

**CARROLS RESTAURANT GROUP, INC.**  
Syracuse, New York

**MANAGEMENT INSIDER TRADING POLICY**

---

Subject: **MANAGEMENT INSIDER TRADING POLICY**

Instruction No: 330

Effective Date: 12/14/06

Revised: 06/01/07

Affects: Covered Individuals

Approved By: Joseph Zirkman

Title: Vice President, General Counsel

Chief Ethics and Compliance Officer

---

1. **Covered Individuals.**

In addition to the policies and procedures that apply to all employees generally under the Carrols Restaurant Group, Inc. Policy on Insider Trading, the policies and procedures contained in this Management Insider Trading Policy (the "Policy") apply to the following persons (collectively the "Covered Individuals").

- All members of the Board of Directors and all Executive Officers who are required to file reports under Section 16 of the Securities Exchange Act of 1934, as amended;
- Members of Senior Management;
- Controller and Assistant Controller;
- Certain other individuals identified on the addendum to this Policy; and
- Any other persons designated from time to time by the Audit Committee and/or the Chief Ethics and Compliance Officer.

2. **Overview.**

This Management Insider Trading Policy, (combined with the Company's Policy on Insider Trading) establishes procedures and guidelines for buying or selling securities issued by the Company.

- The Policy provides that, if you are aware of information regarding the Company that is material and is not generally known to the public, you may not buy or sell the Company's securities, and you may not share that information with others.
- The Policy provides for "blackout periods" during which Covered Individuals are prohibited from buying or selling Company securities.

- **The Policy requires that all Covered Individual obtain clearance from our Chief Ethics and Compliance Officer before buying or selling any of the Securities of the Company.**

These prohibitions apply to any security of the Company and its subsidiaries, including debt securities and options – not just stock.

You should review this Policy in detail and contact the Company's General Counsel, Joseph A. Zirkman, who serves as the Company's Chief Ethics and Compliance Officer, at (315) 424-0513 ext. 2333 (or jzirkman@carrols.com) if you have any questions. **You should note, however, that as a matter of law and corporate policy, you are ultimately responsible for conforming your actions to the requirements of the insider trading laws, this Management Insider Trading Policy and the Company's Policy on Insider Trading. Regardless of any advice or information you receive, you will bear the consequences of any legal violations or violations of this Policy or the Company's Policy on Insider Trading. Furthermore, the Chief Ethics and Compliance Officer's failure to raise an objection to a transaction will not constitute a recommendation by the Company or any of its directors, officers or employees that you engage in that transaction.**

**Once you have carefully reviewed this Policy, please sign the attached Management Insider Trading Policy Compliance Statement and return it to our Chief Ethics and Compliance Officer.**

**Violating the insider trading laws can result in significant criminal and civil liabilities, including imprisonment and fines of up to \$1,000,000. Furthermore, failure to observe and comply with all of the provisions contained in this Policy may subject you to disciplinary action by the Company, including discharge.**

### 3. **Blackout Periods.**

Throughout the year there are certain periods during which, Covered Individuals are more likely be in possession of material, non-public information regarding the Company's results of operations, cash flows and financial condition.

**As a result, Covered Individuals may not trade in the Company's securities during a "blackout period" beginning on the fifteenth (15<sup>th</sup>) day of the third month of each fiscal quarter and continuing through the second full trading day after the Company publicly releases its earnings for that fiscal quarter (or the fiscal year in the case of the fourth fiscal quarter).**

In other words the only period during which you may be permitted to trade in the Company's securities (referred to as "trading window") begins on the third trading day following the Company's public release of earnings for the prior fiscal quarter (or fiscal year as applicable), and continues through the fourteenth (14<sup>th</sup>) day of the third month of the then current quarter. **However, you remain subject to the insider trading laws, and accordingly, you are prohibited from engaging in transactions even during this trading window if you are aware of material, non-public information.**

To illustrate the “blackout period” and “trading window” concepts:

- For the quarter ended June 30, the blackout period runs from June 15<sup>th</sup> through the second full trading day after the Company releases earnings for that quarter (which would usually be expected to occur in late July/early August)—no trading is allowed during that period.
- The trading window re-opens in late July/early August on the third trading day after earnings are released. The trading window then remains open through September 14<sup>th</sup>, and the next blackout period begins on September 15<sup>th</sup>.

In addition, there may be other circumstances where the Company will impose a temporary blackout period on the Covered Individuals and/or other employees if the Chief Ethics and Compliance Officer or the Company’s Board of Directors determines that circumstances warrant a halt in trading by Covered Individuals, such as when the Company is involved in a material transaction which could have an impact on the market price of the Company’s securities. The Chief Ethics and Compliance Officer will notify Covered Individuals of the existence of any temporary blackout period. Covered Individuals may not trade in the Company’s securities until the temporary blackout period expires or is terminated, and they are prohibited from disclosing the existence of the temporary blackout period to any other persons.

#### 4. **Pre-Clearance on Trading.**

To minimize the risk of an inadvertent violation of the securities laws all Covered Individuals must receive the written permission of the Chief Ethics and Compliance Officer (“pre-clearance”) before engaging in ***any*** transaction (purchase, sale, gift or other transfer, pledge, hedge, option exercise, etc.) in Company securities during a permitted trading window. A request for pre-clearance should be submitted, via e-mail, to the Chief Ethics and Compliance Officer at least two (2) business days in advance of the proposed transaction. Written permission via e-mail will be given for a specified period, but the Covered Individual will continue to be subject to the prohibition on trading while aware of material, non-public information. **As previously the Chief Ethics and Compliance Officer’s clearance for a transaction will not constitute a recommendation by the Company or any of its directors, officers or employees that you engage in that transaction and you bear the ultimate responsibility for confirming your actions to the requirements of the insider trading laws.**

#### 5. **Transactions By Family Members.**

The restrictions on trading Company securities imposed by this Policy, including the “blackout period” trading prohibitions and pre-clearance requirements set forth in Section 4 above, also apply to the members of your immediate family (i.e., any spouse, parents, children and siblings), any other persons living in your household and any other persons acting on your behalf. Accordingly, you are responsible for informing any such persons of this Policy and ensuring that they conform their actions to the requirements of this Policy.

6. **Employee Stock Plans.**

The restrictions imposed by this Policy do not apply to your acquisition of Company stock through the exercise of stock options granted to you by the Company. The restrictions imposed by this policy do, however, apply to sales of your securities acquired through the exercise of those options (including any sale as part of a broker-assisted cashless exercise of stock options).

7. **Suppliers, Vendors and Strategic Alliance Partners.**

If you are working on a matter involving a publicly-held company that is a supplier or vendor or with which the Company has entered into or is negotiating a business or contractual relationship or transaction (for instance, Burger King Holdings Inc. or any of its subsidiaries), you are cautioned that the Company's relationships with such entities often involve the exchange of material, non-public information. Consequently, if you are aware of material, non-public information about any such company, you are prohibited from trading in securities of that company or passing along the information to others outside the Company, and you must not recommend or suggest that anyone buy, sell or retain securities of that company.

Regardless of whether you are working on a matter involving any of the foregoing types of suppliers, vendors, etc., all of the Company's officers and employees must notify the Company's Chief Ethics and Compliance Officer before taking a "material position" in the securities, or becoming a member of the Board of Directors, of such a company. For these purposes, "taking a material position" means acquiring beneficial ownership of greater than 5% of such outstanding securities or investing 10% or more of your net worth in such securities.

8. **Other Trading Restrictions.**

In addition to the trading restrictions described above, as a Covered Individual you are specifically prohibited from engaging in any of the following activities with respect to the Company's securities:

- (a) Short selling (i.e., selling Company securities you do not own at the time of sale);
- (b) Buying or selling "uncovered" put options, call options or other derivative securities relating to the Company on a securities exchange or in any other organized securities market;
- (c) Engaging in hedging transactions, such as "costless collars" and forward sale contracts;
- (d) Purchasing Company securities on margin;
- (e) Borrowing against Company securities in a margin account; or
- (f) Pledging Company securities.

Furthermore, the Company strongly discourages you from actively trading in the Company's stock. You should expect to hold any shares of Company stock that you acquire for

at least six months before you sell them, unless the stock is subject to forced sale or was originally received upon exercise of a stock option.

Subject to the following considerations and the other provisions of this Policy on (including the pre-clearance requirement set forth in Section 4), you will be allowed to pledge the Company's stock, purchase Company stock on margin and borrow against Company stock in a margin account. You should be aware, though, that if you enter into any of these types of transactions, the volatility of the price of the Company's securities could require the sale of your stock (e.g., due to a margin call or foreclosure) during a period when trading otherwise would not be allowed under this Policy . In addition, if you are an executive officer or director of the Company, any forced sale of stock that you have pledged or that is held in a margin account could inadvertently subject you to liability under the Section 16 short-swing transaction rules of the Securities Exchange Act of 1934 and would be reported to the public on filings with the Securities and Exchange Commission (on Form 4 and Form 144). You should also assume that any transactions in the Company's securities involving so-called "exchange funds" may be deemed a reportable sale. Therefore, you should consult your own counsel before pledging Company stock, purchasing the Company's stock on margin, borrowing against the Company's stock in a margin account or conducting a transaction in the Company's securities involving "exchange funds."

9. **Post-Termination Transactions.**

If your service as a director, officer or other employee of the Company terminates during a blackout period applicable to you or otherwise while you are aware of material non-public information regarding the Company, you will continue to be subject to this Policy and the Company's Policy on Insider Trading applicable to all directors, officers and employees, and specifically to the ongoing prohibition against trading, until such blackout period ends or otherwise until the information has become public or is no longer material.

10. **Stop-Transfer Instructions.**

The Company may, in its discretion, provide stop transfer instructions to its transfer agent in order to enforce trading restrictions imposed by this Policy or the Company's Policy on Insider Trading, including, without limitation, restrictions relating to blackout periods or post-termination transactions.

If you have any questions concerning the propriety of a proposed transaction, or a question about this Policy generally, you are encouraged to contact our Chief Ethics and Compliance Officer (Joseph A. Zirkman, our Vice President, General Counsel and Secretary at (315) 424-0513 ext. 2333 or by email at [jzirkman@carrols.com](mailto:jzirkman@carrols.com)).

**Failure to observe and comply with all of the provisions contained in this Policy may subject you to disciplinary action by the Company, including discharge. The Company reserves the right to amend this Policy at any time, but intends to provide reasonable written notification of any such revision.**

Covered Individuals

(updated 6/01/07)

Alan Vituli

Daniel Accordino

Clayton Wilhite

Rob Selati

Yemi Sonuga

Joel Handel

Jack Smith

Paul Flanders

Joe Zirkman

Mike Biviano

Jim Tunnessen

Vivian Lopez-Blanco

Lew Shaye

Brian Maysent

Jerry DiGenova

Tim Lalonde

John Lukas

Rick Cross

Anthony Caruso

Janice Horvath

Maria Mathews

Janine Wetmore

**Management Insider Trading Policy Compliance Statement**

**TO:** Carrols Restaurant Group, Inc. (the “**Company**”)

**RE:** Management Insider Trading Policy

---

I have carefully reviewed each of the Management Insider Trading Policy dated December 14, 2006 and the Company’s Policy on Insider Trading applicable to all directors, officers and employees (the “General Policy”) and understand all of its respective provisions. I certify that, to the best of my knowledge, I have complied with each of this Policy and the General Policy and each of their respective procedures since such date (or during my term of employment, directorship, or provision of services, if after such date) and that I will continue to adhere to this Policy and the General Policy and each of their respective procedures in the future.

Without limiting the preceding paragraph, I understand that the Chief Ethics and Compliance Officer will be required, and will have the discretion to, exercise his judgment in determining whether to (a) approve particular transactions by me in Company securities or my establishment of any plans or arrangements for trading in Company securities or (b) subject me to any temporary “blackout periods.” I recognize that the Chief Ethics and Compliance Officer will be required to analyze and assess any request I may make to engage in a particular transaction or to establish any plan or arrangement relating to trading in the Company’s securities, based on verifiable information available to the Chief Ethics and Compliance Officer at the time of the request and in the context of the Company’s intent to preserve its reputation for maintaining the highest legal, business and ethical standards, as well as the Company’s obligation to comply with all laws and regulations pertaining to insider trading. I acknowledge and affirm that the Chief Ethics and Compliance Officer’s determination with regard to any particular transaction, plan or arrangement or blackout period will be made solely on behalf of, and for the benefit of, the Company and further acknowledge and affirm the Chief Ethics and Compliance Officer’s right to make that determination in his sole discretion. I hereby agree to be bound by, and to accept without objection, any determination of the Chief Ethics and Compliance Officer not to permit any such transaction, plan or arrangement or to subject me to any such blackout period.

I realize that failure to observe and comply with all of the provisions contained in this Policy and the General Policy may subject me to disciplinary action by the Company, including discharge.

Acknowledged by:

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_