

**Report of Organizational Actions
 Affecting Basis of Securities**

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)	
CARROLS RESTAURANT GROUP INC.		16-1287774	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
See attached	See attached	See attached	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and Zip code of contact	
See attached		See attached	
8 Date of action		9 Classification and description	
MAY 7, 2012		Carrols Restaurant Group Common Stock	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
14574X104		TAST	

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

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ Holders of record of Carrols Restaurant Group Inc. common stock as of 5:00 p.m. New York City time on April 26, 2012, the record date for the distribution, received one share of Fiesta Restaurant Group Inc. common stock for every one share of Carrols Restaurant Group Inc. common stock owned. The shares of Fiesta Restaurant Group Inc. common stock were distributed on May 7, 2012, the "distribution date".

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ See attachment

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

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶
See attachment

18 Can any resulting loss be recognized? ▶
See attachment

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

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

Sign Here
Signature ▶  Date ▶ 5/30/12

Print your name ▶ Timothy LaLonde Title ▶ VP, Controller

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

ATTACHMENT TO FORM 8937

“REPORT OF ORGANIZATIONAL ACTIONS AFFECTING BASIS OF SECURITIES”

Part 1, items 3-7	Contact information	<p>Non-registered (“street name”) shareholders should contact their brokerage firm directly for inquiries pertaining to their account.</p> <p>Registered shareholders should contact the Transfer Agent for Carrols Restaurant Group for inquiries pertaining to their account.</p> <p>Transfer Agent: American Stock Transfer & Trust Company 59 Maiden Lane, Plaza Level New York, NY 10038 800-937-5449 customerservice@astinvestor.com</p> <p>Company: Carrols Restaurant Group Inc. Investor Relations 968 James Street Syracuse, NY 13203 800-348-1074 ext. 2222 investorrelations@carrols.com</p>
Part II, Item 15	Description of the quantitative effect of the organizational action on the basis of the security in the hands of the U.S. taxpayer as an adjustment per share or as a percentage of old stock basis	<p>As a result of the Distribution, Carrols Restaurant Group (CRG) shareholders will be required to allocate the aggregate tax basis in their CRG common stock held immediately before the Distribution among its CRG and Fiesta Restaurant Group (FRG) shares held immediately after the Distribution. A shareholder’s aggregate tax basis in his or her shares of CRG common stock held immediately prior to the Distribution should be allocated in proportion to the relative fair market value of the FRG common stock and the CRG common stock.</p> <p>For additional information on the quantitative effect of the Distribution, please see below “General Guidance Regarding Tax Basis in a Tax-Free Spin-Off”.</p>
Part II, Item 16	Description of the calculation of the change in basis and the data that supports the calculation	Please see below “General Guidance Regarding Tax Basis in a Tax-Free Spin-Off”.

Part II, Items 17-18	List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based and the ability of any resulting loss to be recognized.	CRG shareholders will not recognize income, gain or loss for U.S. federal income tax purposes on the receipt of FRG common stock pursuant to the Distribution as a result of Section 355(a)(1) of the Internal Revenue code of 1986, as amended (the "Code"). The tax basis calculations resulting from the Distribution are governed by Code Sections 358(a), (b) and (c).
Part II, Item 19	Provide any other information necessary to implement the adjustment.	The tax basis allocation adjustments resulting from the Distribution are generally effective as of the date on which both Company's shares began to trade separately, May 8, 2012.

Information Regarding Tax Basis for the Distribution of Fiesta Restaurant Group Common Stock

On May 7, 2012 Carrols Restaurant Group Inc. (CRG) distributed 23,161,822 shares of common stock of Fiesta Restaurant Group Inc. (FRG) on a pro rata basis to the holders of CRG common stock (the "Distribution"). Pursuant to the terms of the Distribution, CRG shareholders as of the close of business on the record date of April 26, 2012 received one share of FRG common stock for every one share of CRG common stock they held.

CONSULT YOUR TAX ADVISOR

The information contained herein provides a general summary regarding the application of certain provisions of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury regulations there under (the "Regulations") relating to the allocation of tax basis among CRG common stock and FRG common stock following the Distribution. The information contained herein does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of shareholders. CRG does not provide tax advice to its shareholders. The example below is provided solely for illustrative purposes and as a convenience to shareholders and their tax advisors when establishing their specific tax position. *You are urged to consult your own tax advisor regarding the particular consequences of the Distribution to you, including the applicability and effect of all U.S. federal, state local and foreign tax laws.*

If you did not receive the Distribution of FRG common stock on May 7, 2012, this information does not apply to you.

GENERAL GUIDANCE REGARDING TAX BASIS IN A TAX-FREE SPIN-OFF

CRG shareholders will be required to allocate the aggregate tax basis in their CRG common stock held immediately before the Distribution among their shares of CRG common stock and the shares of FRG common stock received in the Distribution.

In general, a shareholder's aggregate tax basis in his or her shares of CRG common stock held immediately before the Distribution should be allocated in proportion to the relative fair market value of FRG common stock and the CRG common stock on the date of the Distribution. Shareholders that acquired CRG common stock at different times or different prices will need to calculate their tax basis in each block of stock and then allocate a portion of that tax basis to the CRG common stock and the FRG common stock received with respect to such shares.

Fair market value generally is the price at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable

knowledge of the facts. U.S. federal income tax law does not specifically prescribe how you should determine the fair market values of the CRG common stock and FRG common stock for purposes of allocating your tax basis. You should consult your tax advisor to determine what measure of fair market value is appropriate.

There are several possible methods for determining the fair market values of CRG common stock and FRG common stock. One possible method is to use the closing trading prices of CRG common stock and FRG common stock as listed on the NASDAQ exchange on the first trading day following the Distribution, which was May 8, 2012.

The following is an example of how you might use this method to allocate your tax basis in your CRG common stock immediately before the distribution among the CRG common stock and the FRG common stock you receive. The example is based on the closing trading prices on the first trading day after the Distribution, May 8, 2012. You should consult your tax advisor to determine what measure of fair market value is appropriate. The example is provided solely for illustrative purposes and as a convenience to CRG stockholders and their tax advisors.

HYPOTHETICAL EXAMPLE OF BASIS ALLOCATIONS

Assumptions:

Your shares of CRG common stock	100 shares
Your tax basis in your CRG shares	\$5 per share
Your aggregate basis in your CRG shares	\$500 (100 shares x \$5 per share)
Shares of FRG common stock you receive in the Distribution	100 shares

Step 1: Formula for Calculating Aggregate Fair Market Values of Shares in the Distribution

To determine the aggregate fair market value of your shares of CRG common stock and FRG common stock, multiply the number of such shares by the applicable fair market value of one such share.

	Closing Price on 5/8/2012		Number of Shares		Aggregate Fair Market Value
CRG Common Stock	\$4.44	X	100	=	\$444.00
FRG Common Stock	\$11.50	X	100	=	\$1150.00
Total					\$1594.00

Step 2: Formula for Calculating Share Basis Allocation Percentage in the Distribution

To find the share basis allocation percentage for your CRG common stock, divide the aggregate fair market value of your shares of CRG common stock by the sum of the aggregate fair market values of your shares of CRG common stock and FRG common stock, each as calculated in Step 1. To find the share basis allocation percentage for your FRG common stock, divide the aggregate fair market value of your shares of FRG common stock by the sum of the aggregate fair market value of your shares of CRG common stock and your shares of FRG common stock each as calculated in Step 1.

Aggregate Fair Market Value		Aggregate Combined Fair Market Value		Tax Basis Allocation Percentage	
CRG Common Stock	\$444.00	/	\$1594.00	=	27.85%
FRG Common Stock	\$1150.00	/	\$1594.00	=	72.15%

Step 3: Formula for Calculating Tax Basis Allocation to Shares of CRG and FRG Common Stock Post Distribution

To find the tax basis allocation for your CRG and FRG common stock multiply your aggregate tax basis in your shares of CRG common stock immediately prior to the Distribution by your CRG and FRG tax basis allocation percentages calculated in Step 2.

	Aggregate CRG Tax Basis		Tax Basis Allocation Percentage		Tax Basis Allocation		Number of Shares		Tax Basis Allocation Per Share
FRG Common Stock	\$500.00	X	72.15%	=	\$360.75	/	100	=	\$3.61
CRG Common Stock	\$500.00	X	27.85%	=	\$139.25	/	100	=	\$1.39

Please note that some brokerage firms may not use the information provided in this document, and the information is provided only as an example of one possible method. There are various ways brokerage firms may calculate tax basis, including but not limited to a method based on May 8, 2012 opening, closing or average prices. Please contact your brokerage firm to determine which calculation they may have used, and contact your tax advisor for additional information and clarification.