

**CHARTER OF
THE COMPENSATION COMMITTEE OF
THE BOARD OF DIRECTORS
OF
CARROLS RESTAURANT GROUP, INC.**

Statement of Policy

This Charter governs the operations of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Carrols Restaurant Group, Inc. (the “Company”). The Charter shall be reviewed and reassessed, at least annually, by the Committee and shall be approved by the Board.

The purpose of the Committee is to discharge the Board’s responsibilities relating to compensation of the Company’s executive officers and to produce annually such disclosure as may be required by applicable law for inclusion in the Company’s annual report on Form 10-K or proxy statement, as the case may be.

Membership

The Committee shall consist of no fewer than two (2) members, each of whom is an independent director of the Board and shall be appointed by the Board in compliance with Article II, Section 7 of the Company’s by-laws (the “By-Laws”) at, or immediately following, the annual organizational meeting of the Board and shall serve until the later of the Board’s next annual organizational meeting or until his or her respective successor shall be duly elected and qualified. The Board of Directors shall also designate one of its members as the chairman of the Committee (the “Chairman”).

Each member of the Committee shall be, to the extent required by the board, (i) a “non-employee director” within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and (ii) an “outside director” within the meaning of Section 162(m) of the internal Revenue Code of 1986, as amended. In addition, each member shall be “independent” within the meaning of the applicable listing rules of The NASDAQ Stock Market LLC, as amended from time to time (“NASDAQ”). The composition and responsibilities of the Committee also shall comply with all applicable rules, regulations and guidance of the Securities and Exchange Commission, as amended from time to time (the “SEC”).

Meetings

The Committee shall meet at least once per year and shall hold any additional meetings as may be called by the Chairman of the Board or the Chief Executive Officer (the “CEO”) of the Company. The Committee may meet via telephone conference calls with all members or act by unanimous written consent of its members. A majority of the members of the Committee shall constitute a quorum for the transaction of business. The Committee shall act only upon approval of a majority of its members. The action of the Committee at a meeting at which a quorum is present shall be the act of the Committee. Senior members of management of the Company or others may attend meetings of the Committee at the invitation of the Committee and shall provide pertinent information as necessary.

The Chairman shall set the agenda of each meeting and arrange for the distribution of the agenda, together with supporting material, to the members of the Committee prior to each

meeting. The Committee shall keep a separate book of minutes of their proceedings and actions. The Chairman shall also cause a draft of the minutes from each meeting to be prepared and circulated to the Committee to ensure an accurate final record, and the minutes shall be approved at a subsequent meeting of the Committee and shall be distributed periodically to the Board. The Committee shall report regularly to the Board as to its activities and make such recommendations and findings as it deems appropriate. The Committee may form one or more subcommittees, each of which shall take such actions as shall be delegated by the Committee.

Scope of Powers and Functions

The Committee's powers and functions shall, at a minimum, include the following, as well as any functions as shall be required of the compensation committees by SEC rules and NASDAQ listing standards:

1. to review and recommend to the Board approval of all compensation and benefit plans for officers and staff of the Company;
2. to review and approve corporate goals and objectives relevant to the CEO compensation, and evaluate the CEO's performance in light of those goals and objectives, and to set the CEO's compensation level based on this evaluation provided that the CEO cannot be present during any voting or deliberations by the Committee on his or her compensation.
3. to review and approve corporate goals and objectives relevant to senior executive compensation, evaluate senior executive performance in light of those goals and objectives, and to set the senior executive compensation levels based on this evaluation;
4. to make recommendations to the Board with respect to incentive compensation plans and equity-based plans, including without limitation the Company's stock incentive plans;
5. to administer all plans entitled to exemption under Rule 16b-3 of the Exchange Act, including any of the Company's stock incentive plans and grant stock options or other awards pursuant to such plans. The Committee will provide the Board with quarterly reports on the distribution of such equity awards under such plans;
6. to annually review plans for development, retention and replacement of key executives of the Company and to periodically review executive succession plans and executive education and development plans;
7. to review and recommend, upon request, direct and indirect compensation plans for the Board and the committee members;
8. to evaluate its own performance at least annually and report on such performance to the Board;
9. to review and approve or recommend to the Board for approval changes to or adoption of retirement plans of the Company and approve periodically funding guidelines developed by the Committee including any matching contributions under the Company's 401(k) plan, if any;
10. to review and discuss with management the Company's Compensation Discussion and Analysis ("CD&A") and related disclosures that may be required by SEC rules to be included in the Company's annual report on Form 10-K and/or proxy statement,

recommend to the Board based on the review and discussions whether the CD&A should be included in the annual report on Form 10-K and/or proxy statement, and prepare the compensation committee report as may be required by SEC rules for inclusion in the Company's annual report and/or proxy statement, or other disclosure as required by applicable law;

11. to approve, amend and terminate employment agreements, severance agreements or change of control agreements between the Company and its senior executive officers and to have such other powers and functions as may be assigned to it by the Board from time to time; and
12. to have the authority, in its sole discretion, to select, retain and obtain the advice of a compensation consultant as necessary to assist with the execution of its duties and responsibilities as set forth in this Charter. The Committee shall set the compensation, and oversee the work, of the compensation consultant. The Committee shall have the authority, in its sole discretion, to retain and obtain the advice and assistance of outside legal counsel and such other advisors as it deems necessary to fulfill its duties and responsibilities under this Charter. The Committee shall set the compensation, and oversee the work, of its outside legal counsel and other advisors. The Committee shall receive appropriate funding from the Company, as determined by the Committee in its capacity as a committee of the Board, for the payment of compensation to its compensation consultants, outside legal counsel and any other advisors. However, the Committee shall not be required to implement or act consistently with the advice or recommendations of its compensation consultant, legal counsel or other any advisor to the Committee, and the authority granted in this Charter shall not affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties under this Charter. In retaining or seeking advice from compensation consultants, outside counsel and other advisors (other than the Company's in-house counsel), the Committee must take into consideration the factors specified in Rule 10C-1(b)(4)(i)-(vi) of the Exchange Act, as amended from time to time. The Committee may retain, or receive advice from, any compensation advisor they prefer, including ones that are not independent, after considering the specified factors. The Committee is not required to assess the independence of any compensation consultant or other advisor that acts in a role limited to consulting on any broad-based plan that does not discriminate in scope, terms or operation in favor of executive officers or directors and that is generally available to all salaried employees or providing information that is not customized for a particular company or that is customized based on parameters that are not developed by the consultant or advisor, and about which the consultant or advisor does not provide advice. The Committee shall evaluate whether any compensation consultant retained or to be retained by it has any conflict of interest in accordance with Item 407(e)(3)(iv) of Regulation S-K. Any compensation consultant retained by the Committee to assist with its responsibilities relating to executive compensation shall not be retained by the Company for any compensation or other human resource matters.