

CARROLS RESTAURANT GROUP, INC.
Form DEF 14A
April 26, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No. _____).

Filed by the Registrant
Filed by a Party other than the Registrant
Check the appropriate box:
 Preliminary Proxy Statement
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 Definitive Proxy Statement
 Definitive Additional Materials
 Soliciting Material under Section 240.14a-12

CARROLS RESTAURANT GROUP, INC.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)
Payment of Filing Fee (Check the appropriate box):
 No fee required.
 Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for

Edgar Filing: CARROLS RESTAURANT GROUP, INC. - Form DEF 14A

which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

CARROLS RESTAURANT GROUP, INC.

968 James Street

Syracuse, NY 13203

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

to be held June 8, 2017

To the Stockholders of

Carrols Restaurant Group, Inc.:

You are invited to attend the annual meeting of stockholders, which we refer to as the "meeting", of CARROLS RESTAURANT GROUP, INC., a Delaware corporation, which we refer to as "we", "us", "our," the "Company" and "Carrols Restaurant Group", at the principal executive offices of the Company located at 968 James Street, Syracuse, New York 13203 on Thursday, June 8, 2017, at 9:00 A.M. (EDT), for the following purposes:

- (1) To elect two directors of the Company as Class II directors to serve for a term of three years and until a successor has been duly elected and qualified;
- (2) To approve an amendment to the Company's Restated Certificate of Incorporation to implement a majority voting standard in uncontested elections of directors;
- (3) To adopt, on an advisory basis, a resolution approving the compensation of the Company's Named Executive Officers, as described in the Proxy Statement under "Executive Compensation";
- (4) To select, on an advisory basis, the frequency of the advisory stockholder vote on the compensation of the Company's Named Executive Officers;
- (5) To ratify the appointment of Deloitte & Touche LLP as the independent registered public accounting firm of the Company for the 2017 fiscal year; and
- (6) To consider and act upon such other matters as may properly come before the meeting.

Only stockholders of record at the close of business on April 13, 2017, which we refer to as the "record date", are entitled to receive notice of, and to vote at, the meeting, and at any adjournment or adjournments thereof. A list of our stockholders as of the close of business on April 13, 2017 will be available for inspection during business hours for ten days prior to the meeting at our principal executive offices located at 968 James Street, Syracuse, New York 13203.

If you are a stockholder of record, the inspector of election will have your name on a list and you will be able to gain entry to the meeting upon presentation of some form of government-issued photo identification such as a driver's license, state-issued ID card or passport. If you are not a stockholder of record, but hold shares through a broker, trustee or nominee, you must provide proof of beneficial ownership as of the record date, such as an account statement or similar evidence of ownership, along with a form of photo identification referred to above. If you do not comply with the procedures outlined above, you will not be admitted to the meeting.

We are taking advantage of the Securities and Exchange Commission rule that allows us to deliver our proxy materials (which include the proxy statement included with this notice, our 2016 annual report and form of proxy card) to stockholders via the Internet. As a result, our stockholders will receive a mailing containing only a notice of the meeting instead of paper copies of our proxy materials.

Your vote is important. Whether or not you plan to attend the meeting, please review our proxy materials and request a proxy card to sign, date and return or submit your proxy by telephone or through the Internet. If you attend the meeting in person, you may, if you desire, revoke your proxy and choose to vote in person even if you had previously sent in your proxy card or voted by telephone or the Internet.

By order of the Board of Directors,

WILLIAM E. MYERS,

Vice President, General Counsel and Secretary

Syracuse, New York

April 26, 2017

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR
THE 2017 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JUNE 8, 2017

The Company's Proxy Statement for the 2017 Annual Meeting of Stockholders is available at www.proxyvote.com.

CARROLS RESTAURANT GROUP, INC.

968 James Street
Syracuse, NY 13203

PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS

June 8, 2017

This Proxy Statement is furnished in connection with the solicitation of proxies by the board of directors, also referred to as the "board of directors" or the "board", of CARROLS RESTAURANT GROUP, INC., a Delaware corporation, to be used at the annual meeting of stockholders, which we refer to as the "meeting", of the Company which will be held at the principal executive offices of the Company located at 968 James Street, Syracuse, New York 13203 on Thursday, June 8, 2017, at 9:00 A.M. (EDT), and at any adjournment or adjournments thereof. Only stockholders of record at the close of business on April 13, 2017, which we refer to as the "record date", will be entitled to vote at the meeting.

All references in this Proxy Statement to "Carrols Restaurant Group," the "Company", "we", "us" and "our" refer to Carrols Restaurant Group, Inc.

Pursuant to the "notice and access" rules adopted by the Securities and Exchange Commission, which we refer to as the "SEC", we have elected to provide access to our proxy materials (which include this proxy statement, our 2016 annual report and form of proxy) via the Internet. A Notice of Internet Availability of Proxy Materials, which we refer to as the "notice" will be mailed to our stockholders of record and beneficial owners (stockholders who own their stock through a nominee such as a bank or broker). The document will instruct stockholders on how to access the proxy materials on a secure website referred to in the notice or how to request printed copies.

In addition, by following the instructions in the notice, stockholders may request to receive proxy materials in printed form by mail or electronically by e-mail on an ongoing basis. Choosing to receive your future proxy materials by e-mail will save us the cost of printing and mailing documents to you. If you choose to receive future proxy materials by e-mail, you will receive an e-mail next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by e-mail will remain in effect until you terminate it.

Your vote is important. Your shares can be voted at the meeting only if you are present in person or represented by proxy. Even if you plan to attend the meeting, we urge you to authorize your proxy in advance. You may complete your proxy and authorize your vote by proxy over the Internet or by telephone. In addition, if you received paper copies of the proxy materials by mail, you can also complete your proxy and authorize your vote by mail by following the instructions on the proxy card. Completing your proxy and authorizing your vote by proxy over the Internet, by telephone or by written proxy card will ensure your representation at the meeting regardless of whether you attend in person.

We encourage you to complete your proxy and authorize your vote by proxy electronically by going to the website www.proxyvote.com and entering your 12-digit control number located on your proxy card to create an electronic voting instruction form or complete your proxy and authorize your vote by calling the toll-free number (for residents of the United States and Canada) listed on your notice and proxy card. Please have your notice or proxy card in hand when going online or calling. If you complete your proxy and authorize your vote by proxy electronically over the Internet, you do not need to return your proxy card. If you choose to complete your proxy by mail, simply mark your proxy card, and then date, sign and return it in the postage-paid envelope provided.

If you hold your shares beneficially in street name through a nominee (such as a bank or broker), you may be able to complete your proxy and authorize your vote by proxy by telephone or the Internet as well as by mail. You should follow the instructions you receive from your nominee to vote these shares.

You may revoke your proxy at any time before it is voted at the meeting by:

- properly executing and delivering a later-dated proxy (including a telephone or Internet proxy authorization);
- voting by ballot at the meeting; or
- sending a written notice of revocation to the inspector of election in care of the Corporate Secretary of the Company at the address listed above.

Unless so revoked, the shares represented by proxies will be voted at the meeting. The shares represented by the proxies solicited by our board of directors will be voted in accordance with the directions given in the proxies, but if no direction is given, such shares will be voted (i) FOR the election of the two named director nominees as Class II directors, (ii) FOR the approval of an amendment to the Company's Restated Certificate of Incorporation to implement a majority voting standard in uncontested elections of directors, (iii) FOR, on an advisory basis, the approval of the non-binding resolution on the compensation of the Company's Named Executive Officers as described in the Company's proxy statement under "Executive Compensation", (iv) FOR, on an advisory basis, the frequency of a future stockholder vote on the compensation of the Company's Named Executive Officers of every year, and (v) FOR the ratification of the appointment of Deloitte & Touche LLP as the independent registered public accounting firm of the Company for the 2017 fiscal year.

Stockholders vote at the meeting by casting ballots (in person or by proxy) which are tabulated by a person who is appointed by the board of directors before the meeting to serve as inspector of election at the meeting and who has executed and verified an oath of office. The affirmative vote of (i) a plurality of the shares present at the meeting and entitled to vote on the subject matter is required to elect the director nominees to the board of directors, (ii) sixty-six and two-thirds percent (66 2/3%) of the outstanding shares of our common stock, par value \$0.01 per share, which we refer to as our "common stock", together with our Series A Convertible Preferred Stock (voting on an as-converted basis), which we refer to as our "Series A Preferred Stock," voting together as a single class, is required to approve the amendment to the Company's Restated Certificate of Incorporation to implement a majority voting standard in uncontested elections of directors, (iii) a majority of the shares present at the meeting and entitled to vote on the subject matter is required to approve, on an advisory basis, the non-binding resolution on the compensation of the Company's Named Executive Officers as described in the Company's proxy statement under "Executive Compensation", (iv) a majority of the shares present at the meeting and entitled to vote on the subject matter is required to ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the 2017 fiscal year, and (v) a majority of the shares present at the meeting and entitled to vote on the subject matter is required to approve any other business which may properly come before the meeting. The frequency receiving the highest number of votes from holders of shares present at the meeting and entitled to vote on the subject matter will be the non-binding selection of the stockholders of the advisory vote on the frequency of an advisory stockholder vote on the compensation of the Company's Named Executive Officers. Abstentions and broker "non-votes" are included in the determination of the number of shares present at the meeting for quorum purposes. Abstentions will count as a vote against the proposals, other than for the election of directors and the vote, on an advisory basis, of the frequency of an advisory stockholder vote on the compensation of the Company's Named Executive Officers. Abstentions will not have an effect on the election of directors because directors are elected by a plurality of the votes cast. Abstentions will not have an effect on the vote, on an advisory basis, of the frequency of an advisory stockholder vote of the compensation of the Company's Named Executive Officers because the highest number of votes from holders of shares present at the meeting and entitled to vote on the subject matter will be the non-binding selection of the stockholders. Broker "non-votes" are not counted in the tabulations of the votes cast or present at the meeting and entitled to vote on any of the proposals and therefore will have no effect on the outcome of the proposals.

If your shares are held in "street name", you have the right to direct your broker, bank or nominee how to vote. If you do not provide voting instructions, under the New York Stock Exchange rules, your broker, bank or nominee may only vote shares on discretionary matters. A broker "non-vote" occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received instructions from the beneficial owner. Proposal 5 is considered

a discretionary item and may be voted in the absence of instructions. Proposals 1, 2, 3, 4 and 6 are non-discretionary items, and your broker, bank or nominee may not vote your shares on these items in the absence of voting instructions. Our principal executive offices are located at 968 James Street, Syracuse, New York 13203. The approximate date on which the Notice was first sent or given to stockholders was on or about April 26, 2017.

On May 30, 2012, we and Carrols LLC, our indirect wholly-owned subsidiary, which we refer to as "Carrols LLC", purchased 278 of Burger King Corporation's ("BKC") company-owned restaurants, which we refer to as the "2012 acquired restaurants", located in Ohio, Indiana, Kentucky, Pennsylvania, North Carolina, South Carolina and Virginia, which we refer to as the "2012 acquisition". As part of the consideration paid to BKC in the 2012 acquisition, on May 30, 2012, we issued 100 shares of our Series A Preferred Stock to BKC.

VOTING SECURITIES

Our outstanding Series A Preferred Stock votes with our common stock on an as-converted basis on all matters properly brought before the meeting. We had outstanding 36,202,380 shares of our common stock, par value \$.01 per share and 100 shares of Series A Preferred Stock, par value \$0.01 per share, at the close of business on April 13, 2017. Each share of common stock is entitled to one vote on each matter as may properly be brought before the meeting. As of the record date, all 100 outstanding shares of Series A Preferred Stock are owned by BKC.

As of the record date, each share of Series A Preferred Stock is convertible into 94,145.8 fully paid and nonassessable shares of common stock (or an aggregate of 9,414,580 shares of our common stock). The Series A Preferred Stock votes with our common stock on an as-converted basis. As the owner of all of our outstanding shares of Series A Preferred Stock, BKC will be entitled to vote a total of 9,414,580 shares of common stock issuable upon the conversion of the Series A Preferred Stock on all matters properly brought before the meeting. All of such shares of common stock issuable upon conversion of the Series A Preferred Stock are included in the determination of the number of shares present at the meeting for quorum purposes. Only stockholders of record at the close of business on April 13, 2017 will be entitled to vote.

PROPOSAL 1—ELECTION OF DIRECTORS

Our board of directors is divided into three classes of directors, with the classes as nearly equal in number as possible, each serving staggered three-year terms, except for our two Class A directors as described below. The terms of office of our Class I, Class II and Class III directors are:

- Class I director, whose term will expire at the Annual Meeting of Stockholders to be held in 2019 and when his successor is duly elected and qualified;

- Class II directors, whose term will expire at the meeting and when their successors are duly elected and qualified; and

- Class III directors, whose term will expire at the Annual Meeting of Stockholders to be held in 2018 and when their successors are duly elected and qualified.

Our Class I director is Daniel T. Accordino; our Class II directors are Joel M. Handel and Hannah S. Craven; and our Class III directors are David S. Harris and Manuel A. Garcia III. Additionally, in connection with the issuance of Series A Preferred Stock to BKC, since January 2015, José E. Cil, Executive Vice President and President, Burger King, of Restaurant Brands International Inc., the indirect parent company of BKC, has served as one of our two Class A directors and since October 2013, Alexandre Macedo, BKC's President of North America, has served as the second of our two Class A directors. As further described under "Certain Relationships and Related Transactions—Series A Convertible Preferred Stock", the terms of the Series A Preferred Stock issued to BKC in connection with the 2012 acquisition provide that BKC is entitled to elect two Class A directors subject to certain conditions. Each Class A director, in his capacity as a member of our board of directors, is afforded the same rights and privileges as the other members of our board of directors, including, without limitation, rights to indemnification, insurance, notice, information and the reimbursement of expenses.

Our board of directors is subject to a Mandatory Retirement Policy which provides that (i) effective February 16, 2017, any person (including any currently serving members of the board) shall not be eligible for election as a director of the board who: (A) is 75 years of age, which we refer to as the "Mandatory Retirement Age", or older, or (B) would reach the Mandatory Retirement Age within one (1) year after the date on which he or she would stand for election to the board, and (ii) from and after the meeting, no person shall continue to serve as director of the board following the end of the calendar year that such person attains the Mandatory Retirement Age.

Two directors will be elected at the meeting as Class II directors of the Company for a term of three years expiring at the Annual Meeting of Stockholders to be held in 2020 and until their successors shall have been elected and shall qualify. The election of directors requires the affirmative vote of a plurality of the shares of common stock present (including the shares of Series A Preferred Stock on an as-converted basis) in person or by proxy at the meeting. Each proxy received will be voted FOR the election of the nominees named below unless otherwise specified in the proxy.

Mr. Handel has reached Mandatory Retirement Age under our Mandatory Retirement Policy and therefore is not eligible to stand for re-election to our board of directors. In connection with Mr. Handel reaching the Mandatory Retirement Age under our Mandatory Retirement Policy, the Compensation Committee approved the vesting of 8,704 shares of restricted common stock awarded to Mr. Handel previously under our 2006 Stock Incentive Plan as amended. At this time, our board of directors knows of no reason why the nominees would be unable to serve. There are no arrangements or understandings between any nominee and any other person pursuant to which such person was selected as a nominee.

Our Corporate Governance and Nominating Committee has reviewed the qualifications of the nominees for director and has recommended the nominees for election to the board of directors.

Director Nominees' Principal Occupation, Business Experience, Qualifications and Directorships

Name of Nominee	Principal Occupation	Age	Year Became a Director
Hannah S. Craven	Partner, Stone-Goff Partners LLC	51	2015
Lawrence E. Hyatt	Former Senior Vice President and Chief Financial Officer of Cracker Barrel Old Country Store, Inc.	62	N/A

Hannah S. Craven was appointed to the board of directors on March 27, 2015. Ms. Craven is a co-founder and partner of Stone-Goff Partners LLC ("Stone-Goff"), a private equity firm that focuses on investments in the consumer,

business

4

services, media, education, information, and retail/e-commerce industries. Prior to founding Stone-Goff and its predecessor fund in 2006, Ms. Craven was a Managing Director and General Partner of Sandler Capital Management from 1993 until 2006, a private equity firm specializing in investments in the media, communications, and information services industries, where she served as a key investment professional in five sequential private equity partnerships, was a general partner of its long/short hedge fund, and served on the Investment Advisory Board of a high yield CBO. Ms. Craven has over 20 years of experience investing in private equity transactions. Ms. Craven serves on several boards of directors of private portfolio companies of Stone-Goff.

Ms. Craven brings significant experience with the strategic, financial and operational issues of consumer and services companies in connection with her service on the boards of a number of her current and prior firms' past and current portfolio companies.

Lawrence E. Hyatt has served as a director of Citi Trends Inc., a publicly traded retail apparel company, since 2006, and is Chairman of the Audit Committee and a member of the Compensation Committee and the Nominating and Corporate Governance Committee for Citi Trends Inc. Mr. Hyatt served as the Senior Vice President and Chief Financial Officer of Cracker Barrel Old Country Store, Inc., a publicly traded restaurant and retail company, from January 2011 until July 1, 2016. From 2004 through 2010, Mr. Hyatt served as the Chief Financial Officer, Secretary and Treasurer of O'Charley's Inc., a private multi-concept restaurant company. Mr. Hyatt also served as Interim Chief Executive Officer of O'Charley's Inc. from February 2009 through June 2009. Mr. Hyatt served as the Executive Vice President and Chief Financial Officer of Cole National Corporation, a specialty retailer, from 2002 to 2004, as Chief Financial and Restructuring Officer of PSINet Inc., an internet service provider, from 2000 to 2002, as Chief Financial Officer of HMS Host Corporation, a subsidiary of Autogrill S.P.A., from 1999 to 2000, and as Chief Financial Officer of Sodexo Marriott Services, Inc. and its predecessor company from 1989 to 1999.

Mr. Hyatt brings significant experience with the strategic, financial and operational issues of restaurant companies and food service companies in connection with his service on the boards of a number of public and private retail consumer companies.

The board of directors unanimously recommends a vote FOR the election of the named Class II nominees to our board of directors, Hannah S. Craven and Lawrence E. Hyatt. Proxies received in response to this solicitation will be voted FOR the election of the named Class II nominees to our board of directors unless otherwise specified in the proxy.

Principal Occupation, Business Experience, Qualifications and Directorships of Other Members of the Board of Directors

The following table sets forth information with respect to each of the other members of the board of directors whose term extends beyond the meeting, other than Mr. Handel who has reached the Mandatory Retirement Age under our Mandatory Retirement Policy and therefore is not eligible to stand for re-election to our board of directors, including the Class of such director and the year in which each such director's term would expire.

Name	Age	Year Became a Director	Year Term Expires and Class
Daniel T. Accordino	66	1993	2019 Class I
Manuel A. Garcia III	73	2013	2018 Class III
David S. Harris	57	2012	2018 Class III
José E. Cil	47	2015	2017 Class A
Alexandre Macedo	39	2013	2017 Class A
Joel M. Handel	81	2006	2017 Class II

Daniel T. Accordino has been Chief Executive Officer of Carrols Restaurant Group since January 1, 2012 and Chairman of the board of directors since January 1, 2015. Mr. Accordino has been President and a director of Carrols Restaurant Group since February 1993 and was Chief Operating Officer of Carrols Restaurant Group from February 1993 to December 2011. Before that, Mr. Accordino served as Executive Vice President - Operations from December 1986 and as Senior Vice President of Carrols Corporation, our wholly owned subsidiary, which we refer to as "Carrols", from April

1984. From 1979 to April 1984, he was Vice President of Carrols responsible for restaurant operations, having previously served as Assistant Director of Restaurant Operations. Mr. Accordino has been an employee of ours since 1972.

Mr. Accordino's experience as our Chairman of the board of directors since January 1, 2015, Chief Executive Officer since January 1, 2012, as a director and President since 1993, past experience as our Chief Operating Officer from 1993 to 2011 and as an employee of the Company in various capacities since 1972 gives him outstanding skills and insight into our challenges as well as extensive knowledge of the restaurant industry. Mr. Accordino brings to the board significant leadership, management, operational, financial and brand management experience.

Manuel A. Garcia III has served as a director since November 15, 2013. Mr. Garcia has served as Chairman of the Board of Directors of Chef Creations, Inc. a privately owned supplier and manufacturer of ready-to-eat custom food products since 1998 and has served as a director since 1998. Mr. Garcia has served as President and Chief Executive Officer of Atlantic Coast Management, Inc., a privately owned operator of various restaurants in the Orlando, Florida area, since 1996. Mr. Garcia previously served on the Board of Directors of BKC from 2003 until October 2010. From 1969 until 2000 Mr. Garcia operated Burger King® restaurants as a franchisee eventually owning and operating a total of 67 Burger King® restaurants.

Mr. Garcia brings significant experience with the strategic, financial and operational issues of restaurant companies and Burger King® restaurant operations in connection with his service on the Board of BKC, his ownership and operation of Burger King® restaurants, and his service on boards of a number of public and private restaurant companies.

David S. Harris has served as a director since May 7, 2012. He has served as President of Grant Capital, Inc., a private investment company, since January 2002. From May 2001 until December 2001, Mr. Harris served as a Managing Director in the investment banking division of ABN Amro Securities LLC. From September 1997 until May 2001, Mr. Harris served as a Managing Director and Sector Head of the Retail, Consumer and Leisure Group of ING Barings LLC, a financial institution. From 1986 to 1997, Mr. Harris served in various capacities as a member of the investment banking group of Furman Selz LLC. Mr. Harris is a director of REX American Resources Corporation, a leading producer and marketer of Ethanol and related products and, until December 2015, was a director of Steiner Leisure Limited, a worldwide provider in the fields of beauty, wellness and education. Mr. Harris serves on the Audit Committee, Compensation Committee and Nomination/Corporate Governance Committee of REX American Resources Corporation and is the Chairman of the Audit Committee of REX American Resources Corporation.

Mr. Harris brings significant experience with the strategic, financial and operational issues of retail companies in connection with his service on the boards of a number of public and private companies.

José E. Cil has served as a Class A director since January 28, 2015. Mr. Cil was appointed Executive Vice President and President, Burger King, of Restaurant Brands International, Inc., the indirect parent company of BKC effective December 15, 2014. Mr. Cil served as Executive Vice President and President of Europe, the Middle East and Africa for Burger King Worldwide Inc. and its predecessor from November 2010 until December 2014. Mr. Cil also served as Vice President and Regional General Manager for Wal-Mart Stores, Inc. in Florida from February 2010 to November 2010. From September 2008 to January 2010, Mr. Cil served as Vice President of Company Operations of BKC and from September 2005 to September 2008, he served as Division Vice President, Mediterranean and NW Europe Divisions, EMEA of a subsidiary of Burger King Corporation.

Mr. Cil brings significant experience with the strategic, financial and operational issues of restaurant companies in connection with his employment as an executive officer of Restaurant Brands International Inc.

Alexandre Macedo has served as a Class A director since October 25, 2013. Mr. Macedo was appointed President of North America of Burger King Worldwide, Inc. in April 2013. Mr. Macedo joined BKC in 2011 as Senior Vice President Marketing, North America, and later was General Manager of the North America Franchise Business. Prior to joining BKC, Mr. Macedo was a founder and partner of True Marketing, a Brazilian based marketing consulting firm from 2008 to 2011. Prior to this, he was head of the Brahma Beer business unit at AmBev from 2003 through 2007. Mr. Macedo received an MBA from Insead in 2003 and BS from NYU Stern School of Business in 1998.

Mr. Macedo brings significant experience with the strategic, financial and operational issues of restaurant companies in connection with his employment as an executive officer of BKC.

Joel M. Handel has served as a director since 2006. Since October 2013, Mr. Handel has been a partner in the law firm Schnader Harrison Segal and Lewis, LLP. From November 2008 until joining Schnader Harrison Segal & Lewis,

6

LLP, Mr. Handel was a partner in the law firm Seyfarth Shaw LLP. From 2001 until joining Seyfarth Shaw, Mr. Handel was a partner in the law firm of Brown Raysman Millstein Felder & Steiner LLP which merged with and became a part of Thelen Reid Brown Raysman & Steiner on December 1, 2006. From 1976 to 2001 he was managing partner of the law firm of Baer Marks & Upham LLP.

Mr. Handel has over 30 years' experience as a partner in several major law firms and has a formal background and training in accounting and tax law. He has represented numerous public corporations and has been involved with numerous mergers and acquisitions and other corporate transactions and has significant expertise related to the business, financial, and legal issues facing public companies.

Information Regarding Executive Officers

Name	Age	Position
Daniel T. Accordino	66	Chairman of the Board of Directors, Chief Executive Officer and President
Paul R. Flanders	60	Vice President, Chief Financial Officer and Treasurer
Timothy J. LaLonde	60	Vice President, Controller
Richard G. Cross	54	Vice President, Real Estate
William E. Myers	61	Vice President, General Counsel and Secretary
Gerald J. DiGenova	60	Vice President, Human Resources

For biographical information regarding Daniel T. Accordino, please see page 5 of this Proxy Statement.

Paul R. Flanders has been Vice President, Chief Financial Officer and Treasurer since April 1997. From May 7, 2012 until July 16, 2012, Mr. Flanders also served as the Interim Chief Financial Officer of Fiesta Restaurant Group. Before joining us, he was Vice President-Corporate Controller of Fay's Incorporated, a retail chain, from 1989 to 1997, and Vice President-Corporate Controller for Computer Consoles, Inc., a computer systems manufacturer, from 1982 to 1989. Mr. Flanders was also associated with the accounting firm of Touche Ross & Co. from 1977 to 1982.

Timothy J. LaLonde has been Vice President, Controller since July 1997. Before joining us, he was a controller at Fay's Incorporated, a retailing chain, from 1992 to 1997. Prior to that, he was a Senior Audit Manager with the accounting firm of Deloitte & Touche LLP, where he was employed since 1978.

Richard G. Cross has been Vice President, Real Estate since July 2001. Mr. Cross was Director of Real Estate from 1994 until July 2001. Mr. Cross served as a Real Estate Manager from 1993 until 1994 and as a Real Estate Representative from 1987 until 1993. Mr. Cross joined us in May 1984 and held various positions in the Purchasing Department until 1987.

William E. Myers has been General Counsel and Secretary since May 7, 2012. He was appointed Vice President in July 2001. Mr. Myers served as Associate General Counsel from March 2001 through May 7, 2012. Before joining us, Mr. Myers was engaged in private practice beginning in 1982.

Gerald J. DiGenova has been Vice President, Human Resources since July 2001. Mr. DiGenova was Director of Human Resources from January 1996 until June 2001. Mr. DiGenova served as Director of Safety and Risk Management from 1992 until December 1995 and Personnel Manager from January 1985 until January 1992. Mr. DiGenova has been an employee of ours since 1973, when he began as an hourly restaurant team member.

Information Regarding the Board of Directors and Committees

Family Relationships

There are no family relationships between any of our executive officers or directors.

Independence of Directors

During the fiscal year ended January 1, 2017, our board of directors met or acted by unanimous consent on fourteen occasions. During the fiscal year ended January 1, 2017, each of the directors attended at least 75% of the aggregate number of meetings of the board of directors and of any committees of the board of directors on which they served. We do not have

a policy on attendance by directors at our annual meeting of stockholders. One director serving at such time attended our 2016 annual meeting of stockholders.

As required by the listing standards of NASDAQ, a majority of the members of our board of directors must qualify as “independent,” as affirmatively determined by our board of directors. Our board of directors determines director independence based on an analysis of such listing standards and all relevant securities and other laws and regulations regarding the definition of “independent.”

Consistent with these considerations, after review of all relevant transactions and relationships between each director, any of his or her family members, and us, our executive officers and our independent registered public accounting firm, the board of directors has affirmatively determined that a majority of our board of directors is comprised of independent directors. Our independent directors pursuant to NASDAQ listing standards are Messrs. Handel, Harris and Garcia and Ms. Craven.

Committees of the Board

The standing committees of our board of directors consist of an Audit Committee, a Compensation Committee, a Corporate Governance and Nominating Committee, and a Finance Committee. Our board of directors may also establish from time to time any other committees that it deems necessary or advisable.

Audit Committee

Our Audit Committee consists of Messrs. Harris and Handel and Ms. Craven, with Mr. Harris serving as the Chairman of the Audit Committee. All three members of the Audit Committee satisfy the independence requirements of Rule 10A-3 of the Securities Exchange Act of 1934, as amended, which we refer to as the “Exchange Act”, and Rule 5605 of the NASDAQ listing standards. Each member of our Audit Committee is financially literate. In addition, Mr. Harris serves as our Audit Committee “financial expert” within the meaning of Item 407 of Regulation S-K of the Securities Act of 1933, as amended, which we refer to as the “Securities Act”, and has the financial sophistication required under the NASDAQ listing standards. Our Audit Committee, among other things:

- reviews our annual and interim financial statements and reports to be filed with the SEC;
- monitors our financial reporting process and internal control system;
- appoints and replaces our independent outside auditors from time to time, determines their compensation and other terms of engagement and oversees their work;
- oversees the performance of our internal audit function;
- conducts a review of all related party transactions for potential conflicts of interest and approves all such related party transactions;
- establishes procedures and monitors the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters and the confidential anonymous submission by employees of concerns regarding questionable accounting or auditing matters; and
- oversees our compliance with legal, ethical and regulatory matters.

The Audit Committee has the sole and direct responsibility for appointing, evaluating and retaining our independent registered public accounting firm and for overseeing their work. All audit services to be provided to us and all permissible non-audit services, other than de minimis non-audit services, to be provided to us by our independent registered public accounting firm are approved in advance by our Audit Committee. During the fiscal year ended January 1, 2017, the Audit Committee met or acted by unanimous consent on seven occasions. The Audit Committee has adopted a formal written Audit Committee charter that complies with the requirements of the Exchange Act and the NASDAQ listing standards. A copy of the Audit Committee charter is available on the investor relations section of our website at www.carrols.com.

Audit Committee Report

The Company's management has the primary responsibility for the financial statements and the reporting process, including the Company's system of internal controls and disclosure controls and procedures. The independent registered public accounting firm audits the Company's financial statements and expresses an opinion on the financial statements based on their audit. The independent registered public accounting firm also performs an annual audit of the Company's system of internal control over financial reporting and expresses an opinion on these internal controls based on their audit. The Audit Committee oversees on behalf of the board (i) the accounting, financial reporting and internal control processes of the Company and (ii) the audits of the financial statements and internal controls of the Company. The Audit Committee operates under a written charter adopted by the board.

The Company has an Internal Audit Department that reports to the Audit Committee. The Audit Committee reviews and approves the internal audit plan once a year and receives periodic updates of internal audit activity in meetings held at least quarterly throughout the year. Updates include discussions of audit project results, as well as quarterly assessments of internal controls.

The Audit Committee has met and held discussions with management and Deloitte & Touche LLP ("Deloitte"), the Company's independent registered public accounting firm. Management represented to the Audit Committee that the Company's financial statements for the year ended January 1, 2017 were prepared in accordance with generally accepted accounting principles. The Audit Committee discussed the financial statements with both management and Deloitte. The Audit Committee also discussed with Deloitte the matters required to be discussed pursuant to Auditing Standard No. 1301, Communications with Audit Committees, adopted by the Public Company Accounting Oversight Board ("PCAOB"), and PCAOB's Auditing Standard No. 2201, "An Audit of Internal Control Over Financial Reporting That is Integrated with an Audit of Financial Statements." The Audit Committee also discussed with Deloitte the firm's independence from the Company and management, including the independent auditors' written disclosures required by Ethics & Independence Rule No. 3526, Communication with Audit Committees Concerning Independence, adopted by the PCAOB.

The Audit Committee also discussed with Deloitte the overall scope and plans for the audit. The Audit Committee met with Deloitte both with and without management, to discuss the results of their examination, the evaluation of the Company's internal controls and the overall quality of the Company's financial reporting.

Management has completed its annual documentation, testing, and evaluation of the Company's system of internal control over financial reporting in response to the requirements set forth in Section 404 of the Sarbanes-Oxley Act of 2002 and related regulations. The Audit Committee met periodically, both independently and with management, to review and discuss the Company's progress in complying with Section 404, including PCAOB Auditing Standard No. 5 regarding the audit of the system of internal control over financial reporting. The Audit Committee also met periodically with Deloitte to discuss our internal controls and the status of the Company's Section 404 compliance efforts. At the conclusion of the process, management provided the Audit Committee with a report on the effectiveness of the Company's internal control over financial reporting. The Audit Committee continues to oversee the Company's efforts related to its internal controls.

Based on the foregoing, we have recommended to the board of directors that the Company's audited financial statements be included in its Annual Report on Form 10-K for the year ended January 1, 2017, for filing with the Securities and Exchange Commission.

Audit Committee

David S. Harris, Chairman

Hannah S. Craven

Joel M. Handel

Compensation Committee

Our Compensation Committee consists of Messrs. Garcia and Harris and Ms. Craven, with Mr. Garcia serving as the Chairman of the Compensation Committee. All three members of our Compensation Committee are “independent” as defined under Rule 5605 of the NASDAQ listing standards. The purpose of our Compensation Committee is to discharge the responsibilities of our board of directors relating to compensation of our executive officers. Our Compensation Committee, among other things:

- provides oversight on the development and implementation of the compensation policies, strategies, plans and programs for our outside directors and disclosure relating to these matters; and
- reviews and approves the compensation of our Chief Executive Officer and the other executive officers of us and our subsidiaries.

The processes and procedures that the Compensation Committee uses to determine executive officer compensation and outside directors’ compensation are described in the Compensation Discussion and Analysis included in this Proxy Statement.

In March 2016, the Compensation Committee engaged the services of Pearl Meyer, an outside independent compensation consultant, to assist it with a review of the compensation for executive officers and directors of the Company. The nature and scope of Pearl Meyer's assignment and the material elements of the instructions or directions given to Pearl Meyer with respect to the performance of their duties under the engagement are described in the Compensation Discussion and Analysis included in this Proxy Statement. We believe that the use of an independent compensation consultant provides additional assurance that our compensation programs are reasonable and consistent with our goals and objectives. The Compensation Committee may form one or more subcommittees, each of which shall take such actions as shall be delegated by the Compensation Committee.

The Compensation Committee has adopted a formal, written Compe