470.6	476.5	469.7	476.4
Cash dividends declared per common share	$ 0.16	$ 0.12	$ 0.45	$ 0.31

See accompanying notes to condensed consolidated financial statements.

RESTAURANT BRANDS INTERNATIONAL INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Income (Loss)
(In millions of U.S. dollars)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Net income	$ 238.6	$ 182.9	$ 654.5	$ 327.2
Foreign currency translation adjustment	(131.7)	(644.8)	538.8	(1,543.5)
Net change in fair value of net investment hedges, net of tax of $(2.7), $(51.8), $25.9 and $(94.6)	17.4	345.9	(173.7)	572.0
Net change in fair value of cash flow hedges, net of tax of $(0.7), $11.8, $20.7 and $33.1	2.4	(33.6)	(58.6)	(92.6)
Amounts reclassified to earnings of cash flow hedges, net of tax of $(1.9), $0, $(3.7) and $(7.3)	5.4	0.2	10.5	19.2
Pension and post-retirement benefit plans, net of tax of $0, $0, $0 and $0.1	—	—	—	(0.1)
Amortization of prior service (credits) costs, net of tax of $0.3, $0.3, $0.9 and $0.8	(0.4)	(0.4)	(1.3)	(1.3)
Amortization of actuarial (gains) losses, net of tax of $0, $(0.3), $(0.1) and $(0.8)	0.1	0.4	0.2	1.3
Other comprehensive income (loss)	(106.8)	(332.3)	315.9	(1,045.0)
Comprehensive income (loss)	131.8	(149.4)	970.4	(717.8)
Comprehensive income (loss) attributable to noncontrolling interests	32.2	(122.6)	383.2	(521.2)
Comprehensive income attributable to preferred shareholders	67.5	67.5	202.5	203.7
Comprehensive income (loss) attributable to common shareholders	$ 32.1	$ (94.3)	$ 384.7	$ (400.3)

See accompanying notes to condensed consolidated financial statements.

RESTAURANT BRANDS INTERNATIONAL INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Shareholders' Equity
(In millions of U.S. dollars, except per share data)
(unaudited)

	Issued Common Shares					
	Shares	Amount	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest	Total
Balances at December 31, 2015	225.7	$ 1,824.5	$ 245.8	$ (733.7)	$ 1,576.1	$2,912.7
Stock option exercises	1.5	12.5	—	—	—	12.5
Share-based compensation	—	24.8	—	—	—	24.8
Issuance of shares	0.2	7.6	—	—	—	7.6
Dividends declared on common shares ($0.45 per share)	—	—	(105.0)	—	—	(105.0)
Dividend equivalents declared on restricted stock units	—	0.6	(0.6)	—	—	—
Distributions declared by Partnership on partnership exchangeable units ($0.45 per unit) (Note 12)	—	—	—	—	(102.3)	(102.3)
Preferred share dividends	—	—	(202.5)	—	—	(202.5)
Exchange of Partnership exchangeable units for RBI common shares	6.7	65.8	—	(18.7)	(47.1)	—
Restaurant VIE contributions	—	—	—	—	0.9	0.9
Net income	—	—	429.7	—	224.8	654.5
Other comprehensive income (loss)	—	—	—	157.5	158.4	315.9
Balances at September 30, 2016	234.1	$ 1,935.8	$ 367.4	$ (594.9)	$ 1,810.8	$3,519.1

See accompanying notes to condensed consolidated financial statements.

RESTAURANT BRANDS INTERNATIONAL INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(In millions of U.S. dollars)
(unaudited)

	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Cash flows from operating activities:		
Net income	$ 654.5	$ 327.2
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	129.0	137.8
(Gain) loss on early extinguishment of debt	—	40.0
Amortization of deferred financing costs and debt issuance discount	29.1	25.0
(Income) loss from equity method investments	(16.6)	5.7
Loss (gain) on remeasurement of foreign denominated transactions	16.1	31.1
Amortization of defined benefit pension and postretirement items	(1.9)	—
Net losses (gains) on derivatives	15.3	50.1
Net losses (gains) on refranchisings and dispositions of assets	10.0	(5.8)
Bad debt expense (recoveries), net	(0.1)	0.9
Share-based compensation expense	25.9	36.9
Acquisition accounting impact on cost of sales	—	0.5
Deferred income taxes	34.6	(114.8)
Changes in current assets and liabilities, excluding acquisitions and dispositions:		
Reclassification of restricted cash to cash and cash equivalents	—	79.2
Trade and notes receivable	20.0	35.4
Inventories and other current assets	(3.0)	(5.1)
Accounts and drafts payable	11.8	138.8
Accrued advertising	4.0	29.8
Other accrued liabilities	(23.8)	172.2
Other long-term assets and liabilities	14.1	(34.5)
Net cash provided by operating activities	919.0	950.4
Cash flows from investing activities:		
Payments for property and equipment	(18.2)	(82.9)
Proceeds from refranchisings, disposition of assets and restaurant closures	18.1	16.9
Return of investment on direct financing leases	12.5	12.1
Settlement of derivatives, net	4.9	11.8
Other investing activities, net	2.0	2.1
Net cash provided by (used for) investing activities	19.3	(40.0)
Cash flows from financing activities:		
Proceeds from Senior Notes	—	1,250.0
Repayments of term debt, Tim Hortons Notes and capital leases	(52.7)	(2,610.6)
Payment of financing costs	—	(81.3)
Dividends paid on common shares and preferred shares	(396.9)	(238.8)
Proceeds from stock option exercises	12.5	1.6
Proceeds from issuance of shares	—	2.1
Other financing activities	0.8	(3.9)
Net cash provided by (used for) financing activities	(436.3)	(1,680.9)
Effect of exchange rates on cash and cash equivalents	14.6	(57.2)
Increase (decrease) in cash and cash equivalents	516.6	(827.7)
Cash and cash equivalents at beginning of period	757.8	1,803.2
Cash and cash equivalents at end of period	$ 1,274.4	$ 975.5
Supplemental cashflow disclosures:		
Interest paid	$ 285.9	$ 285.8
Income taxes paid	$ 93.3	$ 91.8
Non-cash investing and financing activities:		
Acquisition of property with capital lease obligations	$ 22.5	$ 10.4

See accompanying notes to condensed consolidated financial statements.

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RESTAURANT BRANDS INTERNATIONAL INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 1. Description of Business and Organization

Description of Business

Restaurant Brands International Inc. (the "Company," "RBI," "we," "us" or "our") was originally formed on August 25, 2014 and continued under the laws of Canada. Pursuant to Rule 12g-3(a) under the Securities Exchange Act of 1934, as amended, the Company is a successor issuer to Burger King Worldwide, Inc. The Company serves as the sole general partner of Restaurant Brands International Limited Partnership (the "Partnership"), the indirect parent of The TDL Group Corp. (f/k/a Tim Hortons ULC and Tim Hortons Inc.), a limited company existing under the laws of British Columbia that franchises and operates quick service restaurants serving premium coffee and other beverage and food products under the *Tim Hortons*® brand ("Tim Hortons" or "TH"), and Burger King Worldwide, Inc., a Delaware corporation that franchises and operates fast food hamburger restaurants principally under the *Burger King*® brand ("Burger King Worldwide", "Burger King" or "BK"). On December 12, 2014, a series of transactions (the "Transactions") were completed resulting in Burger King Worldwide and Tim Hortons becoming indirect subsidiaries of the Company and Partnership. We are one of the world's largest quick service restaurant, or QSR, chains as measured by total number of restaurants. As of September 30, 2016, we franchised or owned 4,492 Tim Hortons restaurants and 15,243 Burger King restaurants, for a total of 19,735 restaurants, in more than 100 countries and U.S. territories worldwide. Approximately 100% of current Tim Hortons and Burger King system-wide restaurants are franchised.

All references to "$" or "dollars" are to the currency of the United States unless otherwise indicated. All references to "C$" or "Canadian dollars" are to the currency of Canada unless otherwise indicated.

Note 2. Basis of Presentation and Consolidation

We have prepared the accompanying unaudited condensed consolidated financial statements ("Financial Statements") in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial information. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America ("U.S. GAAP") for complete financial statements. Therefore, the Financial Statements should be read in conjunction with the audited consolidated financial statements contained in our Annual Report on Form 10-K filed with the SEC and Canadian securities regulatory authorities on February 26, 2016.

The Financial Statements include our accounts and the accounts of our wholly-owned subsidiaries. We consolidate entities in which we have a controlling financial interest, the usual condition of which is ownership of a majority voting interest. All material intercompany balances and transactions have been eliminated in consolidation. Investments in other affiliates that are owned 50% or less where we have significant influence are accounted for by the equity method.

We are the sole general partner of Partnership and, as such, we have the exclusive right, power and authority to manage, control, administer and operate the business and affairs and to make decisions regarding the undertaking and business of Partnership, subject to the terms of the partnership agreement of Partnership (the "partnership agreement") and applicable laws. As a result, we consolidate the results of Partnership and record a noncontrolling interest in our consolidated balance sheets and statements of operations with respect to the remaining economic interest in Partnership we do not hold.

We also consider for consolidation entities in which we have certain interests, where the controlling financial interest may be achieved through arrangements that do not involve voting interests. Such an entity, known as a variable interest entity ("VIE"), is required to be consolidated by its primary beneficiary. The primary beneficiary is the entity that possesses the power to direct the activities of the VIE that most significantly impact its economic performance and has the obligation to absorb losses or the right to receive benefits from the VIE that are significant to it. Our most significant variable interests are in entities that operate restaurants under our subsidiaries' franchise arrangements and certain equity method investees that operate as master franchisees. Our maximum exposure to loss resulting from involvement with potential VIEs is attributable to trade and notes receivable balances, outstanding loan guarantees and future lease payments, where applicable.

We do not have any ownership interests in our franchisees' businesses, except for investments in various entities that are accounted for under the equity method. Tim Hortons has historically entered into certain arrangements in which an operator acquires the right to operate a restaurant, but Tim Hortons owns the restaurant's assets. In these arrangements, Tim Hortons has the ability to determine which operators manage the restaurants and for what duration. Tim Hortons previously also entered into interest-free financing in connection with a Franchise Incentive Program ("FIP") with certain U.S. restaurant owners whereby restaurant owners finance the initial franchise fee and purchase of restaurant assets. In both operator and FIP arrangements, we perform an analysis to determine if the legal entity in which operations are conducted is a VIE and consolidate a VIE entity if we also determine Tim Hortons is the entity's primary beneficiary ("Restaurant VIEs"). Additionally, Tim Hortons participates in advertising funds which, on behalf of Tim Hortons Company and franchise restaurants, collect contributions and administer funds for advertising and promotional programs. Tim Hortons is the sole shareholder (Canada) and sole member (U.S.) in these funds, and is the primary beneficiary of these funds (the "Advertising VIEs"). As Burger King franchise and master franchise arrangements provide the franchise and master franchise entities the power to direct the activities that most significantly impact their economic performance, we do not consider ourselves the primary beneficiary of any such entity that might be a VIE.

In the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation have been included in the Financial Statements. The results for interim periods are not necessarily indicative of the results that may be expected for any other interim period or for the full year.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in our Financial Statements and notes to the Financial Statements. Management adjusts such estimates and assumptions when facts and circumstances dictate. Such estimates and assumptions may be affected by volatile credit, equity, foreign currency, energy markets and declines in consumer spending. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates.

Certain prior year amounts in the accompanying Financial Statements and notes to the Financial Statements have been reclassified in order to be comparable with the current year classifications. These reclassifications had no effect on previously reported net income.

Note 3. New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued an accounting standards update that amended accounting guidance on revenue recognition. In August 2015, the FASB deferred adoption of the new standard by one year. Several updates have been issued since to clarify the implementation guidance including, on principal versus agent considerations and on performance obligations and licensing. The new standard will be effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. Early adoption is allowed as of the original effective date, which is for fiscal years, and interim periods within those years, beginning after December 15, 2016. The accounting standards update permits the use of either the retrospective or cumulative effect transition method. We are evaluating the impact of this accounting standards update on our consolidated financial statements and related disclosures. We have not yet selected a transition method nor have we determined the effect of the accounting standards update on our ongoing financial reporting.

In February 2016, the FASB issued an accounting standards update which sets out the principles for the recognition, measurement, presentation and disclosure of leases applicable to both lessors and lessees. The new guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018, with early adoption permitted. We are currently evaluating the impact that the adoption of this accounting standards update will have on our financial statements, but we expect this new guidance will have a material impact on our consolidated financial statements since the Company has a significant number of operating lease arrangements for which it is the lessee and others for which it is the lessor.

In March 2016, the FASB issued an accounting standards update that clarifies that a change in the counterparty to a derivative instrument that has been designated as a hedging instrument under existing accounting guidance does not, in and of itself, require de-designation of that hedging relationship provided that all other hedge accounting criteria continue to be met. Amendments in this update are effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. The amendments can be applied either prospectively or retrospectively on a modified basis. We do not expect the adoption of this new guidance to have a material impact on our consolidated financial statements.

In March 2016, the FASB issued an accounting standards update that amends certain aspects of the equity method of accounting. Amendments in this update are effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. The amendments should be applied prospectively upon their effective date to increases in the level of ownership interest or degree of influence that result in the adoption of the equity method. Early adoption is permitted. We do not expect the adoption of this new guidance to have a material impact on our consolidated financial statements.

In March 2016, the FASB issued an accounting standards update to simplify several aspects of the accounting for share-based payment transactions. Amendments in this update are effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted for any entity in any interim or annual period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. An entity that elects early adoption must adopt all of the amendments in the same period. We expect this new guidance to have an impact on our consolidated financial statements since the Company has share-based compensation arrangements. We are currently evaluating the impact that the adoption of this accounting standards update will have on our financial statements.

In August 2016, the FASB issued an accounting standards update to reduce the existing diversity in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. Amendments in this update are effective for annual periods beginning after December 15, 2017, and interim periods within those annual periods. Early adoption is permitted for any entity in any interim or annual period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. An entity that elects early adoption must adopt all of the amendments in the same period. We are currently evaluating the impact that the adoption of this accounting standards update will have on our financial statements.

Note 4. Earnings Per Share

Basic earnings per common share is determined by dividing net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by dividing net income (loss) attributable to common shareholders and noncontrolling interests by the weighted average number of common shares outstanding, assuming all potentially dilutive shares were issued.

Beginning on December 12, 2014, an economic interest in Partnership common equity was held by the holders of Class B exchangeable limited partnership units ("Partnership exchangeable units"). Since December 12, 2015, the holders of Partnership exchangeable units each have the right to require Partnership to exchange all or any portion of such holder's Partnership exchangeable units on a one-for-one basis for RBI common shares, subject to RBI's right as the general partner of Partnership, at RBI's sole discretion, to deliver a cash payment in lieu of RBI common shares. See Note 12, *Shareholders' Equity*.

We apply the treasury stock method to determine the dilutive weighted average common shares represented by Partnership exchangeable units and outstanding stock options, unless the effect of their inclusion is anti-dilutive. The diluted earnings per share calculation assumes conversion of 100% of the Partnership exchangeable units under the "if converted" method. Accordingly, the numerator is also adjusted to include the earnings allocated to the holders of noncontrolling interests.

The following table summarizes the basic and diluted earnings per share calculations (in millions, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Numerator:				
Net income attributable to common shareholders - basic	$ 86.3	$ 49.6	$ 227.2	$ 52.2
Add: Net income attributable to noncontrolling interests	83.8	64.9	222.0	68.4
Net income available to common shareholders and noncontrolling interests - diluted	$ 170.1	$ 114.5	$ 449.2	$ 120.6
Denominator:				
Weighted average common shares - basic	233.9	202.4	232.5	202.3
Exchange of noncontrolling interests for common shares (Note 12)	227.1	265.0	228.0	265.0
Effect of other dilutive securities	9.6	9.1	9.2	9.1
Weighted average common shares - diluted	470.6	476.5	469.7	476.4
Basic earnings per share	$ 0.37	$ 0.25	$ 0.98	$ 0.26
Diluted earnings per share	$ 0.36	$ 0.24	$ 0.96	$ 0.25
Anti-dilutive share options outstanding	5.9	5.2	5.9	5.2

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Note 5. Inventories and Other Current Assets, net

Inventories and other current assets, net consist of the following (in millions):

	As of	
	September 30, 2016	December 31, 2015
Raw materials	$ 29.0	$ 22.7
Finished goods	56.2	58.6
Total inventory	85.2	81.3
Refundable and prepaid income taxes	51.7	21.5
Prepaids and other current assets	33.9	29.4
Inventories and other current assets, net	$ 170.8	$ 132.2

Note 6. Intangible Assets, net and Goodwill

Intangible assets, net and goodwill consist of the following (in millions):

	As of					
	September 30, 2016			December 31, 2015		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Identifiable assets subject to amortization:						
Franchise agreements	$ 665.7	$ (128.4)	$ 537.3	$ 653.0	$ (106.8)	$ 546.2
Favorable leases	444.6	(142.0)	302.6	436.5	(107.5)	329.0
Subtotal	1,110.3	(270.4)	839.9	1,089.5	(214.3)	875.2
Indefinite lived intangible assets:						
Tim Hortons brand	$6,476.1	$ —	$6,476.1	$6,175.4	$ —	$6,175.4
Burger King brand	2,118.0	—	2,118.0	2,097.2	—	2,097.2
Subtotal	8,594.1	—	8,594.1	8,272.6	—	8,272.6
Intangible assets, net			$9,434.0			$9,147.8
Goodwill	$4,762.0			$4,574.4		

We recorded amortization expense on intangible assets of $18.1 million for the three months ended September 30, 2016 and $19.2 million for the same period in the prior year. We recorded amortization expense on intangible assets of $54.2 million for the nine months ended September 30, 2016 and $58.8 million for the same period in the prior year. The change in the brands and goodwill balances during the nine months ended September 30, 2016 was due to the impact of foreign currency translation.

Note 7. Other Assets, net

Other assets, net consist of the following (in millions):

	As of	
	September 30, 2016	December 31, 2015
Derivative assets	$ 672.1	$ 830.9
Equity method investments	152.8	139.0
Other assets	99.4	81.7
Other assets, net	$ 924.3	$ 1,051.6

Note 8. Equity Method Investments

The aggregate carrying amount of our equity method investments was $152.8 million as of September 30, 2016 and $139.0 million as of December 31, 2015 and is included as a component of other assets, net in our condensed consolidated balance sheets. Below are the names of the entities, country of operation and our equity interest in our significant equity method investments based on the carrying value as of September 30, 2016.

Entity	Country	Equity Interest
TIMWEN Partnership	Canada	50.00%
Carrols Restaurant Group, Inc.	United States	20.81%
Pangaea Foods (China) Holdings, Ltd.	China	27.50%

With respect to our TH business, the most significant equity method investment is our 50% joint venture interest with The Wendy's Company (the "TIMWEN Partnership"), which jointly holds real estate underlying Canadian combination restaurants. During the three months ended September 30, 2016, TH received $2.7 million in cash distributions and recognized $5.1 million of contingent rent expense associated with this joint venture. During the nine months ended September 30, 2016, TH received $8.3 million in cash distributions and recognized $14.7 million of contingent rent expense associated with this joint venture.

The aggregate market value of our equity interest in Carrols Restaurant Group, Inc., based on the quoted market price on September 30, 2016, is approximately $124.4 million. No quoted market prices are available for our remaining equity method investments.

With respect to our BK operations, most of the entities in which we have an equity interest own or franchise BK restaurants. Franchise and property revenue we recognized from franchisees that are owned or franchised by entities in which we have an equity interest consist of the following (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Revenues from affiliates:				
Franchise royalties	$ 34.9	$ 23.0	$ 94.2	$ 67.3
Property revenues	6.9	6.7	21.1	20.9
Franchise fees and other revenue	6.8	2.4	14.7	5.8
Total	$ 48.6	$ 32.1	$ 130.0	$ 94.0

At September 30, 2016 and December 31, 2015, we had $20.0 million and $23.9 million, respectively, of accounts receivable from our equity method investments which were recorded in trade and notes receivable, net in our condensed consolidated balance sheets.

(Income) loss from equity method investments reflects our share of investee net income or loss, non-cash dilution gains or losses from changes in our ownership interests in equity method investees and basis difference amortization. We recorded increases to the carrying value of our investment balances and non-cash dilution gains in the amounts of $11.6 million during the nine months ended September 30, 2016 and $10.9 million during the nine months ended September 30, 2015. The dilution gains resulted from the issuance of capital stock by Burger King France SAS ("France JV") during the nine months ended September 30, 2016 and BK Brasil Operacao E Assesoria A Restaurantes S.A. (Brazil JV) during the nine months ended September 30, 2015, which reduced our ownership interests in these equity method investments. The dilution gains we recorded in connection with the issuance of capital stock by the France JV and Brazil JV reflect adjustments to the differences between the amount of underlying equity in the net assets of equity method investees before and after their issuances of capital stock.

Note 9. Other Accrued Liabilities and Other Liabilities, net

Other accrued liabilities (current) and other liabilities, net (noncurrent) consist of the following (in millions):

	As of	
	September 30, 2016	December 31, 2015
Current:		
Dividend payable	$ 141.3	$ 128.3
Interest payable	82.6	63.1
Accrued compensation and benefits	46.2	62.5
Taxes payable - current	79.3	46.9
Deferred income - current	48.6	33.5
Closed property reserve	10.1	14.0
Restructuring and other provisions	8.4	13.5
Derivatives liabilities - current	3.4	—
Other	86.9	79.5
Other accrued liabilities	$ 506.8	$ 441.3
Noncurrent:		
Unfavorable leases	$ 292.1	$ 322.0
Taxes payable - noncurrent	256.2	236.7
Accrued pension	77.9	80.2
Derivatives liabilities - noncurrent	164.6	47.3
Lease liability - noncurrent	28.5	29.5
Deferred income - noncurrent	27.6	23.7
Other	56.6	56.5
Other liabilities, net	$ 903.5	$ 795.9

Note 10. Long-Term Debt

Long-term debt consists of the following (in millions):

		As of	
	Maturity dates	September 30, 2016	December 31, 2015
Term Loan Facility	December 12, 2021	$ 5,059.0	$ 5,097.7
2015 Senior Notes	January 15, 2022	1,250.0	1,250.0
2014 Senior Notes	April 1, 2022	2,250.0	2,250.0
Tim Hortons Notes	various	41.6	39.4
Other	N/A	92.6	88.5
Less: unamortized discount and deferred financing costs		(196.5)	(224.3)
Total debt, net		8,496.7	8,501.3
Less: current maturities of debt		(75.4)	(39.0)
Total long-term debt		$ 8,421.3	$ 8,462.3

As of September 30, 2016 and December 31, 2015, unamortized discount included $37.6 million and $43.2 million, respectively, related to our secured term loans (the “Term Loan Facility”) under our credit agreement dated May 22, 2015 (the “2015 Amended Credit Agreement”).

As of September 30, 2016, deferred financing costs included $114.4 million related to the Term Loan Facility, $7.8 million related to the first lien senior secured notes (the “2015 Senior Notes”) and $36.7 million related to the second lien senior secured notes (the “2014 Senior Notes”). As of December 31, 2015, deferred financing costs included $131.3 million related to the Term Loan Facility, $9.0 million related to the 2015 Senior Notes and $40.8 million related to the 2014 Senior Notes. Deferred financing costs are amortized over the term of the debt into interest expense using the effective interest method. The amortization of deferred financing costs included in interest expense, net was $7.9 million for the three months ended September 30, 2016 and $7.6 million for the three months ended September 30, 2015. The amortization of deferred financing costs included in interest expense, net was $23.5 million for the nine months ended September 30, 2016 and $18.7 million for the nine months ended September 30, 2015.

Revolving Credit Facility

As of September 30, 2016, we had no amounts outstanding under the revolving credit facility available under the 2015 Amended Credit Agreement (the "Revolving Credit Facility"). Funds available under the Revolving Credit Facility may be used to repay other debt, to finance debt or share repurchases, to fund acquisitions or capital expenditures and for other general corporate purposes. We have a $125.0 million letter of credit sublimit as part of the Revolving Credit Facility, which reduces our borrowing availability under this facility by the cumulative amount of outstanding letters of credit. As of September 30, 2016, we had $1.5 million of letters of credit issued against the Revolving Credit Facility and our borrowing availability was $498.5 million.

Interest Expense, net

Interest expense, net consists of the following (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	**2015**	**2016**	**2015**
Term Loan Facility	$ 54.6	$ 52.6	$160.5	$197.8
2015 Senior Notes	14.5	14.4	43.4	20.7
2014 Senior Notes	33.8	33.8	101.3	101.3
Tim Hortons Notes	0.4	0.4	1.1	2.8
Amortization of deferred financing costs and debt issuance discount	9.8	9.7	29.1	25.0
Capital lease obligations	5.2	5.3	15.0	15.7
Other	0.3	0.7	2.0	2.3
Interest income	(1.3)	(0.9)	(2.8)	(3.3)
Interest expense, net	$ 117.3	$ 116.0	$349.6	$362.3

Note 11. Income Taxes

Our effective tax rate was 21.3% and 20.7% for the three and nine months ended September 30, 2016, respectively. The effective tax rate during these periods was primarily a result of the mix of income from multiple tax jurisdictions, partially offset by the favorable impact from intercompany financing.

Our effective tax rate was 19.6% and 30.1% for the three and nine months ended September 30, 2015, respectively. The effective tax rate during these periods was primarily a result of the mix of income from multiple tax jurisdictions and the revaluation of certain monetary assets and liabilities due to changes in foreign currency exchange rates, partially offset by the favorable impact from a restructuring of certain legal entities.

Note 12. Shareholders' Equity

Noncontrolling Interests

Noncontrolling interests represent equity interests in consolidated subsidiaries that are not attributable to us. The holders of Partnership exchangeable units held an economic interest of approximately 49.2% and 50.9% in Partnership common equity through the ownership of 227,049,533 and 233,739,648 Partnership exchangeable units as of September 30, 2016 and December 31, 2015, respectively.

Pursuant to the terms of the partnership agreement, each holder of a Partnership exchangeable unit is entitled to distributions from Partnership in an amount equal to any dividends or distributions that we declare and pay with respect to our common shares. Additionally, each holder of a Partnership exchangeable unit is entitled to vote in respect of matters on which holders of our common shares are entitled to vote through one special voting share of the Company. Since December 12, 2015, the one year anniversary of the effective date of the Transactions, each holder of a Partnership exchangeable unit may require Partnership to exchange all or any portion of such holder's Partnership exchangeable units for our common shares at a ratio of one common share for each Partnership exchangeable unit, subject to our right as the general partner of Partnership, in our sole discretion, to deliver a cash payment in lieu of our common shares. If we elect to make a cash payment in lieu of issuing common shares, the amount of the payment will be the weighted average trading price of the common shares on the New York Stock Exchange for the 20 consecutive trading days ending on the last business day prior to the exchange date.

During the nine months ended September 30, 2016, Partnership exchanged 6,690,115 Partnership exchangeable units pursuant to exchange notices received. In accordance with the terms of the partnership agreement, Partnership satisfied the exchange notices by exchanging the Partnership exchangeable units for the same number of newly issued Company common shares. The exchanges represented increases in our ownership interest in Partnership and were accounted for as equity transactions, with no gain or loss recorded in the condensed consolidated statement of operations. Pursuant to the terms of the partnership agreement, upon the exchange of Partnership exchangeable units, each such Partnership exchangeable unit is automatically deemed cancelled concurrently with such exchange.

Partnership issued preferred units to us in connection with the Transactions and our issuance of Class A 9.0% cumulative compounding perpetual voting preferred shares of the Company (the “Preferred Shares”). Under the terms of the partnership agreement, Partnership will make a preferred unit distribution to us in amounts equal to (i) dividends we pay on the Preferred Shares and (ii) in the event we redeem the Preferred Shares, the redemption amount of the Preferred Shares. Although the Partnership preferred units and related distributions eliminate in consolidation, they affect the amount of net income (loss) attributable to noncontrolling interests that we report. Net income (loss) attributable to noncontrolling interests represents the noncontrolling interests’ portion of (a) Partnership net income (loss) for the period less (b) preferred unit dividends accrued by Partnership.

The noncontrolling interest recognized in connection with the Restaurant VIEs of Tim Hortons was $4.4 million and $0.7 million at September 30, 2016 and December 31, 2015, respectively.

We adjust net income (loss) in our condensed consolidated statements of operations to exclude the noncontrolling interests’ proportionate share of results of operations. Also, we present the proportionate share of equity attributable to the noncontrolling interests as a separate component of shareholders’ equity within our condensed consolidated balance sheets.

Accumulated Other Comprehensive Income (Loss)

The following table displays the changes in the components of accumulated other comprehensive income (loss) (“AOCI”) (in millions):

	Derivatives	Pensions	Foreign Currency Translation	AOCI
Balances at December 31, 2015	$ 318.0	$ (12.3)	$ (1,039.4)	$(733.7)
Foreign currency translation adjustment	—	—	538.8	538.8
Net change in fair value of derivatives, net of tax	(232.3)	—	—	(232.3)
Amounts reclassified to earnings of cash flow hedges, net of tax	10.5	—	—	10.5
Amortization of prior service (credits) costs, net of tax	—	(1.3)	—	(1.3)
Amortization of actuarial (gains) losses, net of tax	—	0.2	—	0.2
Other comprehensive income attributable to noncontrolling interests	118.8	0.2	(296.1)	(177.1)
Balances at September 30, 2016	$ 215.0	$ (13.2)	$ (796.7)	$(594.9)

The following table displays the reclassifications out of AOCI (in millions):

Details about AOCI Components	Affected Line Item in the Statements of Operations	Amounts Reclassified from AOCI Three Months Ended September 30, 2016	2015	Nine Months Ended September 30, 2016	2015
Gains (losses) on cash flow hedges:					
Interest rate derivative contracts	Interest expense, net	$ (5.9)	$ (3.5)	$ (15.3)	$ (8.5)
Interest rate derivative contracts	Other operating expenses (income), net	—	—	—	(27.6)
Forward-currency contracts	Cost of sales	(1.4)	3.3	1.1	9.6
	Total before tax	(7.3)	(0.2)	(14.2)	(26.5)
	Income tax (expense) benefit	1.9	—	3.7	7.3
	Net of tax	$ (5.4)	$ (0.2)	$ (10.5)	$ (19.2)
Defined benefit pension:					
Amortization of prior service credits (costs)	SG&A (a)	0.7	0.8	2.2	2.2
Amortization of actuarial gains (losses)	SG&A (a)	(0.1)	(0.7)	(0.3)	(2.1)
	Total before tax	0.6	0.1	1.9	0.1
	Income tax (expense) benefit	(0.3)	(0.1)	(0.8)	(0.1)
	Net of tax	$ 0.3	$ —	$ 1.1	$ —
Total reclassifications	Net of tax	$ (5.1)	$ (0.2)	$ (9.4)	$ (19.2)

(a) Refers to selling, general and administrative expenses in the condensed consolidated statements of operations.

Note 13. Fair Value Measurements

The following table presents our assets and liabilities measured at fair value on a recurring basis and the levels of inputs used to measure fair value, which include derivatives designated as cash flow hedging instruments and derivatives designated as net investment hedges, as well as their location on our condensed consolidated balance sheets as of September 30, 2016 and December 31, 2015 (in millions):

	Balance Sheet Location	Fair Value Measurements at September 30, 2016 (Level 2)	Total	Fair Value Measurements at December 31, 2015 (Level 2)	Total
Assets:					
Derivatives designated as cash flow hedges					
Foreign currency	Trade and notes receivable, net	$ 1.1	$ 1.1	$ 6.6	$ 6.6
Derivatives designated as net investment hedges					
Foreign currency	Other assets, net	672.1	672.1	830.9	830.9
Total assets at fair value		$ 673.2	$ 673.2	$ 837.5	$ 837.5
Liabilities:					
Derivatives designated as cash flow hedges					
Interest rate	Other liabilities, net	$ 106.7	$ 106.7	$ 40.9	$ 40.9
Foreign currency	Other accrued liabilities	3.4	3.4	—	—
Derivatives designated as net investment hedges					
Foreign currency	Other liabilities, net	57.9	57.9	6.3	6.3
Total liabilities at fair value		$ 168.0	$ 168.0	$ 47.2	$ 47.2

Our derivatives are valued using a discounted cash flow analysis that incorporates observable market parameters, such as interest rate yield curves and currency rates, classified as Level 2 within the valuation hierarchy. Derivative valuations incorporate credit risk adjustments that are necessary to reflect the probability of default by us or the counterparty.

At September 30, 2016, the fair value of our variable rate term debt and bonds was estimated at $8.8 billion, compared to a principal carrying amount of $8.6 billion. At December 31, 2015, the fair value of our variable rate term debt and bonds was estimated at $8.7 billion, compared to a principal carrying amount of $8.6 billion. The fair value of our variable rate term debt and bonds was estimated using inputs based on bid and offer prices and are Level 2 inputs within the fair value hierarchy.

Certain nonfinancial assets and liabilities are measured at fair value on a non-recurring basis. These assets and liabilities are not measured at fair value on an ongoing basis but are subject to periodic impairment tests. These items primarily include long-lived assets, goodwill, the *Tim Hortons* brand, the *Burger King* brand and other intangible assets.

Note 14. Derivative Instruments

Disclosures about Derivative Instruments and Hedging Activities

We enter into derivative instruments for risk management purposes, including derivatives designated as cash flow hedges, derivatives designated as net investment hedges and those utilized as economic hedges. We use derivatives to manage exposure to fluctuations in interest rates and currency exchange rates. See Note 13 for fair value measurements of our derivative instruments.

Interest Rate Swaps – Outstanding as of September 30, 2016

During May 2015, we entered into a series of receive-variable, pay-fixed interest rate swaps to hedge the variability in the interest payments on $2,500.0 million of our Term Loan Facility beginning May 28, 2015, through the expiration of the final swap on March 31, 2021. The notional value of the swaps is $2,500.0 million. There are six sequential interest rate swaps to achieve the hedged position. Each year on March 31, the existing interest rate swap is scheduled to expire and be immediately replaced with a new interest rate swap until the expiration of the final swap on March 31, 2021. At inception, these interest rate swaps were designated as a cash flow hedge for hedge accounting, and as such, the effective portion of unrealized changes in market value are recorded in AOCI and reclassified into earnings during the period in which the hedged forecasted transaction affects earnings. Gains and losses from hedge ineffectiveness are recognized in current earnings.

Interest Rate Swaps – Settled During 2015

The following derivative instruments were settled during May 2015. During November 2014, we entered into a series of receive-variable, pay-fixed interest rate swaps to hedge the variability in the interest payments associated with our Term Loan Facility beginning April 1, 2015, through the expiration of the final swap on March 31, 2021. The initial notional value of the swaps was $6,733.1 million, which initially aligned with the outstanding principal balance of the Term Loan Facility as of April 1, 2015, and was to be reduced quarterly in accordance with the principal repayments of the Term Loan Facility. There were six sequential interest rate swaps to achieve the hedged position. Each year on March 31, the existing interest rate swap was scheduled to expire and be immediately replaced with a new interest rate swap until the expiration of the arrangement on March 31, 2021. At inception, these interest rate swaps were designated as a cash flow hedge for hedge accounting, and as such, the effective portion of unrealized changes in market value were recorded in AOCI and reclassified into earnings during the period in which the hedged forecasted transaction affects earnings. Gains and losses from hedge ineffectiveness were recognized in earnings. During the first quarter of 2015, we temporarily discontinued hedge accounting on the entire balance of these interest rate swaps as a result of a $42.7 million mandatory prepayment of our Term Loan Facility as well as changes to forecasted cash flows, and settled $42.7 million of these instruments equal to the amount of the mandatory prepayment of our Term Loan Facility. During this same period, of the remaining $6,690.4 million of notional outstanding, we re-designated $5,690.4 million of notional amount as a cash flow hedge for hedge accounting and $1,000.0 million of notional amount was not designated for hedge accounting and as such changes in fair value on this portion of the interest rate swaps were recognized in earnings. During April 2015, in order to offset the cash flows associated with our $1,000.0 million notional value receive-variable, pay-fixed interest rate swap that was not designated for hedge accounting, we entered into a pay-variable, receive-fixed mirror interest rate swap with a notional value of $1,000.0 million and a maturity date of March 31, 2021.

The following derivative instruments were also settled during May 2015. During October 2014, we entered into a series of receive-variable, pay-fixed interest rate swaps with a combined initial notional value of $6,750.0 million that was amortized each quarter at the same rate of the Term Loan Facility. To offset the cash flows associated with these interest rate swaps, in November 2014 we entered into a series of receive-fixed, pay-variable mirror interest rate swaps with a combined initial notional value of $6,750.0 million that was amortized each quarter at the same rate of the Term Loan Facility. For all of these derivative instruments, each year on March 31, the existing interest rate swap was scheduled to expire and be immediately replaced with a new interest rate swap until the expiration of the arrangement on March 31, 2021. These interest rate swaps were not designated for hedge accounting and as such changes in fair value were recognized in earnings.

In connection with the interest rate swaps settled during May 2015, we paid $36.2 million, which is reflected as a use of cash from investing activities in the condensed consolidated statement of cash flows for the nine months ended September 30, 2015. The net unrealized loss remaining in AOCI totaled $84.6 million at the date of settlement and is being reclassified into interest expense, net as the original hedged forecasted transaction affects earnings. The amount of pre-tax losses in AOCI as of September 30, 2016 that we expect to be reclassified into interest expense within the next 12 months is $12.5 million.

Cross-Currency Rate Swaps

To protect the value of our investments in our foreign operations against adverse changes in foreign currency exchange rates, we may, from time to time, hedge a portion of our net investment in one or more of our foreign subsidiaries by using cross-currency rate swaps. We have designated cross-currency rate swap contracts between the Canadian dollar and U.S. dollar and the Euro and U.S. dollar as net investment hedges of a portion of our equity in foreign operations in those currencies. The component of the gains and losses on our net investment in these designated foreign operations driven by changes in foreign exchange rates are economically offset by movements in the fair value of our cross currency swap contracts. The fair value of the swaps is calculated each period with changes in fair value reported in AOCI net of tax. Such amounts will remain in AOCI until the complete or substantially complete liquidation of our investment in the underlying foreign operations.

At September 30, 2016, we had outstanding cross-currency rate swaps in which we pay quarterly between 4.802% and 7.002% on a tiered payment structure per annum on the Canadian dollar notional amount of C$5,641.7 million and receive quarterly between 3.948% and 6.525% on a tiered payment structure per annum on the U.S. dollar notional amount of $5,000.0 million through the maturity date of March 31, 2021. At inception, these derivative instruments were not designated for hedge accounting and, as such, changes in fair value were initially recognized in earnings. Beginning with the closing of the Transactions on December 12, 2014, we designated these cross-currency rate swaps as hedges and began accounting for these derivative instruments as net investment hedges.

At September 30, 2016, we also had outstanding a cross-currency rate swap in which we pay quarterly fixed-rate interest payments on the Euro notional amount of €1,107.8 million and receive quarterly fixed-rate interest payments on the U.S. dollar notional amount of $1,200.0 million through the maturity date of March 31, 2021. At inception, this cross-currency rate swap was designated as a hedge and is accounted for as a net investment hedge.

During the nine months ended September 30, 2015, we terminated our cross-currency rate swaps entered into prior to the Transactions with an aggregate notional value of $315.0 million. In connection with this termination, we received $52.1 million, which is reflected as a source of cash provided by investing activities in the condensed consolidated statement of cash flows for the nine months ended September 30, 2015. The net unrealized gains totaled $31.8 million as of the termination date. Such amounts will remain in AOCI until the complete or substantially complete liquidation of our investment in the underlying foreign operations. At inception, these cross-currency rate swaps were designated as a hedge and were accounted for as net investment hedges. A total notional value of $115.0 million of these swaps were contracts to exchange quarterly fixed-rate interest payments we make in Euros for quarterly fixed-rate interest payments we receive in U.S. dollars and had an original maturity of October 19, 2016. A total notional value of $200.0 million of these swaps were contracts to exchange quarterly floating-rate interest payments we make in Euros based on EURIBOR for quarterly floating-rate interest payments we receive in U.S. dollars based on LIBOR and had an original maturity of September 28, 2017. These cross-currency rate swaps also required the exchange of Euros and U.S. dollar principal payments upon maturity.

Foreign Currency Exchange Contracts

We use foreign exchange derivative instruments to manage the impact of foreign exchange fluctuations on U.S. dollar purchases and payments, such as coffee made by our Canadian Tim Hortons operations. At September 30, 2016, we had outstanding forward currency contracts to manage this risk in which we sell Canadian dollars and buy U.S. dollars with a notional value of $149.2 million with maturities to December 2017. We have designated these instruments as cash flow hedges, and as such, the effective portion of unrealized changes in market value are recorded in AOCI and are reclassified into earnings during the period in which the hedged forecasted transaction affects earnings. Gains and losses from hedge ineffectiveness are recognized in current earnings.

Credit Risk

By entering into derivative instrument contracts, we are exposed to counterparty credit risk. Counterparty credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is in an asset position, the counterparty has a liability to us, which creates credit risk for us. We attempt to minimize this risk by selecting counterparties with investment grade credit ratings and regularly monitoring our market position with each counterparty.

Credit-Risk Related Contingent Features

Our derivative instruments do not contain any credit-risk related contingent features.

The following tables present the required quantitative disclosures for our derivative instruments (in millions):

	Gain (Loss) Recognized in Other Comprehensive Income (Loss) (effective portion)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Derivatives designated as cash flow hedges:				
Forward-starting interest rate swaps	$ 1.0	$ (53.4)	$ (71.6)	$ (139.3)
Forward-currency contracts	$ 2.1	$ 8.0	$ (7.7)	$ 13.5
Derivatives designated as net investment hedges:				
Cross-currency rate swaps	$ 20.1	$ 397.7	$ (199.6)	$ 666.7

Classification on Condensed Consolidated Statements of Operations	Gain (Loss) Reclassified from AOCI into Earnings			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Interest expense, net	$ (5.9)	$ (3.5)	$ (15.3)	$ (8.5)
Other operating expenses (income), net	$ —	$ —	$ —	$ (27.6)
Cost of sales	$ (1.4)	$ 3.3	$ 1.1	$ 9.6

	Gain (Loss) Recognized in Other Operating Expenses (Income), net			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Derivatives not designated as hedging instruments:				
Interest rate swaps	$ —	$ —	$ —	$ (12.4)
Forward-currency contracts	$ —	$ 1.5	$ —	$ 4.3
Ineffectiveness of cash flow hedges:				
Interest rate swaps	$ —	$ —	$ —	$ (1.6)

Note 15. Franchise and Property Revenues

Franchise and property revenues consist of the following (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Franchise royalties	$ 261.1	$ 242.8	$ 738.7	$ 697.8
Property revenues	194.6	191.7	563.9	567.7
Franchise fees and other revenue	33.6	39.3	96.3	116.5
Franchise and property revenues	$ 489.3	$ 473.8	$1,398.9	$1,382.0

Note 16. Other Operating Expenses (Income), net

Other operating expenses (income), net consist of the following (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Net losses (gains) on disposal of assets, restaurant closures and refranchisings	$ 3.3	$ 0.2	$ 19.6	$ (3.2)
Litigation settlements and reserves, net	0.4	(0.1)	2.0	1.8
Net losses (gains) on derivatives	—	(1.5)	—	37.3
Net losses (gains) on foreign exchange	4.1	10.8	16.1	45.1
Other, net	0.9	—	0.5	1.2
Other operating expenses (income), net	$ 8.7	$ 9.4	$ 38.2	$ 82.2

Net losses (gains) on disposal of assets, restaurant closures and refranchisings for the nine months ended September 30, 2016 primarily reflects losses in connection with refranchisings in our TH business.

Net losses (gains) on derivatives for the nine months ended September 30, 2015 is primarily due to changes in fair value related to interest rate swaps not designated for hedge accounting. These interest rate swaps were settled during May 2015.

Net losses (gains) on foreign exchange is primarily related to revaluation of foreign denominated assets and liabilities.

Note 17. Variable Interest Entities

VIEs for Which We Are the Primary Beneficiary

The number of Restaurant VIEs where TH is the restaurants' primary beneficiary was as follows:

	As of		
	September 30, 2016	December 31, 2015	September 30, 2015
Number of consolidated Restaurant VIEs	104	141	198

Sales and operating costs and expenses associated with Restaurant VIEs, prior to consolidation adjustments, were as follows (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Sales	$ 32.4	$ 54.6	$ 98.1	$ 180.2
Operating costs and expenses	$ 31.3	$ 53.5	$ 94.8	$ 176.6

The liabilities recognized as a result of consolidating these VIEs do not necessarily represent additional claims on our general assets; rather, they represent claims against the specific assets of the consolidated VIEs. Conversely, assets recognized as a result of consolidating these VIEs do not represent additional assets that could be used to satisfy claims by our creditors as they are not legally included within our general assets.

VIEs for Which We Are Not the Primary Beneficiary

We have investments in certain TH real estate ventures and certain TH and BK master franchisees, which were determined to be VIEs of which we are not the primary beneficiary. We do not consolidate these entities as control is considered to be shared by both TH and the other joint owners in the case of the TH real estate ventures, or control rests with other parties in the case of TH and BK master franchisee VIEs.

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Note 18. Segment Reporting

Under the *Tim Hortons* brand, we operate in the donut/coffee/tea category of the quick service segment of the restaurant industry. Under the *Burger King* brand, we operate in the fast food hamburger restaurant category of the quick service segment of the restaurant industry. We generate revenue from four sources: (i) sales exclusive to Tim Hortons franchisees related to our supply chain operations, including manufacturing, procurement, warehousing and distribution, as well as sales to retailers; (ii) property revenues from properties we lease or sublease to franchisees; (iii) franchise revenues, consisting primarily of royalties based on a percentage of sales reported by franchise restaurants and franchise fees paid by franchisees; and (iv) sales at Company restaurants.

We have two operating segments: (1) TH, which includes all operations of our *Tim Hortons* brand, and (2) BK, which includes all operations of our *Burger King* brand. We also determined that our two operating segments represent our reportable segments.

Revenues by operating segment and country consist of the following (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Revenues by operating segment:				
TH	$ 789.9	$ 737.7	$2,207.5	$2,185.4
BK	285.8	282.0	826.9	809.8
Total revenues	$1,075.7	$1,019.7	$3,034.4	$2,995.2
Revenues by country:				
Canada	$ 708.8	$ 658.1	$1,973.0	$1,943.1
United States	249.2	244.3	725.0	726.2
Other	117.7	117.3	336.4	325.9
Total revenues	$1,075.7	$1,019.7	$3,034.4	$2,995.2

Only Canada and the United States represented 10% or more of our total revenues in each period presented.

Our measure of segment income is Adjusted EBITDA. Adjusted EBITDA represents earnings (net income or loss) before interest, (gain) loss on early extinguishment of debt, taxes, depreciation and amortization, adjusted to exclude the impact of share-based compensation and non-cash incentive compensation expense, other operating expenses (income), net, (income) loss from equity method investments, net of cash distributions received from equity method investments, and all other specifically identified items that management believes are not relevant to management's assessment of operating performance or the performance of an acquired business. Adjusted EBITDA assists management in comparing segment performance by removing the impact of such items, including acquisition accounting impact on cost of sales, TH transaction and restructuring costs, and integration costs. A reconciliation of segment income to net income consists of the following (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Segment Income:				
TH	$ 287.1	$ 244.0	$ 793.9	$ 663.3
BK	201.8	196.7	581.9	560.3
Adjusted EBITDA	488.9	440.7	1,375.8	1,223.6
Share-based compensation and non-cash incentive compensation expense	11.8	15.5	31.0	37.5
Acquisition accounting impact on cost of sales	—	(0.3)	—	0.5
TH transaction and restructuring costs	—	24.3	—	79.7
Integration costs	4.4	—	10.4	—
Impact of equity method investments (a)	0.3	4.7	(7.6)	15.7
Other operating expenses (income), net	8.7	9.4	38.2	82.2
EBITDA	463.7	387.1	1,303.8	1,008.0
Depreciation and amortization	43.2	43.1	128.7	137.8
Income from operations	420.5	344.0	1,175.1	870.2
Interest expense, net	117.3	116.0	349.6	362.3
(Gain) loss on early extinguishment of debt	—	0.4	—	40.0
Income tax expense	64.6	44.7	171.0	140.7
Net income	$ 238.6	$ 182.9	$ 654.5	$ 327.2

(a) Represents (i) (income) loss from equity method investments and (ii) cash distributions received from our equity method investments. Cash distributions received from our equity method investments are included in segment income.

Note 19. Subsequent Event

Dividends

On October 4, 2016, we paid a cash dividend of $0.16 per common share to common shareholders of record on September 6, 2016. On such date, Partnership also made a distribution in respect of each Partnership exchangeable unit in the amount of $0.16 per Partnership exchangeable unit to holders of record on September 6, 2016. On October 3, 2016, we paid a cash dividend of $0.98 per Preferred Share, for a total dividend of $67.5 million, to the holder of the Preferred Shares. The dividend on the Preferred Shares included the amount due for the third calendar quarter of 2016.

On October 24, 2016, our board of directors declared a cash dividend of $0.17 per common share, which will be paid on January 4, 2017, to common shareholders of record on December 8, 2016. Partnership will also make a distribution in respect of each Partnership exchangeable unit in the amount of $0.17 per Partnership exchangeable unit, and the record date and payment date for distributions on Partnership exchangeable units are the same as the record date and payment date set forth above. On October 24, 2016, our board of directors declared a cash dividend of $0.98 per Preferred Share, for a total dividend of $67.5 million which will be paid to the holder of the Preferred Shares on January 3, 2017. The dividend on the Preferred Shares includes the amount due for the fourth calendar quarter of 2016.

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

On December 12, 2014, a series of transactions (the "Transactions") were completed resulting in Burger King Worldwide, Inc., a Delaware corporation ("Burger King Worldwide"), and Tim Hortons Inc., a Canadian corporation ("Tim Hortons"), becoming indirect subsidiaries of Restaurant Brands International Inc., a Canadian corporation (the "Company"), and Restaurant Brands International Limited Partnership, an Ontario limited partnership ("Partnership").

Results for 2015 have been retrospectively adjusted to reflect the final purchase price allocation for Tim Hortons.

We are the sole general partner of Partnership. As a result of our controlling interest, we consolidate the financial results of Partnership and record noncontrolling interests for the portion of Partnership we do not own in our condensed consolidated financial statements. Net income (loss) attributable to noncontrolling interests on the condensed consolidated statements of operations represent the portion of earnings or loss attributable to the economic interest in Partnership owned by the holders of the noncontrolling interests. As sole general partner, we manage all of Partnership's operations and activities in accordance with the partnership agreement of Partnership (the "partnership agreement").

You should read the following discussion together with our unaudited condensed consolidated financial statements and the related notes thereto included in Part I, Item 1 "Financial Statements" of this report.

The following discussion includes information regarding future financial performance and plans, targets, aspirations, expectations, and objectives of management, which constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and forward-looking information within the meaning of Canadian securities laws as described in further detail under "Special Note Regarding Forward-Looking Statements" set forth below. Actual results may differ materially from the results discussed in the forward-looking statements. Please refer to the risks and further discussion in the "Special Note Regarding Forward-Looking Statements" below.

We prepare our financial statements in accordance with accounting principles generally accepted in the United States ("U.S. GAAP" or "GAAP"). However, this Management's Discussion and Analysis of Financial Condition and Results of Operations also contains certain non-GAAP financial measures to assist readers in understanding our performance. Non-GAAP financial measures either exclude or include amounts that are not reflected in the most directly comparable measure calculated and presented in accordance with GAAP. Where non-GAAP financial measures are used, we have provided the most directly comparable measures calculated in accordance with U.S. GAAP, a reconciliation to GAAP measures and a discussion of the reasons that management believes this information is useful to it and may be useful to investors.

Operating results for any one quarter are not necessarily indicative of results to be expected for any other quarter or for the fiscal year and our key business measures, as discussed below, may decrease for any future period. Unless the context otherwise requires, all references in this section to "RBI," "the Company," "we," "us," or "our" are to the Company and its subsidiaries, collectively. Unless otherwise stated, comparable sales growth and sales growth are presented on a system-wide basis, which means that these measures include sales at both restaurants owned by us ("Company restaurants") and franchise restaurants. Franchise sales represent sales at all franchise restaurants and are revenues to our franchisees. We do not record franchise sales as revenues; however, our franchise revenues include royalties based on franchise sales. System-wide results are driven primarily by our franchise restaurants, as approximately 100% of current Tim Hortons and Burger King system-wide restaurants are franchised.

Overview

We are a Canadian corporation originally formed on August 25, 2014 to serve as the indirect holding company for Tim Hortons and its consolidated subsidiaries and Burger King Worldwide and its consolidated subsidiaries. We are one of the world's largest quick service restaurant ("QSR") companies with over 19,000 restaurants in more than 100 countries and U.S. territories as of September 30, 2016 and over 110 years of combined brand heritage. Our *Tim Hortons®* and *Burger King®* brands have similar franchised business models with complementary daypart mixes. Our two iconic brands are managed independently while benefiting from global scale and sharing of best practices.

Tim Hortons restaurants are quick service restaurants with a menu that includes premium blend coffee, tea, espresso-based hot and cold specialty drinks, fresh baked goods, including donuts, Timbits®, bagels, muffins, cookies and pastries, grilled paninis, classic sandwiches, wraps, soups and more. Burger King restaurants are quick service restaurants that feature flame-grilled hamburgers, chicken and other specialty sandwiches, french fries, soft drinks and other affordably-priced food items.

We generate revenue from four sources: (i) sales exclusive to Tim Hortons franchisees related to our supply chain operations, including manufacturing, procurement, warehousing and distribution, as well as sales to retailers; (ii) property revenues from properties we lease or sublease to franchisees; (iii) franchise revenues, consisting primarily of royalties based on a percentage of sales reported by franchise restaurants and franchise fees paid by franchisees; and (iv) sales at Company restaurants.

As discussed in Note 18 to the accompanying unaudited condensed consolidated financial statements, we have two operating and reportable segments: (1) Tim Hortons ("TH") and (2) Burger King ("BK").

Tim Hortons third quarter of fiscal year 2015 began June 29, 2015 and ended September 27, 2015. Tim Hortons first nine months of fiscal year 2015 began December 29, 2014 and ended September 27, 2015. The change to a calendar quarter end of September 30 in 2016 did not have a material impact on our results of operations or key financial measures.

Operating Metrics and Key Financial Measures

We evaluate our restaurants and assess our business based on the following operating metrics and key financial measures:

- System-wide sales growth refers to the change in sales at all franchise restaurants and Company restaurants in one period from the same period in the prior year.
- System-wide sales represent sales at all franchise restaurants and Company restaurants. We do not record franchise sales as revenues; however, our franchise revenues include royalties based on a percentage of franchise sales.
- Comparable sales growth refers to the change in restaurant sales in one period from the same prior year period for restaurants that have been opened for thirteen months or longer.
- Net restaurant growth ("NRG") represents the opening of new restaurants (other than limited service kiosks) during a stated period, net of closures. Commencing in the fourth quarter of 2015, we revised our presentation of NRG to exclude limited service kiosks, with the revision applied retrospectively to the earliest period presented to provide period-to-period comparability.
- Adjusted EBITDA, a non-GAAP measure, which represents earnings (net income or loss) before interest, (gain) loss on early extinguishment of debt, taxes, depreciation and amortization, adjusted to exclude specifically identified items that management believes are not relevant to management's assessment of operating performance. See *Non-GAAP Reconciliations*.

System-wide sales growth and comparable sales growth are measured on a constant currency basis, which means the results exclude the effect of foreign currency translation ("FX Impact"). For system-wide sales growth and comparable sales growth, we calculate the FX Impact by translating prior year results at current year monthly average exchange rates. For items included in our results of operations, we calculate the FX Impact by translating current year results at prior year monthly average exchange rates. We analyze certain financial measures on a constant currency basis as this helps identify underlying business trends, without distortion from the effects of currency movements.

Recent Events and Factors Affecting Comparability

Integration Costs

In connection with the implementation of initiatives to integrate the back-office processes of TH and BK to enhance efficiencies, we incurred $4.4 million and $10.4 million related to these initiatives during the three and nine months ended September 30, 2016, respectively, primarily consisting of professional fees.

TH Transaction and Restructuring Costs

In connection with the Transactions and a series of post-closing transactions during 2015 that resulted in changes to our legal and capital structure, we incurred certain non-recurring selling, general and administrative expenses during the three and nine months ended September 30, 2015, respectively, consisting of the following:

- Financing, legal and advisory fees, share-based compensation expense due to accelerated vesting of equity awards as a result of the Transactions and integration costs related to a realignment of our global structure to better accommodate the needs of the combined business, totaling $18.3 million and $51.5 million during the three and nine months ended September 30, 2015, respectively;
- Severance benefits, other compensation costs and training expenses of approximately $6.0 million and $26.0 million during the three and nine months ended September 30, 2015, respectively, related to a restructuring plan we implemented following the Transactions, which resulted in work force reductions throughout our TH business; and
- Financing, legal and advisory fees totaling $2.2 million during the nine months ended September 30, 2015, in connection with the issuance of the $1,250.0 million of 4.625% first lien senior secured notes due January 15, 2022 and entry into a first amendment to our credit agreement in May 2015.

Results of Operations for the Three and Nine Months Ended September 30, 2016 and 2015

Tabular amounts in millions of U.S. dollars unless noted otherwise.

Consolidated

	Three Months Ended September 30,		Variance		Nine Months Ended September 30,		Variance	
			$	%			$	%
	2016	2015	Favorable / (Unfavorable)		2016	2015	Favorable / (Unfavorable)	
Revenues:								
Sales	$ 586.4	$ 545.9	$ 40.5	7.4%	$1,635.5	$1,613.2	$ 22.3	1.4%
Franchise and property revenues	489.3	473.8	15.5	3.3%	1,398.9	1,382.0	16.9	1.2%
Total revenues	1,075.7	1,019.7	56.0	5.5%	3,034.4	2,995.2	39.2	1.3%
Cost of sales	455.0	446.6	(8.4)	(1.9)%	1,279.0	1,354.6	75.6	5.6%
Franchise and property expenses	111.9	114.4	2.5	2.2%	330.2	365.2	35.0	9.6%
Selling, general and administrative expenses	82.2	104.3	22.1	21.2%	228.5	317.3	88.8	28.0%
(Income) loss from equity method investments	(2.6)	1.0	3.6	NM	(16.6)	5.7	22.3	NM
Other operating expenses (income), net	8.7	9.4	0.7	7.4%	38.2	82.2	44.0	53.5%
Total operating costs and expenses	655.2	675.7	20.5	NM	1,859.3	2,125.0	265.7	NM
Income from operations	420.5	344.0	76.5	22.2%	1,175.1	870.2	304.9	35.0%
Interest expense, net	117.3	116.0	(1.3)	(1.1)%	349.6	362.3	12.7	3.5%
(Gain) loss on early extinguishment of debt	—	0.4	0.4	NM	—	40.0	40.0	NM
Income before income taxes	303.2	227.6	75.6	33.2%	825.5	467.9	357.6	76.4%
Income tax expense	64.6	44.7	(19.9)	(44.5)%	171.0	140.7	(30.3)	(21.5)%
Net income	238.6	182.9	55.7	30.5%	654.5	327.2	327.3	100.0%
Net income attributable to noncontrolling interests	84.8	65.8	19.0	NM	224.8	71.3	153.5	NM
Preferred shares dividend	67.5	67.5	—	NM	202.5	203.7	1.2	NM
Net income attributable to common shareholders	$ 86.3	$ 49.6	$ 36.7	74.0%	$ 227.2	$ 52.2	$ 175.0	NM

NM – Not meaningful

FX Impact Favorable/(Unfavorable)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015 (a)	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015 (a)
Total revenues	$ (3.1)	$ (20.9)	$(112.8)	$ (54.4)
Cost of sales	—	—	53.5	—
Franchise and property expenses	0.4	1.4	11.3	3.8
Selling, general and administrative expenses	1.3	2.7	4.0	6.0
Income from operations	(2.7)	(16.6)	(42.9)	(52.0)
Net income	(0.2)	(17.0)	(44.9)	(49.1)
Adjusted EBITDA	(1.7)	(18.5)	(49.1)	(48.1)

(a) FX Impact for 2015 is only for BK Segment.

Key Business Metrics	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
System-wide sales growth				
TH	4.8%	8.2%	6.1%	8.3%
BK	7.0%	11.2%	7.5%	10.8%
System-wide sales				
TH	$1,690.4	$1,600.0	$ 4,783.0	$ 4,717.1
BK	$4,776.7	$4,520.6	$13,557.6	$12,950.5
Comparable sales growth				
TH	2.0%	5.3%	3.3%	5.3%
BK	1.7%	6.2%	2.2%	5.9%
System Net Restaurant Growth (NRG)				
TH (b)	28	22	79	86
BK	143	141	240	297
Restaurant count at period end				
TH (b)	4,492	4,344	4,492	4,344
BK	15,243	14,669	15,243	14,669
System	19,735	19,013	19,735	19,013

(b) Restaurant count excludes 436 and 501 limited service kiosks as of September 30, 2016 and 2015, respectively. NRG excludes limited service kiosks. Commencing in the fourth quarter of 2015, we revised our presentation of restaurant counts to exclude limited service kiosks, with the revision applied retrospectively to the earliest period presented to provide period-to-period comparability.

Comparable Sales Growth

TH global system comparable sales growth of 2.0% and 3.3% during the three and nine months ended September 30, 2016, respectively, reflects new product launches.

BK global system comparable sales growth of 1.7% and 2.2% during the three and nine months ended September 30, 2016, respectively, reflects successful product launches and promotions.

Sales and Cost of Sales

Sales include TH supply chain sales and sales from Company restaurants. TH supply chain sales represent sales of products, supplies and restaurant equipment, other than equipment sales related to initial restaurant establishment or renovations that are shipped directly from our warehouses or by third-party distributors to restaurants or retailers, as well as sales to retailers. Sales from Company restaurants, including sales by our consolidated TH Restaurant VIEs (see Note 2 to the accompanying unaudited condensed consolidated financial statements for additional information on Restaurant VIEs), represent restaurant-level sales to our guests.

Cost of sales includes costs associated with the management of our TH supply chain, including cost of goods, direct labor and depreciation, as well as the cost of goods delivered by third-party distributors to the restaurants for which we manage the supply chain logistics, and for products sold through retailers. Cost of sales also includes food, paper and labor costs of Company restaurants, which are principally costs incurred by our consolidated TH Restaurant VIEs.

During the three months ended September 30, 2016, the increase in sales was driven by an increase in our TH segment of $40.4 million and a favorable FX Impact of $0.5 million, partially offset by a decrease in our BK segment of $0.4 million.

During the nine months ended September 30, 2016, the increase in sales was driven by an increase in our TH segment of $91.4 million, partially offset by an unfavorable FX Impact of $67.1 million and a decrease in our BK segment of $2.0 million.

During the three months ended September 30, 2016, the increase in cost of sales was driven by an increase in our TH segment of $7.9 million and in our BK segment of $0.5 million. There was no FX impact.

During the nine months ended September 30, 2016, the decrease in cost of sales was driven by a favorable FX Impact of $53.5 million and decreases in our TH segment of $19.9 million and in our BK segment of $2.2 million.

Franchise and Property

Franchise and property revenues consist primarily of royalties earned on franchise sales, rents from real estate leased or subleased to franchisees, franchise fees, revenues derived from equipment packages at establishment of a restaurant and in connection with renewal or renovation, and other revenue. Franchise and property expenses consist primarily of depreciation of properties leased to franchisees, rental expense associated with properties subleased to franchisees, costs of equipment packages sold at establishment of a restaurant and in connection with renewal or renovation, amortization of franchise agreement and bad debt expense (recoveries).

During the three months ended September 30, 2016, the increase in franchise and property revenues was driven by increases in our TH segment of $11.1 million and in our BK segment of $8.0 million, partially offset by an unfavorable FX Impact of $3.6 million.

During the nine months ended September 30, 2016, the increase in franchise and property revenues was driven by increases in our BK segment of $37.5 million and in our TH segment of $25.1 million, partially offset by an unfavorable FX Impact of $45.7 million.

During the three months ended September 30, 2016, the decrease in franchise and property expenses was driven by decreases in our BK segment of $2.7 million and a favorable FX Impact of $0.4 million, partially offset by increases in our TH segment of $0.6 million.

During the nine months ended September 30, 2016, the decrease in franchise and property expenses was driven by decreases in our TH segment of $19.1 million and in our BK segment of $4.6 million and a favorable FX Impact of $11.3 million.

Selling, General and Administrative Expenses

Our selling, general and administrative expenses were comprised of the following:

	Three Months Ended September 30,		Variance		Nine Months Ended September 30,		Variance	
	2016	2015	$ Favorable / (Unfavorable)	% Favorable / (Unfavorable)	2016	2015	$ Favorable / (Unfavorable)	% Favorable / (Unfavorable)
Selling expenses	$ 1.5	$ 3.0	$ 1.5	50.0%	$ 4.3	$ 11.3	$ 7.0	61.9%
Management general and administrative expenses	59.0	57.5	(1.5)	(2.6)%	166.9	176.1	9.2	5.2%
Share-based compensation and non-cash incentive compensation expense	11.8	15.5	3.7	23.9%	31.0	37.5	6.5	17.3%
Depreciation and amortization	5.5	4.0	(1.5)	(37.5)%	15.9	12.7	(3.2)	(25.2)%
TH transaction and restructuring costs	—	24.3	24.3	NM	—	79.7	79.7	NM
Integration costs	4.4	—	(4.4)	NM	10.4	—	(10.4)	NM
Total general and administrative expenses	80.7	101.3	20.6	20.3%	224.2	306.0	81.8	26.7%
Selling, general and administrative expenses	$ 82.2	$ 104.3	$ 22.1	21.2%	$ 228.5	$ 317.3	$ 88.8	28.0%

NM – Not meaningful

Selling expenses consist primarily of Company restaurant advertising fund contributions. The decrease in selling expenses for the three and nine months ended September 30, 2016 was primarily a result of a decrease in advertising fund contributions from TH Restaurant VIEs driven by a decrease in the number of Restaurant VIEs from the prior year period.

Management general and administrative expenses ("Management G&A") are comprised primarily of salary and employee related costs for our non-restaurant employees, professional fees, information technology systems, and general overhead for our corporate offices. The increase in Management G&A for the three months ended September 30, 2016 was driven primarily by increases in expenses related to new master franchisees, partially offset by favorable FX Impact. The decrease in Management G&A for the nine months ended September 30, 2016 was driven primarily by decreases in salaries and benefits, and by favorable FX Impact.

During the three and nine months ended September 30, 2016, the decrease in share-based compensation and non-cash incentive compensation expense was due primarily to the decrease of $2.7 million and $10.4 million related to the remeasurement of liability-classified stock options to fair value for the three and nine months ended September 30, 2015, respectively, and the non-recurrence of $4.6 million related to a stock option modification during the three and nine months ended September 30, 2015, partially offset by additional share-based awards granted during 2016 and 2015. During 2015, we modified a portion of liability-classified awards that resulted in a change in classification of the awards from liability to equity and as such these modified awards are no longer being revalued after the modification date.

(Income) Loss from Equity Method Investments

(Income) loss from equity method investments reflects our share of investee net income or loss, non-cash dilution gains or losses from changes in our ownership interests in equity method investees and basis difference amortization.

The change in (income) loss from equity method investments during the three months ended September 30, 2016 was driven primarily by improved earnings for Carrols Restaurant Group, Inc. The change in (income) loss from equity method investments during the nine months ended September 30, 2016 was driven primarily by improved earnings for Carrols Restaurant Group, Inc. and Pangea Foods (China) Holdings, Ltd.

Other Operating Expenses (Income), net

Our other operating expenses (income), net were comprised of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Net losses (gains) on disposal of assets, restaurant closures and refranchisings	$ 3.3	$ 0.2	$ 19.6	$ (3.2)
Litigation settlements and reserves, net	0.4	(0.1)	2.0	1.8
Net losses (gains) on derivatives	—	(1.5)	—	37.3
Net losses (gains) on foreign exchange	4.1	10.8	16.1	45.1
Other, net	0.9	—	0.5	1.2
Other operating expenses (income), net	$ 8.7	$ 9.4	$ 38.2	$ 82.2

Net losses (gains) on disposal of assets, restaurant closures and refranchisings for the nine months ended September 30, 2016 primarily reflects losses in connection with refranchisings in our TH business.

Net losses (gains) on derivatives for the nine months ended September 30, 2015 is primarily due to changes in fair value related to interest rate swaps not designated for hedge accounting. These interest rate swaps were settled during May 2015.

Net losses (gains) on foreign exchange is primarily related to revaluation of foreign denominated assets and liabilities.

Interest Expense, net

Our interest expense, net and weighted average interest rate on our long-term debt were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Interest expense, net	$ 117.3	$ 116.0	$349.6	$362.3
Weighted average interest rate on long-term debt	5.2%	5.1%	5.2%	5.1%

During the three months ended September 30, 2016, there was an increase in interest expense, net compared to the prior year period primarily due to an increase in our weighted average interest rate. During the nine months ended September 30, 2016, interest expense, net decreased compared to the prior year period primarily due to a decrease in outstanding debt as a result of term loan prepayments in May 2015.

Income Tax Expense

Our effective tax rate was 21.3% and 20.7% for the three and nine months ended September 30, 2016, respectively. The effective tax rate during these periods was primarily a result of the mix of income from multiple tax jurisdictions, partially offset by the favorable impact from intercompany financing.

Our effective tax rate was 19.6% and 30.1% for the three and nine months ended September 30, 2015, respectively. The effective tax rate during these periods was primarily a result of the mix of income from multiple tax jurisdictions and the revaluation of certain monetary assets and liabilities as a result of changes in foreign currency exchange rates, partially offset by the favorable impact from a restructuring of certain legal entities.

Net Income

We reported net income of $238.6 million for the three months ended September 30, 2016, compared to net income of $182.9 million for the three months ended September 30, 2015, primarily as a result of an increase in income from operations of $76.5 million, partially offset by an increase in income tax expense of $19.9 million. The increase in income from operations was primarily driven by an increase in sales, an increase in franchise and property revenues and a decrease in selling, general and administrative expenses.

We reported net income of $654.5 million for the nine months ended September 30, 2016, compared to net income of $327.2 million for the nine months ended September 30, 2015, primarily as a result of an increase in income from operations of $304.9 million, the non-recurrence of $40.0 million loss on early extinguishment of debt, and a decrease in interest expense, net of $12.7 million, partially offset by an increase in income tax expense of $30.3 million. The increase in income from operations was primarily driven by a decrease in selling, general and administrative expenses, a decrease in cost of sales, a decrease in other operating expenses (income), net, a decrease in franchise and property expenses, an increase in sales and an increase in franchise and property revenues.

Non-GAAP Reconciliations

The table below contains information regarding EBITDA and Adjusted EBITDA, which are non-GAAP measures, which do not have a standardized meaning under U.S. GAAP and may differ from similar captioned measures of other companies in our industry. We believe that these non-GAAP measures are useful to investors in assessing our operating performance, as it provides them with the same tools that management uses to evaluate our performance and is responsive to questions we receive from both investors and analysts. By disclosing these non-GAAP measures, we intend to provide investors with a consistent comparison of our operating results and trends for the periods presented. EBITDA is defined as earnings (net income or loss) before interest, (gain) loss on early extinguishment of debt, taxes, and depreciation and amortization and is used by management to measure operating performance of the business. Adjusted EBITDA is defined as EBITDA excluding the non-cash impact of share-based compensation and non-cash incentive compensation expense and (income) loss from equity method investments, net of cash distributions received from equity method investments, as well as other operating expenses (income), net. Other specifically identified costs associated with non-recurring projects are also excluded from Adjusted EBITDA, including acquisition accounting impact on cost of sales, Tim Hortons transaction and restructuring costs and integration costs, each of which is associated with the acquisition of Tim Hortons. Adjusted EBITDA is used by management to measure operating performance of the business, excluding these non-cash and other specifically identified items that management believes are not relevant to management's assessment of operating performance or the performance of an acquired business. Adjusted EBITDA, as defined above, also represents our measure of segment income.

	Three Months Ended September 30,		Variance		Nine Months Ended September 30,		Variance	
			$	%			$	%
	2016	2015	Favorable / (Unfavorable)		2016	2015	Favorable / (Unfavorable)	
Segment income:								
TH	$ 287.1	$ 244.0	$ 43.1	17.7%	$ 793.9	$ 663.3	$ 130.6	19.7%
BK	201.8	196.7	5.1	2.6%	581.9	560.3	21.6	3.9%
Adjusted EBITDA	488.9	440.7	48.2	10.9%	1,375.8	1,223.6	152.2	12.4%
Share-based compensation and non-cash incentive compensation expense	11.8	15.5	3.7	23.9%	31.0	37.5	6.5	17.3%
Acquisition accounting impact on cost of sales	—	(0.3)	(0.3)	NM	—	0.5	0.5	NM
TH transaction and restructuring costs	—	24.3	24.3	NM	—	79.7	79.7	NM
Integration costs	4.4	—	(4.4)	NM	10.4	—	(10.4)	NM
Impact of equity method investments (a)	0.3	4.7	4.4	93.6%	(7.6)	15.7	23.3	148.4%
Other operating expenses (income), net	8.7	9.4	0.7	7.4%	38.2	82.2	44.0	53.5%
EBITDA	463.7	387.1	76.6	19.8%	1,303.8	1,008.0	295.8	29.3%
Depreciation and amortization	43.2	43.1	(0.1)	(0.2)%	128.7	137.8	9.1	6.6%
Income from operations	420.5	344.0	76.5	22.2%	1,175.1	870.2	304.9	35.0%
Interest expense, net	117.3	116.0	(1.3)	(1.1)%	349.6	362.3	12.7	3.5%
(Gain) loss on early extinguishment of debt	—	0.4	0.4	NM	—	40.0	40.0	NM
Income tax expense	64.6	44.7	(19.9)	(44.5)%	171.0	140.7	(30.3)	(21.5)%
Net income	$ 238.6	$ 182.9	$ 55.7	30.5%	$ 654.5	$ 327.2	$ 327.3	100.0%

NM – Not meaningful

(a) Represents (i) (income) loss from equity method investments and (ii) cash distributions received from our equity method investments. Cash distributions received from our equity method investments are included in segment income.

Adjusted EBITDA for the three and nine months ended September 30, 2016 increased over the prior periods primarily due to increases in segment income in our TH and BK segments.

EBITDA for the three and nine months ended September 30, 2016 increased over the prior year periods primarily due to increases in segment income in our TH and BK segments, the non-recurrence of TH transaction and restructuring costs, favorable results from the impact of equity method investments, a decrease in share-based compensation and non-cash incentive compensation and favorable results from other operating expenses (income), net, partially offset by integration costs recognized in the current period.

Results of Operations for TH Segment for the Three Months Ended September 30, 2016 and 2015

	Three Months Ended September 30,		Variance		FX Impact	Variance Excluding FX Impact	
			Favorable / (Unfavorable)				
	2016	2015	$	%	$	$	%
Sales and cost of sales (a):							
Sales	$ 563.0	$ 522.1	$40.9	7.8%	$ 0.5	$ 40.4	7.7%
Cost of sales	434.6	426.7	(7.9)	(1.9)%	—	(7.9)	(1.9)%
Franchise and property:							
Franchise and property revenues	226.9	215.6	11.3	5.2%	0.2	11.1	5.1%
Franchise and property expenses	79.8	79.2	(0.6)	(0.8)%	—	(0.6)	(0.8)%
Segment SG&A (b)	17.0	18.5	1.5	8.1%	0.7	0.8	4.3%
Segment depreciation and amortization (c)	25.7	27.3	1.6	5.9%	—	1.6	5.9%
Segment income (d)	287.1	244.0	43.1	17.7%	1.4	41.7	17.1%

(a) Includes Restaurant VIEs.

(b) Segment selling, general and administrative expenses (“Segment SG&A”) consists of segment selling expenses and management general and administrative expenses.

(c) Segment depreciation and amortization consists of depreciation and amortization included in cost of sales and franchise and property expenses.

(d) Segment income for the three months ended September 30, 2016 includes $2.9 million of cash distributions received from equity method investments. Segment income for the three months ended September 30, 2015 excludes ($0.3) million of acquisition accounting impact on cost of sales and includes $3.7 million of cash distributions received from equity method investments.

Sales and Cost of Sales

During the three months ended September 30, 2016, the increase in sales was driven primarily by an increase in supply chain sales of $61.6 million due to system-wide sales growth of 4.8%, an increase in retail sales and favorable FX Impact, partially offset by a decrease in Company restaurant revenue of $21.2 million driven primarily by the conversion of Restaurant VIEs to franchise restaurants.

During the three months ended September 30, 2016, the increase in cost of sales was driven primarily by an increase in supply chain cost of sales of $25.3 million driven by an increase in supply chain sales as described above, partially offset by supply chain cost savings derived from effective cost management. This increase was partially offset by a decrease in Company restaurant cost of sales of $17.4 million primarily due to the conversion of Restaurant VIEs to franchise restaurants.

Franchise and Property

During the three months ended September 30, 2016, the increase in franchise and property revenue was driven by an increase in royalties and property revenues of $11.9 million primarily due to NRG of 148 restaurants during the trailing twelve-month period, comparable sales growth, new leases and subleases associated with additional restaurants leased or subleased to franchisees as a result of converting Restaurant VIEs to franchise restaurants and favorable FX Impact. These factors were partially offset by a decrease in franchise fees and other revenue of $0.8 million.

During the three months ended September 30, 2016, the increase in franchise and property expenses was not meaningful.

Segment SG&A

During the three months ended September 30, 2016, Segment SG&A decreased primarily due to a decrease in selling expenses as a result of a decrease in advertising fund contributions driven by a decrease in the number of Restaurant VIEs from the prior year period and favorable FX Impact.

Segment Income

During the three months ended September 30, 2016, segment income increased primarily due to an increase in sales net of cost of sales and an increase in franchise and property revenues net of expenses.

Results of Operations for TH Segment for the Nine Months Ended September 30, 2016 and 2015

	Nine Months Ended September 30,		Variance		FX Impact	Variance Excluding FX Impact	
			Favorable / (Unfavorable)				
	2016	2015	$	%	$	$	%
Sales and cost of sales:							
Sales	$1,565.8	$1,541.2	$ 24.6	1.6%	$ (66.8)	$ 91.4	5.9%
Cost of sales	1,219.7	1,292.8	73.1	5.7%	53.2	19.9	1.5%
Franchise and property:							
Franchise and property revenues	641.7	644.2	(2.5)	(0.4)%	(27.6)	25.1	3.9%
Franchise and property expenses	231.5	260.7	29.2	11.2%	10.1	19.1	7.3%
Segment SG&A	48.3	68.6	20.3	29.6%	1.8	18.5	27.0%
Segment depreciation and amortization	76.9	89.5	12.6	14.1%	3.2	9.4	10.5%
Segment income (e)	793.9	663.3	130.6	19.7%	(32.5)	163.1	24.6%

(e) Segment income for the nine months ended September 30, 2016 includes $9.0 million of cash distributions received from equity method investments. Segment income for the nine months ended September 30, 2015 excludes $0.5 million of acquisition accounting impact on cost of sales and includes $10.0 million of cash distributions received from equity method investments.

Sales and Cost of Sales

During the nine months ended September 30, 2016, the increase in sales was driven primarily by an increase in supply chain sales of $164.8 million due to system-wide sales growth of 6.1% and an increase in retail sales, partially offset by a decrease in Company restaurant revenue of $73.4 million driven primarily by the conversion of Restaurant VIEs to franchise restaurants and unfavorable FX Impact.

During the nine months ended September 30, 2016, the decrease in cost of sales was driven primarily by a decrease in Company restaurant cost of sales of $62.2 million primarily due to the conversion of Restaurant VIEs to franchise restaurants and favorable FX Impact. These decreases were partially offset by an increase in supply chain cost of sales of $42.3 million driven by an increase in supply chain sales as described above, partially offset by supply chain cost savings derived from effective cost management.

Franchise and Property

During the nine months ended September 30, 2016, the decrease in franchise and property revenue was driven by a decrease in franchise fees and other revenue of $15.0 million driven by a decrease in sales of equipment packages and unfavorable FX Impact. These factors were partially offset by an increase in royalties and property revenues of $40.1 million primarily due to NRG of 148 restaurants during the trailing twelve-month period, comparable sales growth, and new leases and subleases associated with additional restaurants leased or subleased to franchisees as a result of converting Restaurant VIEs to franchise restaurants.

During the nine months ended September 30, 2016, the decrease in franchise and property expenses was driven primarily by a decrease in the costs related to sale of equipment packages and favorable FX Impact.

Segment SG&A

During the nine months ended September 30, 2016, Segment SG&A decreased primarily due to a decrease in salaries and benefits, a decrease in selling expenses as a result of a decrease in advertising fund contributions driven by a decrease in the number of Restaurant VIEs from the prior year period and favorable FX Impact.

Segment Income

During the nine months ended September 30, 2016, segment income increased primarily due to an increase in sales net of cost of sales, an increase in franchise and property revenues net of expenses, and a decrease in Segment SG&A, partially offset by unfavorable FX Impact.

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Results of Operations for BK Segment for the Three Months Ended September 30, 2016 and 2015

	Three Months Ended September 30,		Variance		FX Impact	Variance Excluding FX Impact	
			Favorable / (Unfavorable)				
	2016	2015	$	%	$	$	%
Sales and cost of sales:							
Sales	$ 23.4	$ 23.8	$(0.4)	(1.7)%	$ —	$ (0.4)	(1.7)%
Cost of sales	20.4	19.9	(0.5)	(2.5)%	—	(0.5)	(2.5)%
Franchise and property:							
Franchise and property revenues	262.4	258.2	4.2	1.6%	(3.8)	8.0	3.1%
Franchise and property expenses	32.1	35.2	3.1	8.8%	0.4	2.7	7.7%
Segment SG&A	43.5	42.0	(1.5)	(3.6)%	0.3	(1.8)	(4.3)%
Segment depreciation and amortization	12.0	11.8	(0.2)	(1.7)%	—	(0.2)	(1.7)%
Segment income	201.8	196.7	5.1	2.6%	(3.1)	8.2	4.2%

Franchise and Property

During the three months ended September 30, 2016, the increase in franchise and property revenue was driven primarily by an increase in royalties of $14.7 million primarily due to NRG of 574 restaurants during the trailing twelve-month period and comparable sales growth, partially offset by a decrease in renewal franchise fees and an unfavorable FX Impact.

During the three months ended September 30, 2016, the decrease in franchise and property expenses was driven primarily by a decrease in rent expense related to leases that were assigned to franchisees during 2015, a decrease in other franchise expenses and favorable FX Impact.

Segment SG&A

During the three months ended September 30, 2016, Segment SG&A increased primarily due to an increase in expenses related to new master franchisees, partially offset by a favorable FX Impact.

Segment Income

During the three months ended September 30, 2016, segment income increased primarily due to an increase in franchise and property revenues net of expenses, partially offset by an increase in Segment SG&A, a decrease in sales net of cost of sales and unfavorable FX Impact.

Results of Operations for BK Segment for the Nine Months Ended September 30, 2016 and 2015

	Nine Months Ended September 30,		Variance		FX Impact	Variance Excluding FX Impact	
			Favorable / (Unfavorable)				
	2016	2015	$	%	$	$	%
Sales and cost of sales:							
Sales	$ 69.7	$ 72.0	$ (2.3)	(3.2)%	$ (0.3)	$ (2.0)	(2.8)%
Cost of sales	59.3	61.8	2.5	4.0%	0.3	2.2	3.6%
Franchise and property:							
Franchise and property revenues	757.2	737.8	19.4	2.6%	(18.1)	37.5	5.1%
Franchise and property expenses	98.7	104.5	5.8	5.6%	1.2	4.6	4.4%
Segment SG&A	122.9	118.8	(4.1)	(3.5)%	0.2	(4.3)	(3.6)%
Segment depreciation and amortization	35.9	35.6	(0.3)	(0.8)%	(0.1)	(0.2)	(0.6)%
Segment income	581.9	560.3	21.6	3.9%	(16.6)	38.2	6.8%

Franchise and Property

During the nine months ended September 30, 2016, the increase in franchise and property revenue was driven primarily by an increase in royalties of $44.8 million primarily due to NRG of 574 restaurants during the trailing twelve-month period and comparable sales growth, partially offset by a decrease in renewal franchise fees and an unfavorable FX Impact.

During the nine months ended September 30, 2016, the decrease in franchise and property expenses was driven primarily by a decrease in rent expense related to leases that were assigned to franchisees during 2015, a decrease in other franchise expenses and favorable FX Impact.

Segment SG&A

During the nine months ended September 30, 2016, Segment SG&A increased primarily due to an increase in salary and benefits, partially offset by a favorable FX Impact.

Segment Income

During the nine months ended September 30, 2016, segment income increased primarily due to an increase in franchise and property revenues net of expenses, partially offset by an increase in Segment SG&A and unfavorable FX Impact.

Liquidity and Capital Resources

Our primary sources of liquidity are cash on hand, cash generated by operations and borrowings available under our Revolving Credit Facility (as defined below). We have used, and may in the future use, our liquidity to make required interest and/or principal payments, to pay Preferred Share (as defined below) dividends, to repurchase our common shares, to repurchase Class B exchangeable limited partnership units ("Partnership exchangeable units"), to voluntarily prepay and repurchase our or one of our affiliate's outstanding debt, to fund our investing activities and to pay dividends on our common shares and distributions on the Partnership exchangeable units. As a result of our borrowings, we are highly leveraged. Our liquidity requirements are significant, primarily due to debt service and the cash dividend requirements of our Preferred Shares.

At September 30, 2016, we had cash and cash equivalents of $1,274.4 million and working capital of $687.3 million. In addition, at September 30, 2016, we had borrowing availability of $498.5 million under our Revolving Credit Facility. Based on our current level of operations and available cash, we believe our cash flow from operations, combined with availability under our Revolving Credit Facility, will provide sufficient liquidity to fund our current obligations, Preferred Share dividends, debt service requirements and capital spending over the next twelve months.

At September 30, 2016, approximately 13% of our consolidated cash and cash equivalents balances were held in tax jurisdictions other than Canada and the U.S. Undistributed earnings of our foreign subsidiaries for periods prior to the Transactions are considered indefinitely reinvested for U.S. income tax purposes. Subsequent to the Transactions, we record a deferred tax liability for earnings of foreign subsidiaries with U.S. parent companies when such amounts are not considered permanently reinvested and would be subject to tax in the U.S. upon repatriation of cash.

On August 2, 2016, our board of directors approved a share repurchase authorization wherein RBI may purchase up to $300 million of our common shares over the next 5 years. Repurchases under the Company's new authorization will be made in the open market or through privately negotiated transactions. In connection with the share repurchase authorization, on August 4, 2016 we announced that the Toronto Stock Exchange (the "TSX") had accepted the notice of our intention to commence a normal course issuer bid. Under this normal course issuer bid, we are permitted to repurchase up to 18,085,962 common shares for the one-year period commencing on August 8, 2016 and ending on August 7, 2017, or earlier if we complete the repurchases prior to such date. Purchases under the normal course issuer bid will be made through the facilities of the TSX, the New York Stock Exchange (the "NYSE") and/or other exchanges and alternative Canadian or foreign trading systems, if eligible, or by such other means as may be permitted by the TSX and/or the NYSE under applicable law. Shareholders may obtain a copy of the notice, free of charge, by contacting the Company.

Debt Instruments and Debt Service Requirements

Our long-term debt is comprised primarily of borrowings under our 2015 Amended Credit Agreement, amounts outstanding under our 2015 Senior Notes, 2014 Senior Notes and Tim Hortons Notes (each as defined below), and obligations under capital leases. For further information about our long-term debt, see Note 10 to the accompanying unaudited condensed consolidated financial statements included in this report.

<u>2015 Amended Credit Agreement</u>

As of September 30, 2016, there was $5,059.0 million outstanding principal amount of secured term loans (the "Term Loan Facility") under our credit agreement dated May 22, 2015 (the "2015 Amended Credit Agreement"). As of September 30, 2016, the interest rate was 3.75% on our Term Loan Facility. Based on the amounts outstanding under the Term Loan Facility and the three-month LIBOR rate as of September 30, 2016, subject to a floor of 1.00%, required debt service for the next twelve months is estimated to be approximately $192.1 million in interest payments and $34.3 million in principal payments. In addition, as of September 30, 2016, net cash settlements that we expect to pay on our $2,500.0 million interest rate swap are estimated to be approximately $19.3 million for the next twelve months.

As of September 30, 2016, we had no amounts outstanding under the revolving credit facility available under the 2015 Amended Credit Agreement (the "Revolving Credit Facility"). Funds available under the Revolving Credit Facility for future borrowings may be used to repay other debt, finance debt or share repurchases, acquisitions, capital expenditures and other general corporate purposes. We have a $125.0 million letter of credit sublimit as part of the Revolving Credit Facility, which reduces our borrowing capacity under this facility by the cumulative amount of outstanding letters of credit. As of September 30, 2016, we had $1.5 million of letters of credit issued against the Revolving Credit Facility and our borrowing availability was $498.5 million.

2015 Senior Notes

Two of our subsidiaries (the "Borrowers") are parties to an indenture dated May 22, 2015 (the "2015 Senior Notes Indenture") in connection with the issuance of $1,250.0 million of 4.625% first lien senior secured notes due January 15, 2022 (the "2015 Senior Notes"). The 2015 Senior Notes bear interest at a rate of 4.625% per annum and are payable semi-annually on January 15 and July 15 of each year. At September 30, 2016, we had outstanding $1,250.0 million of 2015 Senior Notes. No principal payments are due until maturity. Based on the amount outstanding at September 30, 2016, required debt service for the next twelve months on the 2015 Senior Notes is $57.8 million in interest payments.

2014 Senior Notes

The Borrowers are parties to an indenture dated October 8, 2014 (the "2014 Senior Notes Indenture") in connection with the issuance of $2,250.0 million of 6.00% second lien senior secured notes due April 1, 2022 (the "2014 Senior Notes"). The 2014 Senior Notes bear interest at a rate of 6.00% per annum, payable semi-annually on April 1 and October 1 of each year. At September 30, 2016, we had outstanding $2,250.0 million of 2014 Senior Notes. No principal payments are due until maturity. Based on the amount outstanding at September 30, 2016, required debt service for the next twelve months on the 2014 Senior Notes is $135.0 million in interest payments.

Tim Hortons Notes

At September 30, 2016, we had notes outstanding with the following carrying values and terms: (i) C$48.0 million of 4.20% Senior Unsecured Notes, Series 1, due June 1, 2017, (ii) C$2.6 million of 4.52% Senior Unsecured Notes, Series 2, due December 1, 2023 and (iii) C$3.9 million of 2.85% Senior Unsecured Notes, Series 3, due April 1, 2019 (collectively, the "Tim Hortons Notes"). No principal payments are due until maturity. Based on the amounts outstanding at September 30, 2016, required debt service for the next twelve months on the Tim Hortons Notes is C$2.2 million in interest payments and C$48.0 million in principal payments.

As of September 30, 2016, we were in compliance with all covenants of the 2015 Amended Credit Agreement, the 2015 Senior Notes Indenture, the 2014 Senior Notes Indenture and the indenture governing the Tim Hortons Notes, and there were no limitations on our ability to draw on our Revolving Credit Facility.

Preferred Shares

In connection with the Transactions, Berkshire Hathaway Inc. ("Berkshire") and the Company entered into a Securities Purchase Agreement (the "Security Purchase Agreement") pursuant to which National Indemnity Company, a wholly owned subsidiary of Berkshire, purchased for an aggregate purchase price of $3,000.0 million, (a) 68.5 million Class A 9.0% cumulative compounding perpetual voting preferred shares of the Company (the "Preferred Shares") and (b) a warrant (the "Warrant") to purchase common shares of the Company, at an exercise price of $0.01 per common share of the Company, representing 1.75% of the fully-diluted common shares of the Company as of the closing of the Transactions, including the common shares of the Company issuable upon the exercise of the Warrant, upon the terms and subject to the conditions set forth therein. On December 15, 2014, National Indemnity Company exercised the Warrant in full and received 8,438,225 common shares of the Company. Our articles provide that the maximum number of Preferred Shares that we are authorized to issue is limited to 68,530,939 Preferred Shares, which is the number of Preferred Shares issued to National Indemnity Company in connection with the Transactions.

Dividend Entitlements

The holders of the Preferred Shares are entitled to receive, as and when declared by our board of directors, cumulative cash dividends at an annual rate of 9.0% on the amount of the purchase price per Preferred Share, payable quarterly in arrears ("regular quarterly dividends"). Such dividends accrue daily on a cumulative basis, whether or not declared by our board of directors. If any such dividend or make-whole dividend is not paid in full on the scheduled payment date or the required payment date, as applicable (the unpaid portion, “past due dividends”), additional cash dividends (“additional dividends”) shall accrue daily on a cumulative basis on past due dividends at an annual rate of 9.0%, compounded quarterly, whether or not such additional dividends are declared by our board of directors, until the date the same are declared by our board of directors and paid in cash to the holders of the Preferred Shares. While our board of directors has declared, and we have paid, regular quarterly dividends on our Preferred Shares every quarter since the three months ended March 31, 2015, the board can elect not to declare such dividends in the future and, in such event, additional dividends will accrue on any past due dividends as set forth above.

Redemption

The Preferred Shares may be redeemed at our option, in whole or in part, at any time on and after the third anniversary of their original issuance on the closing date of the Transactions. After the tenth anniversary of the original issue date, holders of not less than a majority of the outstanding Preferred Shares may cause us to redeem the Preferred Shares at a 109.9% premium, or a redemption price of $48.109657 per Preferred Share, plus accrued and unpaid dividends and unpaid make-whole dividends. Holders of Preferred Shares also hold a contingently exercisable option to cause us to redeem their Preferred Shares at the redemption price in the event of a change in control.

Cash Dividends

On April 4, 2016, we paid a dividend of $0.14 per common share and Partnership made a distribution in respect of each Partnership exchangeable unit in the amount of $0.14 per Partnership exchangeable unit. On April 1, 2016, we paid a dividend of $0.98 per Preferred Share, for a total of $67.5 million, which included the amount due for the first calendar quarter of 2016.

On July 6, 2016, we paid a dividend of $0.15 per common share and Partnership made a distribution in respect of each Partnership exchangeable unit in the amount of $0.15 per Partnership exchangeable unit. On July 5, 2016, we paid a dividend of $0.98 per Preferred Share, for a total of $67.5 million, which included the amount due for the second calendar quarter of 2016.

On October 4, 2016, we paid a dividend of $0.16 per common share and Partnership made a distribution in respect of each Partnership exchangeable unit in the amount of $0.16 per Partnership exchangeable unit. On October 3, 2016, we paid a dividend of $0.98 per Preferred Share, for a total of $67.5 million, which included the amount due for the third calendar quarter of 2016.

On October 24, 2016, our board of directors declared a cash dividend of $0.17 per common share, which will be paid on January 4, 2017, to common shareholders of record on December 8, 2016. Partnership will also make a distribution in respect of each Partnership exchangeable unit in the amount of $0.17 per Partnership exchangeable unit, and the record date and payment date for distributions on Partnership exchangeable units are the same as the record date and payment date set forth above. On October 24, 2016, our board of directors declared a cash dividend of $0.98 per Preferred Share, for a total dividend of $67.5 million which will be paid to the holder of the Preferred Shares on January 3, 2017. The dividend on the Preferred Shares includes the amount due for the fourth calendar quarter of 2016.

No dividend may be declared or paid on common shares of the Company until a dividend is declared or paid on the Preferred Shares. In addition, if holders of at least a majority of the outstanding Preferred Shares have delivered a notice to exercise their right to have the Company redeem the Preferred Shares, no dividend may be declared or paid on our common shares (except that dividends declared on our common shares prior to the date of such delivery may be paid) unless on the date of such declaration or payment all Preferred Shares subject to such notice have been redeemed in full.

In addition, because we are a holding company, our ability to pay cash dividends on our common shares may be limited by restrictions under our debt agreements. Although we do not have a dividend policy, our board of directors may, subject to compliance with the covenants contained in our debt agreements and other considerations, determine to pay dividends in the future. We expect to pay all dividends from cash generated from our operations.

Outstanding Security Data

As of October 20, 2016, we had outstanding 234,111,128 common shares, 68,530,939 Preferred Shares and one special voting share. The special voting share is held by a trustee, entitling the trustee to that number of votes on matters on which holders of common shares are entitled to vote equal to the number of Partnership exchangeable units outstanding. The trustee is required to cast such votes in accordance with voting instructions provided by holders of Partnership exchangeable units. At any shareholder meeting of RBI, holders of our common shares vote together as a single class with the Preferred Shares and the special voting share, except as otherwise provided by law. For information on share-based compensation and our outstanding equity awards, see Note 19 to our audited consolidated financial statements in Part II, Item 8 of our Annual Report filed with the SEC and Canadian securities regulatory authorities on February 26, 2016.

There were 227,049,533 Partnership exchangeable units outstanding as of October 20, 2016. Since December 12, 2015, the holders of Partnership exchangeable units have had the right to require Partnership to exchange all or any portion of such holder's Partnership exchangeable units for our common shares at a ratio of one common share for each Partnership exchangeable unit, subject to our right as the general partner of Partnership, at our sole discretion, to determine to settle any such exchange for a cash payment in lieu of issuing our common shares.

Comparative Cash Flows

Operating Activities

Cash provided by operating activities was $919.0 million during the nine months ended September 30, 2016, compared to $950.4 million during the same period in the prior year. The decrease in cash provided by operating activities was driven by the reclassification of restricted cash to cash and cash equivalents during 2015 and changes in working capital, partially offset by an increase in net income, excluding non-cash adjustments.

Investing Activities

Cash provided by investing activities was $19.3 million for the nine months ended September 30, 2016, compared to cash used for investing activities of $40.0 million during the same period in the prior year. The change in investing activities was driven primarily by a decrease in capital expenditures, partially offset by a decrease in proceeds from the settlement of derivative instruments.

Financing Activities

Cash used for financing activities was $436.3 million for the nine months ended September 30, 2016, compared to $1,680.9 million during the same period in the prior year. The decrease in cash used for financing activities was driven primarily by the repayment of a portion of the Term Loan Facility, the redemption of a portion of the Tim Hortons Notes and payments of financing costs, partially offset by proceeds from the offering of the 2015 Senior Notes in the prior year and higher dividend payments in the current year.

Critical Accounting Policies and Estimates

This discussion and analysis of financial condition and results of operations is based on our unaudited condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires our management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses, as well as related disclosures of contingent assets and liabilities. We evaluate our estimates on an ongoing basis and we base our estimates on historical experience and various other assumptions we deem reasonable to the situation. These estimates and assumptions form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Volatile credit, equity, foreign currency and energy markets, and declines in consumer spending have increased and may continue to create uncertainty inherent in such estimates and assumptions. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in our estimates could materially impact our results of operations and financial condition in any particular period. For a complete discussion of our critical and significant accounting policies and estimates, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K filed with the SEC and Canadian securities regulatory authorities on February 26, 2016.

New Accounting Pronouncements

See Note 3 – *New Accounting Pronouncements*, in the notes to the accompanying unaudited condensed consolidated financial statements.

Item 3. ***Quantitative and Qualitative Disclosures about Market Risk***

There were no material changes during the three months ended September 30, 2016 to the disclosures made in Part II, Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2015, filed with the SEC and Canadian securities regulatory authorities on February 26, 2016.

Item 4. ***Controls and Procedures***

Evaluation of Disclosure Controls and Procedures

An evaluation was conducted under the supervision and with the participation of management, including the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and Exchange Act Rules 15d-15(e)) as of September 30, 2016. Based on that evaluation, the CEO and CFO concluded that the Company's disclosure controls and procedures were effective as of such date.

Internal Control Over Financial Reporting

The Company's management, including the CEO and CFO, confirm that there were no changes in the Company's internal control over financial reporting during the three months ended September 30, 2016 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Special Note Regarding Forward-Looking Statements

Certain information contained in this report, including information regarding future financial performance and plans, targets, aspirations, expectations, and objectives of management, constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and forward-looking information within the meaning of Canadian securities laws. We refer to all of these as forward-looking statements. Forward-looking statements are forward-looking in nature and, accordingly, are subject to risks and uncertainties. These forward-looking statements can generally be identified by the use of words such as "believe", "anticipate", "expect", "intend", "estimate", "plan", "continue", "will", "may", "could", "would", "target", "potential" and other similar expressions and include, without limitation, statements regarding our expectations or beliefs regarding (i) our future financial obligations, including annual debt service requirements, capital expenditures and dividend payments, our ability to meet such obligations and the source of funds used to satisfy such obligations; and (ii) certain accounting and tax matters.

These forward looking statements represent management's expectations as of the date hereof. These forward-looking statements are based on certain assumptions and analyses made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances. However, these forward-looking statements are subject to a number of risks and uncertainties and actual results may differ materially from those expressed or implied in such statements. Important factors that could cause actual results, level of activity, performance or achievements to differ materially from those expressed or implied by these forward-looking statements include, among other things, risks related to: (1) our substantial indebtedness, which could adversely affect our financial condition and prevent us from fulfilling our obligations; (2) significant and rapid fluctuations in interest rates and in the currency exchange markets and the effectiveness of our hedging activity; (3) the ability of our credit facilities' and derivatives' counterparties to fulfill their commitments and/or obligations; and (4) changes in applicable tax laws or interpretations thereof.

We operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for our management to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy or completeness of any of these forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. Finally, our future results will depend upon various other risks and uncertainties, including, but not limited to, those detailed in the section entitled "Item 1A - Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2015 filed with the SEC and Canadian securities regulatory authorities on February 26, 2016, as well as other materials that we from time to time file with, or furnish to, the SEC or file with Canadian securities regulatory authorities. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements in this section and elsewhere in this report. Other than as required under securities laws, we do not assume a duty to update these forward-looking statements, whether as a result of new information, subsequent events or circumstances, changes in expectations or otherwise.

Part II – Other Information

Item 6. Exhibits

The exhibits listed in the accompanying index are filed as part of this report.

Exhibit Number	Description
10.37	Form of Restaurant Brands International Inc. Board Member Stock Option Award Agreement
31.1	Certification of Chief Executive Officer of Restaurant Brands International Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer of Restaurant Brands International Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer of Restaurant Brands International Inc. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer of Restaurant Brands International Inc. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

RESTAURANT BRANDS INTERNATIONAL INC.
(Registrant)

Date: October 24, 2016

By: /s/ Joshua Kobza
Name: Joshua Kobza, principal financial officer
Title: Chief Financial Officer
(principal financial officer)
(duly authorized officer)

INDEX TO EXHIBITS

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32.2	Certification of Chief Financial Officer of Restaurant Brands International Inc. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

Exhibit 10.37

RESTAURANT BRANDS INTERNATIONAL INC.
AMENDED AND RESTATED 2014 OMNIBUS INCENTIVE PLAN

BOARD MEMBER OPTION AWARD AGREEMENT

This Award is issued pursuant to the Company's compensation program for the Board and represents the initial Option authorized under such program. Unless defined in this Option Award Agreement (this "**Award Agreement**"), capitalized terms will have the same meanings ascribed to them in the Restaurant Brands International Inc. Amended and Restated 2014 Omnibus Incentive Plan (as may be further amended from time to time, the "**Plan**").

Pursuant to Section 6 of the Plan, you have been granted a Non-Qualified Stock Option (the **"Option"**) on the following terms and subject to the provisions of the Plan, which is incorporated herein by reference. In the event of a conflict between the provisions of the Plan and this Award Agreement, the provisions of the Plan will govern.

Total Number of Shares Underlying Options:	______ Shares
Exercise Price per Share:	$____ per Share
Grant Date:	____________, 201_
Expiration Date:	_________, 202_
Vesting Date:	_________, 202_, subject to your continued Service through the Vesting Date and further subject to the Section entitled "Termination" in Exhibit A.

By your acceptance of this Award Agreement, you and the Company agree that this Option is granted under and governed by the terms and conditions of the Plan and the terms and conditions set forth in the attached as Exhibit A and the general terms and conditions for directors outside the U.S. and any special terms and conditions for your country set forth in Exhibits B and C. Exhibits A, B and C constitute part of this Award Agreement.

PARTICIPANT	**RESTAURANT BRANDS INTERNATIONAL INC.**
______________________________	By: ______________________________
Name:	Name: Jill Granat Title: General Counsel

EXHIBIT A

TERMS AND CONDITIONS OF THE OPTION AWARD AGREEMENT

Vesting.

This Option will vest and become exercisable on the "Vesting Date" set forth in this Award Agreement. Any portion of this Option that becomes exercisable in accordance with the foregoing will remain exercisable until the Expiration Date, unless earlier terminated pursuant to the Plan or this Award Agreement (including, without limitation, the section below entitled "Termination"). Subject to the section below entitled "Termination," this Option may be exercised only while you are in continuous Service with the Company. Prior to the exercise of this Option, you will not have any rights of a shareholder with respect to this Option or the Shares subject thereto.

Method of Exercise.

This Option will be exercisable pursuant to procedures approved by the Committee and communicated to you. No Shares will be delivered pursuant to the exercise of this Option unless (i) you have complied with your obligations under this Award Agreement, (ii) the exercise of this Option and the delivery of such Shares complies with applicable law, and (iii) full payment (or satisfactory provision therefor) of the aggregate Exercise Price of the Option and any Tax Related Items have been received by the Company. Until such time as the Shares are delivered to you (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), you will have no right to vote or receive dividends or any other rights as a shareholder with respect to such Shares, notwithstanding the exercise of this Option.

Adjustment for Certain Events.

If and to the extent that it would not cause a violation of Section 409A of the Code or other applicable law, if any Corporate Event described in Section 5(d)(ii) of the Plan shall occur, the Committee shall make an adjustment as described in such Section 5(d)(ii) in such manner as the Committee may, in its sole discretion, deem appropriate and equitable to prevent substantial dilution or enlargement of the rights provided under this Option.

Termination.

Upon termination of your Service (other than as set forth below) prior to the Vesting Date, you will forfeit this Option without any consideration due to you. For the purposes of the Plan and this Award Agreement, your Service will not be deemed to be terminated in the event that you are an employee of the Company or any Affiliate or you continue to serve on the board of directors of any Affiliate immediately following cessation of your service as a Board member.

If your Service terminates prior to the Vesting Date Without Cause (as defined below) or by reason of your Disability (as defined below), you shall be vested in the number of Shares as if the Shares subject to the Option vested 20% on each of ______, 201_, ______, 201_, ______, 201_, ______, 202__ and ______, 202_, respectively, and you may exercise the Option to the extent vested on the date of termination of your Service as provided for below.

If your Service terminates prior to the Vesting Date by reason of your death, your Beneficiary shall be vested as if the Option Shares subject to the Option vested 20% on ______, 201__, 40% on ______, 201_ and 100% on or after ______, 201_ and your Beneficiary may exercise the Option to the extent vested on the date of your death as provided for below.

Subject to any terms and conditions that the Committee may impose in accordance with Section 13 of the Plan, in the event that a Change in Control occurs and, within twelve (12) months following the date of such Change in Control, your Service is terminated by the Company Without Cause (as defined herein), this Option shall vest in full upon such termination.

To the extent this Option is or becomes exercisable on the date of termination of your Service, then, if you (or, if applicable, such other person who is entitled to exercise this Option) do not exercise this Option on or prior to the expiration of the Option Exercise Period (as set forth below), this Option will terminate. In no event may you exercise this Option after the Expiration Date.

Type of Termination	Option Exercise Period
Without Cause	90 day period beginning on the date of termination
Disability	One year period beginning on the date of termination
Death	One year period beginning on the date of termination
For Cause	None, the Option expires immediately

For purposes of this Award Agreement, the following terms shall have the following meanings:

"**Cause**" means your (i) gross negligence or willful misconduct in connection with your duties as a member of the Board or refusal, after demand, to substantially perform such duties, (ii) material violation of any of the Company's policies, procedures, rules and regulations, including, without limitation, the Board of Director Code of Conduct and the Restaurant Brands International Inc. Code of Business Ethics and Conduct, in each case, as they may be amended from time to time in the Company's sole discretion, (iii) dishonesty, fraud, embezzlement or misappropriation of funds or theft; or (iv) commission of a felony or other serious crime involving moral turpitude.

If you are terminated Without Cause and, within the twelve (12) month period subsequent to such termination of your Service, the Company determines that your Service could have been terminated for Cause, your Service will, at the election of the Company, be deemed to have been terminated for Cause, effective as of the date the events giving rise to Cause occurred.

"**Disability**" means your physical or mental condition rendering you unable to perform your duties as a member of the Board for a period of six (6) consecutive months or longer.

"**Vesting Date**" means ________ __, 202_ or such earlier vesting as may be provided in this Award Agreement.

"**Without Cause**" means a termination of your Service by the Board other than any such termination by the Board for Cause or due to your death or Disability.

Taxes.

Regardless of any action the Company takes with respect to any or all income tax or other tax related withholding ("Tax Related Items"), you acknowledge that the ultimate liability for all Tax Related Items legally due by you is and remains your responsibility and that the Company (1) makes no representations or undertakings regarding the treatment of any Tax Related Items in connection with any aspect of the Option grant, including the grant, vesting or exercise of this Option, the subsequent sale of Shares acquired pursuant to such exercise and the receipt of any dividends; and (2) does not commit to structure the terms of the grant or any aspect of this Option to reduce or eliminate your liability for Tax-Related Items.

Prior to exercise of this Option, you will pay or make adequate arrangements satisfactory to the Company to satisfy all withholding and payment on account obligations of the Company. In this regard, if permissible under local law, the Company may in its sole and absolute discretion (1) sell or arrange for the sale of Shares that you acquire to meet the withholding obligation for Tax-Related Items (on your behalf pursuant to this authorization without further consent), and/or (2) withhold the amount of Shares necessary to satisfy the Tax-Related Items.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates or other applicable withholding rates, including maximum applicable rates, in which case you may receive a refund of any over-withheld amount in cash and will have no entitlement to the Common Stock equivalent. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the vested Option, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

Finally, you will pay to the Company any amount of Tax-Related Items that the Company may be required to withhold as a result of your participation in the Plan or your purchase of Shares that cannot be satisfied by the means previously described. The Company may refuse to honor the exercise and refuse to deliver the Shares if you fail to comply with your obligations in connection with the Tax-Related Items as described in this section.

No Guarantee of Continued Service.

You acknowledge and agree that the vesting of this Option on the Vesting Date is earned only by performing continuing Service (not through the act of being granted this Award). You further acknowledge and agree that this Award Agreement, the transactions contemplated hereunder and the Vesting Date shall not be construed as giving you the right to continue to provide Service to, the Company or any Affiliate. Further, the Company or the applicable Affiliate may, at any time, dismiss you, free from any liability, or any claim under the Plan, unless otherwise expressly provided in any other agreement binding you, the Company or the applicable Affiliate. The receipt of this Award is not intended to confer any rights on you except as set forth in this Award Agreement.

Termination for Cause; Restrictive Covenants.

In consideration for the grant of this Option and for other good and valuable consideration, the sufficiency of which is acknowledged by you, you agree as follows:

Upon (i) a termination of your Service for Cause, (ii) a retroactive termination of your Service for Cause as permitted herein, or (iii) a violation of any post-termination restrictive covenant (including, without limitation, non-disclosure, non-competition and/or non-solicitation) contained in any separation or termination or similar agreement you may enter into with the Company or one of its Affiliates in connection with termination of your Service, any Options you hold that are then outstanding shall be immediately forfeited and the Company may require that you repay (with interest or appreciation (if any), as applicable, determined up to the date payment is made), and you shall promptly repay, to the Company, the Fair Market Value (in cash or in Shares) of any Shares received upon the exercise of Options during the period beginning on the date that is one year before the date of your termination and ending on the first anniversary of the date of your termination, minus the applicable Exercise Price. The Fair Market Value of any such Shares shall be determined as of the date of exercise of such Option.

Company's Right of Offset.

If you become entitled to a distribution of benefits under this Award, and if at such time you have any outstanding debt, obligation, or other liability representing an amount owing to the Company or any of its Affiliates, then the Company or its Affiliates, upon a determination by the Committee, and to the extent permitted by applicable law and it would not cause a violation of Section 409A of the Code, may offset such amount so owing against the amount of benefits otherwise distributable. Such determination shall be made by the Committee.

Acknowledgment of Nature of Award.

In accepting this Option, you acknowledge that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, as provided in the Plan;

(b) the Option award is voluntary, occasional and discretionary and does not create any contractual or other right to receive future Option awards, or benefits in lieu of Options even if Options have been awarded in the past;

(c) all decisions with respect to future awards, if any, will be at the sole discretion of the Company;

(d) your participation in the Plan is voluntary;

(e) this Option is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company;

(f) this Option is not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculation of any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments;

(g) the future value of the underlying Shares is unknown and cannot be predicted with certainty;

(h) if the underlying Shares do not increase in value, this Option will have no value;

(i) if you receive Shares, the value of such Shares acquired upon exercise may increase or decrease in value; and

(j) no claim or entitlement to compensation or damages arises from termination of this Option, and no claim or entitlement to compensation or damages shall arise from any diminution in value of this Option or Shares received upon exercise of this Option resulting from termination of your Service by the Board and you irrevocably release the Company and the Board from any such claim that may arise.

Securities Laws.

By accepting this Option, you acknowledge that Canadian or other applicable securities laws, including, without limitation, U.S. securities laws, and/or the Company's policies regarding trading in its securities may limit or restrict your right to buy or sell Shares, including, without limitation, sales of Shares acquired in connection with this Option. You agree to comply with all Canadian and any other applicable securities law requirements, including, without limitation, any U.S. securities law requirements, and Company policies, as such laws and policies are amended from time to time.

Data Privacy Notice and Consent.

You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this Award Agreement by and among, as applicable, the Company and its Affiliates or such other third party administrator as designated by the Committee in its sole and absolute discretion for the exclusive purpose of implementing, administering and managing your participation in the Plan.

You understand that the Company and/or such other third party administrator as designated by the Committee in its sole and absolute discretion may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance or social security number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of this Option or any other entitlement to Shares awarded, canceled, vested, unvested or outstanding in your favor ("**Data**"), for the exclusive purpose of implementing, administering and managing the Plan. You understand that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in your country, or elsewhere, and that the recipient's country may have different data privacy laws and protections than your country. You understand that you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Data as may be required to a broker, escrow agent or other third party with whom the Shares received upon exercise of this Option may be deposited. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that you may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing your local human resources representative. You understand that refusal or withdrawal of consent may affect your ability to participate in the Plan. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your employment status or Service and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing your consent is that the Company would not be able to grant you Options or other Awards or administer or maintain such Awards. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.

Limits on Transferability; Beneficiaries.

This Option shall not be pledged, hypothecated or otherwise encumbered or subject to any lien, obligation or liability to any party, or Transferred, otherwise than by your will or the laws of descent and distribution or to a Beneficiary upon your death, and this Option shall be exercised during your lifetime only by you or your guardian or legal representative, except that this Option may be Transferred to one or more Beneficiaries or other Transferees during your lifetime with the consent of the Committee, and may be exercised by such Transferees in accordance with the terms of this Award Agreement. A Beneficiary, Transferee, or other person claiming any rights under this Award Agreement shall be subject to all terms and conditions of the Plan and this Award Agreement, except as otherwise determined by the Committee, and to any additional terms and conditions deemed necessary or appropriate by the Committee.

No Transfer to any executor or administrator of your estate or to any Beneficiary by will or the laws of descent and distribution of any rights in respect of this Option shall be effective to bind the Company unless the Committee shall have been furnished with (i) written notice thereof and with a copy of the will and/or such evidence as the Committee may deem necessary to establish the validity of the Transfer and (ii) the written agreement of the Transferee to comply with all the terms and conditions applicable to this Option and any Shares purchased upon exercise of this Option that are or would have been applicable to you.

No Compensation Deferrals.

It is intended that the Option awarded pursuant to this Award Agreement be exempt from Section 409A of the Code ("**Section 409A**") because it is believed that (i) the Exercise Price per Share may never be less than the Fair Market Value of a Share on the Grant Date and the number of Shares subject to the Option is fixed on the original Grant Date, (ii) the Transfer or exercise of the Option is subject to taxation under Section 83 of the Code and Treasury Regulation 1.83-7, and (iii) the Option does not include any feature for the deferral of compensation other than the deferral of recognition of income until the exercise of the Option. The provisions of this Award Agreement shall be interpreted in a manner consistent with this intention. In the event that the Company believes, at any time, that any benefit or right under this Award Agreement is subject to Section 409A, then the Committee may (acting alone and without any required consent by you) amend this Award Agreement in such manner as the Committee deems necessary or appropriate to be exempt from or otherwise comply with the requirements of Section 409A (including without limitation, amending the Award Agreement to increase the Exercise Price per Share to such amount as may be required in order for the Option to be exempt from Section 409A).

Notwithstanding the foregoing, the Company does not make any representation to you that the Option awarded pursuant to this Agreement is exempt from, or satisfies, the requirements of Section 409A, and the Company shall have no liability or other obligation to indemnify or hold harmless you or any Beneficiary for any tax, additional tax, interest or penalties that you or any Beneficiary may incur in the event that any provision of this Agreement, or any amendment or modification thereof or any other action taken with respect thereto, is deemed to violate any of the requirements of Section 409A.

Entire Agreement; Governing Law; Jurisdiction; Waiver of Jury Trial.

The Plan, this Award Agreement and, to the extent applicable, any separation agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings, representations and agreements (whether oral or written) of the Company and you with respect to the subject matter hereof. This Award Agreement may not be modified in a manner that adversely affects your rights heretofore granted under the Plan, except with your consent or to comply with applicable law or to the extent permitted under other provisions of the Plan. This Award Agreement is governed by the laws of the Province of Ontario and the laws of Canada applicable in the Province of Ontario, without regard to its principles of conflict of laws.

ANY ACTION OR PROCEEDING AGAINST THE PARTIES RELATING IN ANY WAY TO THIS AGREEMENT MAY BE BROUGHT EXCLUSIVELY IN THE COURTS OF THE PROVINCE OF ONTARIO, AND YOU IRREVOCABLY SUBMIT TO THE JURISDICTION OF SUCH COURTS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING. ANY ACTIONS OR PROCEEDINGS TO ENFORCE A JUDGMENT ISSUED BY ONE OF THE FOREGOING COURTS MAY BE ENFORCED IN ANY JURISDICTION.

TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW THAT CANNOT BE WAIVED, YOU HEREBY WAIVE, AND COVENANT THAT YOU WILL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE), ANY RIGHT TO TRIAL BY JURY IN ANY FORUM IN RESPECT OF ANY ISSUE, CLAIM OR PROCEEDING ARISING OUT OF THIS AGREEMENT OR THE SUBJECT MATTER HEREOF, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING AND WHETHER IN CONTRACT, TORT OR OTHERWISE.

By signing this Award Agreement, you acknowledge receipt of a copy of the Plan and represent that you are familiar with the terms and conditions of the Plan, and hereby accept this Award subject to all provisions in this Award Agreement and in the Plan. You hereby agree to accept as final, conclusive and binding all decisions or interpretations of the Committee upon any questions arising under the Plan or this Award Agreement.

Electronic Delivery and Acceptance.

The Company may, in its sole discretion, decide to deliver any documents related to this Option or future options that may be awarded under the Plan by electronic means or request your consent to participate in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

Agreement Severable.

In the event that any provision in this Award Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Award Agreement.

Language.

If you have received this Award Agreement or any other document related to the Plan translated into a language other than English and if the translated version is different that the English version, the English version will control.

Non-U.S. Terms and Conditions.

Notwithstanding any provision in this Award Agreement, if you work and/or reside outside the U.S., this Option shall be subject to the general terms and conditions and the special terms and conditions for your country set forth in Exhibits B and C, as applicable. Moreover, if you relocate to one of the countries included in Exhibits B or C, the general terms and conditions and the special terms and conditions for such country will apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. Exhibits B and C constitute part of this Award Agreement.

Waiver.

You acknowledge that a waiver by the Company of breach of any provision of this Award Agreement shall not operate or be construed as a waiver of any other provision of this Award Agreement, or of any subsequent breach by you or any other participant.

EXHIBIT B

RESTAURANT BRANDS INTERNATIONAL INC.
2014 OMNIBUS INCENTIVE PLAN

ADDITIONAL TERMS AND CONDITIONS OF THE OPTION AWARD
AGREEMENT FOR PARTICIPANTS
OUTSIDE THE U.S.

Certain capitalized terms used but not defined in this Appendix A have the meanings set forth in the Restaurant Brands International Inc. 2014 Omnibus Incentive Plan (the "**Plan**") and/or the Option Award Agreement (the "**Award Agreement**").

TERMS AND CONDITIONS

This Exhibit B includes additional terms and conditions that govern this Option granted to you under the Plan if you reside and/or work outside the U.S. and Canada and/or in one of the countries listed below. If you are a citizen or resident of a country other than the one in which you are currently residing and/or working, transfer employment after this Option is granted or are considered a resident of another country for local law purposes, the Committee shall, in its discretion, determine to what extent the terms and conditions contained herein shall apply to you.

NOTIFICATIONS

This Exhibit B also includes information regarding securities, exchange controls, tax and certain other issues of which you should be aware with respect to participation in the Plan. The information is based on the securities, exchange control, and other laws in effect in the respective countries as of February 2016. Such laws are often complex and change frequently. As a result, the Company strongly recommends that you not rely on the information in this Appendix A as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at the time you vest in or exercise this Option or sell Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to your particular situation, and the Company is not in a position to assure you of a particular result. Accordingly, you are advised to seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

Finally, if you are a citizen or resident of a country other than the one in which you are currently residing and/or working, transfer employment after this Option is granted or are considered a resident of another country for local law purposes, the information contained herein may not be applicable to you.

GENERAL NON-U.S. AND CANADA TERMS AND CONDITIONS

TERMS AND CONDITIONS

The following terms and conditions apply to you if you reside and/or work outside of the U.S. and Canada.

Entire Agreement.

The following provisions supplement the entire Award Agreement, generally:

If you reside and/or work outside the U.S. and Canada, in no event will any aspect of this Option be determined in accordance with your Employment Agreement (or other Service contract). The terms and conditions of this Option will be solely determined in accordance with the provisions of the Plan and the Award Agreement, including this Appendix A, which supersede and replace any prior agreement, either written or verbal (including your Employment Agreement, if applicable) in relation to this Option.

Retirement.

Notwithstanding the favorable treatment that is potentially available upon a termination due to Retirement (as set forth in the *Termination* section of the Award Agreement), if the Company receives an opinion of counsel that there has been a legal judgment and/or legal development in your jurisdiction that would likely result in this favorable treatment upon termination due to Retirement being deemed unlawful and/or discriminatory, then the favorable Retirement treatment will not apply at the time your Service terminates and the Award will be forfeited if your Service ends before the Vesting Date for any reason other than as set forth in the *Termination* section of the Award Agreement.

Termination for Cause.

The *Termination for Cause* section of the Award Agreement shall only be enforced, to the extent deemed permissible under applicable local law, as determined in the sole discretion of the Committee.

Taxes.

The following provisions supplement the *Taxes* section of the Award Agreement:

You acknowledge that your liability for Tax-Related Items may exceed the amount withheld by the Company and/or the Employer.

If you have become subject to tax in more than one jurisdiction, you acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

To avoid any negative accounting treatment, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the exercised Option, notwithstanding that a number of Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of your participation in the Plan.

Limits on Transferability; Beneficiaries.

The following provision supplements the *Limits on Transferability; Beneficiaries* section of the Award Agreement:

If you are located outside the U.S. and Canada, this Option may not be Transferred to a designated Beneficiary and may only be Transferred upon your death to your legal heirs in accordance with applicable laws of descent and distribution. In no case may this Option be Transferred to another individual during your lifetime.

Acknowledgement of Nature of Award.

The following provisions supplement the *Acknowledgment of Nature of Award* section of the Award Agreement:

You acknowledge the following with respect to this Option:

(a) The Option and any Shares acquired under the Plan are not intended to replace any pension rights or compensation.

(b) In no event should this Option or any Shares acquired under the Plan be considered as compensation for, or relating in any way to, past services for the Company, the Employer or any Affiliate.

(c) Neither the Company, the Employer nor any other Affiliate shall be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of this Option or of any amounts due to your pursuant to exercise of this Option or the subsequent sale of any Shares acquired upon exercise.

(d) Unless otherwise agreed with the Company, this Option and any Shares acquired upon the exercise of this Option, and the value and income of same, are not granted as consideration for, or in connection with, any service you may provide as a director of any Affiliate.

No Advice Regarding Award.

The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying Shares. You are hereby advised to consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

Insider Trading Restrictions/Market Abuse Laws.

You acknowledge that you may be subject to insider trading restrictions and/or market abuse laws, which may affect your ability to acquire or sell Shares or rights to Shares under the Plan during such times as you are considered to have "inside information" regarding the Company (as defined by the laws in your country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You acknowledge that it is your responsibility to comply with any applicable restrictions, and you are advised to speak to your personal advisor on this matter.

Foreign Asset/Account Reporting Requirements.

You acknowledge that there may be certain foreign asset and/or account reporting requirements which may affect your ability to acquire or hold the Shares acquired under the Plan or cash received from participating in the Plan (including from any dividends paid on the Shares acquired under the Plan) in a brokerage or bank account outside your country. You may be required to report such accounts, assets or transactions to the tax or other authorities in your country. You also may be required to repatriate sale proceeds or other funds received as a result of participating in the Plan to your country through a designated bank or broker within a certain time after receipt. You acknowledge that it is your responsibility to be compliant with such regulations, and you are advised to speak to your personal advisor on this matter.

Imposition of Other Requirements.

The Company reserves the right to impose other requirements on your participation in the Plan, on this Option and on any Shares purchased upon exercise of this Option, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

COUNTRY-SPECIFIC TERMS AND CONDITIONS/NOTIFICATIONS

BRAZIL

TERMS AND CONDITIONS

Compliance with Law.

By accepting this Option, you acknowledge that you agree to comply with applicable Brazilian laws and pay any Tax-Related Items associated with participation in the Plan, including the exercise of this Option, the receipt of any dividends, and the sale of Shares acquired under the Plan.

NOTIFICATIONS

Exchange Control Information.

If you are resident or domiciled in Brazil, you will be required to submit annually a declaration of assets and rights held outside of Brazil to the Central Bank of Brazil if the aggregate value of such assets and rights is equal to or greater than US$100,000. Assets and rights that must be reported include Shares. Foreign individuals holding Brazilian visas are considered Brazilian residents for purposes of this reporting requirement and must declare at least the assets held abroad that were acquired subsequent to the date of admittance as a resident of Brazil.

Tax Financial Transaction (IOF). Payments to foreign countries and repatriation of funds into Brazil, and the conversion between BRL and USD associated with such fund transfers, may be subject to the Tax on Financial Transaction. It is your responsibility to comply with any applicable Tax on Financial Transaction arising from participation in the Plan. You should consult with your personal tax advisor for additional details.

SWITZERLAND

NOTIFICATIONS

Securities Law Information.

The offer of this Option is considered a private offering in Switzerland and is therefore not subject to registration in Switzerland.

EXHIBIT C

RESTAURANT BRANDS INTERNATIONAL INC.
2014 OMNIBUS INCENTIVE PLAN

ADDITIONAL TERMS AND CONDITIONS TO THE OPTION AWARD AGREEMENT FOR PARTICIPANTS RESIDENT IN CANADA

Certain capitalized terms used but not defined in this Exhibit C have the meanings set forth in the Restaurant Brands International Inc. 2014 Omnibus Incentive Plan (the "**Plan**") and/or the Option Award Agreement (the "**Award Agreement**").

TERMS AND CONDITIONS

This Exhibit C includes additional terms and conditions that govern this Option granted to you under the Plan if you reside and/or work in Canada. If you are a citizen or resident of a country other than Canada, transfer employment after this Option is granted or are considered a resident of another country for local law purposes, the Committee shall, in its discretion, determine to what extent the terms and conditions contained herein shall apply to you.

NOTIFICATIONS

This Exhibit C also includes information regarding securities, exchange controls, tax and certain other issues of which you should be aware with respect to participation in the Plan. The information is based on the securities, exchange control, and other laws in effect in Canada as of February 2016. Such laws are often complex and change frequently. As a result, the Company strongly recommends that you not rely on the information in this Appendix B as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at the time you vest in or exercise this Option or sell Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to your particular situation, and the Company is not in a position to assure you of a particular result. Accordingly, you are advised to seek appropriate professional advice as to how the relevant laws in Canada may apply to your situation.

Finally, if you are a citizen or resident of a country other than Canada, transfer employment after this Option is granted or are considered a resident of another country for local law purposes, the information contained herein may not be applicable to you.

TERMS AND CONDITIONS

Method of Exercise.

Notwithstanding any provision in the Plan or the Award Agreement, under no circumstances shall you be permitted to exercise this Option by way of a net exercise. In addition, notwithstanding any provision in the Plan or the Award Agreement, under no circumstances shall you be permitted to pay the Exercise Price for this Option with Shares you previously acquired. Furthermore, you undertake not to use the Shares acquired upon exercise of this Option to pay the exercise price for any options that may be granted to you in the future.

The following provisions will apply to you if you are a resident of Quebec:

Language Consent.

The parties acknowledge that it is their express wish that the Award Agreement, as well as all addenda, documents, notices, and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de cette Convention, ainsi que de tous documents exécutés, avis donnés et procédures judiciaries intentées, directement ou indirectement, relativement à ou suite à la présente convention.

Data Privacy Notice and Consent.

This provision supplements the *Data Privacy Notice and Consent* section of the Award Agreement:

You hereby authorize the Company and the Company's representatives to discuss and obtain all relevant information from all personnel, professional or non-professional, involved in the administration of the Plan. You further authorize the Company, its Affiliates and the Committee to disclose and discuss the Plan with their advisors. You further authorize the Employer, the Company, and any other Affiliate to record such information and to keep such information in your employee file.

NOTIFICATIONS

Securities Law Information.

You acknowledge that you are permitted to sell Shares acquired under the Plan through the designated broker appointed under the Plan, if any, provided the sale of the Shares acquired under the Plan takes place through the facilities of a stock exchange on which the Shares are listed (*i.e.*, the New York Stock Exchange or the Toronto Stock Exchange).

Foreign Asset/Account Reporting Information.

You must report annually on Form T1135 (Foreign Income Verification Statement) the foreign property you hold (including any Shares acquired under the Plan, if held outside Canada), if the total value of such foreign property exceeds C$100,000 at any time during the year. The unvested portion of this Option also must be reported (generally at nil cost) on Form 1135 if the C$100,000 threshold is exceeded due to other foreign property you hold. If Shares are acquired, the cost generally is their adjusted cost base (the "**ACB**"). The ACB would normally equal the Fair Market Value of the Shares at the time of acquisition, but if you own other Shares, the ACB may have to be averaged with the ACB of the other Shares. The form must be filed by April 30 of the following year. You should consult with a personal advisor to ensure you comply with the applicable reporting obligation.

EXHIBIT 31.1

CERTIFICATION

I, Daniel Schwartz, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Restaurant Brands International Inc.:

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Daniel Schwartz

Daniel Schwartz
Chief Executive Officer

Dated: October 24, 2016

EXHIBIT 31.2

CERTIFICATION

I, Joshua Kobza, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Restaurant Brands International Inc.:
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Joshua Kobza
Joshua Kobza
Chief Financial Officer

Dated: October 24, 2016

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Restaurant Brands International Inc. (the "Company") for the quarter ended September 30, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Daniel Schwartz, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Daniel Schwartz
Daniel Schwartz
Chief Executive Officer

Dated: October 24, 2016

EXHIBIT 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Restaurant Brands International Inc. (the "Company") for the quarter ended September 30, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joshua Kobza, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Joshua Kobza
Joshua Kobza
Chief Financial Officer

Date: October 24, 2016